Department for Energy Security & Net Zero

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Dame Meg Hillier MP
Chair of the Public Accounts Committee
House of Commons
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Dear Dame Meg,

FOLLOW UP TO QUESTIONS RAISED AT THE PUBLIC ACCOUNTS COMMITTEE ON THE NATIONAL AUDIT OFFICE REPORT ON DECARBONISING THE POWER SECTOR ON 23 MARCH 2023

I am writing to update the Committee with additional information on the Geological Disposal Facility (including nuclear submarines), support for swimming pools, Smart Meter roll-out and Uranium supply chain issues (including critical minerals), following specific questions from the Committee.

Geological Disposal Facility (GDF)

The Ministry of Defence is responsible for the defueling and decommissioning of Royal Naval submarines, working closely with the Nuclear Decommissioning Authority. Irradiated fuel is removed from the reactor and stored under water in a dedicated fuel storage pond at Sellafield called the Wet Inlet Facility (WIF). This is designed to support the continued safe and secure storage of irradiated fuel for several decades, until the GDF (the long term disposal plan) is available.

The process to identify a GDF location launched in December 2018 in England (2019 in Wales). It is a consent-based approach, requiring both a location with suitable geology and a local community willing to host the facility. To date, four areas have entered the siting process (three in west Cumbria and one in Lincolnshire. The GDF developer, Nuclear Waste Services (a subsidiary of the Nuclear Decommissioning Authority), is engaging with local communities in each location as well as building up an evidence base on their suitability. This is an ongoing process and there are currently no preferred sites.

By 2026 we aim to have selected sites for further investigation (drilling deep investigatory boreholes) to understand the geology before committing to a site. This process, alongside the design and preparation for construction, means it may take a further 15 years to confirm the site and subsequent construction could take 10 years. We are planning for a GDF to be operational in the 2050s, but timing may change depending on the complexity of the geological investigations. It is critical the selected site is suitable. Attempting to accelerate or impose a solution without public confidence has been shown (both at home and abroad) to be counterproductive.

Support for Swimming Pools

The Government recognises the vital role of swimming pools and leisure facilities in improving physical and mental wellbeing in our communities. That is why the Chancellor announced additional funding of over £60m for public swimming pool providers, including over £20m to help with immediate cost pressures and provide investment in energy efficiency. It also includes £40m for longer-term capital investments in renovations to reduce operating costs and make facilities more sustainable and energy efficient. Sports England will administer the fund making decisions on applications according to set criteria. They aim to allocate all support within 3 to 6 months, with some capital projects being delivered in 2023-24. Funding is England-only, with devolved administrations receiving Barnett consequentials, which they could use to support their public leisure sector should they choose.

Uranium supply chain and critical minerals

The government recognises the importance of a diverse and resilient nuclear fuel supply to support our energy security and Net Zero objectives. The UK has many decades of expertise in nuclear fuel production, particularly uranium enrichment and fuel fabrication, and the government is also investing to develop uranium conversion capabilities to support emerging demand. The procurement of uranium and nuclear fuel for UK reactors is a commercial matter for the reactor operator, EDF Energy. The government engages closely with EDF, nuclear fuel suppliers and international partners to monitor and respond to potential supply chain issues.

EDF procures natural uranium from a variety of mining operators in countries, including Niger, Kazakhstan, Canada and Australia. Uranium supply is globally diverse, with major mining producers located across four continents. The OECD and the Nuclear Energy Agency (NEA) reported in 2020 that identified uranium resource is more than adequate to meet low and high case uranium demand through 2040 and beyond. Availability of mined uranium is subject to market conditions, where the economically recoverable resource depends on the market price and the cost of extraction. There are also several secondary sources of uranium, including material recovered from spent fuel or generated from underfeeding of enrichment plants, commercial inventories and international reserve fuel banks.

Critical Minerals

Government set up the Critical Minerals Intelligence Centre in 2022 to provide up to date data and analysis on stock and flow of critical minerals. It has published a study on future demand which suggests the UK will remain dependent on international trade for battery minerals up to 2030, while also recommending potential exploration of minerals in the UK. Government is accelerating its international collaboration on critical minerals, recently agreeing a partnership with South Africa, finalising further agreements with key partners (including Canada, Saudi Arabia and Australia) and engaging through the Minerals Security Partnership, International Energy Agency and G7. Government has also supported several critical mineral projects to accelerate the growth of domestic capabilities. These include the Circular Critical Materials Supply Chains (CLIMATES) fund launched on 27 February 2023 with an initial £15 million to focus on making the UK's Rare Earth Element supply chains more resilient.

Smart meters

At the end of 2022 there were 31.3m smart and advanced gas and electricity meters across Great Britain. With 55% of all meters now smart or advanced meters, they are the most common meter in homes and small businesses. The Government introduced a four-year Smart Meter Targets Framework in 2022 which sets minimum annual installation targets for energy suppliers in 2022 and 2023. The Government is considering responses to a recent consultation to set minimum installation targets for 2024 and 2025. Ofgem requires suppliers

to publish their annual smart meter installation target and performance against them on their websites. Energy suppliers are also obligated to take all reasonable steps to install a smart meter where a meter is fitted for the first time or when an existing meter needs to be replaced. Ofgem takes compliance with these obligations very seriously and, where a supplier fails to achieve its target, will consider enforcement action.

Energy suppliers have the primary consumer engagement role as the main interface with their customers pre, during, and post-installation. This is supported by a programme of centralised national consumer engagement delivered by Smart Energy GB (an independent, not-for-profit organisation funded by energy suppliers). Smart Energy GB's work includes multichannel national and local campaigns as well as a targeted partnership programme with trusted organisations to provide training and tailored information on smart metering, raising awareness and understanding of smart meters amongst harder to reach audiences. As a result of this combined activity, Smart Energy GB's research has found almost universal levels of awareness of domestic smart metering throughout the Great British public, at 96%.

Yours sincerely,

Jeremy Pocklington