

**BERR – CONSULTATION ON FUNDED DECOMMISSIONING  
PROGRAMME GUIDANCE FOR NEW NUCLEAR POWER STATIONS**

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Summary:	It was announced in the Nuclear White Paper 2008 that, in parallel with the Energy Bill, the Government would publish for public consultation two sets of draft guidance on what an approvable Funded Decommissioning Programme should contain. This consultation document contains both sets of draft guidance and seeks views on the guidance.
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Recommendation:	It is recommended that Members note the consultation document and feed back any comments by the 1 <sup>st</sup> May 2008.
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**BACKGROUND**

This consultation follows the publication of the White Paper on Nuclear Power in January 2008, which announced the Government's formal response to the consultation on the future of nuclear power.

The Nuclear White Paper stated that:

*"The Government believes it is in the public interest that new nuclear power stations should have a role to play in this country's future energy mix alongside other low-carbon sources; that it would be in the public interest to allow energy companies the option of investing in new nuclear power stations; and that the Government should take active steps to open up the way to the construction of new nuclear power stations. It will be for energy companies to fund, develop and build new nuclear power stations in the UK, including meeting the full costs of decommissioning and their full share of waste management costs."*

**INTRODUCTION**

The Government also confirmed its commitment to put in place legislative arrangements to ensure that operators of new nuclear power stations have secure financing arrangements in place to meet the full costs of decommissioning and their full share of waste management costs. Clauses in the Energy Bill 2008 create the framework for this.

It was also announced in the Nuclear White Paper that, in parallel with the Energy Bill, the Government would publish for public consultation two sets of draft guidance on what a Funded Decommissioning Programme (FDP) should contain.

This guidance will assist operators in understanding their obligations under the Energy Bill, and what is required for an approvable Funded Decommissioning Programme. The guidance is not intended to be unduly prescriptive but instead to set out principles which the Secretary of State will expect to see satisfied in the Funded Decommissioning Programme prepared by an operator. The guidance gives information on ways in which the operator might satisfy those principles.

### **KEY POINTS**

The Energy Bill 2008 will require any operator of a new nuclear power station to have a Funded Decommissioning Programme, approved by the Secretary of State, in place before construction of a new nuclear power station begins and to comply with this programme thereafter. The Funded Decommissioning Programme prepared by the operator of a new nuclear power station must include:

- Provision for the steps necessary to decommission the installation and manage and dispose of hazardous waste;
- An estimate of the costs of taking those steps;
- And details of any security to be provided in relation to those costs.

The first set of guidance (Decommissioning and Waste Management Plan guidance) will assist operators in setting out and costing the steps involved in decommissioning a new nuclear power station and managing and disposing of hazardous waste and spent fuel in a way which the Secretary of State may approve. This guidance also sets out the cost modelling methodology the Government expects to use to generate its own prudent estimates of the costs of decommissioning, waste management and waste disposal for new nuclear power stations.

The consultation contains a Roadmap that sets out an indicative timeline under which the Government expects to publish its cost estimates and to be in a position to set a fixed unit price for waste disposal. PLEASE NOTE the Roadmap (set out in Section 2 of consultation) has been included for information only and views are not requested on it.

The second set of guidance (Funding Arrangement Plan guidance) will assist operators in setting out acceptable financing proposals to meet the costs identified. It sets out the Guiding Principles against which the Government will assess the funding proposals submitted by operators as part of their Funded Decommissioning Programme for approval under the Energy Bill.

### **CONSULTATION QUESTIONS**

#### **Question 1**

Do you agree or disagree that the Funded Decommissioning Programme guidance adequately sets out what an approvable Funded Decommissioning Programme should contain in order to meet the Government's objective that operators of new nuclear power stations meet the full costs of decommissioning and their full share of waste management costs? What are your reasons? Do you have any other comments on the two sets of guidance?

**Question 2**

Does the draft guidance contain sufficient information to enable operators of new nuclear power stations to understand the matters that their Funded Decommissioning Programme should contain?

**Question 3**

Do you agree or disagree that the Base Case sets out a realistic and prudent way to estimate the potential costs of waste management and decommissioning. What are your reasons?

**Question 4**

Do you agree or disagree that the Funding Arrangements Plan guidance sets out a prudent way to ensure that operators make adequate provision for meeting their liabilities? What are your reasons?

**FURTHER INFORMATION**

The deadline for the Council's response to Government is the 16th May.