



West Cumbria Sites Stakeholder Group

Meeting of the 4th Commercial Sub Committee Held on Tuesday 9 June 2009 At the Ennerdale Country House Hotel

Attendees:-

Mike Davidson	-	Allerdale Borough Council
Ranald Stewart	-	Ponsonby Parish Council
Allan Holliday	-	Copeland Borough Council
Ian Lowles	-	Environment Agency
Mark Foy	-	Nuclear Installations Inspectorate (NII)
Gary McKeating	-	West Lakes Renaissance
John Clarke	-	Nuclear Decommissioning Authority (NDA)
Mark Jervis	-	International Nuclear Services (INS)
Mike Johnson	-	Sellafield Ltd
Graham McKendry	-	Sellafield Ltd
Keith Case	-	Sellafield Ltd
Tony Perry	-	Sellafield Ltd
Steve Cockayne	-	Sellafield Ltd
Paul Shawcross	-	Prospect
Ali McKibbin	-	Sellafield Ltd

Apologies:-

Tim Knowles	-	Cumbria County Council
David Moore	-	Chairman, WCSSG
Roger Denwood	-	GMB
Colin Sharpe	-	West Cumbria Business Cluster

Observers:-

Penny Hitchin	-	UK Monitor
Martin Forwood	-	CORE
Paul Milne	-	NDA
Tom McClain	-	Sellafield Ltd
Iain Irving	-	Sellafield Ltd

Agenda item 1: - introduction by Mike Davidson, Chair of WCSSG Commercial Sub Committee

The Chairman started proceedings by welcoming members to the meeting and introductions were done as there were a number of new faces to the meeting.

Apologies were accepted from David Moore, Tim Knowles, Colin Sharpe and Roger Denwood.



Agenda item 2 – Approval of Minutes and Actions from previous meetings

The minutes of the previous meeting held on 13 January 2009 were accepted.

There were four actions from the previous meeting:

Action 1: Keith Case to report on the levels of contracts awarded to local suppliers and the efforts to encourage the local supply chain to do business with Sellafield Ltd.

- See agenda item 3

Action 2: Sean Balmer to provide an update on the sale of NDA assets and their use for the next meeting.

- See agenda item 4

Action 3: Graham McKendry to check the context of reports that Areva would build another MOX plant at Sellafield or invest in Sellafield MOX Plant (SMP) if NMP won the Sellafield contract.

- Graham McKendry explained that he has spoken with Areva NC and that they are very much committed to seeing SMP succeed. If the correct opportunity arose then they would consider additional assistance to the plant, but there are no plans to make any investment in SMP.

Action 4: Ali McKibbin to share with Shirley Williams, Head of Public Affairs, concerns of local people on the perceived lack of pre-briefing on sensitive shipments.

- Note from Secretary on pre-briefing placed in minutes of last meeting. In addition Mike Davidson will be pre-briefed on any up and coming nuclear shipments.

Agenda item 3 – Presentation on the Sellafield Supply Chain

Keith Case, Executive Director of Commercial and Contract Management, gave a presentation on supporting the local supply chain, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk

The key points from the presentation and the questions asked were as follows:

- More than 56% of the 2008/09 site funding limit of £1.312 billion was spent with the supply chain.
- Expenditure with the supply chain is increasing year on year and 28% of the nuclear supply chain spend is retained in Cumbria, which is typical of what would be expected in comparison with other industries.
- Expenditure in Cumbria in the last 10 years is estimated to be in excess of £1.2 billion.



West Cumbria Sites Stakeholder Group

- In 2008/09 14 contracts valued at £50m were placed with local suppliers and 41 frameworks valued at £415 are currently in place with the local supply chain.
- Legislation prohibits Sellafield Ltd overtly favouring any group, geographical area or organisation and there must be open competition for all business to be let with the supply chain.
- Sellafield Ltd has a range of initiatives to support the local supply chain, in particular a dedicated Supply Chain Ombudsman who can act as a matchmaker in particular for small suppliers who may wish to band together in order to do business with Sellafield Ltd. Contact Zoe Whittle on 019467 71268 or zoe.v.whittle@sellafieldsites.com.
- Sellafield Ltd has a socio economic plan and to do business with Sellafield, suppliers are asked to make a socio economic commitment which is considered as part of their bid assessment. It was acknowledged however that this should be followed up to ensure these commitments are upheld.
- Sellafield Ltd was praised for their work with the supply chain, however there was concern that more smaller value contracts needed to be made available. It was recognised that the driver to reduce the number of contracts let and bundle contracts together has excluded smaller suppliers bidding for work and more work had to be done on this.
- Sellafield Ltd was asked to set out expectations with Tier 2 suppliers on the use of local suppliers for subcontracted work.
- It was conceded that no work was done and no measurement carried out on encouraging suppliers to set up business in the area.
- The NDA has a new supplier charter in place which sets standards for dealing with suppliers.
- Supply chain issues will continue to be dealt with by the Commercial Sub on a need by need basis

Agenda item 4 – Presentation on Nuclear Decommissioning Authority (NDA) Commercial Issues

John Clarke, NDA Commercial Director gave an update on the SMP Review and other commercial operations, along with a presentation on the Sellafield Land Disposal Project, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk.

The key points from the presentation and the questions asked were as follows:

- On the back of their recently published supply chain strategy, the NDA are reviewing the health of the supply chain during this time of recession, especially with some suppliers having a high dependency in and across the NDA estate.
- Increased private sector spend in commercial operations at both the Springfields and Capenhurst sites is being encouraged. This will benefit Sellafield indirectly with less NDA monies committed to these sites and more available for high hazard work.



West Cumbria Sites Stakeholder Group

- The ongoing SMP review is reaching a critical time and the NDA is working with Sellafield Ltd, Areva NC and utility customers. The review is still work in progress, however a conclusion should be forthcoming in a matter of months.
- The NDA will make a recommendation on the way forward for SMP. Government will consider the recommendation and make a decision.
- The sale process for land at Bradwell, Oldbury and Wylfa has concluded successfully with £387.1 million generated to fund NDA missions.
- Sale of land around Sellafield was announced by the NDA on 8 June 2009. Land to the north of the site has been nominated in association with Westlakes Renaissance into the Strategic Siting Assessment run by the Government's Department for Energy and Climate Change (DECC).
- Although new nuclear build is a clear government policy, the NDA itself holds a neutral stance and is committed to obtaining maximum revenue from sale of its assets.
- The NDA want a quick sale to provide certainty to the local community. Therefore, grid connectivity has been applied for in order to make it a more attractive option for potential utility buyers.
- The sale of land will follow a similar process to the previous sales but the precise sales mechanism is still to be finalised. It is hoped to complete the sale process before the end of the year.
- The land offered is mostly occupied by tenant farmers, however all of the land may not be sold and all of the land may not be needed for potential new reactor build.
- The tenancies of any land sold will be transferred to the new owner who will agree any compensation with the tenant farmers directly.
- Sellafield is a congested site and the space requirements for any new nuclear reactor can only be met outside the site boundary.
- The NDA is not selling any assets which may preclude further requirements and only land surplus to requirement is being sold.
- Issues surrounding new nuclear build in the UK will be dealt with nationally, including that of the reactor designs and only local issues will be considered for any planning application.

Action: John Clarke to determine what will be published when with respect to the NDA's review of SMP.

Agenda item 5 – Update on the Evaporator D Project

Tony Perry, Superintendent Major Projects, Sellafield Ltd provided an update on the Evaporator D project, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk

The key points from the presentation and the questions asked were as follows:

- There are currently three evaporators on site used to reduce the volume of liquid Highly Active Liquor (HAL) prior to its vitrification in glass.
- The NII has in place a Specification to limit the amount of HAL that can be stored at any time and to promote HAL stocks reduction, the current



West Cumbria Sites Stakeholder Group

Specification No 679 requires the site to continually reduce HAL volumes to long-term steady state limits by 2015.

- Additional evaporative capacity is required because of the projected life of the existing Evaporators A, B and C.
- The new Evaporator D will cost around £400m, has had full project sanction by the NDA and is awaiting DECC endorsement imminently.
- On site construction work has commenced and detailed design continues to support fabrication of the vessels which will take place in Carlisle.
- Active connections of Evaporator D into the existing HALES facility is planned for 2014.
- Evaporator D will be built in modules off the Sellafield site. Marine delivery of the modules is planned using a barge which will land on the Sellafield beach at high tide, from where the modules will be powered off and transferred to site over a new bridge.
- The Environment Agency has been working on the beach landing plans with Sellafield Ltd in order to minimise any potential impact especially with regard to the river, beach and the local ecosystems. Every effort is being made to safeguard the local environment.
- The work done to gain approvals and get the project to this stage was applauded as Evaporator D is not only critical for Sellafield but also the whole of the Magnox reactor fleet.

Agenda item 6 – Presentation on MOX Operations Directorate

Graham McKendry, Executive Director of MOX Operations, outlined the main facilities and strategic roles of his directorate, and provided details of key achievements and challenges, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk

The key points from the presentation and the questions asked were as follows:

- The key purpose of the directorate is to allow overseas customers' reprocessed material to be repatriated in the form of MOX fuel.
- Within the directorate, more than 1million hours have been worked without a lost time accident and over 2 million hours have been worked without a reportable incident.
- The Sellafield MOX Plant (SMP) is not meeting is planned throughput, however there has been some improvement in performance and the plant has just had its best every monthly performance.
- SMP is on schedule to complete the next order of eight MOX fuel assemblies by the end of September, with the third fuel assembly build recently completed.
- The SMP review is clearly on-going and it was recognised that the SMP workforce were under pressure and needed support to continue working to meet targets.
- SMP has still to receive a license instrument for full consent to operate and this will not be applied for until consistent plant performance has been achieved.



West Cumbria Sites Stakeholder Group

- Manufacturing MOX fuel is a very precise engineering process requiring complex control systems, and although plant performance is improving there are bottlenecks in the process that need to be overcome.
- Some business has been subcontracted from SMP and although no further subcontracts have been let, the need for further subcontracts is being considered.

Agenda item 7 – Presentation on Production Operations Directorate

Mike Johnson, Executive Director of Production Operations outlined the key facilities and strategic roles of the directorate, along with the key issues and successes, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk

The key points from the presentation and the questions asked were as follows:

- A reorganisation is currently underway which will see the Magnox Operating Unit being transferred out of Production Operations into the new Spent Fuel Management Directorate. Stuart MacVean will lead this directorate bringing together all reprocessing and associated facilities together.
- Production Operations will be renamed Waste and Effluent Disposition Directorate with the emphasis on the management and in particular the disposal of wastes which was welcomed.
- Continued investment in the old Magnox facilities is required in order to ensure their safe operation to 2016 which is the projected closure date in the Magnox Operating Plan (MOP8)
- The disruption in cooling water supply to HALES was successfully reinstated and there were no alarms, no increased heat generation and none of the installed protection systems has to be utilised.
- Following two weeks of investigations into a potential activity spike in cooling water, management are satisfied that there was no leak and Evaporator B is back on line in support of Magnox reprocessing.
- Active commissioning of the Residue Export Facility (REF) continues in preparation for the first exports of HLW to customers in Japan and the Netherlands. The infrastructure for the first return in 2009/10 is already in place, including the rail wagon, flask and ship. Customers have previously received HLW from the continent and already have facilities to store this waste.
- A centralised waste management unit for the whole site is being established to provide a complete integrated waste service, which will include the recently approved LLW strategy.
- Magnox reprocessing was brought back into service following an extended engineering outage, however was only one week from meeting the yearly decanning target and 1te from meeting the AGR dismantling target.
- HAL stocks remain below the 1000m³ Specification and all three evaporators are available to support vitrification. Actual vitrified containers produced and incorporation rates are ahead of schedule this year.
- There has been a 40% reduction in lost time accidents in comparison with 2007/08 and some highlights included Calder Hall, the Miscellaneous Beta



Gamma Waste Store and in the Uranium Finishing Plant. This excellent safety record was recognised as a significant achievement.

Agenda item 8 – Presentation of International Nuclear Services (INS)

Mark Jervis, INS MD, outlined the scope of INS' work and news from the subsidiary, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk

The key points from the presentation and the questions asked were as follows:

- INS is a wholly-owned subsidiary of the NDA managing NDA commercial contracts for services provided by Sellafield Ltd, primarily for reprocessing and MOX related business. They also operate an international nuclear transport service.
- A recent achievement has been the successful delivery of MOX fuel from Europe to Japanese customers in May.
- Business to reprocess a small consignment of Swedish fuel has now been concluded with the return of the associated waste to Sweden in April.
- The keel laying for the first of two new replacement ships has taken place in Japan, with delivery of both vessels expected in 2010.
- The Atlantic Osprey has recently undergone refurbishment and modification to extend her life. Further voyages are planned for this year.
- The European Shearwater will be decommissioned in Holland later this year in the same yard where the Pacific Teal was decommissioned with over 96% recycled.
- The first vitrified residue return (VRR) is planned for later this year to comply with overseas reprocessing contracts signed since 1976 requiring the return of waste to customers.
- The detailed arrangements for the VRR are being agreed with customers, regulators and relevant governments. There is a 10 year programme of returns planned.
- A route has been identified for the processing of 16 un-used MOX fuel assemblies. The MOX will be transported to France in 2014/15 where the reusable constituents will be separated out and made available for manufacture into new fuel. PCM waste will be returned to Sellafield.
- During 2009 INS will continue to manage and develop contracts to build on the already significant contribution to NDA revenues.

Agenda item 9 – Presentation on Thorp Operations Directorate

Steve Cockayne, Head of Thorp outlined the key facilities and strategic roles of the directorate, along with the key issues and successes, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk

The key points from the presentation and the questions asked were as follows:

- Thorp Operations Directorate brings in significant revenue to the NDA from the Thorp reprocessing plant and the oxide fuel storage ponds.



West Cumbria Sites Stakeholder Group

- Reprocessing throughput is restricted due to the availability of Evaporator C for which we currently have a license to reprocess 300te of fuel.
- In 2008/09 117te of fuel was sheared and this year's target of 200te will not be affected by the planned engineering shutdown which was included in the life time plan. 165te of fuel will already have been sheared on shutdown of the plant.
- A 75te AGR campaign is currently being sheared and on its completion the 300te covered by the existing license will have been completed. There will then be scheduled inspection of Evaporator C and an engineering outage will be carried out in Thorp in parallel.
- Results from the Evaporator C inspection will need to be analysed and a further license sought from the NII to allow reprocessing in Thorp beyond the current 300te permission.
- The recently installed Medium Active Salt Free Evaporator is operating successfully and a second Feed Clarification Cell Centrifuge has returned to service.
- The reprocessing of customers' fuel in Thorp and timing of receipt of revenue from overseas customers are detached because the contracts are largely fixed price. Much overseas revenue has already been received however there is some 700te of overseas fuel still to be reprocessed and revenue is also generated from additional services provided to customers.
- All current arisings of AGR fuel can be accommodated in ponds at Sellafield as a programme of pond furniture removal is freeing up additional storage space.
- The Oxide Fuel Strategy being formulated will determine the storage solution for any AGR fuel that may not be reprocessed in Thorp. Decisions on whether AGR fuel will be stored or reprocessed will depend, inter alia, on pond storage capacity, the availability of Evaporator D and how quickly the pond water can be altered to provide long term AGR fuel storage.

Agenda item 10 – Potential agenda items for next meeting

An update on the following was requested:

SMP Review and any decisions on SMP
Evaporator D project update
Existing evaporator inspections and future evaporator options
Socio economics and tendering local supply chain spend

Agenda item 11 – Any other business

Meetings will be held on the second Tuesdays in January and June, therefore the next meetings will be on 12 January 2010 and 9 June 2010.

The chairman concluded the meeting and thanked everyone for their attendance.

