



West Cumbria Sites Stakeholder Group

Meeting of the 3rd Commercial Sub Committee Held on Tuesday 13 January 2009 At the Ennerdale Country House Hotel

Attendees:-

Mike Davidson	-	Allerdale Borough Council
Ian Lowles	-	Environment Agency
Mark Foy	-	Nuclear Installations Inspectorate (NII)
Sue Hearn	-	West Cumbria Business Cluster
Sean Balmer	-	Nuclear Decommissioning Authority (NDA)
Mark Jervis	-	International Nuclear Services (INS)
Mike Johnson	-	Sellafield Ltd
Graham McKendry	-	Sellafield Ltd
Keith Case	-	Sellafield Ltd
Roger Denwood	-	GMB
Paul Shawcross	-	Prospect
Ali McKibbin	-	Sellafield Ltd

Apologies:-

Ranald Stewart	-	Ponsonby Parish Council
Gary McKeating	-	West Lakes Renaissance
Tim Knowles	-	Cumbria County Council
Elaine Woodburn	-	Copeland Borough Council
David Moore	-	Chairman, WCSSG

Observers:-

Penny Hitchin	-	UK Monitor
Martin Forwood	-	CORE
Paul Milne	-	NDA
Alan Jackson	-	NDA

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

The Chairman started proceedings by welcoming members to the meeting and conveying the apologies of Vice Chairman Randal Stewart who was unable to attend. Apologies were also accepted from Elaine Woodburn, David Moore, Tim Knowles and Gary McKeating.

Introductions were carried out as there were a number of replacement members following Nuclear Management Partners (NMP) being awarded the Sellafield contract. Graham McKendry and Mike Johnson were welcomed to the committee.

Agenda item 2 – Actions from previous meetings

There were two actions from the previous meeting.

Action 1: To provide more details of the NDA assets and their use

- Sean Balmer, NDA Director of Commercial Projects, to respond in his presentation to the Sub Committee under agenda item 4.

Action 2: Secretary to invite the head of NMP to address the committee at the next meeting.

- Invite extended to NMP by WCSSG Commercial Sub secretary and Keith Case, Executive Director - Commercial & Contract Management, to address the Sub Committee under agenda item 3.

Agenda item 3 – Presentation on the Nuclear Management Partners (NMP)

Keith Case, Executive Director of Commercial and Contract Management, gave a presentation on NMP, their contract with the NDA, their priorities and plans for Sellafield Ltd, in particular arrangements with the 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:

- There was an explanation of the NMP consortium and that they can draw back on the expertise of 120,000 people in the three organisations worldwide.
- NMP personnel have been seconded into the Sellafield Executive and praise was given to the previous Executive team and their achievements.
- The NMP contract with the NDA is for up to 17 years depending upon performance.
- The fee model pays on performance and achievement of efficiencies. Risk to NMP is failure of performance, but mainly to the reputation of three companies.
- The existing Life Time Plan is going to be validated to make the plan fit for purpose by 24 May 2010. The funding has to match the plan in order that all the priority work can be carried out.
- There are high expectations of the supply chain, in terms of safety, performance and improvements aligned to values and goals.

- Competition law prohibits favouring local suppliers but there is a driver to encourage local suppliers to compete for and win Sellafield contracts. However more work has to be carried out in this area, including using selection criteria to assess suppliers' socio-economic commitment.
- There was some criticism of the move to large bundled contracts which prohibit small, local suppliers winning contracts. There was concern that the local supply chain has been damaged and that Sellafield Ltd has lost contact with tier 3 and tier 4 suppliers.
- Concern was also expressed on the changing priorities and loss of funding to projects which directly affects suppliers' businesses.

Action: 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.

Agenda item 4 – Presentation on Nuclear Decommissioning Authority (NDA) Sale of Assets

Sean Balmer, NDA Commercial Projects Director gave a presentation on the NDA's asset utilization, in particular the Land Phase 1 sale and the future sales of land around Sellafield and nuclear materials, a copy of the slides is available on the WCSSG website – www.wcssg.co.uk. Updates on key commercial projects were also provided in response to questions.

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

- The NDA has reviewed their assets with DECC and BERR to determine their best use. The NDA objective is to divest themselves of land that is not needed and that can raise revenue to fund decommissioning and minimise Government funding. Land sale will be optimised for value purposes.
- Land Phase 1 comprises the sale of packages of land around Wylfa, Bradwell and Oldbury. There are seven interested parties and indicative bids have to be submitted by 19 January.
- Interest in Land Phase 1 has been from nuclear utilities following the Government's announcement in January 2008 of its proposal to allow new nuclear build in the UK. Whilst the NDA is not involved in new build, it is liaising with Government to ensure decommissioning is not compromised whilst policy objectives are met.
- The utilities RWE and EDF have already purchased land around these sites however this is not envisaged to have a detrimental effect on sale prices as there are other utilities interested. Also, grid connections and cooling water availability needs to be secured.
- Land Phase 1.5 covers the Sellafield land disposal project and may also enable the disposition for NDA special materials. Westlakes Renaissance are working on the strategic siting assessment for new build at Sellafield.
- The NDA is liaising with Government over the timing for the Sellafield Land Disposal. Grid connectivity remains an issue at Sellafield.
- The NDA is looking into the future use of the Capenhurst site and nuclear materials stored on the site. Considerable monies could be saved by selling or using the uranics currently stored on site.
- The first draft of the findings from the plutonium consultation have been shared with Government. These findings should shape Government policy on

the disposition of nuclear materials. Plutonium is a zero value asset which could be used, stored or disposed of.

- The review into SMP is continuing. The NDA review will be taken at the March NDA Board Meeting.
- A funding proposal has gone to Government in order to secure funding for the Evaporator D project. It is hoped that funding is secured by March. They are unable to provide indicative timescales of project completion until new Sellafield management review the project.
- The NDA were praised for their attendance and commitment to the Commercial Sub Group.

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

Agenda item 5 – Presentation on Recycling Operations Directorate

Graham McKendry, Executive Director of Recycling 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 Directorate undertakes revenue generating activities for the NDA, supports AGR electricity generation by storing and reprocessing AGR fuel, as well as repatriating the products of reprocessing to overseas customers.
- Thorp throughput is limited by the availability of downstream evaporative capacity. Thorp is allocated a share of the current evaporative capacity, however the new Evaporator D will alleviate throughput constraints when it comes on line.
- The forecast for 2008/09 is to shear 220te of fuel in Thorp and 200te in 2009/10.
- The Dodewaard overseas campaign has been completed. Further overseas and AGR fuel campaigns are planned for 2008/09.
- There has been a successful engineering shutdown which has included the commissioning of a new Medium Active Salt Free Evaporator.
- Evaporator C has approval to process 300te of fuel from Thorp prior to a further inspection. It is difficult to forecast further throughput until the inspection is complete.
- There are no plans to reprocess Magnox fuel in Thorp.
- Pond storage space needs short term management in order to ensure capacity for AGR fuel, however there are no fuel storage problems.
- SMP throughput has been low and further investment may be required. There have been some positive signs of improvements and two MOX fuel assemblies have been built in 2007/08.
- SMP is being reviewed from a technical, commercial and strategic perspective. It was requested that the results from these reviews be published.
- The reviews of SMP are having a detrimental effect on workforce morale and there were calls to break this continual cycle of reviews.

- Areva has been involved in reviewing capacity and looking at improving plant throughput. There has been no commitment from Areva as part of NMP to invest in SMP to improve throughput.
- No decisions have been taken on the future of SMP. There are many complex issues associated with SMP's future.
- There is continued customer support for SMP.
- A License Instrument has been issued to extend the commissioning of SMP for another two campaigns of fuel.

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

Agenda item 6 – 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:

- The Directorate's key strategic role is to support the two hazard reduction activities of High Level Waste (HLW) treatment and storage, and the Magnox Operating Programme (MOP).
- The 2008/09 Magnox target is to reprocess 540te which will be tight due to the late start-up from the planned engineering outage. There is significant effort focused on asset care of the ageing Magnox facilities in order to achieve MOP8.
- As already mentioned there is a requirement to enhance the evaporator capacity.
- Work is being carried out in the Vitrification plant to improve plant performance. Following the shutdown, Line 1 is operational, Line 2 will be brought up in February and Line 3 is shutdown for modifications to shield doors. Planned container throughput of 228 is constrained by the Line 3 shutdown.
- High Level Waste Plants (HLWPs) has gone from having one of the poorest safety records to the best on the site.
- The Residue Export Facility (REF) is being commissioned in preparation for the return of solid HA waste to customers. All the infrastructure including wagons, flasks and the ship are in place. The date of the first shipment is being discussed with customers.
- There was some discussion on security measures in place for shipments and the restrictions on pre-briefing the local community for MOX, plutonium and future HA shipments. The Office for Civil Nuclear Security (OCNS) regulate what information can be pre-briefed.
- The LLW stakeholder consultation allowed the formation of a LLW strategy which will be reviewed by one of the PAIS teams brought in from parent organisations.
- One of the high hazard floc tanks has been successfully emptied and preparations are in hand for a further historic tank to be emptied.

- The Metals Recycling Facility has achieved 500te throughput this year alone which makes it a commercially viable project. The plant was set up to process legacy waste streams and has been very successful.

Action: 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:

Following discussions between Cumbrian councillors and Sellafield Ltd in 2007 on improving notifications in relation to nuclear transport, it was agreed that councils who are affected by any significant transport issues should be briefed informally in relation to the transportation. It was agreed that this briefing should be given through a point of contact at each council. It was also appreciated that some of the information has security implications and Sellafield Ltd must comply with strict Government security guidelines.

Sellafield Ltd representatives will be speaking to appropriate local authority representatives in the near future to establish that they are still the main point of contact to brief appropriate colleagues.

Agenda item 7 – 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. INS supports NDA's aim to optimize value from existing assets for the NDA.
- The new ship Pacific Heron arrived in June 2008 and has now been fitted with physical protection equipment for a MOX shipment later this year. Barrow community representatives were shown round the ship in September.
- Work on a further two new ships will commence this year and delivery of both vessels is planned for 2010/11. These ships will be used for MOX, HLW and ILW shipments.
- The Pacific Pintail has also been fitted with physical protection equipment in advance of the next MOX shipment.
- The European Shearwater which is owned by the NDA is going to be decommissioned and the contract for this work will go out to tender later this year.
- The Atlantic Osprey has recently completed a dry dock refurbishment. The vessel has an INF2 certification, which basically dictates the quantities of nuclear material the ship can carry.
- The Barrow Terminal Fire Towers are to be decommissioned following a full review and appropriate consultation with the Cumbria Fire Service who will provide fire protection under approved emergency plans.
- A total of approximately 840te of customers' uranium has now been exported and preparations are in hand for further shipments this year.

- Discussions are progressing with customers on the forthcoming Vitrified Residue Returns (VRR), the first of which is planned for 2009/10. The returns will take around 0 year. Detailed discussions have taken place with customers on product specifications, flasks and quantities to be shipped in order that preparations can be made.
- INS procurement is normally processed by Sellafield procurement services, therefore often work going out to contract is not highly visible as INS business.

Agenda item 8 – Potential agenda items for next meeting

An update on the following was requested:

SMP Reviews
Evaporator D
Land Phase 1.5 Sellafield land disposal project
Local Supply Chain

Agenda item 9 – Any other business

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

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