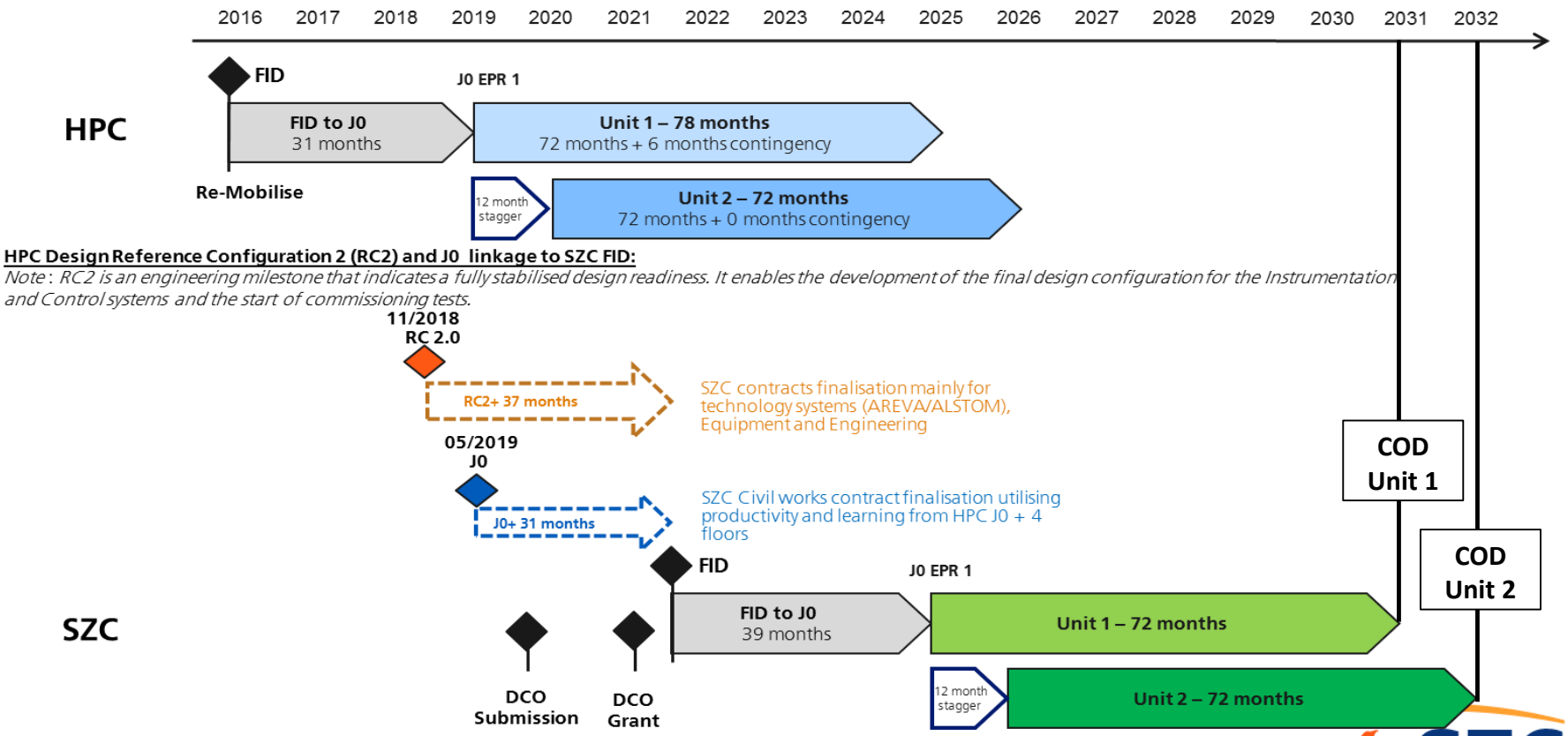
EPRG Winter Seminar 7 December 2018
SZC Project Overview – Julia Pyke

SZC timeline: Development and construction

- SZC timeline allows benefits from HPC to flow into project
- SZC financial close target for year end 2021
- Significant development activity (financing model, engineering, supply chain, planning etc)



Sizewell C will be a replication of Hinkley Point C: This provides major cost and risk reduction benefits

Replication From HPC

Deviation From HPC

- **SZC will copy the HPC design and use same key supply chain contractors as HPC**
- **SZC construction will be lower cost and lower risk than the earlier EPRs**
  - Nuclear and conventional islands represent 75% of SZC total cost and are replicated from HPC
  - SZC will be units 3 and 4 of a UK EPR fleet (and 7 and 8 of an international EPR fleet)
  - Design ~90% complete and quantities of materials and equipment known at construction start
  - **'One off' costs at HPC can be avoided saving c20% of construction costs**
  - Transfer of supply chain from HPC will maximise transfer of lessons learned and experience from HPC
  - Lessons learned from international EPR construction will also be applied at SZC

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SZC financing- A new financing model can attract financial investors and improve customer value for money through a lower power price

As a 'second of a kind' project, new financing models can be considered for SZC	• Second of a kind project has lower delivery risk in construction • This means financing models with greater customer risk exposure can be considered, to offer consumers better vfm
The RAB financing model is an established model for funding infrastructure	• Regulated Asset Base (RAB) financing model is already used for £100bns of UK infrastructure (e.g. water, electricity and gas networks, airports) • RAB models attract large volumes of infrastructure investment at a low cost
Key features of RAB financing (using a model based on TTT) make new nuclear more attractive to investors	• **Independent economic regulator** sets allowed costs and revenues • **Risk-sharing with customers:** Construction risk is reduced for investors. Risk-sharing also applied to operating and financing risks • **Revenue during construction** paid to project ***RAB financing model addresses two key issues for investors at new nuclear projects: Construction risk and the long construction period with no revenues***
RAB financing model provides good outcome for customers	• RAB financing model allows SZC to attract third-party investment needed to fund project • RAB financing model drives a lower cost of capital than HPC • **Reductions in cost of capital and reductions in construction cost mean SZC can achieve a price of power significantly lower than HPC**