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Nuclear Energy Policy Challenges for 2026 －Ongoing Discussions to Reduce Business Uncertainty－ <Summary>

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Recent situation surrounding nuclear energy

1. In recent years, discussions worldwide have increasingly highlighted the role of nuclear power from the perspectives of climate change mitigation and energy security. More recently, the need to respond to growing electricity demand from the expansion of data centers has further prompted a reassessment of nuclear power's role.
2. Several analyses on the impact of increased deployment of variable renewable energy have found that nuclear energy can remain competitive within overall power-system costs.

Notable global trends

3. In the U.S., executive orders were issued in May 2025 to promote the use of nuclear power. These orders direct measures such as promoting technology development, strengthening the industrial base, and accelerating regulatory processes. Notably, one of the orders established decision deadlines for regulators: 18 months for new construction applications and 1 year for applications related to the continued operation of existing reactors.
4. Additionally, in the U.S., several IT companies that operate data centers have begun investing in nuclear power or entering into power purchase agreements (PPAs). Policy-driven promotion combined with the emergence of new user segments is creating favorable momentum for nuclear deployment.
5. In the U.K., the government made a final investment decision in July 2025 to construct Sizewell C. Under this plan, support is provided through a regulated asset base (RAB) model that guarantees an adequate revenue level and enables cost recovery from the construction phase. The government is also making significant direct investments to address project uncertainties and financing challenges.
6. In Sweden, a new nuclear support bill was enacted in May 2025. The support consists mainly of: (i) low-interest government loans for the construction phase; (ii) Contract for Difference (CfD)-style top-up payments after operations begin; and (iii) revenue guarantees for a certain period post-startup. It will be important to monitor developers' responses to these mechanisms.
7. While institutional efforts to promote nuclear energy are progressing in Europe and the U.S., nuclear

construction in China and reactor exports from Russia to emerging economies continue steadily. The strong presence of these two countries in the global nuclear market is expected to persist in the near term.

Outlook and notable trends in Japan

8. In February 2025, the 7th Basic Energy Plan was approved by Cabinet decision, presenting an outlook in which nuclear power will account for roughly 20% of electricity generation in FY2040. This level is achievable if the currently remaining reactors are restarted and operated stably and if projects labeled as “under construction” proceed as planned. However, maintaining a similar share through 2050 will likely require reactor replacement. In November 2025, Kansai Electric Power Company announced the resumption of geological surveys in the Mihama area in preparation for such replacement projects.
9. Discussions have also progressed on improving the investment environment for nuclear projects. For the third auction round for long-term decarbonized power generators scheduled for FY2025, it was decided that retrospective support would be provided for cost increases up to 1.5 times the bid price (with inflation and interest-rate fluctuation components treated separately). A policy was also presented to allow public financing for a certain share of large-scale, long-term projects. Future developments in both public- and private-sector efforts will be of interest.
10. Between November and December 2025, the governors of Niigata Prefecture and Hokkaido each expressed acceptance of restarting Kashiwazaki-Kariwa Unit 6 and Tomari Unit 3, respectively. Along with Tokai No. 2, for which safety-related construction is scheduled for completion in December 2026, attention will turn to whether additional restarts proceed steadily.
11. Regarding Kashiwazaki-Kariwa Unit 6, even if it is restarted, the deadline for completing its Specialized Safety Facility for remotely handling severe accidents is September 2029, after which the unit should be shut down again. Onagawa Unit 2 will also reach its deadline in December 2026. In October 2025, the operators proposed to the Nuclear Regulation Authority a three-year extension of the deadline (currently set as five years after approval of the main facilities’ construction plan). Since this is a key issue for many existing reactors, the progress of these discussions warrants close attention.
12. Regional development in nuclear-hosting communities is another important issue. Sustainable local development requires not only the grant programs but also broader economic growth; in particular, attracting manufacturing bases or data centers aligns with GX (green transformation) industrial policies of Japan. Whether concrete incentives can be offered to attract private companies will be a key point to watch.
13. The Rokkasho reprocessing plant in Aomori Prefecture is scheduled for completion in FY2026. If completed as planned, it will be an important step toward easing the tightening spent-fuel storage capacity at each power station. At the same time, ensuring steady progress in MOX fuel operation will become an increasingly significant challenge.

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