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| ONR Project assessment report  Sizewell B – Consent to grant an option to Sizewell C for the transfer of land for the construction and operation of a new nuclear power station |



ONR Project assessment report

**Project name**: Sizewell B Power Station

**Report title**: Consent to grant an option to Sizewell C for the transfer of land for the construction and operation of a new nuclear power station

**Dutyholder/Applicant**: EDF Energy Nuclear Generation Limited

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# Executive summary

This report presents the assessments findings of...

**Permission requested**

EDF Energy Nuclear Generation Limited (the ‘licensee’) has requested our Consent, under licence condition 3, to grant an option to Sizewell C (SZC) for the transfer of land for the construction and operation of a new nuclear power station.

**Background**

The development of Sizewell C will require the transfer of land to the north of Sizewell B from the licensee to Sizewell C in accordance with planning consent issued by the government. The majority of the proposed land on which Sizewell C wish to construct is owned by the licensee and part of the land is currently within the Sizewell B nuclear licenced site boundary.

On completion of the transfer of the freehold, the land within the existing Sizewell B licensed site and land required by the licensee for operational purposes will immediately be leased back to the licensee. The Leaseback is designed to ensure the continued operational integrity and nuclear site licence compliance while certain replacement facilities are constructed.

The licensee intends to surrender the leaseback to Sizewell C during future a relicensing exercise. Under the terms of the legal agreements, the licensee cannot be compelled to surrender the leaseback prior to relicensing or in respect of land that remains subject to the licensee's site licence following any phase of relicensing.

**Assessment and inspection work carried out by ONR in consideration of this request**

Based on the facilities and operations that take place on the part of the Sizewell B licenced site being transferred, our regulatory permissioning strategy, has focused on confirming that the licensee:

* shall remain in control of the licensed site at all times and of all activities that could impact on nuclear safety; and
* shall ensure rights of access are preserved.

The assessment has also considered the impact on the licensee’s:

* emergency arrangements;
* spent fuel route; and
* sea defences.

The Environment Agency has been notified and does not object to us granting consent for the proposed property transaction.

**Matters arising from ONR’s work**

There are no outstanding matters arising from the work we have carried out.

**Conclusions**

Based on the evidence we have sampled we are satisfied that following the implementation of the property transaction the licensee will:

* will retain adequate control of the nuclear licensed site and activities that are performed on the site at all times; and
* retain full rights of access to the site.

We are content that the property transaction will not adversely affect the ability of the licensee to ensure continued compliance with the requirements of the nuclear site licence and the proposal complies with the licensee’s arrangements under LC 3.

**Recommendation**

We issued Licence Instrument 562 under LC 3(5) for Nuclear Site Licence 63, giving our Consent to grant an option to Sizewell C for the transfer of land for the construction and operation of a new nuclear power station.

Table 1: List of abbreviations.

|  |  |
| --- | --- |
| Term/Acronym | Description |
| EPR | European Pressurised Reactor |
| LC | Licence Condition |
| NSC | Nuclear Safety Committee |
| ONR | Office for Nuclear Regulation |
| SZB | Sizewell B |
| SZC | Sizewell C |

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# Permission requested

1. In February 2024, EDF Energy Nuclear Generation Limited (the ‘licensee’), requested [1] our Consent, under licence condition (LC) 3, to grant an option to Sizewell C (SZC) for the transfer of land for the construction and operation of a new nuclear power station. In line with our arrangements, we have produced this report to document our decision to grant Consent for the property transaction.

# Background

1. Condition 3 (5) of the Sizewell B (SZB) nuclear site licence requires that the “licensee shall not transfer its freehold or assign its leasehold interest in the site or any part of the site without our Consent.
2. The development of SZC requires the transfer of land to the North of SZB from the licensee to SZC to accommodate the construction of a twin European Pressurised Reactor (EPR) in accordance with planning consent issued by the government. The majority of the proposed land on which SZC wish to construct including the main and temporary construction areas are currently owned by the licensee and part of the land is currently within the SZB nuclear licenced site boundary.
3. On completion of the transfer of the freehold, the land within the existing SZB licensed site (marked in orange in the diagram in appendix 1) and land required by the licensee for operational purposes (marked in blue in the diagram in appendix 1) will immediately be leased back to the licensee.
4. The leaseback is designed to ensure the continued operational integrity and nuclear site licence compliance of SZB whilst certain replacement facilities are constructed (e.g. outage store, laydown area, training centres, visitor’s centre and north car park as well as a reconfigured national grid compound). These replacement facilities are being constructed by the licensee’s central project team under the relocated facilities programme.
5. On completion of the necessary relocated facilities, the licensee intends to a surrender the leaseback to SZC in two phases, at the same time as a site relicensing exercise. Under the terms of the legal agreements, the licensee cannot be compelled to surrender the leaseback prior to relicensing or in respect of land that remains subject to the licensee's site licence following any phase of relicensing.

# Assessment and inspection work carried out by ONR in consideration of this request

1. Based on the facilities and operations that take place on the part of the SZB licenced site being transferred, our regulatory permissioning strategy (PR01593), has targeted confirming that the licensee:
   * shall remain in control of the licensed site at all times and of all activities that could impact on nuclear safety; and
   * shall ensure rights of access are preserved.
2. The assessment has also considered the impact on the licensee’s:
   * emergency arrangements;
   * spent fuel route; and
   * sea defences.
3. The principal documents supporting the licensee’s request consist of:
   * property transaction proposal [2];
   * option Agreement [3];
   * transfer [4]; and
   * leaseback [5].
4. The request for Consent has been considered in accordance with our procedures for regulatory permissioning [6] and guidance on the control of property transactions [7]. Our assessment has been informed by advice from one of our site licensing specialist inspectors, primarily to gain confidence that the respective legal agreements support the licensee’s claims.

## Control of the licensed site and rights of access

1. We expect the licensee to remain in control of the nuclear licensed site and activities that are performed on the site at all times, and to have full rights of access to the site. As the current holder of the freehold, the licensee currently enjoys these rights.
2. The licensee claims that the legal agreements make provision for them to have exclusive possession and control of the area, subject to limited rights granted to SZC in its capacity as landlord to the licensee.
3. The licensee will have unfettered access (subject to adherence to SZC control and security procedures) over the SZC property (including but not limited to the SZC nuclear licensed site area when this is granted) to access the SZB nuclear licensed site area. SZC access to the SZB leaseback land as landlord and to access any applicable service media is also granted but is subject to SZB site licence conditions and security requirements. Except in the event of an emergency, SZC access to the leaseback land during the licensee’s tenancy shall only be exercised with at least 48 hours’ notice and only following consultation with SZB’s security staff, with appropriate escorts as determined by the licensee. We recognise that none of the facilities on the leaseback land would need to be accessed with any urgency by the licensee.
4. The term of the lease is for an initial three years (aligned with the expected duration of the relocated facilities programme). In the case of any delay, the licensee has a further option and right to perpetually renew the lease in three year increments as required. The leaseback arrangements will continue to be renewed until it is surrendered by the licensee, which will not take place until the facilities are complete and all necessary works have been undertaken to facilitate the continued safe operation of SZB.

## Emergency arrangements

1. The SZB cross site emergency access is within the land being transferred to SZC. The licensee claims that the legal agreements make provision for SZB to have continued use of any emergency access routes until a replacement accessway is in place (the strategy for this includes a Cross Site Emergency Access which will relocate as the SZC construction programme progresses).
2. The licensee’s emergency arrangements include off-site survey points on land that

will be transferred to SZC but not subject to the leaseback agreement. Continued access to the survey points is made through the agreements, which will also facilitate any changes required if SZC’s construction renders any survey points untenable.

1. The licensee’s current emergency arrangements include the provision for SZC personnel. In the event that SZC is granted a nuclear site licence, the SZC personnel will fall under SZC’s emergency arrangements, including SZC personnel working on the SZB NSL site outside of the SZB security fence. SZC personnel working within the SZB security fence will fall under SZB emergency arrangements as per any other contractor or visitor. We do not judge this as pertinent to the land transfer, and any future changes to the licensee’s emergency arrangements will be permissioned under LC 11 as required.
2. Therefore, in practice, there will no changes to SZB’s emergency arrangements as a result of the land transfer and there will be no short term changes to emergency access routes.

## Spent fuel route

1. The current route for the movement of spent fuel from SZB to the dry fuel store crosses the land being transferred to SZC.
2. The licensee claims that the legal agreements make provision for SZB to retain continued control and unfettered use of the spent fuel route immediately following the transfer until a new access is available and approved.
3. SZB cannot be compelled to surrender the leaseback land (or grant SZC a licence to any part of the leaseback land) until a replacement spent fuel route is fully tested, consented and operational with at least one fuel campaign having been completed. The leaseback expressly states that any surrender or licence grant must consider what rights or reservations SZB may need to ensure continued licence compliance.
4. Therefore, in practice, there will no changes to the spent fuel route as a result of the land transfer until an adequate replacement is available.

## Sea defences

1. The SZB sea defences contribute to the safety of SZB but are not located within the

licenced site area. However, they are within the land being transferred to SZC. The licensee expects that modifications to the SZB sea defence will be required to accommodate SZC construction at a future date.

1. The licensee claims that the legal agreements make specific for the management of the sea defences for both SZB and SZC. The leaseback will immediately grant SZB the SZB sea defences leaseback for a term of 999 years. This will provide SZB with continued exclusive possession and control of existing SZB sea defences. In addition, SZB will have specific access right to the SZC foreshore, tidal flap, sea defences and security fences for the management, maintenance and repair of infrastructure. SZB and SZC will both be under an obligation to not allow coastal and sea defences within their area of control to deteriorate to the point of increased sea encroachment risk.

## Compliance with arrangements under LC3

1. The licensee’s arrangements for compliance with LC 3 are defined in reference [8] and implemented by Company Specification Control of Property Transactions on Licensed Sites [9].
2. The licensee’s property transaction [2] categorises the property transaction as ‘high’ because it involves the freehold sale of part of the nuclear licensed site. As a result,

the licensee’s arrangements require the independent peer review of the property transaction from the Nuclear Safety Committee (NSC) and the approval and sign off by the LC 3 working group.

1. We have sampled meeting minutes from the NSC [10] and LC 3 working group [11] which demonstrate that the NSC supported the property transaction proposal being made and the LC3 working group agreed that the LC3 proposal was formally approved.
2. In addition, the licensee’s arrangements list the property interests for SZB that were historically deemed consented under Licence Condition 3. The licensee has reviewed [12] these and confirmed that the proposed property transaction does not change the rights granted under or the content of the documents identified.
3. Overall, we are satisfied that the license that the property transaction has been made in accordance with the licensee’s arrangements under LC 3.

## Site licensing specialist

1. Reference [13] reports our findings from our site licensing inspectors assessment of SZB’s property transaction.
2. The inspector targeted the effect of the land transfer and leaseback agreements on

the licensee’s control of and rights of access to the site and the licensee’s ability to continue to satisfy their duties under the Nuclear Installations Act 1965 and the nuclear site licence conditions.

1. The inspector considered the key legal documents, with the support of the

Government Legal Department, to establish whether they provide SZB with sufficient control of and rights of access to the site and the licensee’s ability to continue to satisfy their duties under the Nuclear Installations Act 1965 (NIA65) and the nuclear site licence conditions.

1. The inspector was satisfied that the term of the lease is adequate on the basis that the land is only required temporarily, and the licensee has the right to perpetually renew the lease. However, the inspector notes that the licensee is required to take positive action to renew the lease before the three-year term ends. If the licensee does not exercise the renewal, the lease would expire and the licensee would be non-compliant with LC 3. The inspector has raised a level 4 regulatory issue (RI-11946) to provide oversight and ensure that the lease does not expire.
2. The inspector was satisfied that the granting of an LC 3 Consent to allow transfer of land to SZC will not adversely affect the ability of SZB to ensure continued compliance with the requirements of the Nuclear Site Licence, and that SZB will retain adequate control over and rights of access to the site.

## Civil nuclear security and safeguards

35. Our SZB security inspector was notified of the proposed property transaction and has confirmed [14] that they had no objections to granting consent.

## Engagement with other governmental agencies

36. The Environment Agency was notified of the proposed property transaction and has confirmed [15] that they had no objections to us granting consent.

# Matters Arising from ONRs Work

37. There are no outstanding matters arising from the work we carried out.

# 5. Conclusions

1. Based on the evidence sampled we are satisfied that following the implementation of the property transaction the licensee will:
   * will retain adequate control of the nuclear licensed site and activities that are performed on the site at all times; and
   * retain full rights of access to the site.
2. We are content that the property transaction will not adversely affect the ability of

the licensee to ensure continued compliance with the requirements of the nuclear site licence and the proposal complies with the licensee’s arrangements under LC 3.

# Recommendations

40. We issue Licence Instrument 562 under LC 3(5) for Nuclear Site Licence 63,

giving our Consent to grant an option to Sizewell C for the transfer of land for the construction and operation of a new nuclear power station.

# References

1. Sizewell B, “Application for Licence Condition 3 Consent, NSL/SZB/50908/R, 19 February 2024, ONRW-2019369590-7611”.
2. Sizewell B, “Property Transaction Proposal SZB 2024 0001 SZC Option Agreement LC3 consent, ONRW-2019369590-7612”.
3. Sizewell B, “Option Agreement-77786117-v98, ONRW-2019369590-7616”.
4. Sizewell B, “Transfer - TP1 - Land at Sizewell-77786120-v77, ONRW-20193695907648”.
5. Sizewell B, “Leaseback-77786152-v46, ONRW-2019369590-7675”.
6. ONR, “NS-PER-GD-001 – The Purpose and Use of Permissioning”.
7. ONR, “NS-TAST-GD-087 - Control of Property Transactions on Licensed Sites”.
8. NGL, “BEG\_SPEC\_SHE\_008\_003 - Nuclear Site Licence Condition 3 Control of Property Transactions, ONRW-2019369590-7687”.
9. NGL, “BEG-SPEC-LSS-001 - Control of Property Transactions on Licensed Sites, ONRW-2019369590-7688”.
10. Sizewell B,, “16012024 - January NSC Minutes - Approved, ONRW-20193695907615”.
11. Sizewell B, “2024 01 22 - Meeting Minutes - LC3 Working Group, ONRW2019369590-7614”.
12. Sizewell B, “Table of previous LC3 Consents, ONRW-2019369590-7613”.
13. ONR, “Site Licensing Assessment of Sizewell B’s request to grant an option to SZC for transfer of land, ONRW-2126615823-2376”.
14. ONR, “security - notice of no objection to consent of SZB property transaction - email dated 23 February 2024, ONRW-2019369590-7737”.
15. Environment Agency, “notice of no objection to consent of SZB property transaction - email dated 22 February 2024, ONRW-2019369590-7702”.

# Appendix 1

Site map
