



## PRESS RELEASE

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Public thematic report

### THE EPR SECTOR: NEW DYNAMICS, PERSISTENT RISKS

**In its report on the EPR sector published in July 2020, the Court of Accounts highlighted multiple failures explaining the delays and cost overruns of new generation EPR nuclear reactor projects under construction or in operation, notably the one in Flamanville. Since then, the context has evolved significantly. The nuclear industry is benefiting from a more favourable international context. In February 2022, the government announced a programme to build three pairs of EPR 2 reactors, which may be followed by four more pairs. An update on the nuclear sector and the implementation of the recommendations made by the Court in 2020 is therefore necessary to assess how this policy - which carries major long-term financial, industrial, energy-related and environmental implications - is being put into practice.**

**In less than four years, significant measures have been put in place to revive nuclear power**

In addition to the nationalisation of EDF on 8 June 2023, the reform of the European electricity market and the future regulation of electricity prices was adopted by the European Parliament in April 2024. Various legislative and strategic tools have been designed or are in the process of being designed or updated: the law of 22 June 2023 on the acceleration of nuclear power, the law of 11 April 2024 aimed at protecting the EDF group from being broken up, the draft French Energy and Climate Strategy, which includes the draft third Multi-Annual Energy Programme submitted for consultation on 4 November 2024, as well as the draft National Low Carbon Strategy. At the same time, nuclear governance has been reformed: reactivation of the Nuclear Policy Council in 2023, creation of the Interministerial Delegation for New Nuclear Power in 2022 to ensure State supervision of the industrial programme for the construction of new electronuclear reactors, strengthening of the French Nuclear Energy Industrial Association, merger of the Nuclear Safety Authority and the Institute for Radiation Protection and Nuclear Safety in 2024.

#### **Feedback highlighting a consistent pattern of schedule and cost overruns**

As recommended by the Court, the use of feedback and risk analysis has been developed. In addition to the overruns at the Flamanville 3 site, the EPR reactors currently in operation in China (Taishan 1 and 2) and Finland (Olkiluoto 3) have experienced technical malfunctions in recent years, leading to significant financial impacts that have undermined the credibility of the EPR2 programme. At the Hinkley Point site in the UK, EDF is facing a sharp increase in costs accompanied by a further two-year delay, as well as a heavy additional financing constraint caused by the withdrawal of the Chinese co-shareholder. With regard to the new EPR project at Sizewell, delays are already accumulating, with initial negative

consequences in organisational and financial terms. The Court recommends not approving a final investment decision for this project until a significant reduction in EDF's financial exposure to the Hinkley Point project has been achieved. The Court also recommends ensuring that any new international nuclear project generates quantifiable gains and does not delay the schedule of the EPR 2 programme in France.

## **The nuclear industry has started to organise itself to implement the strategy announced in 2022**

The structuring of the nuclear sector within the EDF group - notably through its two subsidiaries, Framatome and Arabelle Solutions - is essential to meeting the challenges of the EPR2 programme. Although it is too early to assess its implementation, EDF's internal reorganisation has been in effect since April 2024. It is based on a clarification of responsibilities between project ownership and project management on the one hand, and between project management and both engineering and the supply chain on the other, as previously recommended by the Court. As for the performance incentives recommended by the Court in 2020, they are currently being implemented in EDF's contracting strategy. The mobilisation of GIFEN and the creation of the Nuclear Skills University are part of the broader effort to support the new nuclear programme, which will require the recruitment of an additional 100,000 workers by 2033.

## **The nuclear industry, however, remains exposed to persistent risks**

The EPR 2 programme is experiencing design delays and a lack of finalised estimates and financing plans, while EDF remains heavily indebted. As the financing conditions for this programme have not yet been finalised, the profitability of the EPR 2 programme remains unknown. These delays and uncertainties, which also relate to the number of power stations to be built, do not fully meet the expectations of the industry players and reduce the visibility they need to commit to industrial projects of this scale. Although it is evolving, EDF's contracting strategy still does not ensure that suppliers in the sector are held accountable. They continue to view it as too unbalanced and have expressed significant concerns given the current stage of maturity of the EPR2 programme.

The numerous cost overruns, delays and uncertainties require responses from EDF, public authorities, and the industry as a whole to secure the success of the EPR2 programme.

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