

HH/MH

HITACHI

10k in UK / Europe

27/6/12

might £0.3 but in → want to buy whole lot.

2-3 weeks for much substantial response to Nominations

60% GE / HIT 40% 0% LP.

but lending on HNP → ABWR in LP  
→  
reapplied for re-licence in US.

Discussed with M. Wingham → GDA etc?

MH - any £0.3 is welcome → take that away.  
want credible consortium  
Wylfa exp - be developed, without delay  
Not interested in speculation, bid.  
Speed is of essence - no "hiatus" bidding  
owners to proceed to build, there is finance A

not necessarily keep on reactor diversifying  
UK company MAY, UK economic benefit supply chain  
but industry UK →

→ want to build in UK  
President → want Europe build

behaviour can get done to avoid construction delays  
in place, because ABWR build time is short  
1<sup>st</sup> of trial  
38 months come → fixed lead

2,500 sites  
Waters

1358 - current rate  
1500 MW in UK. possible (cooling)

22 plants in 40 yrs - Hitachi  
have prepared procedures to improve process

latest 3 months extra due to 4 concrete.

full up-fronts on different construction specific  
would build modernisation facility in UK.

skills programme through → field build.  
→ risk to costs.

→ full competition agree Hitachi is best thing.

on the 1<sup>st</sup> design of plant

lessons learned on new owners/construction  
operations learn from operations.  
90% head factor

BLR - cheaper to maintain over lifetime

[2 updates on reactor in Fukushima by Tsunami]

PLR = obligation of old Govt programmes,

MH - Do we have resources to do this [ONR]?  
esp specific site licensing for Hinkley

W 18 2623  
15:18

HH - need to ensure regulator is not overloaded.  
MH - to note tension that vs shareholders.

→  
we must want to make sure the best  
national bid can be supported.

looking for progressive growth in programme.

what commitments would that purchaser be willing to make?



LA: - JRIC / EHC / FCA - separate -

V-confident an operator to have all banks.

operator - would like US + European  
top level

V. good relationship with global operator.


MH → Public acceptability is key for programme.

→  → Imp to sell as a going concern  stocks

HH - Why? is a committed community now? input <sup>delay</sup> <sub>= not</sub>

Lik → for 18-24 months.

need confidence in income stream to get

MH nuclear / reasonable price  end of any price!

→ need to be serious about what this is

need to be confident nuclear is a low cost  
competitor in electricity manufacturing.



25/7.

Magnet used 1/8 with HRP  
16-18/8 - site visits  
no data seen - 25K pages + going

SNC partner.

- when values + print to devices.

ΣON/KWE - completed 31/12/12

Potential hidden possible expense line for kit.

Unlikely to have GDA + FD by early 2015

⇒ May 2015 election a risk.

CFD - transparent on level and term.

Horizon have done some work on UK supply chains

Acquisition prior with a CFD? Need to clarify

28/9 - best and final

Possibly

2/3

9/10

Amoral - possible.

①

spoke to

Investment - certification



12/9/12

- Long term state priority for HHS
- help US meet low carbon goal
- welcome HHS support for nuclear
- ACR only for 3+ tech. → others fail by price
- reactor diversity, not HSA, to conserve risk certainty of construction.

\* GDA - matter for ONR. ONR has to come for prioritizing. Gov would be clear that needs design for this. would be a priority if with that role ongoing decision + having want. Speed depends on Hill. answering questions. Regulation is stronger now than before, but also a workload!

\* ENR aim to take draft bill with comments forward revised in early Feb. Expect 12 meeting for DOE.

\* EDF - EDF knew the competing by end DEC, but depends on DOE meeting the timetable. We will want to make clear the price transparency once deal agreed. looking at DOE entering agreement with legislation was available, and transparency could take over. will end up with very clear transparency, and needs certainty to ensure financing is available

don't want to ↑ risk in its cost of financing and others & of its consumers

Ctd - not < 15 yrs.

SDF debate = 15-40 yrs.

DECC - no reason in principle why not long, but prob of negotiation.

length - needs to have regard to nuclear frame

alive to taking public + politicians with you.

- would prefer to see long term 'balanced' cfd.

- other factors: design life (60 yrs above) for negotiations. Cost of waste + decommissioning

fully funded @ 40 yrs for a 60 yr life

[Know timetable is awkward.]

counterparty bankability - not

- V. unlikely HMG will underwrite any cfd party - impact on HMG & etc

⇒ focusing on rest of system to de-risk it.

Move to engine entry ⇒ long running power contracts with suppliers

⇒ no real assets so on default, possible scenarios:

eg. large supplier default | fails to pay levy.

→ how far level of collateral from suppliers to pay, with backstops

eg. supplier of nuclear waste?

\* aim to protect energy customers

Neutralisation of losses among non-defaulting suppliers - similar to existing balancing codes.

Also make cfd party as insolvency remote as possible - eg. not for profit company, to prevent claims from other companies (eg. 17)

Potential funds (10% TPs) should provide defaults to + lose licence.

Probability of default - extremely low.

goes to consumers - balancing a settlement mechanism

Proposals give > security than RD etc.

Market Reference Price - for non-integrated generators - having discussions with HMP on this.

Recognised liquidity not there - nuclear years ahead

- renewable - day ahead

Worthing to develop options on this with ofgem. Act. of 2nd user here - see SDF use / price.

Report from market adviser on Monday.

Recognising risk for independent generators.

Mark - know we need to create ind. gen. questions, but now is not the time.

HMP involved in the next steps of consultation on this.

Risk Sharing

looking at options - eg. not to be exceeded price

Can arrange discussion with BIS if want to

know more about industrial relations.



## Identifying the price:

We must be comfortable of rates - last time for HNP to do this. Need transparency or how numbers were arrived at. Need to gain confidence in numbers. Issue of EU stable aid in sharing rights. Reason for HNP are inflation and change of law.

Consider bottom up - all details of returns, top down - competition

CFD mechanism allows for flexible approach to this

- Construction Labour is most volatile issue
- we would like to talk about

expect open book process  $\rightarrow$  price + risk etc

+ Dec. agreement on this:

12% confidence minimum,  
10% or when price commissioning

indexing - needs to be justified by when

looking at 'costs' CPI for now

Mark - need a simple process which is publicly acceptable (no lots of small points)

- expect to have a price cap measure, looking at possible adjustments on strike price

aim to publish a substitution HPI in Autumn

Wong - WPI Labour strike, dock strike etc

(Mark)

## Change of law:

Needs a provision on this, but not wanted it out yet.

O - examples of Col in other sectors

went a struggle + extensive process to delivery.

Change of policy - note this is worldwide issue

+ Strengthening of contract law.

+ Col for govt.

+ UK strong record of grandfathering rights.

Tests on confidence in UK, and confidence in courts

Upfront HNP cost in discovery

- provided costs are legitimately incurred...

Risk of price going to a premium

it so it is a strategic purchase and should be covered over future costs, not recovered in the first cost.

We are not asking for RUC/30w, prefer to do.

O Think about value of whole HNP spent so far.

\* have covered all points in response to comfort letter.

Mark - this is a letter for winner of bid  
need to work further with NAWA in process  
prior to have letter to winner. - by closing

Wider and nuclear interest

interested in all other opportunities

but HNP a well proposed project.

Set 1 - HNP - ONP, pipeline, + data comfort.

Set 2 - Outfall - some NAWA might be could be  
withheld it would.

ONP needs to work with Hitachi.

Mark would like to see draft of addendum.

Uganda looks like target -> want to grow

Public Statement