

Respondent Details

Name:	Ministry of Defence, Defence Nuclear Safety Regulator
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Consultation questions**1**

Do you agree or disagree that the level of the Waste Transfer Price should be subject to a Cap and that in return for setting a Cap the Government should charge a Risk Fee? What are your reasons?

Response

No objections in principle, but this will increase suspicions among anti nuclear groups, and possibly the public at large, that it is a mechanism for the taxpayer to subsidise, intentionally or otherwise, nuclear power generation. To counter this risk, a cap can be set at a very high level, but this leaves potential generators exposed to financial risk and will be a disincentive. An attempt to summarize the protections and incentivisations that each party might seek is given in the attached separate sheet as part of the submission. We suggest that if the proposal can include an indication of how it achieves these features it will help address the concerns of various stakeholders.

2

Do you agree or disagree that the Deferral Period should be set at 30 years after the start of electricity generation, in order to enable uncertainty over waste disposal costs to be reduced? What are your reasons?

Response

As a general comment we would support keeping options for radioactive waste, particularly spent fuel, management open, where safe, sustainable, economic medium term storage can be assured. The past history of waste management in the nuclear industry has led to an understandable feeling that generators should be forced to move to, and pay for, disposal as quickly as possible. However, an alternative is to enforce sustainable above ground retrievable storage with a view to optimising the timing of disposal, and keeping open options for recycling as a function of market forces. Therefore, we do not see a need to set a short deferral period, and agree that there are benefits in setting a longer one to reduce uncertainty and perceived risk to the nuclear generators.

3

Do you have any comments on the updated Waste Transfer Pricing Methodology? Comments are sought in particular on the proposed approach to setting an Expected Price and a Risk Fee.

Response

Our principal comment in response to the earlier consultation was an objection to the proposed charging for spent fuel disposal on the basis of burn up on the grounds that it bore no relation to the costs and would disincentivise beneficial behaviour by the generators. We support the

	<p>revised proposal (page 23), following the comment by Mr. Bob Matthews of Nuvia Ltd, that charging for spent fuel disposal should be on the basis of Te of heavy metal, and agree with his reasoning. Mr. Matthews comments on other aspects of the earlier proposal are also entirely reasonable, and if addressed specifically will go a long way to answering nuclear industry challenges to the proposal. His observation that there will be ongoing monitoring costs for the GDF is pertinent, and the proposal should perhaps include provision for acquiring a capital sum equitably shared across all stakeholders which will cover this cost at a modest discount rate (<2%). Similarly, the observations by Greenpeace on the earlier proposal raise some legitimate challenges which should be addressed directly to provide answers to those sceptical of the benefits of nuclear.</p>
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Please select the category below which best describes who you are responding on behalf of.

- ☐ Business representative organisation/trade body
- ☒ Central Government
- ☐ Charity or social enterprise
- ☐ Individual
- ☐ Large business (over 250 staff)
- ☐ Legal representative
- ☐ Local Government
- ☐ Medium business (50 to 250 staff)
- ☐ Small business (10 to 49 staff)
- ☐ Micro business (up to 9 staff)
- ☐ Trade union or staff association
- ☐ Other (please describe):

Supplementary observations on the proposal

MoD's interest in this proposal is as an existing legacy waste and liability holder, though we will continue to generate small nuclear liabilities from the nuclear weapons and propulsion programmes. To obtain the most economic and environmentally acceptable solution to the disposal of these waste, we need, and intend to collaborate with other stakeholders who might be co-customers or operators of the GDF. Each of these stakeholders has particular interests in terms of the protection they will be looking for in the proposal, and how the proposal will incentivise correct behaviours in others.

Some of the incentivisation and protection which various stakeholders might wish to see in a Waste Transfer Pricing Methodology are as follows:

Protection for:		
Government, NDA¹	Existing legacy waste and liability holders	New and prospective nuclear generators
That the taxpayer does not end up owning a badly managed liability which it will cost more to dispose of than he has received in compensation	That they do not become a hidden funding route for subsidy of nuclear generators, bringing bad PR and squeezing future operating budgets	That they do not accept an open ended disposal cost such that they pay for institutional inefficiency outside their control, and national and local politicking

Incentivisation on:		
Government, NDA	Existing legacy waste and liability holders	New and prospective nuclear generators
To deliver and operate a safe, accessible geological repository for the permanent disposal of radioactive waste (GDF) at reasonable ² cost.	To package and store legacy wastes sustainably and safely, and prepare for disposal to meet the availability of the GDF, keeping options for recycling open where appropriate	To minimise the generation of radioactive waste, primary and secondary, per kWh of electricity generated
To provide a GDF on a sensible timescale for use by legacy waste holders and new generators		To package and store new wastes sustainably and safely, and prepare for disposal to meet the availability of the GDF, keeping options for recycling open where appropriate

¹ Including nuclear sceptics and taxpayers representatives

² Which does not needlessly jeopardise the economics of nuclear power generation.

Ideally, the proposal should indicate how its provisions achieve the desired incentivisation and addresses the legitimate concerns of various stakeholders, including MoD as an existing legacy waste and liability holder; this is our interest in the proposal.

We refer back to our earlier observation that a serious applicant for a licence to operate a new nuclear power station in the UK should have the capability to provide through life radioactive waste estimates by volume, type and timing, and to describe how they will be packaged and stored prior to disposal. This, agreed and monitored by the statutory nuclear safety regulator, should give considerable assurance that the taxpayer is protected. In return, they should expect soundly based price cap mechanisms to protect their financial position. It is suggested that the details of pricing cannot be finalised until this has been done³.

³ Because, for example, the allocation of fixed cost for the construction of the GDF will depend upon the users estimated final waste arisings.