Response by Nuclear Free Local Authorities

Consultation Question 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?

No. The March consultation said that deferring the setting of a Fixed Unit Price meant the operator would be accepting the risk that a Price set at a later date could be higher than the Price on offer at the outset, if estimated costs escalate sufficiently in the intervening period. Now the Government has decided this is too much of a risk for the operators to bear. This is justified by the argument that "...*there is very little the operator can do to manage and mitigate [risks]. In contrast, the Government does have capacity to manage risks around waste disposal costs, as these costs will be heavily influenced by the manner in which the Government implements geological disposal*." (para 3.2.8)

This begs the question "how exactly would the Government manage these risks if costs begin to escalate?" It seems that there might be two or three possibilities here:

(1) The Government could increase the limit on the risk that may be caused by the burial of radioactive wastes of 10^{-6} (i.e. one in a million) in order to reduce costs, or
(2) The Government could order the repository company to reduce costs by using inferior materials which may compromise safety, or
(3) The taxpayer could be asked to shoulder the costs over and above the cap.

None of these options are acceptable. The Government needs to draw some lines here if it wants to continue claiming operators will be forced to pay their full share of waste management costs. Offering a maximum price cap before construction presents too much of a risk of taxpayers ending up funding any shortfall.

Consultation Question 2
Do you agree or disagree that the Deferral Period should be 30 years after start of electricity generation, in order to enable uncertainty over waste disposal costs to be reduced? What are your reasons?

No. Given the operational 'life' of most reactors to date has been approximately 30 years the deferral period is too long. The Government has said industry will have to save money for decommissioning and waste disposal from when reactor operations begin, but the 30 year proposal risks leaving too little time to make up costs if there is a deficit or if reactors close earlier than anticipated. There is a risk of the taxpayer having to find the additional money if the industry is allowed too much time before it has to commit to a final price.

The consultation document accepts that there will be uncertainty over the size of the operator's final waste disposal liability during the deferral period and therefore a greater the risk that the operator fails to make prudent provision for their liability. (para 2.2.11) One of the uncertainties is whether or not a second GDF might be required – either because the volume of new build waste is too high to be accommodated by a single repository, or because co-disposal of legacy waste and new build waste proves to be infeasible. The Government also acknowledges that a second GDF may be required (para 2.2.1).

As recently stated at the CoRWM meeting in Manchester (Feb 8th & 9th) it is clear that "*neither the baseline inventory nor the Upper Inventory* [used by DECC] *are anywhere near realistic*". This needs to be urgently rectified. An upper radioactive waste inventory which takes into account the possibility of a 16GW programme (ten EPRs or 6 EPRs and 6 AP1000s) and AGR life extensions needs to be produced as soon as possible. The Environment Agency (EA) has set a limit on the risk that may be caused by the burial of radioactive wastes of 10^{-6} (i.e. one in a million) i.e. the risk

of a person contracting non-fatal cancer, fatal cancer or inherited defects must be less than one in a million. (1) However, the NDA's Disposability Assessment Report for waste arising from the new European Pressurised waste Reactor (EPR) states:

"…a risk of 5.3 x 10^{-7} per year for the lifetime arisings of a fleet of six EPR reactors each generating a lifetime total of 900 canisters is calculated." (2)

This is more than half the total risk of 10^{-6} allowable for a GDF. It's likely, therefore that a new Upper Inventory based on a possible 16GW programme plus AGR life extensions will indicate that two GDFs will be required.

(1) *Geological Disposal Facilities on Land for Solid Radioactive Wastes: Guidance on Requirements for Authorisation,* Environment Agency, February 2009, page 46 para 6.3.10 http://publications.environment-agency.gov.uk/pdf/GEHO0209BPJM-e-e.pdf
(2) Generic Design Assessment: Disposability Assessment for wastes and spent fuel arising from operation of the UK EPR. Part 1 Main Report. NDA, 22nd Jan 2010, para 5.4 page 97.

Consultation Question 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.

Table 4 of the consultation document shows that a Final Price of £226m in 2080 – the assumed waste disposal liability for one nuclear station - is expected to be worth £670m in 2130. Greenpeace commissioned independent nuclear expert Ian Jackson to undertake an impartial assessment of the March 2010 proposals. (1) He said there are good reasons for not discounting prices when faced with very long term nuclear liability cash flows. The discounted pricing 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 utilities pay the full costs of disposal is to charge them the actual cost. Estimating realistic disposal prices 100 years into the future is fraught with difficulty. Moreover under present financial conditions stock market returns will not be sufficient to pay for the majority of a utility's spent fuel liabilities.

(1) "Fixed Unit Price Simulation for Disposal of Spent Fuel from New Nuclear Power Stations in the UK (FUPSIM)", Jackson Consulting Research Report, Greenpeace 2010. http://www.greenpeace.org.uk/files/pdfs/nuclear/gpuk-fupsim-report.pdf