

NuSAC Paper		NuSAC(2008) P09	
Date:	3 July 2008	Open Gov. Status:	Open
Type of Paper:		File Ref:	TRIM 1.14.2.10
Exemptions:			

NUCLEAR SAFETY ADVISORY COMMITTEE

POLICY BRIEF FOR NUSAC MEETING OF 3 JULY 2008

A Paper by the

DEPARTMENT FOR BUSINESS, ENTERPRISE AND REGULATORY REFORM

1. PROGRESS ON NEW NUCLEAR

- 1.1 This brief reports on progress since the publication of the White Paper in January, and on the Nuclear Investors' Conference held on 12 June.
- 1.2 The White Paper committed the Government to a specific programme of facilitative actions. These are aimed at allowing construction of the first new nuclear power stations to begin in 2013 or 2014 and to start operation between 2017 and 2020. This brief considers each of these in turn.

Justification

- 1.3 In March the process for justification was finalised and industry invited to come forward with new nuclear reactor designs for Justification Decisions.
- 1.4 In June the Nuclear Industry Association submitted an application to Justify a number of new nuclear reactor designs.
- 1.5 In producing its application, the NIA has worked closely with the leading energy companies and reactor vendors. This demonstrates industry's willingness to work together, and their commitment to investing in new nuclear build in the UK.
- 1.6 The Government will now need to assess the NIA's application carefully and consult on the assessment leading to a decision in 2009. A key milestone is the intention to produce a draft decision for public consultation early next year.

Generic Design Assessment

- 1.7 In the Nuclear White Paper, the Government published details of the prioritisation process which was to be used to reduce the number of designs being assessed in the detailed stage of the assessment to three.

- 1.8 The preliminary stages of assessment were completed in March. Following the withdrawal of one of the vendors from the process in April, the Government announced that the prioritisation process will not be carried out at this time. The assessment will continue on the remaining three designs.
- 1.9 The NII started on the next phase of assessment in June. The aim is to ensure regulators' resources can be focused on those designs that are most likely to be built in the UK in the timeframe of 2016 – 2022.

Siting

- 1.10 BERR consulted in March and April on the scope of the Strategic Environmental Assessment. The SEA is a legal requirement to ensure the Government incorporates environmental considerations into the development of relevant plans or programmes, in this case the National Policy Statement on nuclear under the proposed new planning system.
- 1.11 BERR will publish a consultation on draft Strategic Siting Assessment criteria in July. In advance of that in June, the Department published a draft document which summarises the nominations process, includes the criteria against which it will assess nominations for sites and sets out a timetable for siting process. A key milestone will be the publication of the finalised criteria at the turn of the year, and an invitation to nominate sites.
- 1.12 At end of the Strategic Siting Assessment process in early 2010, the Government will publish a National Policy Statement, including the criteria and a list of sites assessed as strategically suitable. This statement will govern how the Infrastructure Planning Commission will deal with specific planning applications. This should enable planning applications to be made under the new system from 2010 onwards.

Waste and Decommissioning Funding

- 1.13 The White Paper made clear that companies would meet full decommissioning costs and their full share of waste management costs from new nuclear power stations.
- 1.14 The Energy Bill gives this legislative force, and was published at the same time as the Nuclear White Paper. It has gone through the House of Commons successfully and is now going through the House of Lords.
- 1.15 In February, BERR published a very detailed consultation on the guidance on how arrangements which energy companies are required to set out in their funded decommissioning programmes should work.
- 1.16 There was a good response to this, with general support for BERR's objectives and the robust framework it is putting in place. After initial scrutiny of the responses, and following the consultation events the Department held with stakeholders and other interested parties, it has identified some areas for further work. These include:

- Refining the Government's cost modelling.
- Establishing a fixed unit price for waste disposal.
- Providing sufficient guidance on the proposed fund structure
- Working with operators and the financial industry to ensure appropriate products to protect against an insufficient fund.

1.17 BERR will publish a response to the consultation in the summer before finalising the guidance by Q4 2008 / Q1 2009.

Nuclear Liabilities Financing Assurance Board

1.18 As part of these arrangements, the White Paper set out the Government's intention to form a Nuclear Liabilities Financing Assurance Board. The Board will provide independent public advice to the Secretary of State on the suitability of financing arrangements proposed by operators to cover the costs of waste and decommissioning arising from new nuclear power stations.

1.19 BERR published the Terms of Reference for this new body in June.

1.20 The next step, selecting the initial membership of the NLFAB, will begin shortly. The Government is looking for a range of skills from financial and legal experts to nuclear specialists. An e-mail address is available for potential applicants to register their interest, and it is expected that the first advertisements will start appearing by the end of June.

1.21 The Board is expected to be in place by Q4 2008 / Q1 2009.

Nuclear Investors' Conference

1.22 Given that most nuclear power stations in the UK will be closing in the next 20 years; we need low-carbon replacement generation in time; and nuclear power stations take a long time to build, there is increasing competition for investment and we cannot be sure that it will come to the UK.

1.23 The Government therefore commissioned research from Ernst & Young on "Nuclear New Build Attractiveness", and potential investors' perspectives on the UK's position. Ernst & Young presented the results of their research at the Conference.

1.24 The main findings of the research are:

- The UK is second only to the US in the league table of global investment markets.
- Following the UK in order are: South Africa; China; and in fifth place, other European markets with potential for multiple build.
- The UK will have to run hard to maintain this position. South Africa has moved quickly up the rankings and other Europeans could do the same.
- Key factors influencing assessments are:
 - size of the likely new build programme;

- near term nature of market opportunity;
- transparency and reliability of doing business in each country;
- regulatory predictability;
- political commitment / public acceptability.
- Consensus issues identified by the research:
 - Very positive attitude to UK market and Government approach. But need for actions to follow the words.
 - Need for long-term stability and coordination. People felt there was a risk to new build if Government changes occurred.
 - Regulatory investment risk. Need for the process to be predictable and timely. UK has a reputation for regulatory changes and lack of certainty. Real concern over quantity of Nuclear Installations Inspectorate staff. Lack of transparency over detailed plan for completion of Generic Design Assessment.
 - Availability of a skilled and willing workforce. Generally high regard for UK skills but need for pipeline of skills to be coordinated.

1.25 In response to this research, the Secretary of State used the conference to announce three new measures:

- An **Office of Nuclear Development** will be established, which will bring together Government teams and resources focused on facilitating new nuclear investment in the UK.
- A **Nuclear Development Forum** will be established, chaired by the Secretary of State, which will bring together Ministers, officials and industry on a regular basis.
- The Government announced in the Nuclear White Paper that it will be working with the regulators of the nuclear industry to explore ways of **enhancing further the transparency and efficiency of the regulatory regime**, without diminishing its effectiveness, in dealing with the challenges of new nuclear power stations. Tim Stone, advisor to the Secretary of State, was appointed to undertake such a review.

1.26 Dr Stone, in his speech to the conference, made initial recommendations needed to improve the recruitment and retention of staff at the Nuclear Installations Inspectorate (NII), to ensure that the NII has the capability and capacity to deliver the timely completion of Generic Design Assessment.

2. **MANAGING RADIOACTIVE WASTE SAFELY (MRWS)**

2.1 On 12 June 2008 the Managing Radioactive Waste Safely (MRWS): A Framework for Implementing Geological Disposal White Paper was published. This White Paper sets out the UK Government's framework for managing higher-activity radioactive waste in the long-term through geological disposal, coupled with safe and secure interim storage and ongoing research and development to support its optimised implementation. It also invites communities to express an interest in opening up without commitment discussions with Government on the possibility of hosting a geological disposal facility at some point in the future.

2.2 The White Paper sets out the framework for the future implementation of geological disposal, including:

- the approach to compiling and updating the UK Radioactive Waste Inventory (UKRWI) and using it as a basis for discussion with potential host communities
- the Nuclear Decommissioning Authority's (NDA's) technical approach for developing a geological disposal facility, including the use of a staged implementation approach and ongoing research and development to support delivery
- the arrangements to ensure sound regulation, scrutiny and control of the geological disposal facility development
- how relevant planning processes might be addressed as the programme proceeds
- the definition of 'community' for the purposes of the site selection process.
- the process for issuing invitations and providing information to communities
- how a partnership arrangement can be used to support a voluntarism approach
- the use of affordable and value for money Engagement and Community Benefits Packages as part of the voluntarism and partnership approach
- the initial sub-surface screening criteria and the way in which Government will apply these criteria
- a refined set of criteria for assessing and evaluating candidate sites and details of further consultation on the way in which these criteria should be applied.

2.3 Further details and the White Paper , Managing Radioactive Waste Safely: A Framework for Implementing Geological Disposal, is available on the Defra web site at <http://www.defra.gov.uk/environment/radioactivity/mrws/index.htm>

3. RADIOACTIVE CONTAMINATED LAND REGULATIONS

3.1 The Radioactive Contaminated Land Regulations came into force in December 2007, implementing Article 53 of the Basic Safety Standards Directive, thereby avoiding punitive infraction fines from the European Commission.

4. UK DISCHARGE STRATEGY

4.1 Defra will be starting a consultation on the UK Discharge Strategy 2006-2030 and the Statutory Guidance to the Environment Agency this summer, currently scheduled to start in June, with the review due to be published in early 2009.

5. CONVENTION ON NUCLEAR SAFETY

- 5.1 The fourth Review meeting of the Convention on Nuclear Safety was held in Vienna from 14-25 April 2008. Mike Weightman presented the UK report and fielded questions, supported by John Foggo (BERR), Peter Wakefield (BE), Ray Jepps (ME) and Alan Rae (NDA). In particular, questions were raised on:
- resources and competence;
 - recruiting;
 - new build and GDA process;
 - safety culture;
 - ageing reactors and related high doses; and
 - transparency and openness.

6. PARIS CONVENTION ON NUCLEAR LIABILITY

- 6.1 The UK is a signatory to the Paris Convention and the supplementary Brussels Convention on third party nuclear liability. Changes were made to it in 2004 which need to be transposed into UK law through changes in the Nuclear Installations Act 1965 (NIA).
- 6.2 These changes are significant and wide-ranging and include:
- (a) Significantly widening the kinds of damage for which compensation can be claimed - which will now cover certain types of environmental damage as well as personal injury and property damage;
 - (b) substantially widening the geographical scope thereby allowing claims from certain States which are not party to the Convention;
 - (c) significantly increasing the minimum amount that an operator is liable for a nuclear event which causes third party damage (in most circumstances to be raised in the UK from £140m to 700m Euros).
- 6.3 BERR intend to go to public consultation later this year on how to implement these changes in the NIA.

7. EUROPEAN HIGH LEVEL GROUP ON NUCLEAR SAFETY AND WASTE MANAGEMENT

- 7.1 As previously advised, the High Level Group has put in place three Working Groups, as follows:
- **WG1 – Improvements in Safety Requirements and Practices (for nuclear power plants).** To address nuclear safety issues and interfaces with the Convention on Nuclear Safety.
 - **WG2 – Improvements in Decommissioning and Radioactive Waste and Spent Fuel Management.** To address radioactive waste safety and spent fuel management, interfaces with the Joint Convention on Radioactive Waste and Spent Fuel Management, and interfaces with the EU decommissioning funding programme.

- **WG3 – Improvements in Transparency.** To address transparency, communications and stakeholder engagement for the HLG, including the sharing of Member States experience in these fields.

7.2 At the meeting on 21 April, draft work programmes for the Working Groups were considered. The main area of contention was the considerable pressure from a number of participants for WG1 to specifically include work towards developing an EC Directive, which was resisted by the UK and Germany.

7.3 WG1 was therefore tasked to discuss the pros/cons of all the options available to the HLG in working towards a possible EC Directive (or other 'instruments').

The five options are:

1. No need - use existing international mechanisms
2. General Directive
3. General Directive with provision to develop detailed safety standards
4. Detailed Directive including "safety standards"
5. Non-binding instrument - detailed or not

7.4 The next meeting of WG1 is scheduled for 1 July 2008 and the next meeting of the HLG is scheduled for 15 October 2008.

8. EUROPEAN NUCLEAR ENERGY FORUM

8.1 It was decided at the European Summit in March 2007 that a Nuclear Forum should be established to launch a comprehensive, open and ideology-free debate on the contribution of nuclear energy in meeting the growing concerns of security of energy supply, reduction of CO2 emissions, and competitiveness whilst taking into account nuclear safety and security.

8.2 It was subsequently decided that it should be jointly hosted by the Czech and Slovak Republics. The inaugural meeting, in Bratislava on 26/27 November 2007, brought together high level representatives from the nuclear industry, energy companies, consumers, the finance sector and NGOs. Mike Weightman attended for the UK. The meeting focused on three themes: Risks, Information and Transparency, and Opportunities. The Commission subsequently set up three Working Groups on Risks, Transparency, and Opportunities.

8.3 Outputs of the Working Groups were presented to the Forum meeting in Prague 22/23 May 2008. Bill Coley, BE, spoke at the Forum on behalf of the UK and Keith Parker, NIA, at the Transparency session.