



## West Cumbria Sites Stakeholder Group

### Meeting of the 5th Commercial Sub Committee Held on Tuesday 12 January 2010 At Cleator Moor Civic Hall

#### Attendees:-

Mike Davidson	-	Allerdale Borough Council
Ranald Stewart	-	Ponsonby Parish Council
Allan Holliday	-	Copeland Borough Council
David Southward	-	Cumbria County Council
Ian Lowles	-	Environment Agency
Ian Tait	-	Nuclear Installations Inspectorate (NII)
Sean Balmer	-	Nuclear Decommissioning Authority (NDA)
Rupert Wilcox-Baker	-	International Nuclear Services (INS)
Mike Johnson	-	Sellafield Ltd
Graham McKendry	-	Sellafield Ltd
Stuart MacVean	-	Sellafield Ltd
Tom McClain	-	Sellafield Ltd
Steve Cockayne	-	Sellafield Ltd
Paul Shawcross	-	Prospect
Roger Denwood	-	GMB
Ali McKibbin	-	Sellafield Ltd

#### Apologies:-

David Moore	-	Chairman, WCSSG
Colin Sharpe	-	West Cumbria Business Cluster
Stuart Cowperthwaite	-	Westlakes Renaissance

#### Observers:-

Martin Forwood	-	CORE
Steve Bradley		

#### **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.

The NII representative Mark Foy was thanked for his involvement in the committee. Apologies were accepted from David Moore, Colin Sharpe and Stuart Comperthwaite.

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



The minutes of the previous meeting held on 9 June 2009 were accepted.

There were only one action from the previous meeting:

**Action 1: John Clarke to determine what will be published when with respect to the NDA's review of SMP**

- See agenda item 8

**Agenda item 3 – Update on the Evaporator D Project**

Tom McClain, Sellafield Ltd Project Manager, gave a presentation on the Evaporator D Project. A copy of the slides is available on the WCSSG website – [www.wcssg.co.uk](http://www.wcssg.co.uk)

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

- Evaporator D is a high priority project, which has been funded and sanctioned by the NDA at £397m.
- This additional evaporator is required to process both liquid and solid High Active (HA) waste. Its operation should reduce the number of additional HA Storage Tanks (HASTs) required.
- HAL stocks are currently the lowest level since the 1970s. Reducing the remaining hazard rather volume of waste is our priority.
- The programme date for completion of the project is July 2014, however they are working to a 2013 baseline.
- All the main approvals for the project have been granted, including the Licence Instrument for main build construction and planning approval for the marine access.
- The first construction phase has been completed and work on the second phase has commenced including installation of cranes and work on the main building walls.
- Thirteen modules are being built off site, 11 of which will be delivered by barge and two by road.
- Trials for the marine delivery have been successfully completed using a barge landing on the beach and a 500te test load.
- There will be tidal and weather safety restrictions placed on the actual delivery of the modules.
- Over half a million hours have been worked without any accidents or even any first aid requirements on the project.
- In the next six months work will continue on the main build construction and the marine development.
- A video has been produced illustrating the transport route for delivery of the modules will be shown to the committee at the next meeting.
- There is no regulator authorisation or plans to use the temporary marine developments for the purposes of delivery of components for a new reactor in West Cumbria.



#### **Agenda item 4 – Presentation on Waste and Effluent Disposition Directorate**

Mike Johnson, Director of Waste and Effluent and Disposition Directorate, 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](http://www.wcssg.co.uk)

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

- The new directorate has been formed in order to integrate all the waste efforts from across the site and support high hazard risk reduction.
- Of the three existing HAL evaporators, Evaporator A is supporting Magnox reprocessing, Evaporator B is shutdown and should be brought back into service early summer, and Evaporator C is undergoing inspections and a License Instrument has been applied for to support Thorp reprocessing.
- It is hoped to secure a License Instrument for 1000te, with stops every 300te for re-inspections of Evaporator C which will reduce Thorp outages.
- The plan is to keep all three evaporators operable, but not to operate them simultaneously. Evaporator A has NII approval to operate with the cooling jacket and one spare coil, and will be used with Evaporator B to provide alternate evaporative capacity for Magnox.
- Environment Agency concerns over liquid effluent solids abatement are being dealt with and a new tank is to be installed prior to discharge to sea.
- Focus has been on hazard and risk reduction in Plutonium Contaminated Material (PCM) operations. Significantly more PCM has been processed than ever done before, with 35% more drums processed compared with 2008/09.
- The 5000<sup>th</sup> container of vitrified High Level Waste (HLW) was produced in June 2009.
- Waste incorporation rates for each container of solid vitrified HLW have increased from 9te to 12te, so reducing the number of containers to be stored, saving considerable money for the taxpayer.
- Increased incorporation rates do not pose a safety concern and all cans are still within acceptance criteria
- So far 318 HLW containers have been produced against a target of 400. With the improved incorporation rates, about one third less containers are now being produced compared with a few years ago for the same volume of waste.
- The Residue Export Facility (REF) has been commissioned for the Vitrified Residue Returns (VRR) programme. The first shipment will take place very shortly.
- Two of the historic sludge tanks have been emptied and the floc is being transferred to the Enhanced Actinide Removal Plant (EARP) for processing. Following treatment at EARP this encapsulated floc is packaged in the Waste Packaging and Encapsulation Plant (WPEP) and transferred into the encapsulation stores.
- All historic Medium Active (MA) solvent has now been processed through the Solvent Treatment Plant (STP), completion of which has received recognition from the Environment Agency.



### **Agenda item 5 – Presentation on MOX Operations Directorate**

Graham McKendry, 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](http://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.
- SMP has had a difficult operational history however they have demonstrated improving performance in both pellet and rod manufacturing areas.
- The primary achievement has been completion of eight MOX fuel assemblies in August and a further eight are currently being manufactured for the same customer.
- Completion of these further eight MOX fuel assemblies is key for the business and one of these assemblies is being build this week.
- The NDA has announced that SMP will continue to operate. Sellafield Ltd reviewed SMP from a technical perspective and a plan has been put together to increase output to make the plant commercially viable.
- The NDA and INS are discussing with commercial customers to secure new commercial arrangements for the longer term.
- Sellafield Ltd is concentrating on operating SMP, any decisions on potential future MOX plants will depend upon the UK Government's plutonium policy.
- A government consultation into plutonium disposition is ongoing, however the SMP was never licensed to take UK plutonium feedstocks.

### **Agenda item 6 – Presentation on International Nuclear Services (INS)**

Rupert Wilcox-Baker, INS Corporate Responsibility Director, 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](http://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 further export of reprocessed uranium from Thorp has been completed in December for recycling into new fuel.
- The first return of Vitrified Residue (VR) to customers in Japan will be completed by the end of the financial year.
- VRR is a significant step and delivers on a promise to return overseas waste to the country of origin.
- A 10 year programme of returns is planned based upon year of experience shipping 12 French consignments to France.



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- The VRR programme will take place over 10 years in order to comply with customer requirements, which include the availability of suitable stores for the waste.
- INS is working to put in place new commercial arrangements to support the continued operation of SMP.
- INS takes commercial proposals to NDA and government to consider and evaluate. This process will continue until is INS asked to stop seeking new opportunities. The NDA decision process is based upon full recovery of all operating costs of the facility.
- A further two new ships are being brought into the PNTL fleet, paid for by Japanese customers.
- The new Pacific Egret has just being launched and will now be fitted out and delivered later this year, along with her sister ship 'K3'.
- A decommissioning route has been pioneered and the European Shearwater has been delivered to Holland for dismantling. They hope to beat the 96% of materials recycled from the previous decommissioned ship.
- There has been a series of successful shipments including French MOX to Japan and a programme of further shipments is planned.
- In 2008/09, INS contributed £673m revenue to the NDA.

**Action 1 : Rupert Wilcox-Baker to provide a figure on the percentage of waste from overseas pre and post '76 contracts.**

### **Agenda item 7 – Presentation on Spent Fuel Management Directorate**

Stuart MacVean, Director of Spent Fuel Management, 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](http://www.wcssg.co.uk)

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

- Steve Cockayne, Head of Thorp, was thanked for his previous contribution to the WCSSG Commercial Sub Group and for accompanying the Director today.
- The new directorate has been formed by aligning the two reprocessing operating units and is focussed on bringing synergies and experience from both Thorp and Magnox. Plutonium capability is also being brought together into one organisation.
- The directorate provides services to almost one fifth of the stations generating the UK's electricity supply.
- Significant revenue is generated from commercial operations for the NDA to help offset decommissioning costs.
- Asset condition and capability assumptions are included in the new Life Time Plan (LTP10) to protect continued operation.
- Thorp has operated well this year and has just started up shearing a 52te campaign. Operational throughput will remain limited by the lack of available supporting evaporative capacity.



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- Reliability of the Thorp Main Pond Handler (MPH) has significantly improved to almost 95% to support fuel movements.
- There has been improved waste exports from AGR fuel dismantling operations in the Fuel Handling Plant (FHP), however the store is close to being full.
- Magnox reprocessing started up at the beginning of December following the return to service of Evaporator A.
- Magnox reprocessing rates are good and currently higher than Magnox fuel deliver rates due to the lack of available transport flasks in service. At one point FHP was almost full, however there is now only about 400te fuel remaining.
- Options to improve feedstock for Magnox reprocessing are being considered including bringing forward the defueling of Calder Hall (440te) and storing decanned fuel in the store to provide a buffer.
- The Government's Public Value Programme (PVP) spending review could potentially impact the end dates for reprocessing. New reprocessing business to offset costs is not being actively sought due to the recent plant performance in both Magnox and Thorp.
- INS is looking to maximise commercial revenue by offering existing customers extended services and add on features. New business development skills have been recruited and new proposals submitted to the NDA to help fund decommissioning operations.
- Different fuel types are blended to optimise reprocessing performance and protect the evaporators. Options are being considered to increase the feed of historic corroded fuel which can only be fed slowly.
- The NDA's Oxide Strategy is being worked on and the Credible Option Paper will be available for public consultation in October 2010, from which the strategy will be devised.

### **Agenda item 8 – Presentation on Nuclear Decommissioning Authority (NDA) Commercial Issues**

Sean Balmer, Head of Commercial Revenue & Projects, reported on NDA assets and sales, revenue generation, along with the SMP Review. A copy of the slides is available on the WCSSG website – [www.wcssg.co.uk](http://www.wcssg.co.uk)

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

- NDA revenue generation will decline to 2012/13 mainly due to projected electricity generation sales and loss of opportunities, in particular the long term contracted income profile which has been revised.
- Actions to close this forthcoming deficit include reducing expenditure, increasing income from divestitures and restructuring the way the NDA estate is managed.
- A NDA Corporate Asset Management Plan includes all assets and evaluates the rationale for holding onto them, otherwise consideration is given to their sale. Land of potential strategic value for further development is not being sold.



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- Land sales have been very successful for the purpose of new reactor build, with Bradwell, Oldbury and Wylfa sales netting £387M and the Sellafield auction realising £70M.
- Land to the west of Sellafield has been sold however there is no strategy for the sale of land to the east of the site. There has been significant upfront payment but the total £70m will be dependent upon approval of planning permission.
- The NDA should have “disposed” of interests in the Springfields site to Westinghouse plc by the end of March 2010.
- The NDA is at an early stage of discussion with Urenco on the “disposal” of the Capenhurst site. Uranic materials on the site will be sold or processed and consolidated. The real estate could be either sold or leased to Urenco who manage the rest of the site.
- Realising all major asset opportunities could reduce nuclear liabilities by £1–2bn.
- Monies from the sale of NDA assets has effectively been ring fenced and to date all this money can be drawn on following treasury permission.
- The NDA board has approved the continual operation of SMP, whilst INS is pursuing commercial arrangements.
- SMP will continue to remain under review. On completion of the next campaign of fuel, the NDA will decide upon the future of the plant based on the commercial opportunities available to allow the plant to pay its way. Financially viable arrangements are needed to underpin the plant’s continued operation.

**Action 2: Sean Balmer to provide hard copies of the NDA financial results.**

**Action 3: Sean Balmer to make available the NDA Corporate Asset Management Plan.**

### **Agenda item 9 – Potential agenda items for next meeting**

An update on the following was requested:

Evaporator D project update  
Public Value Programme (PVP) spending review  
Life Time Plant (LTP10)  
DRS  
Integrated Change Programme (ICP)  
Annual Results

Meetings will be held on the second Tuesdays in January and June, therefore the next meeting will be on 8 June 2010.

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

