House of Commons
Welsh Affairs Committee

The future of nuclear power in Wales: Government response to the Committee’s Second Report of Session 2016–17

Third Special Report of Session 2016–17

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Welsh Affairs Committee

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Committee staff

The current staff of the Committee are John-Paul Flaherty (Clerk), Elin James Jones (Committee Specialist), Louise Glen (Senior Committee Assistant), and George Perry (Media Officer).

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Third Special Report

On 26 July 2016 the Welsh Affairs Committee published its Second Report of Session 2016–17, *The future of nuclear power in Wales* (HC 129). The Government’s response to the Report was received on 6 October 2016, and is published as an Appendix to this Special Report.

Appendix: Government response

Letter from Baroness Neville-Rolfe DBE CMG, Minister of State for Energy and Intellectual Property, dated 6 October 2016

I am pleased to send you the Government Response to the Welsh Affairs Committee’s Report on the future of nuclear power in Wales.

I read the report with much interest and am most grateful for the Committee’s work in this important policy of nuclear energy. Your Committee has rightly pointed out the role that Wales has played in establishing the nuclear industry in the UK and the key technical, financial, economic and environmental challenges we face now and in the future about nuclear power in Wales and across the UK.

I am pleased that your report is broadly supportive of the Government’s policy on new nuclear (including the new nuclear power plant at Wylfa Newydd in Anglesey) and decommissioning. Notwithstanding the expected economic boost the new power plant will bring to North Wales and to the Welsh economy as a whole, we agree it is also important that areas like North Wales develop diverse economies that are not dependent on one industry, and the UK and Welsh Governments work together with stakeholders to deliver this.

There are a few points in your Committee’s report that we do not support and I hope our explanations are clear.

Government response to the Welsh Affairs Committee’s inquiry into: The future of nuclear power in Wales

Wylfa Newydd: Cost and scheduling

Recommendation (paragraphs 22 and 23)

We conclude that whilst nuclear power may not be the cheapest source of energy available, it does provide value for money for a secure and reliable source of low-carbon power. The taxpayer will be protected from excessive costs, as the risk of the investment is placed on the developer. The Government is in favour of new nuclear build, but not at any price. Energy policy should balance cost against energy security and environmental concerns.
We recommend that the Government negotiate a strike price for Wylfa Newydd below that agreed for Hinkley Point C and seek a price that would be competitive with renewable sources, such as on-shore wind. The Government should not continue with the project if the price is too high.

The Government notes the Committee’s comments, but has always made it clear that in considering financial support to any nuclear project, it would only do so if it is affordable and represents value for money to the UK taxpayer. It must also support the other Government key objectives of an energy system that is secure and clean.

The Government believes it is too early to say how much Wylfa Newydd will cost or how it will be financed since the project is still in the planning stages. Horizon Nuclear Power is making good progress in the detailed planning for Wylfa Newydd, but on current timescales, Horizon Nuclear Power is aiming to take a final investment decision in early 2019 and for Wylfa Newydd to be operational in the first half of the 2020s.

It is therefore premature to talk about a particular strike price until we better understand financing plans for this project in discussion with Horizon Nuclear Power.

The Government will want to examine thoroughly and learn the lessons from the Hinkley experience. Our intent is that strike prices for all technologies, including nuclear, should come down over time in order to provide secure, affordable low carbon electricity.

**Recommendation (paragraph 24)**

We conclude that energy pricing is difficult to understand and can seem opaque to experts, let alone the general public. Without access to all the necessary information it is difficult to compare and to critique decisions that have been taken.

We recommend that the Government provide a clear and comprehensible explanation of how lifetime costs of energy sources are compared. In particular, it should show how it compares new nuclear with renewable alternatives. The Government should also be transparent about all the costs related to new nuclear build, including the eventual cost of decommissioning and waste disposal.

The Government agrees with the Committee’s recommendation that it should try to provide a comprehensible explanation of how the lifetime costs of electricity generation are compared. The Government refer to electricity rather than energy sources given the references to renewable and nuclear (electricity generation technologies) in the recommendation.

The Government has previously published levelised cost of electricity generation estimates across all technologies that cover all costs incurred over the life-cycle of most electricity generation technologies, including construction, capital, operating, waste transfer and decommissioning costs (for nuclear). These are available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/269888/131217_Electricity_Generation_costs_report_December_2013_Final.pdf. For example, page 6 contains an explanation of how levelised cost are calculated, and Table 13 (page 36) compares levelised cost estimates between technologies at technology specific hurdle rates.
The Government is currently updating its levelised cost of electricity generation estimates, which will show how the costs of technologies compare using the consistent levelised costs framework.

Levelised costs only capture the costs borne privately by developers and not wider system costs such as for Grid reinforcement and balancing the system which requires whole electricity system modelling. The Government has published a value for money assessment relating to the recent decision to sign a contract for difference contract for Hinkley Point C, which provides this analysis for HPC in relation to a number of scenarios using alternative technologies. This is available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/556917/3_-_Value_for_Money_Assessment.pdf.

**Potential delays and their impact on cost and Government policy**

*Recommendation (paragraph 36)*

Evidence was received to the minimisation of the possibilities of delays; recent experience suggests it shouldn't be assumed the Wylfa Newydd project will stay on schedule. Nuclear power projects have a history of cost and schedule overruns and while the Advanced Boiler Water Reactor (ABWR) has a better construction record than most, it is unlikely to be wholly immune to this. There are a number of specific factors that could cause delays and rising costs at Wylfa Newydd. These include the lack of experience in building an ABWR in the UK and a potential labour bottleneck for large infrastructure and nuclear projects.

Horizon Nuclear Power should be planning to mitigate potential delays, and the Government should work with them to find solutions to these potential obstacles.

The Government agrees that it has a role in facilitating the timely delivery of nuclear projects, although delivery of proposed projects to time and budget is the responsibility of the developer—in the case of Wylfa, Horizon Nuclear Power. Government officials are working closely at all levels with Horizon and understand that Horizon is making good progress against its plans.

Government has put in place a number of facilitative processes designed to remove barriers to investment and improve delivery confidence, including the Generic Design Assessment (GDA)—which sets out a rigorous and robust framework for the regulatory approval of reactor designs—and a National Policy Statement (NPS) that sets out the process (including siting) for obtaining planning consent for a nuclear power plant—an infrastructure project of national significance.

The Nuclear Skills Strategy Group (NSSG), established in 2015, brings together employers, skills bodies and Government to cover at a strategic level all parts of the nuclear sector, skills needs and solutions. This partnership is led and driven by employers themselves.
**Recommendation (paragraph 37)**

We conclude that although Wylfa Newydd is scheduled to begin operation when Britain’s remaining nuclear power stations close in 2025, the Government has already mentioned that it is committed to a mix of energy sources. Wylfa Newydd is set to provide electricity to 5 million homes. It would be difficult to replace this provision.

We recommend that the Government devises a contingency plan for a delayed start to the Wylfa Newydd project. It will be essential to have a back-up plan to fill the gap in the energy supply in the case that Wylfa Newydd is delayed.

The Government agrees with the Committee that contingency planning is important and uses the Capacity Market (CM) mechanism as its principal tool to manage security of supply and meet demand. This is structured in order to deal with a shortage in anticipated capacity due to a delay in the construction of any generating plant and the CM has been reviewed to ensure that it remain fit for purpose.

The purpose of the Capacity Market is to ensure security of electricity supply by providing all forms of capacity with the right incentives to be on the system and to be prepared to deliver energy when needed.

The CM is a market-wide capacity mechanism open to generators of all technologies (new and existing plants), Demand Side Response providers, and interconnectors. The only generators we exclude are those who have already received another form of subsidy.

**The potential impact on Anglesey from construction and preparatory works of Wylfa Newydd**

**Recommendation (paragraphs 47 and 48)**

We conclude that Wylfa Newydd is a major infrastructure project and it will have a significant impact locally. A number of concerns have been raised in relation to the local environment. Horizon Nuclear Power will have to address these to mitigate the impact of construction and retain the goodwill of the local community. There are also concerns about the impact of the project on the region's status as a Welsh language area.

The impact on the local environment needs to be minimised if Wylfa Newydd goes ahead. This should include work to minimise the impact of construction work, for example from increased traffic to the site and from temporary workers’ accommodation. Horizon Nuclear Power should work proactively with the local authorities, local stakeholders such as the National Trust, and the local community to take mitigating actions to minimise impacts, and to ensure that concerns are addressed.

We recommend that Horizon Nuclear Power establish a local forum, where they can engage with the community to address concerns, and keep them updated with the project.
Recommendation (paragraph 48)

We also recommend that Horizon Nuclear Power provide Welsh language courses to its employees, so they can immerse themselves in the local culture.

The Government notes the recommendations to Horizon Nuclear Power on the benefits of engaging with the community and providing Welsh language courses. Good community engagement can help to minimise local concerns.

The environmental impacts and safety of nuclear power stations

Recommendation (paragraphs 56 and 57)

We conclude that although members of the public and environmental groups often pointed to the recent Fukushima accident as a reason to question the safety of nuclear power and abandon plans for new nuclear build. While the main causes of the Fukushima incident (earthquake and tsunami) are unlikely to occur in the UK, we were pleased to hear that the Office of Nuclear Regulation (ONR) conducted a major review following Fukushima and that the most significant recommendations have been implemented. Therefore, we conclude that the ONR will be able to regulate nuclear power in the UK to ensure its safety.

The disparity of views should not be ignored. To meet the concerns of the public, it is important that the Government and Horizon Nuclear Power inform the population about how nuclear power is regulated so that it operates safely. Information on the environmental impact should also be made widely available and easily accessible. Horizon Nuclear Power has done some work on this, and more information should be made available if the final site licence is granted.

The Government welcomes the Committee’s conclusion that the Office for Nuclear Regulation (ONR) is able to regulate UK nuclear power safety. Having a strong and independent nuclear regulator is crucial to the Government’s plans for new nuclear and the ongoing operation of the industry. ONR is committed to being open and transparent and publishes information about how it regulates and proactively to stakeholders. ONR is content that all of the general recommendations from the Chief Nuclear Inspectors Fukushima Report directed towards licensees have been satisfactorily addressed. ONR will continue to regulate progress on the remaining open matters and on related work programmes that have resulted from consideration of recommendations as part of normal regulatory business.

The Government agrees it is important that the public and environmental groups have confidence in the application process to ensure that local environmental impacts are fully considered and any unacceptable impacts mitigated. Environmental impacts are a key consideration and application provisions ensure that a decision is based on robust environmental information. The relevant local authorities may submit a local impact report giving details of the likely impact of the proposed development on the authority’s area. And before any application is lodged, the developer will be expected to carry out extensive consultation with the local community to identify potential impacts and to give the local community the opportunity to make suggestions to the developer about how such impacts could be mitigated.
Natural Resources Wales and the Environment Agency are the environmental regulators for nuclear sites in Wales and England respectively. They publish information about the impact of existing nuclear sites in the annual Radioactivity in Food and the Environment Report. They engage with local and national stakeholders through participating in nuclear sites’ local liaison councils and in meetings with the UK Government. The environment agencies’ permitting processes for nuclear sites already include consultation and engagement with stakeholders.

The economic impact of construction of Wylfa Newydd

Recommendation (paragraphs 80 and 81)

We conclude that the construction of Wylfa Newydd will have a large impact on the North West Wales economy, with thousands of people being hired and opportunities being provided to hundreds of businesses. The construction of Wylfa Newydd will also support the Energy Island programme and is a major part of the economic policy of the area.

We conclude that Wylfa Newydd is the backbone of the Energy Island programme. However, it is important that the region is not dependent on one industry, and that it has a diverse economy.

We recommend that the UK and Welsh Governments should work with Anglesey and Gwynedd County Council to progress other aspects of the Energy Island programme to find alternative economic strategies for the area.

The Government agrees with the Committee that there should be alternative economic strategies in place for the region. The UK Government already works collaboratively with the Anglesey County Council, Gwynedd County Council and the Welsh Government to develop these strategies through the Anglesey Energy Island Programme.

The Anglesey Energy Island Programme brings together public and private partners who aim to bring energy research and development and production to Anglesey and to maximise the benefits of this for the local community. The Business, Energy and Industrial Strategy Department (BEIS) is closely involved with the work of the Programme, including chairing the regular Strategic Forum in Anglesey. There are various other projects within the Programme that the Government is providing assistance with beyond nuclear, for example the Anglesey marine energy projects.

Recommendation (paragraphs 90 and 91)

Local businesses and people in North Wales will need assistance to be ready for the Wylfa Newydd project. We recommend that local authorities, the Welsh and UK Governments should work together to ensure that there is a large Welsh contribution to the construction and operation of Wylfa Newydd.

The Government agrees that it should work with the Welsh Government and local authorities in the region to maximise the benefits of Horizon’s proposed project at Wylfa, which would bring significant investment and benefits to the economy of Anglesey and north Wales.
The Government already works closely with the local community, local authorities and the developer—Horizon—to maximise local and regional value, for example through the Anglesey Forum. It also supports cross-government forums—which are attended by Welsh Government officials—with Horizon (and their sponsors, Hitachi) to discuss supply chain issues.

**Recommendation (paragraphs 91 and 92)**

We recommend that they (i.e. local authorities, the Welsh and UK Governments) work with Horizon Nuclear Power to ensure that the local population is well trained and able to take up opportunities at Wylfa Newydd. We conclude and welcome the work that Horizon Nuclear Power are already undertaking with local businesses and training providers.

The Government agrees that steps should be taken to ensure that the local population is suitably trained to take advantages of opportunities at Wylfa. The Government is committed to working with the Welsh Government to ensure that suitable training is available through institutions like Colleg Menai in Bangor.

**Recommendation (paragraph 92)**

We recommend greater clarity as to what is required from the workforce. This will enable education and training to be provided and give local people the skills they will need.

We also recommend that Horizon Nuclear Power seek to retain the skills of workers leaving Wylfa A. This is a ready source of skilled individuals, who will be able to transfer to the Wylfa Newydd project, either directly or with some re-training.

The Government agrees that clarity on what will be expected or required of a workforce for the proposed Wylfa project is important. This clarity is best provided by Horizon Nuclear Power and its contractors who will have the best understanding of the work and skills needed to deliver the project. Horizon's planned second stage of statutory pre-application consultation will be open between 31 August and 25 October 2016 and will provide an opportunity for local residents and businesses to ask these questions.

**Recommendation (paragraph 93)**

We conclude as well as helping local individuals to gain from Wylfa Newydd, the Government should make sure that businesses in Wales and the UK are able to join the supply chain for Wylfa Newydd.

We recommend that the Government enable businesses to take advantage of the resources of the National Nuclear Laboratory, the National Nuclear College and the Nuclear Advanced Manufacturing Research Centre, so that they are able to prepare to be part of the supply chain for Wylfa Newydd.

The Government agrees that it should support businesses seeking opportunities in the nuclear supply chain. It already does this, for example, by encouraging businesses to engage with the Nuclear Advanced Manufacturing Research Centre (NAMRC), which
helps UK companies win work in the nuclear sector through programmes designed to help manufacturers and suppliers compete on cost, raise standards on quality, and develop new techniques and technologies. As an example, the Government understands that with the support of the Welsh Government, NAMRC is currently helping twenty Welsh companies to advance through its Fit4Nuclear programme which helps prepare companies to take advantage of opportunities in the nuclear supply chain.

The Government also encourages businesses to engage with the National Nuclear Laboratory (NNL), which can support growth opportunities through its role in upcoming government programmes—for example in its work alongside the Nuclear Innovation and Research Office, academia and industry in the development of UK National R&D programmes.

The National College for Nuclear (NCFN) will create and deliver industry-agreed curricula for nuclear skills—initially through campuses in Cumbria and the South West. Discussions on the college between the Welsh Government, the Department for Education (DfE) and BEIS have been positive and these will continue following the formal announcement of the NCFN in May 2016.

**Recommendation (paragraph 94)**

We find it surprising that, in light of Wales’s proud role in the history of the UK nuclear industry, that the Government’s plans for nuclear skills development did not have a Welsh dimension. We recommend that the Government correct this oversight by setting out plans to create a North Wales campus for the National Nuclear College.

The Government agrees that any future nuclear skills strategy should benefit Wales. Skills is a devolved issue and it is therefore within the gift of the Welsh Government to consider a facility to support the development of nuclear skills in Wales. The Government set out in Sustaining Our Nuclear Skills in March 2015 that further hubs linked to the National College for Nuclear (NCFN) could materialise, including a potential hub in Wales taken forward by Horizon and the Welsh Government in line with the development of the Wylfa Newydd power station. The Government would be happy to work with the Welsh Government to share its experience of the NCFN.

**The economic impact of job losses at Trawsfynydd**

**Recommendation (paragraph 100)**

We conclude the number of employees at Trawsfynydd is scheduled to fall by 75% by 2028. This will have a severe impact on the economy of Meirionnydd and Gwynedd, as Trawsfynydd is a major employer for the area and one of the only sources of well-paid, highly skilled jobs. It is essential that the economic impact of job losses is mitigated.

We recommend that the UK and Welsh Governments work with Gwynedd County Council to find ways to maintain nuclear industry skills and to attract other high-value jobs to the area.

The Government agrees with the Committee that it is important the economic impact of job losses in the area should be mitigated. The Nuclear Decommissioning Authority (NDA)
and Magnox Ltd (the Site Licenced Company) have been working in partnership with Gwynedd Council alongside the Welsh Government over the last five years. The NDA’s contribution is aimed at taking action to secure a prosperous future for Meirionnydd and North West Wales as site closures approach. This has led to support and funding for a series of initiatives aimed at skills training to benefit the nuclear and wider industry so that a resilient and diverse economy can be developed in Gwynedd and North West Wales. The NDA will continue to support this development as a socio-economic priority for as long as it is deemed appropriate to do so.

Decommissioning at Trawsfynydd

**Recommendation (paragraphs 106 and 111)**

We conclude that progress on decommissioning at Trawsfynydd has been good and demonstrates how decommissioning can take place quickly, efficiently, and safely. We were impressed by the determination of the management and staff at Trawsfynydd to find creative solutions to challenges on site. Their work has helped to improve decommissioning plans and save jobs.

Under current plans, Trawsfynydd will lose most of its jobs within the next ten years. There is a realistic plan for continuous decommissioning that could keep more jobs on site, which would be a major benefit to the local area.

We recommend that, so long as that plan ensures that the high standards of safety continue, the NDA should implement it so that more people are employed for longer.

The Government does not agree that there is a realistic plan for continuous decommissioning at Trawsfynydd. However, on behalf of the NDA, Magnox Ltd is evaluating credible options for the timing of reactor dismantling. The timing of reactor dismantling will have implications for jobs on site. This is one of a number of factors to be considered when evaluating options. Other factors to be considered locally include the implications for waste management, asset management, worker dose and potential future use. The NDA recognises that it has obligations to the communities in which it operates and recognises that the North West Wales region as a socio-economic priority region.

**Recommendation (paragraph 111)**

We further recommend that, should additional funding be necessary, the Government should endeavour to make this available.

The Government does not see the benefit of making additional funding available. Although the timing of reactor dismantling will have implications for jobs on site it is only one of a number of factors to be considered when evaluating options. Locally other factors to be considered include the implications for waste management, asset management, worker dose and potential future use. The NDA recognises that it has obligations to the communities in which it operates and recognises that the North West Wales region as a socio-economic priority region.

The Government continues to make tackling the UK’s nuclear legacy safely, securely, cost effectively and in ways that minimise environmental impact and the burden on taxpayers a national priority. This was reflected through the Spending Review where we allocated £11 billion of net funding to the NDA for the Spending Review period, in addition to the
commercial income that it will continue to generate. This equates to around £3bn a year
enabling the NDA to continue to make progress on its vital mission, with a particular focus
on accelerating risk and hazard reduction in the highest hazard facilities at Sellafield. The
planned expenditure for 2016–17 across the Magnox sites is around £550 million.

**Future decommissioning at Wylfa A**

**Recommendation (paragraph 115)**

We conclude that the process for decommissioning Wylfa A will be simpler and quicker
than at Trawsfynydd. This should allow the site to be ready for the construction of
Wylfa Newydd, and enable a smooth transition to take place.

The Government does not agree with the Committee’s conclusion as the development of
Wylfa Newydd is not predicated on the decommissioning of Wylfa A.

**Management of nuclear waste in Wales**

**Recommendation (paragraphs 121 and 122)**

We conclude from evidence received, nuclear waste is currently well-managed. The
professionalism of staff on site, the technology deployed, and the flasks and storage
facilities all support the view that nuclear waste is disposed of, transported and stored
safely in Wales and the UK. Nonetheless, not enough has been done to enable the
permanent disposal of the UK’s nuclear waste. While the temporary arrangements
are both of a high standard and capable of storing the waste for a long time, progress
on the geological disposal facility (GDF) and finding a final site is necessary. Without
a site for the GDF, it is not clear that the Government has a permanent solution for
waste. This is a concern, as we found that members of the public want reassurance that
nuclear waste is dealt with appropriately.

We recommend the Government accelerate progress on identifying the site for the
GDF, and make the necessary decisions. Speeding up the process would not only help
the UK to begin dealing with waste more quickly, it would also make the future for
nuclear power clearer.

The Government agrees with the Committee that identifying a site to host a geological
disposal facility (GDF) is important. Our aim is to progress disposal as soon as practicable,
consistent with developing and maintaining public and regulatory confidence. Packaged
wastes are kept in secure, managed stores on nuclear licensed sites awaiting disposal for
when a GDF is available; these interim stores are designed with a lifespan of at least 100
years, but are not a permanent solution as the radioactive waste is hazardous for over
100,000 years and repeated repackaging has consequential costs and risks.

Geological disposal is the safest and most secure means of managing higher activity
waste over the long-term. The 2014 Implementing Geological Disposal White Paper sets
out three initial actions which the Government and the developer (Radioactive Waste
Management (RWM)) are delivering to provide greater clarity on issues such as geology,
development impacts and community representation.
The timeline for delivering a GDF can be divided into three phases: identifying site(s), characterising site(s), selection of a suitable site and construction of the facility. Formal engagement between RWM and potential host communities is expected to start in 2017 where potential communities can express an interest and RWM will then begin gathering technical information to assess site suitability. This will progress to the site characterisation phase where boreholes will be drilled to understand the geological environment and enable RWM to make a safety case for construction of a GDF. The developer has estimated that first waste emplacement will take place in the 2040s and operation of the facility will run into the next century.

These are indicative dates and the exact timetable for a project of this scale and public interest will depend on factors such as how quickly complex technical assessments can be completed and public confidence built in the robustness of those assessments. Safety is paramount and this facility will have to meet strict nuclear safety, security and environmental standards.

The UK Government’s policy on SMRs and benefits of manufacturing SMRs in the UK

Recommendation (paragraphs 131, 132, 135 and 136)

We conclude from evidence received, that while small modular reactors (SMRs) are not certain to be a source of low-cost power, they are an option worth exploring. It is possible that SMRs will be price competitive with both large nuclear reactors and renewable sources, but that case is not proven. Similarly, until a first reactor is developed, it is difficult to be sure whether a large enough customer base exists. Nonetheless, receive evidence from experts such as the National Nuclear Laboratory that suggested that SMRs could be a viable option and there are potential customers.

We support the Government’s objective of developing SMRs in the UK. We believe that successfully developing an SMR would be a major opportunity for the UK. However, in light of the reservations of some witnesses and the potential risks of the project, the Government’s competition must carefully consider the potential cost of any SMR project and determine whether there could be sufficient demand for SMRs. The Government must be sure that any decision to support an SMR developer offers value for money and a relatively high chance of successful delivery.

Developing a SMR in the UK could support the creation of a nuclear supply chain in the UK. With the National Nuclear Laboratory (NNL) and Nuclear Advanced Manufacturing Research Centre (NAMRC) located nearby in the north west of England, North Wales could take advantage of this. This will only be possible if the UK Government makes the right decision when choosing which SMR model to back through its SMR competition. Buying an off-the-shelf SMR design with no intellectual property or opportunity to partner would limit the economic opportunities to the UK. For the SMR competition, the potential for partnership and job creation should be a major factor in the Government’s decision.

We recommend that the Government should enable either the creation of UK-based SMR developer or a partnership with an international vendor that will deliver UK involvement in manufacturing and jobs.
The Government agrees with the Committee that SMRs have potential to offer a range of benefits including helping the UK achieve its energy objectives and deliver commercial manufacturing opportunities.

That is why Government is building the evidence base on SMRs and considering the best way to proceed following the launch of Phase One of the SMR competition at Budget 2016.

Government is committed to ensuring that UK companies are in a position to compete for the significant opportunities present within the nuclear sector and are working with industry, nuclear reactor vendors and operators to help create and support a globally competitive UK nuclear supply chain. An important element of developing any Government policy will be to consider how UK companies of all sizes will be in a position to benefit from the opportunities presented.

**Recommendation (paragraphs 136 and 137)**

The Government should do this by creating the appropriate regulatory and business environment. We also believe that progress has to be made soon, if the UK wants to be first to market for SMRs. Greater clarity on the potential for SMRs to be built in the UK would also help firms with nuclear and advanced manufacturing skills to prepare for opportunities in the supply chain.

When the UK has made its decision on the SMR competition, it should work with local authorities and the Welsh Government to deliver jobs where they are needed. North Wales is well positioned near centres of nuclear excellence in north-west England and needs investment to stimulate the economy.

We recommend the Government should consider bringing it to North Wales, where it could link up with existing nuclear sites and the NNL and NAMRC.

The Government agrees with the Committee that support for firms with nuclear and advanced manufacturing skills could help enable UK firms to be in a position to take advantage of opportunities in any SMR or wider development and deployment programme.

Government has allocated up to £30m over the next 5 years for an advanced manufacturing programme to develop skills capacity. This would provide opportunities for centres of excellence across the UK, including those in the North West of England and Wales, in priority areas such as materials testing and development, advanced component manufacturing techniques and large scale assembly and manufacturing techniques.

**The use of Trawsfynydd as a site for a first-of-a-kind SMR**

**Recommendation (paragraphs 146, 147, 148 and 149)**

It is clear that Trawsfynydd would be an ideal site for a first-of-its-kind SMR. The availability of cooling water and the grid connections mean it would meet the technical requirements, and its history as a nuclear site and its ownership by the Government mean that it would be easy to designate it as a site for SMR development. The presence of a skilled workforce, which is strongly in favour of the project, would also be a major boost to SMR development.
The location of Trawsfynydd also makes it useful for a first-of-its-kind SMR. An SMR at Trawsfynydd would provide a good test case of whether SMRs can deliver value for money electricity without needing to sell large amounts of excess heat.

It is also clear that SMR development would be the best option for the future use of Trawsfynydd. It would be the most favourable economic option for Gwynedd, providing an economic stimulus to the area, and many-quality jobs. It would also help to keep skilled workers in the area and would provide clarity on the end status of the site, reducing the cost of decommissioning.

We recommend that Trawsfynydd should be designated as a site for a first-of-its-kind SMR. The Government has said that it will set out site criteria later this year for SMRs. In order to support the development of SMRs and the region of Gwynedd, the Government should move fast to make it clear what needs to be done for Trawsfynydd to meet these criteria and be designated as a site. That said, we are strongly of the view, based on the expert evidence we have received, that Trawsfynydd is a standout candidate for locating a first-of-its-kind SMR.

The Government agrees with the committee that greater clarity on siting is required. The Government intends to publish a Roadmap once initial policy development is complete, which will define the process that Government will use to identify suitable sites for the deployment of SMRs.

It is possible that any new siting process could involve reassessing Trawsfynydd, in addition to other sites, for their suitability for hosting an SMR project. Any new reactors, including SMRs, proposed for construction and operation in the UK will be subject to robust and independent regulatory scrutiny and will only be allowed to progress if and when our regulators are satisfied with their safety, security and environmental aspects. However no potential sites or siting criteria have been identified at present.

BEIS Ministers and officials have engaged with Gwynedd local council on a number of occasions. We will continue to keep engage with them and to keep them informed of our plans for siting.