



Nuclear Industry Association

5<sup>th</sup> Floor, Tower House,  
10 Southampton Street,  
London WC2E 7HA

TEL +44(0)20 7766 6640

EMAIL [info@niauk.org](mailto:info@niauk.org)

VISIT [www.niauk.org](http://www.niauk.org)

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## **Hinkley Seabank project: Ofgem minded to consultation on delivery model. Nuclear Industry Association response**

1. The Nuclear Industry Association (NIA) welcomes this opportunity to respond to Ofgem's consultation.
2. The NIA is the trade association and representative body for the civil nuclear industry in the UK. It represents around 260 companies operating across all aspects of the nuclear fuel cycle, including the current and prospective operators of nuclear power stations, the international designers and vendors of nuclear power stations, and those engaged in decommissioning, waste management and nuclear liabilities management.
3. EDF Energy, as the new nuclear build developer concerned, will be making a detailed response to this consultation. As the trade association for the wider nuclear industry however we would like to make some broader points relating to the proposed change from the current delivery model.
4. As we stated in our response to the earlier consultation (Final Needs Case and potential delivery models) we support the general principle that competition should be introduced where it is in the consumer and communities' interest to do so. However we believe this should be carefully balanced against any potential risks that could be introduced to a project.
5. As we said before a new nuclear station represents a very large capital investment. It is vital therefore that additional risks to the completion of works to connect and start full operation as planned are minimised. Given that the nuclear stations planned for the UK's new nuclear build programme will help the UK meet its energy security and climate change objectives, this is also very important from a national perspective.
6. For these reasons we argued in our last submission that no change should be made to the current delivery model unless it can be guaranteed there will be no increased risks and uncertainties to the project. This continues to be our position. We do not believe the Competition Proxy model should be implemented unless there is confidence on this point. It would also be helpful to have an assurance from Ofgem that any negotiations that may follow the decision, for example as a result of an appeal, will not delay the delivery timetable.

7. Looking beyond the current project it is important that proposals which could appear to reopen the price control to introduce new competitive arrangements do not undermine confidence in the broader regulatory framework. In this context it is unclear from the consultation how the savings from moving to the Competition Proxy arrangement are calculated, and it would be helpful if this could be clarified to demonstrate the scale of any consumer benefits.

**NIA**

**15 March 2018**