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Nuclear Power Classified as Environmentally Sustainable in UK's Green Taxonomy

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On March 15, 2023, the UK's Chancellor of the Exchequer, Jeremy Hunt, **announced** that nuclear power will be classified as "environmentally sustainable" in UK's green taxonomy, "giving it access to the same investment incentives as renewable energy." He stated that "because the wind doesn't always blow and the sun doesn't always shine, we will need another critical source of cheap and reliable energy. And that is nuclear." The inclusion of nuclear power within the UK green taxonomy mirrors a **similar move** including nuclear within the EU green taxonomy last year.

The inclusion of nuclear in the UK Taxonomy, while controversial, is not surprising given the UK's stated commitment to building its nuclear fuel capacity. In a 2022 policy paper titled "**British energy security strategy**," the Johnson government committed to increase the portion of energy generated from nuclear power to 25%, and to launch a variety of related initiatives, including "backing Great British Nuclear with funding to support projects to get investment ready and through the construction phase." Great British Nuclear is planned to be a civil service body within the Department for Business, Energy & Industrial Strategy (BEIS). Additionally, up to £20 billion has been allocated to support early development of Carbon Capture Usage and Storage, a suite of technologies that enable mitigation of carbon emissions. The Sunak government has not yet released its energy security strategy, but Sunak hinted that its strategy will continue the ongoing commitment to increase the UK's nuclear energy capacity, by focusing on carbon capture and storage, small modular reactors and the like.

Taking the Temperature: The British government increasingly has been actively pursuing investment and developing regulation related to a green transition. Early this year, BEIS received a report it had commissioned inquiring into the government's approach to delivering on net zero commitments. BEIS itself is being broken up along with the creation of four new departments, including the Department for Energy Security and Net Zero, which is tasked with "securing [Britain's] long-term energy supply, bringing down

bills and halving inflation,” and **financial** and **competition** regulators have issued updated climate-related guidance.

On the challenges of attractive capital to fund climate initiatives, the Green Technical Advisory Group’s (“GTAG”) paper, which we **discussed** earlier this month, argued that significant progress must be made by the UK to attract global capital commitments and suggested that the UK adopt the same broad concepts, methodologies, and metrics as the EU taxonomy, where possible. The UK’s addition of nuclear power in the green taxonomy still under consideration follows similar steps in the EU last year. The European Commission **believes** there is a role for private investment in gas and nuclear activities in the green transition. It is worth noting, however, that although that the EU Taxonomy Delegated Act is in force, a regulation for UK’s green taxonomy is not and there is no clear timeline for implementation. Rather, the UK government **announced** in December 2022 a delay in implementation following stakeholder engagement and in light of the complexity inherent in a climate taxonomy, which involves “multiple sectors of the economy and various legislative and regulatory frameworks.”