

ANNEX 18

TABLE OF FDP IMPLEMENTATION COMPANY COSTS AND COSTS DURING THE DECOMMISSIONING PERIOD

This Annex sets out an analysis of the various costs that may be incurred by each of the Operator and the FDP Implementation Company in connection with its obligations under the FAP and the extent to which each potential cost is adequately provided for.

Section A: Operator incurred costs

	Explicitly Costed in the DWMP?	In End of Generation Target?	In Allowable Costs?	Can be funded through a DTM Payment	Included in FDP Allowance Building Block for Allowed Revenue?	Picked up under FDP Final Amount?
Cost of Decommissioning including: <ul style="list-style-type: none"> • Cost of decommissioning per DWMP up to Site End State including the cost of management of ILW and Spent Fuel; • Attributable Overhead; • Unrecoverable VAT thereon; and • Provision for uncertainties associated with such costs, other than operational DTM Costs, Costs of ILW Disposal, Costs of Spent Fuel Disposal and Costs of Spent Fuel Management and the operational costs of any remaining Reactors during that period	Yes (except unrecoverable VAT) ¹	Yes	Yes (to extent Detailed DWMP gives rise)	Yes	Yes	Yes
Costs of ILW Disposal including: ² <ul style="list-style-type: none"> • ILW Transfer Payment under ILW Transfer Contract; and • Unrecoverable VAT thereon 	Yes (except unrecoverable VAT, if any)	Yes	Yes (to extent Detailed DWMP gives rise)	Yes	Yes	Yes

¹ **Note:** The possibility of non-recoverable VAT has not been taken into account in the current DWMP. The Board understands that the Operator proposes to take this into account following the first Quinquennial Review of the DWMP (and thereafter). This however has not been documented in the FAP. A key part of the Independent Technical Verifier's role under the FAP is to assess whether the Detailed DWMP properly identifies the necessary scope and appropriate scheduling for decommissioning and waste management.

² **Note:** As noted in row C.7 of Annex 5 (*Risk Matrix Identifying Key Potential Risks to Shortfall in Funding for the Cost of FDP Liabilities*), the timing for fixing the ILW Waste Transfer Price pursuant to the ILW Transfer Contract can vary significantly depending on a number of factors, including whether the Operator applies for an early determination of the price.

	Explicitly Costed in the DWMP?	In End of Generation Target?	In Allowable Costs?	Can be funded through a DTM Payment	Included in FDP Allowance Building Block for Allowed Revenue?	Picked up under FDP Final Amount?
Costs of Spent Fuel Disposal including: ³ <ul style="list-style-type: none"> SF Transfer Payment under SF Transfer Contract; and Unrecoverable VAT thereon 	Yes (except unrecoverable VAT, if any)	Yes	Yes (to extent Detailed DWMP gives rise)	Yes	Yes	Yes
Cost of Spent Fuel Management including: <ul style="list-style-type: none"> Costs identified in DWMP; and Unrecoverable VAT thereon 	Yes (except unrecoverable VAT, if any)	Yes	Yes (to extent Detailed DWMP gives rise)	Yes	Yes	Yes
Pre-Closure Planning Costs	Yes	Yes	Yes (to extent Detailed DWMP gives rise)	Yes	Yes	Yes
Costs arising directly from instructions from a regulator with jurisdiction over the Operator	Only those known pre-closure and included in a Quinquennial Review ⁴	Only those known pre-closure and included in a Quinquennial Review	Yes	Yes	Only those known pre-closure and included in a Quinquennial Review	To the extent known at time of calculation of FDP Shortfall
Disallowable Costs	No	No	No	No (other than within tolerances)	No	No
Costs covered by Emergency DTM Payments	No	No – though subject to Quinquennial Review updates	Yes (noting recoverable to the extent relating to both Safety Critical	Yes	No – though likely to be factored via any subsequent Quinquennial Review updates	Yes, to the extent that the Emergency DTM Payments are incurred prior to

³ **Note:** As noted in row C.7 of Annex 5 (*Risk Matrix Identifying Key Potential Risks to Shortfall in Funding for the Cost of FDP Liabilities*), the timing for fixing the SF Transfer Price pursuant to the SF Transfer Contract can vary significantly depending on a number of factors, including whether the Operator applies for an early determination of the price.

⁴ **Note:** However, the Board understands from the Operator that a P80 (and even a P50) estimate will include some provision for possible general regulatory modification.

	Explicitly Costed in the DWMP?	In End of Generation Target?	In Allowable Costs?	Can be funded through a DTM Payment	Included in FDP Allowance Building Block for Allowed Revenue?	Picked up under FDP Final Amount?
		(during the operational period only) (where previously incurred Emergency DTM Payments will have reduced Fund Assets and the future Contributions can be adjusted accordingly)	Expenditure and Designated Technical Matters)		during the Operational Period due to impact on Fund Assets and future Contributions	<p>the relevant FAP modification.</p> <p>No, to the extent that the Emergency DTM Payments are incurred after the relevant FAP modification unless the costs that are funded by the Emergency DTM Payments were anticipated in the latest DWMP.</p> <p>See paragraph B.1 of Annex 5 (<i>Risk Matrix Identifying Key Potential Risks to Shortfall in Funding for the Cost of FDP Liabilities</i>) for further discussion.</p>

Section B: FDP Implementation Company incurred costs

	Explicitly Costed in the DWMP?	In End of Generation Target?	In Allowable Costs?	Funded by?	Included in FDP Allowance Building Block for Allowed Revenue?	Picked up under FDP Final Amount ⁵ ?
FDP Implementation Company operating costs pre-closure	No	No	No	Payment from Operator to the FDP Implementation Company per FDP Budget and Services Agreement	Yes – part of FDP Allowance Building Block	Yes
FDP Implementation Company operating costs post-closure	Yes	Only to the extent included in the DWMP	Only to the extent Detailed DWMP gives rise (but is an FDP Implementation Company cost)	Met by the FDP Implementation Company and funded from the Fund Assets to the extent not paid by the Operator	Yes – forecast post-closure operating costs are explicitly included within the DWMP/End of Generation Target and are included within the FDP Allowance Building Block during the Operations Phase	Only to the extent included in the final End of Generation Target.
Investment management fees pre-closure	No	Yes – by operation of the Growth Rate calculation and formulation of Key Assumptions on a net basis,	No	Payment from Operator to the FDP Implementation Company per FDP Budget and	Yes – by operation of the Growth Rate calculation and formulation of Key Assumptions on a	Yes – by operation of the Growth Rate calculation and formulation of Key

⁵ **Note:** Prior to calculating the FDP Final Amount, the Partial Revocation process requires a modification to the FDP, including the End of Generation Target. The final End of Generation Target for the purposes of the FDP Final Amount is therefore generally subject to modification to account for costs known at the time. The FDP Final Amount also covers the Operator's reasonable estimate of costs to be incurred by the FDP Implementation Company (outside of the End of Generation Target) during the Partial Revocation Period.

	Explicitly Costed in the DWMP?	In End of Generation Target?	In Allowable Costs?	Funded by?	Included in FDP Allowance Building Block for Allowed Revenue?	Picked up under FDP Final Amount ⁵ ?
		accounting for investment management fees		Services Agreement Also netted from investment returns ⁶	net basis, accounting for investment management fees	Assumptions on a net basis, accounting for investment management fees
Investment management fees post-closure	No	Yes – by operation of the LTDR calculation and formulation of Key Assumptions on a net basis, accounting for investment management fees	No	Netted from investment returns	Yes – by operation of the LTDR calculation and formulation of Key Assumptions on a net basis, accounting for investment management fees	Yes – by operation of the LTDR calculation and formulation of Key Assumptions on a net basis, accounting for investment management fees
FDP Implementation Company (non-VAT) tax liabilities pre-closure	No	No, although where tax liabilities crystallise and are funded from Fund Assets during the operational period, the future Contributions will adjust to compensate at any subsequent Quinquennial Review.	No	Fund Assets/ proceeds of Fund Asset disposal To the extent not otherwise recoverable in accordance with the terms of the FAP, payment from the Operator to the FDP Implementation Company per FDP	Yes – to the extent crystallised tax liabilities result in the Funding assets falling short of the End of Generation Target and therefore an increased Contributions profile at the next Quinquennial Review	To the extent included in the FDP Implementation Company's budget calculation pursuant to the FDP Budget and Services Agreement (i.e., to the extent such tax

⁶ **Note:** Clause 66.2 of the FAP and the FDP Budget and Services Agreement both contemplate that investment management fees are recoverable pursuant to the FDP Budget and Services Agreement; however, the definitions of the Growth Rate and the LTDR account for such fees as well. The Board considers that it would be better and clearer for the pre-closure investment management fees to be recoverable pursuant to the FDP Budget and Services Agreement, and post-closure investment management fees are accounted for in the LTDR calculation.

	Explicitly Costed in the DWMP?	In End of Generation Target?	In Allowable Costs?	Funded by?	Included in FDP Allowance Building Block for Allowed Revenue?	Picked up under FDP Final Amount ⁵ ?
				Budget and Services Agreement		liabilities are not otherwise recoverable)
FDP Implementation Company (non-VAT) tax liabilities post-closure	No	Yes – to the extent included within a Tax Assessment or Detailed Tax Assessment carried out in respect of the Disbursements Period.	No	Met by the FDP Implementation Company and funded from the Fund Assets	Yes – to the extent that the Contribution profile is increased to reflect Decommissioning Period Tax element of the End of Generation Target pursuant to each Tax Assessment and Detailed Tax Assessment	To the extent included in the final End of Generation Target
Operator (non-VAT) tax liabilities post-closure	No	Yes – to the extent included within a Tax Assessment or Detailed Tax Assessment carried out in respect of the Disbursements Period.	Yes	Met by the FDP Implementation Company and funded from the Fund Assets	Yes – to the extent that the Contribution profile is increased to reflect Decommissioning Period Tax element of the End of Generation Target pursuant to each Tax Assessment and Detailed Tax Assessment	To the extent included in the final End of Generation Targets