Department for Energy Security & Net Zero

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Sir Geoffrey Clifton-Brown MP,
Chair, Public Accounts Committee
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1st September 2025

Dear Sir Geoffrey,

Contingent Liabilities Notification – Sizewell C Funded Decommissioning Programme and Government Support Package

I am writing to notify you of new contingent liabilities relating to the Sizewell C nuclear power station project. Please see attached a copy of the Written Ministerial Statement and Departmental Minute setting out the particulars.

On 22nd July 2025, the Government announced that a Final Investment Decision had been reached on the Sizewell C project. Once operational, Sizewell C will deliver clean power for the equivalent of 6 million homes and support 10,000 jobs, representing a major boost for energy security, jobs and economic growth.

The provision of new HMG contingent liabilities would be for liabilities relating to the Funded Decommissioning Programme and Government Support Package.

The Funded Decommissioning Programme sets out the Operator's intended approach to decommissioning of Sizewell C, including how costs will be met and the corresponding cost estimates. A Funded Decommissioning Programme is required in statute as per the Energy Act (2008) and the objective of the regime is, as per the Funded Decommissioning Programme Guidance 2011, to ensure that the risk of recourse to public funds for the decommissioning of new nuclear assets is highly remote.

The Funded Decommissioning Programme will be funded via the Regulated Asset Base. This contains a series of protections that aim to minimise the risk that public funds will be required to meet decommissioning costs. However, in certain, remote circumstances whereby all the protections afforded by Sizewell C's economic licence fall away or a shortfall in the fund materialises, public funds could be used to contribute towards decommissioning costs and this liability would crystalise.

The Government Support Package is a series of agreements through which HMG provides backstop support to the Sizewell C project if required, agreed as part of the overall package to secure private investment into the project. The Government Support Package responds to 'high impact, low probability' risks that either investors or the supply chain cannot take or cannot price at a level that is good value for money for UK taxpayers or consumers, or it is not otherwise appropriate for consumers to take. These provisions were agreed as part of the overall package to secure private investment into the project.

Further detail of each specific part of the Government Support Package is given in the Written Ministerial Statement and Departmental Minute.

The Treasury has approved the proposal. Unfortunately, due to the exceptional commercial risks and timings around the Sizewell C equity raise and Final Investment Decision this notification could not be sent prior to the Final Investment Decision being taken. Due to Summer and Conference Recess timings, there will not be 14 sitting days prior to the liability being undertaken on 1 October, the notifications will therefore be made today to allow as much Parliamentary sitting time as possible prior to Conference Recess for the liabilities to be scrutinised. We previously published the relevant documents on gov.uk on 22nd July.

I am writing in equivalent terms to Bill Esterson as Chair of the Energy Security and Net Zero Committee. A copy of this letter will be shared with Gareth Davies, Comptroller and Auditor General, and the Treasury Officer of Accounts.

Best wishes,

Michael Shanks MP
Minister for Energy