



Department for Energy Security & Net Zero

Andrew Bowie MP
Minister for Nuclear and Networks

Department for Energy Security
& Net Zero

www.gov.uk

Rt Hon Greg Clark MP
Chair,
Science, Innovation & Technology Committee,
House of Commons,
London,
SW1A 0AA

22 February 2024

Dear Greg,

Government response to consultation on nuclear RAB industry code and licence modifications

In your capacity as chair of the Science, Innovation & Technology Committee, I am writing to inform you that today the Government will publish its response to the consultation on Nuclear Regulated Asset Base ("RAB") industry code and licence modifications.

The Nuclear Energy (Financing) Act 2022 ("the Act") makes provision for the implementation of a RAB funding model to finance new nuclear energy generation projects. The Nuclear Regulated Asset Base Model (Revenue Collection) Regulations 2023 ("the Regulations") made under the powers in Part 2 of the Act set out the detailed mechanics of how the revenue stream would operate to ensure a consistent flow of revenues between electricity suppliers and nuclear companies benefiting from the RAB model.

Section 29(1) of the Act gives the Secretary of State powers to make modifications to Transmission and Distribution Licences, and the industry codes maintained in accordance with these licences so that the revenue stream can function as intended. Section 29(4) of the Act requires the Secretary of State to consult before making modifications. The Government ran a consultation on nuclear RAB industry code and licence modifications from 24 October to 5 December 2023. I wrote to you on 24 October to inform you of the consultation's commencement.

The consultation sought stakeholder views on the proposed modifications, specifically to the Balancing and Settlement Code ("BSC") - an industry code administered by Elexon Limited which contains the rules and governance to facilitate balancing supply and demand on the electricity system.

In total the consultation received 8 responses, including from Scottish and Welsh Ministers, Ofgem, National Grid ESO, the BSC panel and electricity suppliers. Following the analysis of responses received, it is noted that respondents were largely

in agreement with proposals and/or did not raise concerns that would necessitate a different approach. Consequently, the Secretary of State will proceed with the modifications detailed in the consultation with no further amendments. The Government response document which sets out this position will be published here – <https://www.gov.uk/government/consultations/nuclear-regulated-asset-base-rab-industry-code-and-licence-modifications>.

Yours aye,

A handwritten signature in black ink, consisting of a stylized 'A' followed by a horizontal line that ends in a small hook.

Andrew Bowie MP
Minister for Nuclear and Networks