



## Department of Energy & Climate Change

### **Energy Act: New Nuclear waste and decommissioning financing framework cost recovery**

**Issue:** An amendment to the Energy Act 2008 to enable the Secretary of State to recover from industry the full costs of advice received in relation to the consideration of a potential operator's Funded Decommissioning Programme (FDP) and its supporting agreements.

#### **Policy commitment:**

The Coalition Programme makes a commitment to no public subsidy for new nuclear power stations. The amendment to the Energy Act 2008 will contribute to this objective by enabling the Secretary of State to recover all of the costs for advice received in considering an operator's FDP, Section 46 Agreement and Waste Transfer Contract (WTC).

#### **Legislative proposal:**

The Energy Act 2008 currently allows the Secretary of State to charge a fee to a site operator in order to recover the costs of obtaining advice in relation to an operator's FDP, upon its submission. However, the Act does not allow the Government to recover:

- 1) The costs incurred by DECC for advice received for the purposes of entering into a WTC or Section 46 Agreement between the Secretary of State and a nuclear site operator; or
- 2) The costs incurred by DECC in relation to advice received prior to the submission of the FDP i.e. for the period between a notification by the operator of its intention to submit an FDP and the submission date.

These costs are currently incurred as an operational expense to Government.

On the basis of recent experience, DECC will require advice in relation to the FDP, Section 46 Agreement and WTC not only during the post-FDP submission scrutiny phase, but also prior to its submission in order to facilitate and support meaningful engagement between DECC and prospective operators while they are defining their approach to the FDP. During this period DECC will also need regular engagement with the Nuclear Liabilities Financing Assurance Board (NLFAB), the advisory non-departmental public body set up to provide independent scrutiny of the financing arrangements of an operator's FDP and provide advice to the Secretary of State. The Energy Act 2013 amends previous legislation to ensure that costs can be recovered in relation to advice received in relation to 1) and 2) above, thereby removing costs to taxpayers.