



West Cumbria Sites Stakeholder Group

Meeting of the 2nd Commercial sub committee
Held on Monday 8 September 2008
At the Ennerdale Country House Hotel

Attendees:-

Ranald Stewart	-	Ponsonby Parish Council
Ian Lowles	-	Environment Agency
Bill Kings	-	Nuclear Installations Inspectorate
Tim Knowles	-	Cumbria County Council
Gary McKeating	-	West Lakes Renaissance
Colin Sharpe	-	West Cumbria Business Cluster
John Clarke	-	NDA
Dan Robson	-	INS
Neil Longfellow	-	Sellafield Ltd
Dave Polkey	-	Sellafield Ltd
Roger Denwood	-	GMB
Paul Shawcross	-	Prospect
Ali McKibbin	-	Sellafield Ltd

Apologies:-

Mike Davidson	-	Allerdale Borough Council
Elaine Woodburn	-	Copeland Borough Council
David Moore	-	Chairman, WCSSG

Observers:-

Penny Hitchin	-	UK Monitor
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Agenda item 1: - introduction by Ranald Stewart, Vice Chair of WCSSG sub committee

The Vide Chairman started proceedings by welcoming members to the meeting and conveying the apologies of Chairman Mike Davidson who was unable to attend. Apologies were also accepted from Elaine Woodburn and David Moore.

Agenda item 2:- Membership of the Commercial sub committee

Three new organisations were welcomed to the committee – Colin Sharpe (West Cumbria Business Cluster, Bill Kings (NII) and Gary McKeating (West Lakes Renaissance). In addition to this there were a few replacement members due to changes in INS and the NDA. No additional members are currently being sought.

Agenda item 3 – Actions from previous meetings

There were five actions from the previous meeting. Three were covered by the secretariat who invited membership from the NII and the WCDA, as well as setting up a further meeting in September.

The action on the NDA to provide a more detailed inventory of the NDA assets and the plans for them was covered in John Clarke's presentation.

The action on INS to provide details of the quantity of UO₃ in store and that made available to customers was discharged by Dan Robson. There is currently some 5000te of uranium in the Thorp store and approximately 840te of uranium has been exported for customers.

Agenda item 4 – Presentation on the NDA Commercial Division

John Clarke, NDA Commercial Director gave a presentation on the NDA's commercial activities, in particular asset use and the future competition programme, 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 was an explanation of the PBO and SLC model and the role of the NDA. The preferred PBO bidder – Nuclear Management Partners - was confirmed on 11 July, transition and partnering contracts will be signed on 6 October and the plan is that the share transfer will take place on 24 November.
- The NDA will provide funding and set the overall strategy, the PBO will provide management expertise, skills and experience, whilst Sellafield Ltd will be the enduring entity and fulfil legislative requirements.
- The LLWR PBO is in place, the SL PBO will soon be in place and the plan is to announce the remaining competition dates by the end of the year. Several factors will dictate the competition process including what the market demands, what is the status of existing contracts and how well defined the scopes of work are.
- The NDA has sought expression of interest in their assets which include land, facilities and materials. The options are now being evaluated and will be progressively taken forward later this year.

- There has been no change to the commercial strategy. It was confirmed that the NDA is reviewing both Thorp and SMP's performance and that they are seeking solutions for the future use of the UK plutonium stockpile.
- The NDA is evaluating responses for the future use of the >100te of plutonium. The key options are to use, dispose or store the material. A recommendation to Government has to be made recognising that additional funding will be required and that it is cheaper to delay making a decision. There is no definitive timescale to complete the task, however the NDA is working to complete by the end of 2009/10.
- The intent is to give as much freedom as possible to the new PBO to achieve the NDA requirements. The NDA cannot comment on the current pay negotiations as NDA has no formal role in the process.

Action: To provide more details of the NDA assets and their use

Agenda item 5 – 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

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

- The Directorate provides significant revenue to the NDA and supports AGR electricity generation as the stations have limited pond storage capacity and repatriates the products of reprocessing to overseas customers.
- The target for 2008/09 is to shear 282te of fuel in Thorp with 69te having been sheared so far. The plant is currently in a planned engineering outage during which the new Medium Active Salt Free Evaporator (MASFE) is being installed.
- The maximum plant throughput will be about 600te pa following the feed clarification cell incident however actual throughput will be limited by the availability of evaporative capacity. A further evaporator is being planned which should alleviate throughput constraints. NDA funding for the project is only until October, after which we need to secure more money to continue the project.
- The directorate currently directly employs 1600 people and a further 300 jobs in support jobs. Workforce numbers could potentially be affected in the future if throughput is limited and the plant may only operate for part of the year necessitating the workforce to be redeployed.
- No fuel storage problems as there is a programme of removing empty multi element bottles (MEBs) and racks from the pond to make more AGR storage room. There is about 800te of overseas fuel left to reprocess which when complete will provide additional storage space.

- SMP throughput is lower than planned. However a systematic approach to making improvements has resulted in record pellet production and improved rod fabrication, with two fuel assemblies having been completed this year.
- The NDA is reviewing the project but no decisions have been taken on its future.
- Additional funding will be required to make substantial throughput improvements and no significant investment is currently available. Options are being explored with customers to fund the project and the business case is being discussed with Government.
- There is continued customer support for SMP, but there are customer pressures to receive fuel. Some MOX fuel business for SMP has been subcontracted overseas in order to fulfil contracts.
- SMP's performance is having limited impact on Thorp. Alternative storage options for plutonium are available and a new store is planned to come on line in 2012. The relatively high cost of storing plutonium is an incentive for government to make a decision on its future use. Also, the longer the plutonium is stored the greater the likelihood that pre-treatment will be required before it can be used.

Agenda item 6 – Presentation on Production Operations Directorate

Dave Polkey. Head of Operations, Magnox outlined the key facilities and strategic roles of the directorate, a copy of the slides are available on the WCSSG website – www.wcssg.co.uk

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

- The Directorate's responsibilities include the reprocessing of spent Magnox fuel and waste management of current nuclear materials and remediation of historic materials, supporting the NDA's clean up focus.
- Magnox reprocessing supports the operation of the Magnox reactors and is currently undergoing a 14 week planned engineering outage during which some significant project work is planned. The 2008/09 target is to reprocess 540te.
- Calder Hall has been brought into the directorate and one option for the station is to de-fuel earlier than originally planned.
- One of the key hazard reduction activities is the treatment of highly active liquid (HAL). Stocks of HAL fell from 1000m³ for the first time since 2002. This is a significant achievement and complies with the target HAL reduction curve set by the HSE. The HAL is vitrified into a solid waste suitable for long term storage and export back to customers.
- The Residue Export Facility (REF) is being actively commissioned in order to package the HLW for shipment back to customers. Discussions are on going with customers over the programme of these waste returns.

- The development of long term evaporator capacity is key to continued reprocessing, which is why an Evaporator D is required.
- The floc retrieval project has recovered and encapsulated over 1000m³ of effluent from one of the historic sludge storage tanks.
- The LLW stakeholder consultation has been successfully completed.

Agenda item 7 – Presentation on International Nuclear Services (INS)

Dan Robson, Head of UK Reprocessing Contracts, INS, outlined the scope of INS' work, a copy of the slides are 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 existing contracts for Sellafield Ltd, primarily for reprocessing and MOX related business. They also operate an international nuclear transport service.
- The new ship Pacific Heron was handed over in April 2008 and has been undergoing sea trials. It is an INF3 vessel complying with the highest safety standards and is capable of being used to ship both HLW and MOX fuel.
- The Pacific Heron was built in Japan and it was confirmed that no British shipbuilders competed for the contract. A further two ships are to be built at the same ship yard in Japan. Funding for the ships came from customers through PNTL.
- The Pacific Teal has been decommissioned abroad with over 96% of the vessel being recycled.
- The seventh export of uranium has taken place for customers to be recycled into new fuel. A total of approximately 840te of customers' uranium has now been exported.
- All reprocessing contracts signed post 1976 contain clauses on returning the wastes to customers. A programme for vitrified residue return (VRR) is being discussed with customers. Waste substitution has been agreed which will mean an addition 5% HLW will be returned rather than sending the other classification of wastes, which will mean a six fold reduction in the number of waste shipments to customers.
- Some 4.5te of Swedish nuclear research reactor fuel has recently been reprocessed in the Magnox reprocessing plant. The waste, uranium and plutonium will be returned to Sweden.

Agenda item 8 – Potential agenda items for next meeting

It was agreed that the committee would like a formal presentation from the new PBO – Nuclear Management Partners (NMP) - on their plans for Sellafield and for investment both on and off the Sellafield site. It was recognised that some of the Sellafield Ltd members representing their operational directorates would be replaced by NMP representatives at the

next meeting. However,,a separate NMP representative would also be sought.

Action: Secretary to invite the head of NMP to address the committee at the next meeting.

Agenda item 9 – Any other business

The only other discussion was to set future dates. It was proposed that the meeting dates were changed to fit in with the WCSSG Scrutiny meetings which the committee has to submit a report. Next year's meeting were revised to the second Tuesdays in January and June, which would mean meeting dates of 13 January and 9 June.

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