

Response by Nuclear Legacy Advisory Forum (NuLeAF)

Dear Sir/Madam,

COMMENTS ON REVISED FUNDED DECOMMISSIONING PROGRAMME GUIDANCE

I write on behalf of NuLeAF, which is a Special Interest Group of the Local Government Association that seeks to represent the views of its member local authorities in England and Wales on nuclear legacy management issues and developments that may impact upon that management.

As an organisation, NuLeAF does not take a view on whether new nuclear power stations should be built. However, it does consider the implications of developments that could impact on nuclear legacy management, including the funding arrangements to meet the costs of decommissioning and radioactive waste management associated with new build. As such, NuLeAF has previously commented on proposals for the Funded Decommissioning Programme for new build and wishes to comment on the revised guidance.

NuLeAF recognises that the proposed approach to seeking to ensure that public funds do not have to be used to meet the costs of nuclear liabilities is a substantial advance on previous arrangements in the UK. The Government's Objective and Guiding Factors appear appropriate and it is clear that a range of conservative assumptions and safeguards have been built into the proposed arrangements. Nonetheless, the revised guidance has attracted criticism in the media and from green NGOs for bending too far to meet the needs of prospective nuclear operators.

As the Government acknowledges, the revised guidance is less prescriptive, which will allow operators greater flexibility to put forward alternative approaches to meet the Objective and Guiding Factors. However, as long as any alternative approaches do genuinely meet the Objective and Guiding Factors, the risk of recourse to public funds should remain remote. NuLeAF notes that much will depend on how the new arrangements are operated in practice, including the robustness of the Government's approval processes and of independent verification, and the adequacy of risk premiums and measures to ensure protection against insufficient funds.

We note that Government intends to allow a combination of measures to protect against insufficient funds, including front loading of payments in early years, use of insurance or financial instruments and parent company guarantees. In order to secure public confidence in the adequacy of these arrangements, it will be important that their operation is made as visible and transparent as possible, including publication of annual and quinquennial reports and the Government's response.

In terms of NuLeAF's comments on the original draft guidance, the point which does not appear to have been addressed is how an operator of a new nuclear power station will contribute to the community benefits that may be associated with development and use of radioactive waste management facilities. This is particularly important for development of a GDF and any agreement that may be reached with the relevant local authorities about the inventory of wastes for disposal. If it is agreed that wastes from new nuclear stations are to be included, it is reasonable to expect that new build operators will make a proportionate contribution to the benefits associated with GDF development. We would request that the Government clarify what mechanism will be put in place to ensure that this would happen.

A similar point applies to other facilities that may be developed or used for the management or disposal of wastes from new nuclear power stations, including a successor facility to the LLW Repository near Drigg, and any regional or national stores for the interim storage of ILW or spent fuel. With regard to the latter, the revised guidance notes that in the event that regional or central facilities become available for either storage or encapsulation of spent fuel, it would lead to significant reductions in waste management costs. It would seem appropriate that a proportion of these savings are used to provide benefits to the host communities.