

17 June 2010

Our ref: LLWR/Others/09/0052/03

Fixed Unit Price Methodology and Updated Cost Estimate Consultation
Office for Nuclear Development
Department of Energy and Climate Change
Area 3D
3 Whitehall Place
London
SW1A 2AW

Dear Sir,

Subject: LLW Repository Ltd Response to DECC Consultation on a Methodology to Determine a Fixed Unit Price for Waste Disposal and Updated Cost Estimates for Nuclear Decommissioning, Waste Disposal and Management

The Low Level Waste Repository (LLWR) is the UK's national low level waste (LLW) disposal facility. We provide LLW management and disposal services to the UK nuclear and non-nuclear industries. LLWR is managed and operated by UK Nuclear Waste Management Ltd (UKNWM) as parent body of LLW Repository Ltd on behalf of the Nuclear Decommissioning Authority (NDA). In addition to day to day operations of the LLWR site, we are work in partnership with the NDA to develop and implement the UK Nuclear Industry LLW Strategy.

LLWR's core business is a commercial service for management and disposal of LLW. LLWR collects revenue for this service on behalf of NDA through its customer contracts. We are therefore pleased to provide the following comments to the consultation based on our experience as operator of a waste repository.

Question 1 - Do you agree or disagree that prospective operators of new nuclear power stations should be given the option to defer the setting of their Fixed Unit Price? If so, do you agree that this deferral should be limited to 10 years after the nuclear power station has commenced operation? Do you have any comments on the way the Government proposes to determine an expected Fixed Unit Price as the basis for an operator's interim provision in the event that they choose to defer the setting of their Fixed Unit Price?

We agree that deferral of the final fixed price is sensible in this case due to the levels of uncertainty in the cost of a future repository. We strongly support the payment of a provisional

sum (with appropriate risk allowance) into the fund in the interim period, with the provision to make subsequent adjustments once cost estimates are better defined.

Question 2 - Do you agree or disagree with the proposal that the Schedule for the Government to take title to and liability for an operator's waste should be set in relation to the predicted end of the decommissioning of the nuclear power station? Do you have any comments on the way the Government proposes to recoup the additional costs it will incur in this case?

We understand the rationale for Government taking title and liability for the waste following decommissioning. However, Government will need to carefully consider how it estimates the full cost of subsequent management and disposal and the potential risks and uncertainties associated with these activities. In particular, Government will need to ensure that wastes are appropriately characterised, conditioned and packaged in a form suitable for long-term storage and ultimate disposal, or recover the costs of any re-work or additional processing from the operator in an appropriate manner.

In addition, we believe that efforts should be made to accelerate the acceptance of these new build wastes into the GDF as the long-term storage on numerous sites across the UK may be undesirable from a safety and security perspective.

Question 3 - Do you agree or disagree that the proposed methodology to determine a Fixed Unit Price strikes the right balance in protecting the taxpayer, by taking a prudent and conservative approach to cost estimation, while facilitating new nuclear build by providing certainty to operators? What are your reasons?

The methodology adopted appears sensible and we believe that a conservative approach is advisable given the uncertainties (political, technical and economic) associated with this project and the long timescales involved.

Question 4 - Do you agree or disagree with the proposed approach to determining an operator's contribution to the fixed costs of constructing a Geological Disposal Facility? What are your reasons?

We fully support the principle that new build operators should pay a proportionate share of the fixed costs. We do, however, anticipate some practical difficulties when calculating the appropriate share due to the uncertainty in the waste inventory volumes of both legacy wastes and future new build wastes.

Question 5 - Do you agree or disagree with the proposal that the units to be used for the Fixed Unit Price are pence per kWh for spent fuel and cubic metres of packaged volume for intermediate level waste? What are your reasons?

We agree that the packaged cubic metre is the appropriate unit for Intermediate Level Waste (ILW). The cubic metre unit will also be appropriate for any LLW that requires geological disposal.

Question 6 - Do the updated cost estimates represent a credible range of estimates of the likely costs for decommissioning, waste management and waste disposal for a new nuclear power station?

No comment made at this time.

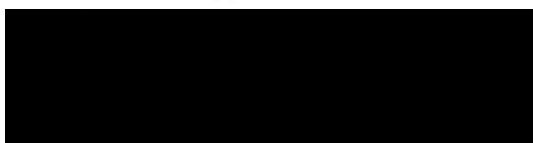
General Comments

LLWR believes that there are significant opportunities for Government to reduce the costs of the GDF facility through appropriate coordination at a national level of the transport, storage and conditioning arrangements for all intermediate and higher activity wastes. In particular, we believe that application of the waste hierarchy and volume reduction technologies to ILW will reduce the variable costs of the GDF substantially. There is also some evidence that improved characterisation and sorting and segregation of legacy ILW will lead to a proportion of waste previously assumed to be ILW being ultimately being categorised as LLW, following characterisation and conditioning.

These factors have the potential to lead to changes in the estimates of packaged ILW volumes from legacy wastes and therefore Government will need to carefully consider how these factors may influence the share of fixed costs between legacy wastes and new build.

Please feel free to contact myself if you have any questions or require further information.

Yours sincerely,



**David Rossiter,
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LLW Repository Ltd**

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