

## **Response by the Nuclear Industry Association to the consultation on revised Funded Decommissioning Programme Guidance for New Nuclear Power Stations**

The Nuclear Industry Association (NIA) welcomes this opportunity to comment on the Government's proposed revised Funded Decommissioning Programme Guidance. NIA is the trade association and information and representative body for the civil nuclear industry in the UK. It represents over 250 companies operating in all aspects of the nuclear fuel cycle, including the current and prospective operators of the nuclear power stations, the international designers and vendors of nuclear power stations, and those engaged in decommissioning, waste management and nuclear liabilities management. Members also include nuclear equipment suppliers, engineering and construction firms, nuclear research organisations, and legal, financial and consultancy companies.

Some of these companies, particularly the prospective new build operators, will be making their own detailed responses to this consultation. The purpose of this NIA response therefore is to make some higher level points.

As we have stated in our response to the parallel consultation on the Waste Transfer Pricing Methodology the NIA strongly agrees with Government that the UK needs credible plans to decarbonise the power sector if it is to meet its energy security and climate change targets. New nuclear has a major part to play in providing the necessary new low carbon technology, and a start needs to be made soon if the UK is to avoid becoming locked into a high carbon scenario. Against this background it is important that the various 'facilitative measures' identified by Government, including the arrangements for the Funded Decommissioning Programme, are progressed as quickly as possible.

We therefore welcome the Government's publication of the revised guidance, which is a helpful step in removing the obstacles to new nuclear build. We believe the new draft is a considerable improvement on that published in February 2008, not least in providing useful clarifications and in removing inconsistencies. We do however have one or two detailed points which are set out in our responses to the two questions set out in the consultation.

**Question 1:** Do you agree or disagree that the draft Guidance sets out what an approvable Funded Decommissioning Programme should contain to ensure that operators of new nuclear power stations (i) estimate the potential costs of decommissioning, waste management and waste disposal (i.e. the designated technical matters) and (ii) make prudent provision for meeting their technical liabilities? What are your reasons?

In general we agree that the draft Guidance sets out what an approvable Funded Decommissioning Programme should contain. As mentioned above we believe the revised draft is a significant improvement on the earlier version, with helpful clarifications including:

- Statements in paragraphs 1.26- 1.27 recognising that an operator might adopt a

fleet approach, and that decisions on subsequent FDPs should have regard to those already approved.

- Statements in paragraphs 2a21 – 2a26 providing fuller guidance on the verification process.
- Statements in paragraphs 2a53 – 2a60 confirming that the FDP only needs to be in place when construction work begins on buildings with nuclear safety significance.

However we believe that the paragraphs (2a,31 – 2a39) dealing with the requirements relating to a change of ownership or control are a little opaque and could potentially lead to some uncertainty to an operator regarding his obligations in the event of a change of control. This could be important given the likelihood once construction has completed and operation commenced.

With regard to Fund Governance we have some concerns that the provisions relating to the ‘independence’ of directors (2c28-29) might be too restrictive, given the comparatively small pool of senior nuclear industry personnel, leading to well qualified candidates being debarred. In our view candidates with relevant nuclear industry experience should be considered provided there are no direct conflicts of interest.

More generally we would note, as DECC will be aware, that NIA has been working with the NDA on some potential ways of optimising current waste management arrangements. Potential improvements include storage timescales and fuel encapsulation, alternative package types, optimising the GDF for both legacy and new build wastes, and alternative disposal concepts. Whilst this work is currently at an early stage, any changes that subsequently became policy would need to be reflected in a revised base case that would be taken into account by operators.

**Question 2:** Does the draft Guidance contain sufficient information to enable operators of new nuclear power stations to understand the matters that their Funded Decommissioning Programmes should contain?

The NIA believes that it does, and is very helpful in setting out the key principles. The industry has some concerns however that some parts of the guidance are over prescriptive, such as those relating to directors noted above. We believe a less prescriptive approach, with operators discussing their proposed approaches with DECC and the NFLAB, would be a more flexible and effective means of ensuring the principles are met.

Nuclear Industry Association  
8 March 2011