



West Cumbria Sites Stakeholder Group

Meeting of the 1st Commercial sub committee
Held on Monday 21 April 2008
At the Ennerdale Country House Hotel

Attendees:-

David Moore	-	Chairman, WCSSG
Mike Davidson	-	Allerdale Borough Council
Ranald Stewart	-	Ponsonby Parish Council
Ian Lowles	-	Environment Agency
Paul Shawcross	-	Prospect
Bob Churchill	-	NDA
John Clark	-	MD, INS
Neil Longfellow	-	Sellafield Ltd
John Storer	-	Sellafield Ltd
Ali McKibbin	-	Sellafield Ltd

Apologies:-

Elaine Woodburn	-	Copeland Borough Council
Sue Brown	-	Cumbria County Council
Peter Kane	-	GMB
Ron Hargreaves	-	WCSSG
Tim Knowles	-	Cumbria County Council

Observers:-

Jerry Schneider	-	Fluor
Ron Gallagher	-	Fluor
Penny Hitchin	-	UK Monitor
Martin Forwood	-	CORE

Agenda item 1: - introduction by David Moore, Chairman, WCSSG

The Chairman started proceedings by explaining that the West Cumbria Sites Stakeholder Group (WCSSG) is currently undergoing a re-structure to better reflect the changes to the nuclear industry particularly the transition of Windscale into the Sellafield Site and the deferral of Calder Hall decommissioning.

The Calder Hall sub committee and the Windscale sub committee were both disbanding and three new sub committees would be set up, one of which was the Commercial sub committee.

Agenda item 2:- nominations and vote for Chairman

Mike Davidson, Allerdale Borough Council was accepted as the Chair of the Commercial sub committee and Ranald Stewart, Ponsonby Parish Council as Vice Chair of the group.

Agenda item 3 – discuss terms of reference and ratify

The group discussed the terms of reference and suggested the following change to the circulated terms of reference:

- Change of wording in the first bullet point of the purpose to read – ‘Provide a forum whereby Site License Companies, the NDA and the Parent Body Organisation can be scrutinised with regard to their commercial / operational / transport activities.’

Paul Shawcross would like to see something in the terms of reference encouraging potential PBOs to develop non nuclear activities in the area, but no words were agreed upon as it was uncertain whether the committee ‘had the teeth’ to enforce this. The terms of reference could be updated at a later date to reflect this. It was also suggested that this might be a role for the socio economic sub group.

Agenda item 4 – discuss membership

Discussions took place with the resulting action:

Action: Secretariat to check if the Nuclear Installations Inspectorate (NII) had been approached and asked for a nomination for the Commercial sub committee.

Note from Secretariat – The NII were originally approached and asked if they wanted to be involved in the committee and they have been re-approached to seek their involvement. Bill Kings, an experience Sellafield Site Inspector, will represent the NII at future meetings.

It was discussed whether to invite a representative from the West Cumbria Development Agency (WCDA) to join the Commercial sub committee and considered more appropriate for a representative to join the Socio Economic sub committee.

Action: Secretariat to pass this suggestion onto the socio economic sub group.

Martin Forwood declined the invitation to become a member of the Commercial sub committee, but may reconsider in the future.

Agenda item 5 – Presentation on the NDA Commercial Division

Bob Churchill, Head of Stakeholder Engagement and Socio-economic Development, NDA presented to the group on their commercial activities, a copy of the slides are available on the WCSSG website – www.wcssg.co.uk

There were a significant number of questions from the committee, the key points from which were:

- £1.3bn of commercially generated income from Sellafield, new fuel manufacture and electricity generation. There was considerable discussion on the revenue graph, two thirds of which is generated from Sellafield activities. The graph forecasts future revenue based on production schedules and prices for services / products.
- Explanation of the PBO and SLC model and the competition process under EU procurement rules and legislation. The potential PBOs were described and that the preferred bidder for the Sellafield PBO would be announced in July. The contract would be for a period of between 5 and 17 years depending upon performance.
- The NDA review of SMP is complete and the report is being finalised prior to going to government. It is not certain when a public output from this is expected. SMP performance is assessed on a monthly basis by the RPMG comprising of Shareholder Executive, NDA, BERR and the operators.
- It is not known at this stage whether there is scope within the bid document to enhance commercial operations on the site.
- NDA aims to maximise income and has gone out to the market to see what money can be made out of its assets including the significant acreage of land owned around the sites.

Action: Bob to provide a more detailed inventory of the NDA assets and the plans for them.

Agenda item 6 – Presentation on the Recycling Operations Directorate

Neil Longfellow, Director of Recycling Operations, outlined the key facilities and strategic roles of his directorate, a copy of the slides are available on the WCSSG website – www.wcssg.co.uk

There were a considerable number of questions from the committee, the key points from which were:

- The Directorate provides significant revenue to the NDA and supports AGR electricity generation.
- French support received has mainly been intellectual, with some specific to WVP operations.
- The reduction of Highly Active (HA) waste stockpiles and repatriation of such waste will increase NDA revenue to fund further work on site. HAL reduction is a priority.
- Thorp target for 2008/09 is 300te with a 16-20 week outage over summer to bring the new Medium Active Salt Free Evaporator (MASFE) on line. The following years' throughput will depend on the available evaporative capacity prior to Evaporator D coming on line.

- Thorp revenue earned, is generally decoupled from throughput due to negotiated contracts. The income exceeds the plant's operating costs.
- Future AGR fuel arisings will be stored in Thorp Receipt & Storage and will provide a significant number of jobs for quite some time. Multi Element Bottles (MEBs) are being removed to provide space and there is 750te of LWR fuel to be reprocessed.
- Future reprocessing business for Thorp would require public consultation as set out in the government white paper. Thorp could accept more reprocessing orders but the plant would need some refurbishment if is to operate considerably beyond the current planned end date of 2014 (which depends upon how much AGR fuel is reprocessed).
- Available evaporative capacity would also influence acceptance of further reprocessing contracts. There is probably a case for construction of Evaporator E to avoid reliance only on Evaporator D in the future.
- Only overseas customers' allocated plutonium has been used in SMP to manufacture MOX fuel.
- The advance allocation proposal decouples the timing of when customers' fuel is actually reprocessed from when the products are made available for customers to recycle into new fuels.

Agenda item 7 – Presentation on Production Operations Directorate

John Storer, Director of Production Operations, outlined the key facilities and strategic roles of his directorate, a copy of the slides are available on the WCSSG website – www.wcssg.co.uk

There were a significant number of questions from the committee, the key points from which were:

- The Directorate's responsibilities include the reprocessing of spent fuel and waste management of current nuclear materials and remediation of historic materials, supporting the NDA's clean up focus.
- The Magox Operating Programme (MOP 8) coordinates the Magnox reactor fuel discharges with Magnox reprocessing throughput. It also considers other factors such as the UK Discharge Strategy.
- There is a year on year reduction of the HAL profile to the 2015 target of 200m³ and this target remains unchanged. Less HAL has been produced due to reprocessing throughputs, therefore the curve has come down quicker and this 150m³ headroom has been banked with the NII / EA.
- In addition there is a revised specification for oxide derived HAL equivalent to a maximum of 1575te that can be stored at any one time. There is no annual reduction of this up until 1 April 2014, thereafter it reduces to a value of 700te equivalent over a further few years.
- MOP 8 contains significant improvements on MOP 7, however MOP 7 was unachievable due to issues with evaporative capacity and issues with MEP. To achieve MOP 8 will require a review of the asset care regime and reduced downtime. The Directorate spends £70m pa on engineering maintenance and £50m pa on project work. Both the EA and NII recognise asset care as key.

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

John Clarke, MD of INS, outlined the scope of INS' work, a copy of the slides are available on the WCSSG website – www.wcssg.co.uk

There were quite a number of questions from the committee, the key points from which were:

- INS is now a wholly-owned subsidiary of the NDA managing existing contracts for Sellafield Ltd, primarily for reprocessing and MOX related business. They also operate an international nuclear transport service.
- INS could not stay part of Sellafield Ltd as potential PBOs were unable to have due diligence and see the commercial contracts and so it was brought under the NDA.
- Approximately 150 people are directly employed and a further 150 via subsidiaries. Into the future about 50 people will be working on contract management. All overseas spent fuel has been delivered but waste returns will last 10-11 years and MOX fuel deliveries will continue beyond this period.
- The INS Board is chaired by the NDA. INS is currently testing the market for new business opportunities but are not actively marketing services. Potential markets include additional reprocessing for Japan and the US who are looking again at reprocessing.
- The Port of Workington has been used for MOX fuel shipments because of the logistics of loading the fuel into the Atlantic Osprey. The LLWR is considering using the Port for overseas waste management opportunities. INS has no involvement with Studsvik who are seeking clean-up business.
- Direct Rail Services (DRS) another wholly-owned NDA subsidiary is responsible for nuclear rail shipments.
- Additional non-nuclear business has been sought for the Atlantic Osprey to generate revenue for the NDA.
- The new ship has been handed over to PNTL following a delay whilst work was being completed to ensure it met all specifications which it now does.
- A significant quantity of UO_3 has been made available for customers to recycle into new fuel. Customers are responsible for sea transport arrangements. Some customers have chosen to have the UO_3 re-enriched at a facility in Russia.

Action: John to provide details of the quantity of UO_3 in store and that made available to customers.

Agenda item 9 – Any other business

The committee discussed possibly meeting on the last Fridays in August and February. The committee could also be convened in between these dates if timescales were considered too long to wait for business to be discussed. Holiday commitments would make the next proposed August date difficult for many and it was agreed that the next meeting would be in September.

Action: Secretariat to set up a further meeting in September.

David Moore summed up the meeting which had successfully outlined the commercial operations and in the future he hoped to have a report on the commercial opportunities available for Sellafield. He thanked everyone for coming.