Low Carbon Contracts Company

Deploying Large Nuclear in the UK: From CfD to RAB

A Perspective on Financing and Delivery

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Accelerating Net Zero

Low Carbon Contracts Company

Our portfolio

Our Mission

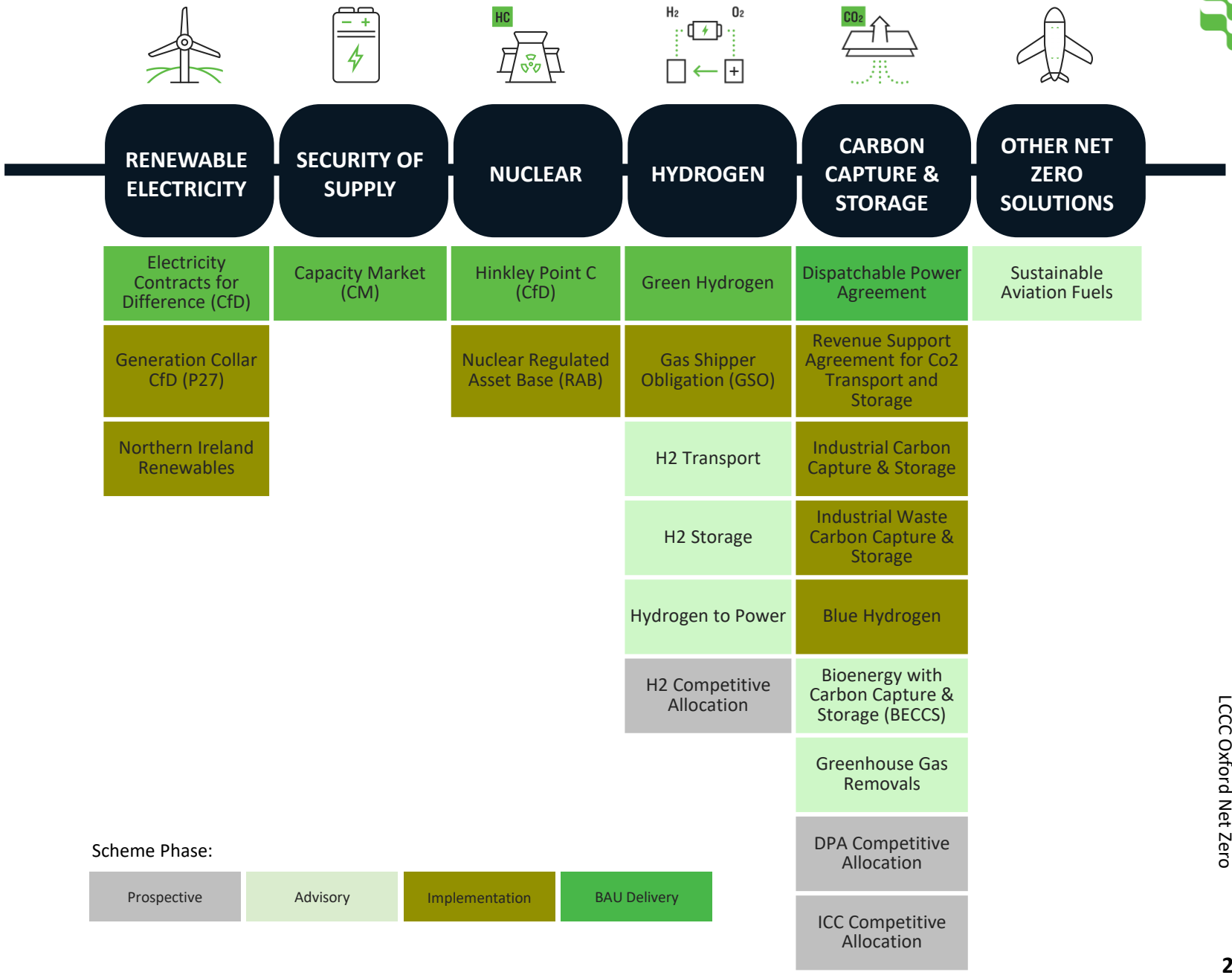
To accelerate the delivery of Net Zero

Our Vision

To shape and implement schemes which enable low-carbon investment at least cost to the consumer

Our Guiding Principles

Maintain investor confidence
Minimise cost to the consumer



Framing the UK experience

Policy

Nuclear for reliable, low-carbon baseload power

Financing

2x main models in play: CfD at Hinkley Point C, and RAB at Sizewell C

Delivery

(My) focus today isn't the policy detail, but how financing connects to delivery realities - equity, supply chains, design, and logistics

Financing large reactors:

The equity challenge

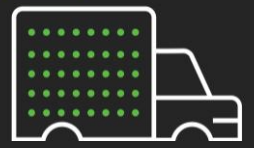
Ticket Size

Ticket size very big - few, if any, players willing/able to subscribe the capital up front

Fiscal Environment

Tighter financing environment

Higher interest rates; Tighter fiscal policy



Delivery Complexity

Design Stability
Supply chain readiness
Logistical puzzle
Stakeholder expectations
Black Swan events

Government Frameworks

Strong frameworks needed

CfDs; RAB

Privately led vs Government led

Resurrecting a supply chain

UK had a 30-year pause in nuclear build; Much of the capability disappeared

Modern designs are more complex - FOAK systems, tighter regulation, enhanced safety

Rebuilding a nuclear supply chain is slow: skills, suppliers, standards

Not all MEH is the same

This all compounds complexity and lengthens delivery timelines

People & Standards

Workforce

These projects bring tens of thousands of workers

Logistics

It’s not just construction: you need to house, feed, and transport them

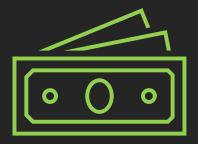
Expectations are much higher than in the 1990s - health, safety, welfare standards

Cost, time & planning intensity

A new town

Every nuclear build is almost like creating a temporary town alongside the reactor

Cost, Risk & Design maturity



Cost

Mega-projects everywhere face cost escalations - nuclear is no exception

Risk allocation

Who takes risk - government, developer, or supply chain - is a delicate negotiation

Design

One of the strongest levers to reduce risk is design maturity before FID

If you lock in too early with an immature design, overruns multiply

And the Context we operate in

Time dimension & "black swan" events

Projects (from early development to COD) span two or more decades

A lot will happen during this timeframe

Fukushima, Brexit, Covid, Ukraine war, inflationary shocks etc

Local supply chain, stakeholder management

Governments interested in local supply chains

Local communities ever more powerful

Layering complexity

All this adds layers of complexity and unpredictability

Replication: from one to many

"A single project is the most expensive one you'll ever build"

Replication spreads learning - average costs (and risks) come down as supply chains and people build capability

Cumulative know-how across government, developers, supply chain

Pipelines are crucial

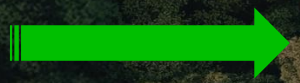
UK's Unit 2 at Hinkley Point C, then Sizewell C, are already showing that benefit

Looking Ahead:
Financing in the Longer Term

If supply chains mature

If replication builds predictability

If workforce and design issues settle…



Then financing may become more nuanced

Equity-heavy structures could make a comeback, because investors will see lower risk

Today's models aren't permanent - they evolve with delivery maturity

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Thank you

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