

Welsh Affairs Committee

Oral evidence: Nuclear energy in Wales, HC 240

Wednesday 22 February 2023

Ordered by the House of Commons to be published on 22 February 2023.

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Members present: Stephen Crabb (Chair); Simon Baynes; Virginia Crosbie; Geraint Davies; Ruth Jones and Beth Winter.

Questions 245 - 278

Witnesses

[II](#): RT Hon David TC Davies MP, Secretary of State for Wales at Office of the Secretary of State for Wales, RT Hon Graham Stuart MP, Minister of State at Department for Energy Security and Net Zero, and Kiera Harper, Deputy Director of Nuclear Power and Industry at Department for Energy Security and Net Zero.



Examination of witnesses

Witnesses: David TC Davies, Graham Stuart and Kiera Harper.

Q245 **Chair:** Good morning. Welcome to our second panel today as we conclude our inquiry into nuclear energy in Wales. I am delighted that we are joined by two Ministers, the right hon. David TC Davies MP, Secretary of State for Wales, and formerly Chairman of this Committee, and the right hon. Graham Stuart MP, Minister of State at the Department for Energy Security and Net Zero. We are also joined by Kiera Harper who is Deputy Director of Nuclear Power and Industry at the Department for Energy Security and Net Zero. Thank you very much for joining us.

In the first panel we had this morning, we heard from Simon Bowen, who has been advising the Government on the establishment of Great British Nuclear, and Alan Raymant, who is chief executive of the Welsh Government-owned Cwmni Eginio development company that is looking at the Trawsfynydd site.

Both of them were very positive about the recent departmental changes and the establishment of the Department for Energy Security and Net Zero. Minister Stuart, perhaps I could ask you, first of all, to give us a sense of where nuclear sits within this new Department, what the level of focus is, and your sense of the strategic purpose behind the recent changes?

Graham Stuart: Thank you, Mr Crabb, and it is a pleasure for us to appear before you this morning. I am probably more delighted than anybody else in the world at the creation of the new Department, given that the entire energy brief was running through me for the last five and a half months, which felt like five and a half years. It is phenomenally exciting, from nuclear, gigawatt, SMR, to hydrogen, carbon capture, floating offshore, fixed-bed, fusion, and the rest of it. As the Secretary of State has laid out, if you look at the most successful economies around the world and, historically, from the UK in the 19th century to the US today, albeit with a different energy mix, it is about having low-cost energy, and we are moving to a more electrified system going forward. More and more, it is going to be about low-cost electricity, which is secure, low cost and sustainable. Those three elements are going to be fundamental to the economic success of the UK.

How does nuclear fit into that? Everyone from the Climate Change Committee to international organisations recognise the need for that baseload which, uniquely, nuclear can provide—that always-on energy which helps lower the costs of a future green energy system that we want to deliver by 2035. We think nuclear is a really important part of that, but people, quite rightly, scream, “Follow the science,” and, all too often, some of the people who shout the loudest with the most placards are the very ones who turn their face against the science, which suggests all across the world that nuclear has a really important part to play.



I know the history in Wales. There are enormous opportunities there for economic regeneration directly through the nuclear industry. Looking into the 2030s, I am really interested in the dynamic impact that having the lowest cost, most competitive energy system in Europe can give the UK in terms of re-industrialisation and the rest of it. I see nuclear as having a real part to play in providing the foundation of that green system.

We are going to lead the world in greening our economy and, far from it being in tension with prosperity, it is going to be the foundation that helps deliver it. I am very excited about it, delighted to be with you today, and even if my hold on the nuclear portfolio within the Department lasts but minutes, I am thrilled by it and glad to be before you.

Q246 Chair: Thank you very much. Is it fair to say that in the suite of different energy technologies that the Department is responsible for, nuclear, just in terms of number of officials working on the technology, is the dominant energy source within the Department?

Graham Stuart: The Nuclear Decommissioning Authority, as you will be aware, is itself an enormous organisation dealing with our historic waste, ensuring that, going forward, we are in a position to deal with future waste that arises. Nuclear is really significant—if you look at it overall—as a percentage of our spend. Of course, we are a new Department, so I do not have those numbers immediately to hand but, fundamentally, the answer to your question is yes, it is a very significant area.

Q247 Chair: Thank you. Can I pick up on the discussion that was happening in the first panel that we had this morning? Energy security is at the heart of your Department; it is at the heart of the Government's energy strategy. Currently, our energy programme is the new projects, Hinkley C, Sizewell C, with EDF, a French state-owned company. Do you have concerns that the UK Government are putting all of its eggs in the basket of the French Government to deliver our nuclear policy?

Graham Stuart: We are very much open to having small modular reactors for the reason and the fact that even a country as committed to nuclear as France has seen that it is hard to maintain a continuity of skills and the rest of it at gigawatt scale, they are so enormous, but we need that mix. Partnering with a country similarly committed to nuclear, like France, and working closely with our neighbours makes absolute sense, notwithstanding the return to our independence following Brexit but that does not end co-operation.

The week before Christmas, I was delighted to go to Brussels and sign an agreement with the energy ministers across the North Sea on energy co-operation and we are going to work closely together. I see this as geopolitically tying us even more closely together with the French, and going out in the world promoting the benefits of nuclear against these anti-science voices and delivering the net zero future that we need is going to be a really civilising and important thing to do.



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Kiera Harper: Do you mind if I just build on the Minister's point?

Chair: Yes, of course, Kiera.

Kiera Harper: I strongly echo what the Minister said there. We are, obviously, open to other countries' technologies as well. We have worked really closely with the Americans on their Westinghouse proposal and one of their team came to speak before you the other day. We have worked closely with the Koreans who have an alternative form of technology for gigawatt but, as the Minister has alluded to, we are also really curious and actively engaging on SMRs. We have a homegrown technology provider in the form of Rolls-Royce who, again, have come before you, but there are others out there—GE Hitachi and others. It is really important to recognise that nuclear offers geopolitical opportunities across a whole range of different countries. What we are seeing is a huge amount of excitement and enthusiasm, particularly following the war in Ukraine, for different countries to be grabbing those opportunities.

Q248 **Chair:** Thank you very much. Secretary of State, you have always been very strong on nuclear and very clear-sighted on the need for nuclear to be a key part of the mix. Are you feeling very impatient at the moment about the Government needing to get on with it? We have talked a lot about Wylfa over the years. Is there a sense, where you sit in the Wales office, that you would like colleagues in Government to move a bit quicker?

David Davies: I would not be so bold as to suggest that, Mr Chairman, but what I would say is that I have worked very closely with the Member for Ynys Môn and, of course, spoken a lot with the MPs representing Gwynedd about the enormous possibilities there are on both of those sites for SMRs and for a full-scale reactor. I have met with many of those involved—Rolls-Royce, Cwmni Eginio who have just given evidence to you, and the various Ministers—and made very clear our commitment within Wales to seeing either one or, preferably, better still, both of those sites being developed. I am sure the Minister will take note of that enthusiasm today.

Chair: Thank you. Excellent.

Q249 **Simon Baynes:** Thank you, gentlemen, for coming to our Committee. Minister Stuart, we have heard strong calls for the Government to develop and publish a programme for nuclear energy which includes what technology we have built, where and when. How do you respond to these calls? That really fits in, I think, with one of the questions from the Chair about when we are going to get more firm evidence of the Government's programme.

Graham Stuart: Thank you, Mr Baynes. The British Energy Security Strategy announced that we will set up a new flagship body, Great British Nuclear, to enable the delivery of nuclear projects. They will be tasked with helping projects through every stage of the development process,



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and to develop a resilient pipeline of new-build projects. We will, I hope, make an announcement on the set-up of GBN very soon. I am afraid I cannot give you an exact date, but I can assure the Committee that I am as keen as I am sure you are to see it launched and, given the evidence you have heard, I hope that is the Committee's conclusion.

Q250 Simon Baynes: As you know, we met with Simon Bowen in the first session, and he was really very strong in his view that the UK Government really need to demonstrate its intention. In a sense, he was almost saying that time is running out given the plethora of projects that are being developed across the world. I just want to press you a little bit further because it does seem a matter of great urgency. When do you think the Government will start to put details down so that we can see what is going to happen?

Graham Stuart: Mr Baynes, you are quite right to press me. In fact, I encourage you to do so. We have said that not only will we set up GBN but we will back it with the funding it needs to get projects investment-ready, because it is has to invest ahead. The whole point is to roll the pitch, de-risk and allow those who specialise in constructing and then running these reactors to do that rather than find themselves caught in a mire of preparatory work. If we can de-risk it, that helps lower the financing cost, which is the critical element in overall lifetime costs of major projects like these that are so capital intensive. We are in discussion with Treasury colleagues as we speak, but I cannot yet give you an exact date.

Q251 Simon Baynes: Fair enough. Secretary of State, during our evidence session on skills, the Nuclear Skills Strategy Group told us—and I quote—“Why would you invest in Wales without that certainty of a Welsh project?” What would be your response to this comment?

David Davies: Obviously, at the moment, there are companies like Bocard that are already coming into Wales to supply into the project taking place at Hinkley. We have universities like Wrexham Glyndwr, which are active in developing skills in the nuclear sector. As well as having a workforce who are ready, willing and able to work in this sector, and students coming through who can do that, more widely we have political buy-in for both of those sites within Wales. It is absolutely cross-party and, as far as I am aware, Plaid Cymru—who are not represented here today, but who are perhaps the most anti-nuclear at a national Welsh level—are very pro the idea of nuclear power when it is being suggested for their own areas, or at least that is the impression I have. That is why we think companies will want to come to Wales.

Q252 Simon Baynes: What steps are you taking to promote the advantages of the Welsh nuclear sites within the UK Government to ensure Wales does not miss out on any potential investment?

David Davies: I have certainly visited the Wylfa site since being appointed as Secretary of State. I have visited the Trawsfynydd site in a



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previous role. I have met with most of the organisations that would be involved in pushing those sites and, of course, with all the Ministers. I make very clear to everyone my own commitment to seeing at least one or preferably both of those sites being developed.

Kiera Harper: Just to add to the points the Secretary of State has made, I absolutely recognise the desire to have an oven-ready project, and that then leads you to invest in the skills in the area, but I would slightly reframe the challenge in a way, which is to say that nuclear skills are in demand globally. Even in the UK, we have seen at Hinkley Point C that EDF said they have employed over 1,000 Welsh workers, and that is a real positive. Obviously, you want those skills to stay in the local area. Collectively, we would all want to see that but, fundamentally for the local skills providers, the idea that you want to offer courses that your children and grandchildren will then have a secure job—and these are jobs, let us be honest, for life—that offers an almost unparalleled opportunity. In almost no other sector do you get that level of opportunity. We are working really closely with the NSSG, who you met, and we will be working closely with universities to try to make them more aware of the opportunities that nuclear skills offer for everyone in the country, not just Wales, but, obviously, ideally, in Wales.

Q253 **Geraint Davies:** Thank you. We have heard that in order for the Government to deliver on its ambitions for 24 GW of nuclear energy, there should be further large-scale reactors built after Sizewell C. Graham, what is the Government's view on this, and on whether the next site will be Wylfa?

Graham Stuart: Thank you, Mr Davies. We have set out our ambition of up to 24 GW, which will be about a quarter of the expected electricity required in 2050. We are expecting it to double, and you can do the maths yourself on how to get there. To go back to the earlier question, we have not specified the vendor or, indeed, the technology mix, because while recognising that there is a fundamental role for nuclear, we try to stay as technologically and brand neutral as we can. If we are going to deliver 24 GW, then we are going to need a mix of gigawatt scale and hopefully, significant SMR provision of energy too.

Q254 **Geraint Davies:** Given that the Wylfa Newydd site is owned by Hitachi, what actions are the Government taking to ensure that Wylfa is available for the new nuclear project?

Graham Stuart: The Wylfa site remains a really strong candidate for new nuclear power, both gigawatt and SMRs. Of course, it has both the scale to accommodate that and a Member of Parliament who never ceases to use every corridor passing, division lobby, or any other moment as far as I can tell, to champion the case for Wylfa. The Government recognises and welcomes the strong interest and support for nuclear power across Wales. We will continue to discuss new proposals with all viable companies and investors wishing to develop UK nuclear sites, including in north Wales.



Q255 **Geraint Davies:** You have been very positive about nuclear and that many other countries are pursuing new nuclear projects given net zero and the security needs we all face. We have heard from Bechtel and Westinghouse that they will prioritise markets where there is clarity. Why should they, and similar companies, continue attempting to engage with the UK where there is a lack of certainty? I know that you have focused that there will be certainty, but we have had delays in the last couple of years, partly through the changing Prime Ministers, etc.

Graham Stuart: Industry will always be champing at the bit, quite rightly; communities are champing at the bit and would say, “You are going too slowly”, and I always want to go faster given the scale of the challenge we have across net zero generally. We have taken substantial steps forward, including passing the Nuclear Energy Financing Act to establish the use of the Regulated Asset Base—RAB—model, which, on that occasion, achieved strong cross-party support. It was disappointing, Chair, that just a couple of weeks ago, when I took through the statutory instrument secondary legislation to establish the RAB model, that His Majesty's Opposition failed to support that. The Climate Change Committee and the National Audit Office, amongst others, have said how the RAB model, sharing the risk between consumers and developers, can lower the cost of finance, help deliver, and on a gigawatt scale could be a saving of £30 billion over the lifetime.

Mr Davis, to see your party failing to support the necessary regulations to allow that to happen, that is the kind of brake and negative message heard in boardrooms around the world and gets in the way of our going forward. But I am determined, and perhaps you will be able to clarify the position of your party, because I would hope, on a cross-party basis, we would send a message to the world that this is the best place to invest in nuclear. We are the most ambitious major economy in the world in delivering towards net zero, we have cut our emissions more than any other country and we see nuclear as a fundamental part of continuing that global leadership of which, since 2010, we can be tremendously proud.

Q256 **Geraint Davies:** Given that there is a balance of risk between the public sector investment, de-risking, if you like, for the private sector to make more certain rewards in a context of rising interest rates and uncertainty about what the Fed is going to do next with interest rates, are we saying that from the UK point of view to investors, whatever the cost, we are going to put our money where our mouth is and get on with it now?

Graham Stuart: We believe, for all the reasons I have already set out, that nuclear has a vital part to play. We believe on the basis of the evidence from the Climate Change Committee, the NAO and others, that the RAB model—that shared risk—is a really important way of lowering the financing cost of these projects. I do not need to describe to this Committee that in a nuclear project, you have a very long expenditure of capital upfront before you get any energy and then a long return; the cost of finance is critical to that. I am saying that we think the RAB model



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gets the right balance going forward and that it is tremendously disappointing that we did not have cross-party support of those regulations, which are absolutely fundamental to delivering it. The good news is that it passed anyway, and I hope, and it would be good to have confirmation, that there would be support for that going forward; one does not want mixed messages.

Q257 **Geraint Davies:** Are you saying to the world, who are competing for resources to build nuclear power, that we have this model and even though the projective costs go up, we will put our hand in our pocket, we will pay it and we will be the head of the queue, so we will get it done?

Graham Stuart: If I was saying that I would say it, Mr Davies.

Chair: We are going to move on; let us keep the conversation moving briskly.

David Davies: I hesitate to say it in front of an expert, but I was not aware that the Minister was going to be here, and I knew I might get asked about it in great detail and so I have an explanation on the RAB model in simple terms. There is a cap on what the costs can actually be. There is an incentive built into the RAB model for the developer to finish the project quickly. If there is an overrun, then, up to a point, that would get shared between the consumer and the developer, and there is a final cap on it, which means that if it goes over that then the developer takes the full hit. My understanding is that, on a project like Hinkley, the cost of finance is so enormous—beyond anything I could have imagined—that around £60 of the £92.50 strike price is actually based on the cost of borrowing and financing rather than the cost of building. I stand to be corrected but thank you for the idiot guide that was given to me on the RAB model.

Kiera Harper: Ivan from Bechtel made the point that we have given greater certainty over the last couple of years than we have ever been able to for nuclear, and the international community see that was positive. We absolutely recognise the need to go further on that, but within that context, what we have said is we hope to agree one FID this Parliament, two FIDs in the next, but those FIDs will of course be based on value for money assessments in the way that you would expect them to and in a way that offers value for money for the taxpayer.

Geraint Davies: Final investment decisions.

Kiera Harper: That is right, final investment decisions; thank you, and apologies for acronym bingo.

Chair: Thank you, an excellent team approach of giving each other clarity.

Q258 **Beth Winter:** I just want to make the point that we have heard a lot of evidence that has raised concerns about the RAB model cost overruns, delays, problems from looking at the international. Obviously, all the



evidence, including yours, will be considered in the production of the final reports, and it is important we hear your specific perspective. What conversations have both your Departments had, or are they having, with the Welsh Government and Cwmni Eginio regarding the deployment of small modular reactors on the Trawsfynydd south site please?

David Davies: First of all, I have met with Cwmni Eginio at least twice, possibly more than that. I am very supportive of what they are trying to achieve and the fact that they understand, extremely well, the Welsh political landscape bodes very well if they can work with GBN. I have written to the Minister suggesting that collaboration between Cwmni Eginio and GBN when it is set up would be a really good idea; they can then hopefully take forward one of those sites for a future investment decision. Obviously, I have also met with Rolls-Royce to discuss their SMR technology. I meet with Welsh Government Ministers on a regular basis, and at the moment for a number of different reasons particularly with Vaughan Gething. As far as I am aware, he is as supportive as I am of seeing at least one of those sites go forward. There really is not any tension over this.

To go back to the question about RAB—and again, I am not an expert, so perhaps I can explain it as I understand it—ultimately, there is a fixed cap at the end of the day on the cost that the developers can spend, and an incentive built in for them to develop these projects quickly. It also struck me that it was actually the National Audit Office themselves that came forward with the suggestion that we adopt a RAB model. They really are experts here in looking at costs; I would not gainsay them, but if Members of this Committee are unsure as to whether a RAB model or a CfD model would provide better value for money for the public, I might suggest in a courteous way that perhaps the National Audit Office should be asked to come and give that evidence.

Chair: We have, Secretary.

David Davies: Then I am sorry, forgive me.

Q259 **Beth Winter:** There is a lot of evidence that we will be objectively assessing in the process of writing the report, so thank you. In terms of conversations with Cwmni Eginio?

Graham Stuart: Officials from the Department for Energy Security and Net Zero, or its predecessor, have a positive relationship with the Isle of Anglesey County Council, who, along with the local community, are really supportive of a project there. Officials also regularly engage with the Welsh Government to co-ordinate and discuss new nuclear policy and the potential impact on Wales. Everyone is alive to the tremendous economic opportunities that could lie ahead.

Kiera Harper: In the last couple of months, for example, I have met with Cwmni Eginio once, and our directors on the other side have met



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with them as well. We have an ongoing and very open dialogue with them.

Q260 **Beth Winter:** Currently, the National Policy Statement does not designate Trawsfynydd as a nuclear site; is that going to change?

Kiera Harper: We are at the moment in the process of writing a new National Policy Statement for nuclear, and we hope to be able to consult on that later this year. The intention is that that is going to have a more open approach than the previous NPS. The last one was specifically focused on gigawatt scale projects, which is why that site was not included. In the next National Policy Statement, we would hope to see sites which have the ability to host an SMR to be included.

Q261 **Virginia Crosbie:** Dr Harper, we are the only major nuclear nation in the world without a sovereign reactor design to deploy or export, and we have had a significant delay in the launch of GBN. Are you saving up an exciting announcement for the budget?

Kiera Harper: To clarify, I am not a doctor, although maybe one for the future to try to work towards my doctorate. As the Minister has already alluded to, we are really keen to try to get to a position where we are able to offer clarity as soon as possible on GBN. We announced the Government's commitment to Sizewell at the end of last year and as part of that announcement, we said that we hope to clarify our position early in the new year. We are obviously now early in the new year, so you can imagine that we are trying to work at pace to do that. I would love to be able to give the Committee our announcement today, but I am afraid we are just not in that position, and we certainly would not want to prejudice.

Graham Stuart: Chair, obviously, Members of this Committee are free to ask anyone who presents to them anything they like, but I would suggest that asking such a political question to an official was, even for the hon. Lady, a little naughty.

Q262 **Virginia Crosbie:** Continuing in that vein, Minister; you mentioned that you had had discussions with the Treasury, are the Treasury supportive of nuclear?

Graham Stuart: Government policy is supportive of nuclear and as I am sure they never need reminding, His Majesty's Treasury are there to support Government policy.

Q263 **Virginia Crosbie:** Thank you, and another question for Minister Stuart. Currently, EDF and its related companies are the only licensed developer in the UK. Is our energy security in the hands of the French?

Graham Stuart: I touched on that a little earlier. You know as well as anyone that we were the first country in the world to have a commercial nuclear power station, but for whatever reason, we rather backed off from that. We need to have a resurgence and who better to do that with



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than our closest neighbour? I was delighted to meet the French Energy Minister when I was at the COP last year and talked about closer collaboration. Hinkley and Sizewell do that, but as it has been said, we are open to a number of other developers, whether that is the AP1000 from Westinghouse or the AP1400 from Korea; there are a whole raft of players with other models looking to come into the small modular reactor world.

We do have, and have backed with £210 million last year, the R&D and development of the Rolls-Royce SMR. Obviously, we would be delighted to see a UK based company come forward as part of this scene, but I am glad to see us working closely with the French. I see that as being, not only in delivering here, but actually helping to perhaps change the global conversation about nuclear and its role in helping meet net zero.

Q264 **Virginia Crosbie:** Thank you, my last question is for the Secretary of State. The formation of Great British Nuclear is absolutely crucial if we want to get all of those jobs and investment into Wales. What has your engagement been, what have you personally been doing to ensure that we get this announcement and get this over the line?

David Davies: I have met with some of the people who are going to be heavily involved with Great British Nuclear and with Cwmni Eginio. The dinner that I attended with you might have been my first engagement as Secretary of State. I have met with Ministers on a number of occasions and written to express my own support for this. Obviously, I have met with you as the Member for Ynys Môn on numerous occasions, where we have discussed the importance of getting that site developed.

Q265 **Chair:** Thank you very much. In the previous panel, we heard from Simon Bowen, who has been advising the Government on the establishment of Great British Nuclear. He articulated a very clear vision for what that body should be and talked about its role almost in the context of a sovereign capability. I pressed him on what he meant by that, given that the technology that is going to be deployed is foreign owned, but nevertheless, he saw it as crucial in terms of giving very British identity to the projects going forward. Is there complete alignment between Simon Bowen's vision of GBN and where the Department is at?

Graham Stuart: Simon Bowen has done a tremendous job and we are working closely with him. I hope we are going to come forward imminently with further news on GBN. Fundamentally that vision and ours is one and the same, though any Government policy detail will need to come forward in due course. I seek, with your permission, to stray, as it feels we have not talked that much, so far, about the economic benefits.

Q266 **Chair:** We have taken a lot of evidence on the economic benefits of nuclear. On this question, I am keen to understand whether the language that Simon Bowen has just been speaking is the same language that we will hear in your Department, and that there is an alignment of vision,



because this is important.

We are interested in momentum, we are interested in delivery of the strategy—which I think is a really important theme of this discussion this morning—and it would be of concern if somebody who has been advising the Department on the establishment of this body has a rather different conception from where Ministers are currently at.

Graham Stuart: I was not here for his evidence this morning, so you are asking me to subscribe to words I have not read or witnessed. All I can say is what a very high regard I have for Simon Bowen, how much the Department values his work, and how closely we worked with him.

I would be surprised if there were any substantial differences in ambition and approach, but obviously, Government policy, Government funding and the rest of it is subject to wider considerations. I think we are very closely aligned with Mr Bowen, but that is said while recognising I have not read the precise words he has uttered this morning.

Q267 **Ruth Jones:** Mr Stuart, you have already alluded to the economics of nuclear energy, which is really important, but obviously, as you mentioned earlier, the cost of decommissioning previous projects is significant. As we are looking forward, I just wondered what percentage of the budget is actually spent on decommissioning and ensuring safety of previous—

David Davies: Mr Chairman, I think I may know the answer to that. I believe that the estimated cost will be about £2 of the strike price of £92.50 in the case of Hinkley, if I understand that correctly. The reason why is because these plants are now being designed with that decommissioning in mind. While there has been significant cost to the decommissioning of former sites, there is now a much greater awareness of the reality of life, which is that these things deteriorate over time.

Just as interestingly, but not particularly relevant to this Committee, there was a huge difference in the design between the old and the new Severn Bridge, which would probably be a matter of great interest to everyone on this Committee in terms of dealing with deterioration.

Q268 **Ruth Jones:** Obviously that is for another day because there are a lot of issues with the old Severn Bridge at the moment. Ms Harper, in terms of the actual percentage of the cake—in terms of decommissioning—how much is spent on decommissioning overall?

Kiera Harper: It varies project by project, and we would expect it to. That was a good example, so let us say in the region of 2% to 5%, but I am happy to write on it because I am not absolutely certain of the exact percentage, because it does vary substantially.

That is a reflection of the fact that, for example, some of the former nuclear sites that we had in the past and which are now being decommissioned were not built with decommissioning in mind. The new



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sites are, and those costs are then baked into the way that we assess the value for money of those sites, and the Nuclear Decommissioning Authority is one of the organisations that is consulted extensively by the Government and by any future developer as we consider the overall value for money of every project.

Graham Stuart: It is a substantial organisation. It turns over about £4 billion, of which roughly £3 billion is UK-supplied. A billion comes from commercial contracts, and, as has been said, there are around 17 sites across the country on which they are working.

It is very substantial, but it is a completely different world now where we are asking developers to plan for and fund their decommissioning costs from the very beginning. It is very different, but I hope and expect that the very substantial work that is going on in preparation to deal with our nuclear waste in a responsible way will actually help provide for the much lower levels of waste that will come from future ones.

The truth is, we can benefit going forward when really we are saying, "Look at all that waste you are dealing with, look at the cost of that," but, actually, we have to manage that. We will manage that, and we will deliver for that, and having done so, it makes the case even more strongly that we will then have the infrastructure and understanding to better deal with much lower levels of waste from much better planned new plants. They go together positively rather than negatively.

Q269 **Ruth Jones:** It would be really helpful if you could write to us about that.

Kiera Harper: Sure, I am happy to. Just to build on the point about the economics, it is worth recognising that decommissioning is a hugely important aspect of the sector, and as we see the global desire for nuclear burgeoning, it is something that the UK is recognised as an absolute world leader on. We have incredibly skilled people in Wales who are experts on decommissioning and that gives you an almost exportable capability, if you like, in a way that perhaps might not have been the case 10 or 20 years ago. But I am very happy to write on that specific point about the cut of the pie.

David Davies: I just wanted to clarify that I am not for one minute suggesting that either of the Severn bridges are going to be decommissioned. I simply wanted to make a point that the original one was not designed very well in terms of maintenance and dealing with the rust and the rest of it and is going to be dealt with. I did not want to set—

Graham Stuart: It would have been an interesting headline to come out of the nuclear session.

David Davies: It would have been, and I have just realised, and I did not want to give that headline.

Q270 **Ruth Jones:** That is very helpful. Thank you, Mr Davies, for clarifying



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that. As South Wales, we rely significantly on both bridges, and we look forward to their continued use. Can I ask one last question of Mr Davies? We have heard from the Rolls-Royce SMR that although they are receiving Government funding, they do not feel they are in the room with the Government when negotiations are going on for the next stages. How would you respond to that?

David Davies: They have been in the room with me, and I was very positive about what they had to say. I cannot do much more. I am happy to meet them again, to go and see Rolls-Royce and look at this technology for myself. I would love to do that, but my understanding is it is a couple years away from being a model that could be put straight into use. They were talking about the 2030s before one could be actually up and running. I can understand—

Graham Stuart: I was with the CEO of Rolls-Royce and the Rolls-Royce SMR division only yesterday. Quite rightly, they champion and use every opportunity they have, to make the case to Government and get more certainty and a pipeline that they can develop and bring their technology into, which is their job. If they did not express impatience, they would have the wrong people doing that job, would they not?

Q271 **Chair:** We are running short of time and coming to a close in a few moments. Can I just follow up on this SMR point and perhaps ask a question to Ms Harper and Minister Stuart?

The UK Government have already given £200 million to Rolls-Royce to develop SMR technology. Is it a policy objective of UK Government that there should be a British sovereign capability when it comes to SMR, or was that funding to stimulate industrial activity in the UK, but when it comes to choosing the technology on SMR, you are quite agnostic and there are other technologies available—GE and other companies—who have developed SMR prototypes?

Graham Stuart: As yet, we have not made any such explicit policy steer, and we would look to make sure we maintain competitive tension—because whether domestic or otherwise, technology has elements of risk, especially a first of a kind.

Mr Crabb, if underlying your question is a desire to see us do everything we can to allow a potential UK sovereign capability to be developed in a fair and competitive manner that meets all our international trade and other obligations—which unlike some others we stick scrupulously to—then yes. I personally share that ambition, and the Government would as well, but we look to make sure that we protect the taxpayer and go with the best solutions to deliver our overall energy foundation which I talked about at the beginning.

Q272 **Chair:** That is very helpful, Minister. Can I ask Ms Harper to follow up? What do you feel you have for the £200 million that you have given to Rolls-Royce?



Kiera Harper: What we have—and I would stress that that was explicitly given as research and development funding—is a far stronger, far more deployable design than they had before. Rolls-Royce themselves have said they have been able to move their design on leaps and bounds. They have gone from an organisation of tens of people to 600 people, as they came to speak to you the other day.

You simply are not able to do that unless you have the capability there, and they recognise that that £210 million had been instrumental in allowing them to grow their organisation, to then further their research and development, to then hopefully take them to a point where it would be a deployable product in the future. I think we are still a few years away from that, and I absolutely echo what Minister said about value for money, but it has certainly driven that workforce.

Chair: Thank you, that is really helpful.

Q273 **Virginia Crosbie:** Ms Harper, I am really pleased that we have talked so much about finance for the nuclear sector in this session. We have had the introduction of the Inflation Reduction Act of 2022 in the US, which will be transformational for attracting investment into the nuclear sector—and yet we do not even have green taxonomy here in the UK. Are we going to be left behind?

Kiera Harper: We recognise that the IRA has been a huge sea change, and we hear it from our nuclear stakeholders regularly. It is not just for the UK; it has created a kind of global ripple effect, and that could be a positive thing for us as well. We should recognise that it does allow the Americans to develop technologies—sometimes for SMRs, for example—which we may want to deploy in the future, so there could be benefits as well as risks.

To come to the green taxonomy risk that you have talked about specifically, we are hoping to consult on that later this year. I appreciate there has been a huge amount of desire to see more detail and pace on that, but it is complicated and there are a number of different factors to consider. That is what has been happening.

Q274 **Virginia Crosbie:** Thank you. To the Minister and Secretary of State, what are your Departments doing to ensure that we actually get green taxonomy in the Treasury, and that we actually get some positive news?

Graham Stuart: We are working very closely with the Treasury and others across Government to make sure that we get green taxonomy suitably sorted. The Green Financing Framework policy document was clear that nuclear is and will continue to be a key part of our low carbon energy mix alongside renewable technologies, carbon capture and storage, etc. But, at that point, it recognised that many sustainable investors excluded nuclear, and that is why I go back to what I would like to see going forward. We—and partners like the French and others—should make the case.



There are so many areas where we get an oversimplification, we get ignoring of the detail and the science in tackling and in making the net zero challenge, and we want to bring that out and get people to think seriously about what the real pathway looks like.

We need to change the environment so sustainable investors do recognise that nuclear has a really important part to play in delivering net zero. To say that you are completely committed to it, that it is a climate emergency, and then for seemingly ideological reasons just turn your back on nuclear, seems to me a position which needs to change.

David Davies: Ms Crosbie, I can only say I have made the case for nuclear in Wales in Cabinet and will continue to do so.

Q275 **Geraint Davies:** Finally, can I ask Kiera Harper a technical question? We heard this morning from Great British Nuclear that the delays in Hinkley, partly because of changes in political leadership, have cost £4.5 billion in value in terms of energy. Is that a figure that you recognise?

Kiera Harper: I am not sure that is quite what Simon said. I think the point that he was trying to make—and apologies, as obviously I was not there, but I have had some of the team feed it back to me—was that had Hinkley Point C been on the bars right now, it would have saved consumers £4.5 billion because of the cost of gas right now.

He was trying to make the point that what that demonstrates is the value of nuclear when it is on the bars; to offer that always-on, low, reliable capability so it protects consumers from the uncertainties created by fluctuating global gas prices. The point he was trying to make there was about the value of certainty rather than a critique of the delay created by Hinkley. Although we recognise Hinkley is delayed from its starting position, fundamentally it is actually performing pretty well in terms of its overall delivery.

Graham Stuart: I think what he was saying was that if the last Labour Government had committed consistently to nuclear and we had something like Hinkley up now, it would have saved us £4.5 billion in the last period, which is why we need to back nuclear and not, like previous Ministers, make the error of delaying doing so and thus costing the taxpayer £4.5 billion in their bills. That is the conclusion I would take from what he said.

Geraint Davies: The £4.5 billion was about the last year and the change of Prime Minister because he broke the law.

Q276 **Chair:** Let us move on. We are running out of time. You have been very generous with the amount of time you have given us this morning. Hinkley Point C, which we have just been referring to, is a huge employer of Welsh skills right now. A number of the members of this Committee had the chance to visit the states at the beginning of the year, where we had the opportunity to visit the Vogtle nuclear plant in Georgia and we



saw the scale of that operation and the amount of people that employs.

Secretary of State Davies, there is a major industrial opportunity here for Wales. As politicians, we use the word transformational a lot, but this would genuinely be a transformational project—not just for north Wales, but for the whole of the Welsh economy. If you were a betting man, Mr Davies, would you bet money on there being an announcement in the next few weeks that Wylfa will get the green light?

David Davies: Let me pick up on the first part. Obviously, Mr Crabb, what you are saying about the huge economic benefits is quite correct. I believe, though I do not have this in front of me, that about 10,000 people might be expected to be involved in one way or another with building a nuclear power station, and around 900 permanent jobs can be created afterwards. There is also a wider supply chain issue. We see a company like Bocard who have also visited, coming into and locating themselves in north Wales, and delivering really well-paid and highly skilled jobs, supplying pipework into the nuclear industry, amongst other things. There are other benefits as well. That part stands.

In terms of a betting man, I am obviously not the person to make that decision. I think we would have to see GBN's setup established and then looking at both those sites and others, allowing them to make progress and bring them towards a state where a developer could come in. Therefore, I do not think the announcement is likely to be, "Here is a green light. We can go." What we might see is this series of amber lights taking us gently towards that green light that we all want so much.

Q277 **Chair:** What would you say to those voices who are whispering in the ears of Prime Minister and Chancellor of the Exchequer to basically push this decision back into the next Parliament?

David Davies: I would say, let us be realistic about this. If we have to increase our output of electricity generation to around 100 GW and we want 24 GW to come from nuclear, if we want to be net zero by 2050, we have absolutely no chance of doing it unless we support large-scale nuclear projects. It is just not going to happen.

I would like to see some of these people who are currently going around gluing themselves to bits of pavement and the rest of it in order to allegedly promote net zero policies to come along in a constructive way and lobby their Members of Parliament in support of nuclear power, preferably in a reasonable and peaceful fashion, because if we are all serious about this, that is the only way we are going to do it.

Q278 **Chair:** Fabulous. Was there a hand from you, Minister? Final word.

Graham Stuart: It is just to set that out on the nuclear question overall because I do not think I have done so. I mentioned earlier in the Committee on Climate Change, but the International Energy Agency and the UN Economic Commission for Europe have all highlighted the role for



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new nuclear electricity generating capacity in partnership with renewables as a key element of achieving net zero.

For those who still oppose nuclear, it is worth putting on the record that the UN Economic Commission was particularly clear when it said, "The world's climate objectives will not be met if nuclear technologies are excluded from decarbonisation policy solutions."

Let us get on with nuclear, let us get on the road and ensure we meet our net zero obligations, let us lead the world and create jobs, prosperity, and hope for people in Wales and across the rest of the United Kingdom.

Chair: Minister, thank you very much. Secretary of State, thank you very much. Kiera Harper, thank you very much for your input as well. Excellent. It has been a really good session. Thank you.