

29 October 2013

Inquiry Manager  
Aggregates market investigation  
Competition Commission  
Victoria House  
Southampton Row  
London  
WC1B 4AD

## **Response to the Competition Commissions Aggregates, Cement and Ready-Mix Concrete Market Investigation - Provisional Decision on Remedies**

With reference to the Competition Commission news release entitled "CC paves way for new cement producer" dated 8 October 2013 and the invitation contained therein for responses to the remedies, please find below Sellafield Ltd's response.

With particular reference to the remedy as included below:

The basis of the CC requirement is in section 4 d (i) of their summary document  
AGGREGATES, CEMENT AND READY-MIX CONCRETE MARKET INVESTIGATION 08/10/13. :

- (i) *Divestiture of GGBS plants.* We identified Hanson's Port Talbot and Scunthorpe GGBS plants as effective divestitures that would also present the least divestiture risks. However, we are also prepared to consider alternative divestitures, but limited to the Purfleet and Teesport GGBS plants, subject to Hanson addressing the specific divestiture risks associated with these plants.

### Background

Sellafield Ltd encapsulation processes support the Magnox and Oxide Operations on the Sellafield site. The technical specification for the cement powders used in the Sellafield encapsulation processes is considerably more exacting than the appropriate ISO standards, and to achieve the required properties industry standard Scunthorpe GGBS is blended with a coarser GBS product known as Calumite, also produced from Scunthorpe BFS. A number of other nuclear sites in the UK also use this product.

[✂]

Not every blast furnace slag can be used to produce suitable GGBS and GBS products for blending. The Scunthorpe GGBS and GBS blended product was subject to rigorous qualification testing over several months to demonstrate its acceptability and consistency and hence its suitability for use as an encapsulation grade product.

The plants and processes managed and operated by Sellafield Ltd are the property of the Nuclear Decommissioning Authority (NDA) who are a non-departmental public body set up under the Energy Act (2004). Goods and services provided in support of the plants and processes are subject to Sellafield Ltd Standard Conditions of Contracts for the Supply of Goods and the NDA Flowdown Terms. These require suppliers to demonstrate that they operate to various minimum standards in addition to their legal obligations. It is by no means guaranteed that a new supplier will be able to meet these terms and conditions.

### Sellafield Ltd Concerns and Risks

The main concern for Sellafield Ltd is the potential increased complexity for the supply of a high risk product that supports encapsulation processes at the Sellafield site. Sellafield Ltd. is a very low volume user of GGBS compared to the construction industry, and any increased complexity of the supply arrangements may result in price rises at the least, and potentially a decision by the supply companies on commercial grounds not to supply Sellafield Ltd. If the Sellafield encapsulation plants were to experience any prolonged disruption due to unavailability of suitable GGBS there would be subsequent impact on the [✂] operations at Sellafield. [✂] Further concerns and risks are detailed below:

- The new owner might not operate the Scunthorpe plant in the same manner as Hanson Cement, varying or permanently changing the quality, particle size distribution or other key parameters of the GGBS. This may lead to the GGBS product failing to meet the requirements of the Sellafield Ltd. technical specification.
- It might not be possible to compensate for these changes via blending, forcing a search for a new supply and supplier of GGBS to blend with Calumite. A number of severe financial and logistical problems are likely to be caused.
- The possibility that Sellafield Ltd will have to enter into separate agreements for the supply of GGBS, the supply of Calumite, the blending of the two and the storage and supply of the blended product is likely to considerably complicate the contractual arrangements for Sellafield Ltd, Hanson Cement and the new owner of the Scunthorpe GGBS plant. This introduces a risk that one or more parties will be unwilling to support such an agreement for our specialist, low volume, niche market product.
- There is a risk that the new owner might not wish to supply Hanson Cement with material for blending at Nuneaton.
- There is a risk that the close co-operation which will be required between the new owner and Hanson Cement in order to produce, store and supply the Sellafield product may be deemed to contravene the divestment rules on competitor collaboration.
- It is not clear from the CC report which of the storage silos at Scunthorpe would be divested to the new GGBS plant owner and how this would affect the storage of Calumite and the Sellafield blended product
- There is a risk that the new owner of the Scunthorpe GGBS plant will not be able to meet the Sellafield Ltd and NDA terms and conditions, for example compliance with ISO 9001 and ISO 14001.

Sellafield Ltd requests that the Competition Commission consider the above concerns before the issue of the final report in January 2014. [✂]

Yours Faithfully,

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