

NDA report to the West Cumbria Site Stakeholder Group - 2nd October 2008

NDA Sellafield Programme Team

On the 3rd September the NDA announced the appointment of Dr Ian Hudson as NDA Sellafield Programme Director and Paul Milne as Deputy Programme Director with immediate effect.

Ian will be supported by the NDA's Sellafield Programme Team and work is ongoing on the development and structure of that team in readiness for the arrival of the new Parent Body on the 24th November. The team will both reflect the importance and complexity of the Sellafield Site Licence Company within the NDA estate and the relationships required with the new Parent Body and key stakeholders.

Ian will also continue to lead the NDA's skills agenda which is of closely linked to the future of the Sellafield sites and the local economy.

Sellafield Ltd PBO Changeover Programme

The programme remains on track to meet the next significant milestone of the 6th October when the NDA and the Preferred Bidder sign a transition contract. This signals the end of the competitive process and the start of formal transition towards the transfer of shares from BNFL to NMP Ltd on the 24th November. The 24th November will also see the signing of a new Management & Operations contract between the NDA and the SLC, and a partnering agreement between the NDA and the new Parent Body.

In September a review of the progress the programme was undertaken by the Office of Government Commerce to confirm that that all the necessary statutory and procedural requirements had been properly planned and executed.

The OGC commended the approach commenting that the programme *“has been delivered in exemplary fashion...pioneering the way forward in competitive dialogue, bid evaluation... and securing the services of impressive individuals in the competition procurement team”*

Great credit goes to all those involved from the NDA and SLC, with the Review Team adding that they were *“impressed with the dedication and commitment of the project team who have come across as very competent in their field”* and that *“the NDA should be commended for having built such a powerful team to deliver and build on this competition.”*

Following the 11th July NMP Ltd embarked on a programme of key stakeholder engagement which included meeting representatives of the SSG. That will continue after the 6th October when NMP Ltd will have a greater opportunity to share details of its vision for Sellafield SLC, although full detail will not of course emerge until after share transfer and the formal signing of the M&O contract and partnering agreement. A major stakeholder event is being planned for the afternoon of the 24th November to which members of the West Cumbria SSG will be invited

NDA Sellafield Site Report

Departmental Strategic Objective (DSO) Targets

The Site is performing well towards reaching the DSO targets agreed with BERR. These cover:

- A reduction in liabilities at least in line with the NDA agreed business plan.
- Delivering value for money savings equivalent to 3% over the 3 year CSR period.
- Risk reduction for high hazards and securing passive storage of waste in accordance with the business plan

Six of the seven particular targets are on schedule or in advance. It is considered that it is too early in the year to predict with confidence the final financial outturn for a seventh target covering value for money savings.

Project Delivery Improvement Programme

The successful delivery of projects is fundamental to the efficient decommissioning of the Sellafield site. The NDA have been involved in this key programme from the outset by providing the learning from their major project review process and by Paul Milne taking a place on the board. We recognise the efforts that the programme team, led by Ian Marr and sponsored by Peter Lutwyche, have expended in driving these improvements forward in a relatively short period of time.

The projects currently in stream address what we jointly consider as key areas in the improved delivery of our key projects. We continue to support this programme and believe that NMPL will inherit something valuable which can be taken forward in its current form or enhanced by their particular skills and experience.

Major Projects Progress

Good progress is being made with respect to the commissioning of the Residues Export Facility and bringing it into active operation. This is key to the return of HA Waste containers to overseas customers.

The Evaporator D Project continues to progress towards FEL Gate 3, anticipated to be achieved in October. NDA has already commissioned an independent review of the project which was carried out by VT Group and a further series of reviews are planned associated with the FEL Gate 3 submission which would underpin any ongoing submission to BERR.

Progress continues to be made on Encapsulated Product Store 3 (EPS3). The base slab was completed in two pours, a total of 1700m³ of concrete. 5 first lift wall pours have been completed as well as steel fixing commencing for the 2nd lift walls in the north west corner of the building.

A major project review is underway on the B243 Solid Waste Storage Cell project following recent surveys which indicated that the radiological inventory was lower than previously estimated. Discussions are ongoing with the main contractor Studsvik with respect to a possible reduction in scope.

Finally, following the removal of the hold on NII permissioning in relation to the Legacy Ponds and Silos projects, progress has been made on deployment of the Gantry Refurbishment System which represents a key enabler to returning the skip handler to service, and pursuing the key NDA objective of risk and ultimately hazard reduction.

Windscale Transition

Following the successful transition of Windscale into the Sellafield SLC on the 1st April it is pleasing to see continuing high levels of safety and programme performance. The majority of the UKAEA site team transferred into the SLC although a small number transferred into the commercial arm of UKAEA. There is also good evidence of a greater interaction between the sites including a combined approach to developing an integrated waste strategy, and a sharing of workforce expertise.

Operational Progress

Highly Active Liquor Stocks volume have dropped below 1000m³ the first time in over 20 years stocks have been at this level, a significant hazard reduction on the Sellafield site.

On the 1st July a licence instrument was received from the Regulators allowing restart of Evaporator B. Significant engineering work has been successfully completed to an accelerated schedule providing the site with 3 operational evaporators for the first time in almost 4 years. This work safeguards the SLC's ability to process Highly Active Raffinate, allowing forward transfer to the Vitrification plant to process the waste into a form suitable for safe long term storage. This in turn supports the key NDA objective of hazard and risk reduction.

Over the reporting period, NDA welcomed the resumption of reprocessing operations within the Thorp Plant following completion of the corrective action programme.. Commissioning work has been ongoing of the Medium Active Salt Free Evaporator and the plant is presently undertaking an outage to bring Centrifuge A back on line.

Good progress has been made with respect to Magnox reprocessing over the reporting period and at the end of period 5, 326 Tonnes had been processed compared to an original target of 294.

NDA recognizes also the good progress made in the removal of floc from the B241 storage tanks for processing in EARP over the period. While the plant is currently in a planned outage the confidence of achieving the yearend target of XXX m³ remains high

NDA Update

Annual Site Funding Limit & Business Plan consultation

The draft NDA Business Plan for 2009/10 will be published for consultation in early November. It will include details of proposed key activities on sites and indicative figures for the 2009/10 site funding limits. Those funding limits will of course reflect the three year Government Comprehensive Spending Review (CSR) settlement for 2008/11 (year 2). Site funding allocations will be subject to review during the early stage of the consultation period and any changes will be communicated as soon as the figures are confirmed.

NDA Strategy Review

The NDA is continuing to develop an enhanced Strategy Management System (SMS) to provide a robust framework within which a review of the NDA Strategy can take place from next year. The SMS will provide information via the NDA website giving NDA's current strategic position on individual Topics, and how they link together. Our target is to have the new web based system operational in time for the National Stakeholder Group meeting on the 5th and 6th of November.

Eventually the SMS will be used to inform our contractors of the strategic approach that we expect them to take in developing plans for decommissioning our sites.

To date 27 Topics have been identified individual along with Topic Owners who are accountable for defining and reviewing each Topic area. Until such time as the NDA Strategy is formally reviewed and approved by Ministers following public consultation, the existing NDA Strategy publication defines our strategic position on all topics.

Land Sale

On the 10 September the NDA announced an initial tranche of land sales, following meetings with all the organisations which expressed an interest in its assets.

The NDA launched a market engagement exercise in March to determine the level of interest in certain assets which include land adjacent to its sites, uranic materials, and the Springfields fuel assembly plant.

In recognition of the current market environment and the potential to gain optimal value, some land adjacent to three sites will be offered for sale via a competitive process. This land, which is not designated under the Energy Act, is located next to the NDA sites at:

- Wylfa in Anglesey
- Oldbury in Gloucestershire and
- Bradwell in Essex.

NDA-owned land near the Sellafield site will be subject to a separate statement. The complex nature of the site requires that careful consideration is given to the precise areas of land that could be placed on the market and their potential uses. This work will be taken forward in dialogue with appropriate stakeholders and take account of the West Cumbria masterplan and Energy Coast vision.

Work continues for the other assets identified in the earlier market engagement exercise and further announcements will be made in due course. The NDA, as part of its mission, aims to maximise the return on its commercial assets where appropriate. Any such monies raised through asset sales will be retained by the NDA to support its mission.

Annual Report & Accounts 2007/2008

The NDA's Annual report published on the 17 July reported significant progress against Government targets in respect of introducing competition, generating efficiencies and establishing a baseline estimate for the decommissioning nuclear liabilities:

- The contract for the parent body of Low Level Waste Repository Limited being awarded on 31 March 2008 and the good progress in the competition for the parent body for Sellafield Limited.
- Average annual net efficiency savings exceeded the 2% annual target set for the CSR 2004 period (from 2005/06 to 2007/08). In 2007/08, £2,291 million of work performed for a cost of £2,181 million, giving efficiencies of £110 million during the year.
- After three years of work an underpinned baseline for the cost of the decommissioning and clean-up programme. The discounted nuclear liability is now estimated at £40.7 billion, with a further £3.4 billion for the construction and lifetime costs of a deep geological disposal facility. The discounted total of £44.1 billion increasing from £37 billion last year. The undiscounted costs for the 130-year programme of decommissioning and clean-up are £63.5 billion, with the NDA's share of the undiscounted cost for construction and operation of the geological disposal facility £10.1 billion.