

Response by Nuclear Free Local Authorities

Consultation on Revised FDP Guidance
Office for Nuclear Development
Department of Energy and Climate Change
3 Whitehall Place
London
SW1A 2AW

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decomguidance@decc.gsi.gov.uk

To whom it may concern,

SUBMISSION OF THE NUCLEAR FREE LOCAL AUTHORITIES TO THE GOVERNMENT'S CONSULTATION ON REVISED FUNDED DECOMMISSIONING PROGRAMME GUIDANCE.

I attach the submission to the Government's consultation on revised Funded Decommissioning Programme Guidance from the UK and Ireland Nuclear Free Local Authorities.

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Do you agree or disagree that the draft Guidance sets out what an approvable Funded Decommissioning Programme should contain to ensure that operators of new nuclear power stations (i) estimate the potential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 liabilities? What are your reasons?

No. Section 1.6 of the Draft Guidance lists a number of Guiding Factors which the Secretary of State (SoS) will consider when deciding whether to approve an FDP or modification to an FDP which has already been approved. However, the list of Guidance Factors does not include any mention of public consultation or parliamentary oversight. The Guidance should state that no FDP can be agreed with the SoS and industry without public input or Parliamentary oversight. Similarly modifications to any agreement which impact significantly on funding, or the practical arrangements concerning decommissioning, waste and spent fuel management and disposal, must be open for public input and Parliamentary scrutiny.

Although paragraph 2a.2 encourages nuclear operators to publish as much of the FDP as possible except for material of a sensitive nature, this doesn't appear to be until after approval by the SoS.

The terms on which the Government will agree to take title to and liability for an operator's ILW and spent fuel are expected to be set out in a contract to be agreed between the operator and the Government alongside the operator's FDP. But again there appears to be no provision for public comment or parliamentary scrutiny of the terms of these contracts. This should be rectified.

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Does the draft Guidance contain sufficient information to enable operators of new nuclear power stations to understand the matters that their Funded Decommissioning Programmes should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

No. Surely the Government should be asking whether the draft Guidance contains sufficient information to allow members of the public to take part in a meaningful, open and transparent consultation process regarding these matters.

Paragraph 2b.32 states that the Base Case assumes that the spent fuel from a new nuclear power station is kept in interim storage on the site of the power station until the point at which it is disposed of in a Geological Disposal Facility (GDF), and that the encapsulation of spent fuel is also carried out on-site. However regional or centralised facilities seems to be the nuclear industry's preferred option. This means the first set of approved FDPs will probably be based on long-term storage of spent fuel at reactor sites. But these could be modified later if the centralized storage option goes ahead. This raises several questions. The most obvious place to locate a central store and encapsulation facility would be as part of the surface facilities for a GDF. But the Government's policy for siting a GDF is that it should be based on 'voluntarism'. Does this mean that communities should also be asked to volunteer for a central store and encapsulation facility? If the answer is yes, then surely communities living near new reactor sites should also be asked to volunteer for local storage and encapsulation facilities.

NFLA's view is that the siting of all waste facilities should be based on a voluntarism process.

Table 3 (pages 50-52) sets out a summary of principal cost streams and whether the cost will be met from operational expenditure or the independent Fund. The table also highlights two principle costs streams which are included in the Waste Transfer Pricing Scheme – disposal of operational and decommissioning ILW and disposal of spent fuel. The Waste Transfer Pricing Methodology consultation indicates that decommissioning should be completed for the first reactors by 2080, which means the Transfer Date when the Government takes on the liability for ILW and spent fuel will be 2080. This is some 50 years before the Assumed Disposal Date.

Neither this consultation nor the Waste Transfer Pricing consultation gives any indication of how long reactor decommissioning is expected to take. Does the 2080 date mentioned above allow for a 60 year reactor life? This seems unlikely. The consultation document includes no discussion about how waste storage will be costed and funded between 2080 and 2130. Will the remainder of the independent fund transfer to the Government after decommissioning has been completed? How will the risks associated with waste storage for half a century be taken into consideration? Will there be sufficient funds available to cover

the possibility that storage systems and buildings may need to be replaced or waste may need to be repackaged? Who will pay the cost of security for 50 years?

NFLA would caution against using discounted pricing to fund waste storage between the Transfer Date and the Assumed Disposal Date. Discounted pricing used in Table 4 of the Waste Transfer Pricing Methodology consultation assumes that £226m cash paid in 2080 is worth £670m in 2130, but this may not necessarily be true in the real world. In other words the stock market is expected to pay almost 70% of the total disposal cost. The only way to guarantee that Utilities pay the full costs of interim storage for half a century is to charge them the actual cost. Estimating realistic storage costs for 50 years into the future is fraught with difficulty. Under present financial conditions the independent fund might not produce sufficient returns to pay for storage for 50 years.

If you have any queries with any part of this response please contact the NFLA Secretary using the contact details at the top of this letter.