Dear Mrs Hillier

I have carefully read your committee’s report into Hinkley Point C. I welcome the scrutiny and hope you will allow me to give you a brief response to some of your recommendations. As the new CEO of EDF Energy, I would also like to extend a warm invitation for you and committee members to see the project at first hand and see Hinkley Point C’s progress and its positive impact on people, skills and industry.

Cost

For consumers, the price of electricity for Hinkley Point C is fixed, and it has remained unchanged. That price is lower than 80% of the low carbon electricity procured so far in the UK and consumers are protected from the risk of cost overruns during construction. Neither they, nor the taxpayer will pay a penny until the plant is up and running.

It is true that wholesale electricity prices are low today but the relevant comparison for the price of Hinkley Point C is for future alternatives sources of low carbon electricity. Today’s low wholesale prices are not sufficient to bring forward new investment which is so urgently needed and Contracts for Difference are an essential tool to inspire investor confidence. Nuclear’s reliability means that it plays an essential role in a future energy system with increased intermittency. The costs of intermittency – whether back-up gas or storage are extra costs for consumers.

Hinkley Point C is a first-of-a-kind project and, just as it has for renewables, costs for nuclear will come down for follow-on projects. For all technologies, the real opportunity for cost reduction is in repetition. Recent low prices for two offshore projects are good news for a technology that started off above £150 per MW/h.

However we know nuclear must remain competitive. We are confident the cost of future nuclear projects at Sizewell and Bradwell will be significantly lower than Hinkley. For example, design engineering and regulatory approval do not need to be repeated. Suppliers have already invested to relearn nuclear supply standards and develop skills. Financing costs can be reduced.
Industrial Strategy

Hinkley Point C is already making an important contribution to UK Industrial Strategy. Contracts worth more than £465m have already been agreed with local suppliers. We expect to invest more than £4bn in the South West and we expect that more than 64% of the construction cost will be spent in the UK. In all, 25,000 jobs will be created by the project, along with 1000 apprenticeships (more than 70 apprentices are working on site today). Our training and education programme will expand UK skills which will benefit a wide range of national infrastructure projects and help prepare the workforce for follow-on nuclear plants.

As I said, you and your committee are very welcome to see the site and training facilities in Somerset for yourself and I would be delighted to meet you at any time.

In the meantime, the site’s Instagram account gives a great view of the activities on the largest construction site in the UK.

https://www.instagram.com/hinkleypointc/

Yours sincerely,

[Signature]

Simone Rossi

looking forward to meeting you.