

## Annex F: Response form for the consultation document on a Fixed Unit Price methodology and updated cost estimates

You may respond to this consultation by email or by post.

Please note that if you accessing this document electronically you will only be able to enter text in the response fields.

Respondent Details	
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Please return by 18 <sup>th</sup> June 2010 to:
<p>Fixed Unit Price methodology and updated cost estimates consultation Office for Nuclear Development Department of Energy and Climate Change Area 3D 3 Whitehall Place London SW1A 2AW</p> <p>You can also submit this form by email: <a href="mailto:decomguidance@decc.gsi.gov.uk">decomguidance@decc.gsi.gov.uk</a></p>

Tick this box if you are requesting non-disclosure of your response.

No.	Question
<b>Chapter 3: The methodology to determine a Fixed Unit Price</b>	
<b>1</b>	Do you agree or disagree that prospective operators of new nuclear power stations should be given the option to defer the setting of their Fixed Unit Price? If so, do you agree that this deferral should be limited to 10 years after the nuclear power station has commenced operation? Do you have any comments on the way the Government proposes to determine an expected Fixed Unit Price as the basis for an operator's interim provision in the event that they choose to defer the setting of their Fixed Unit Price?
<b>Response</b>	<p>We profoundly disagree with the proposed methodology to determine either an eFUP or FUP.</p> <p>A FUP represents an effective cap on liabilities, leaving the taxpayer open to any further financial liabilities. The eFUP is meant to allow for greater certainty on disposal - if such certainty can be gained within the proposed ten years after reactor operations commence. Since earlier efforts to accurately estimate costs for waste and spent fuel management and disposal have manifestly failed, it is untenable to assume that current methodology is correct for setting a FUP some years hence (and that other costs estimates and methods for arriving at them will also be correct).</p> <p>Government should re-examine waste funding arrangements. Operators should 'upfront' money necessary to deal with the wastes and spent fuel as and when they are created. Operators must put waste funding before paying out dividends to investors.</p> <p>Given very great uncertainties in economic futures, methodological attempts to fund future waste management through discounting seems deeply irresponsible</p>
<b>2</b>	Do you agree or disagree with the proposal that the Schedule for the Government to take title to and liability for an operator's waste should be set in relation to the predicted end of the decommissioning of the nuclear power station? Do you have any comments on the way the Government proposes to recoup the additional costs it will incur in this case?
<b>Response</b>	<p>We disagree. Operators must remain financially and legally liable for their waste and spent fuel throughout storage and disposal (if disposal occurs). This will ensure that industry covers the inevitable additional costs.</p> <p>If Government were to take title and liability to the wastes and spent fuel at the end of reactor decommissioning there is a risk that taxpayers will have to subsidise further care and maintenance of the wastes and stores.</p> <p>Operators must fund all costs for waste and spent fuel management which fall outside of FUP funding. There is a risk that shared facilities for legacy and new build (e.g. for spent fuel encapsulation) could also lead to taxpayer subsidies - particularly if the monies for these are paid when title and liability is transferred.</p>

No.	Question
3	Do you agree or disagree that the proposed methodology to determine a Fixed Unit Price strikes the right balance in protecting the taxpayer, by taking a prudent and conservative approach to cost estimation, while facilitating new nuclear build by providing certainty to operators? What are your reasons?
Response	<p>It is not possible to determine whether the proposed methodology to determine a FUP is correct. The consultation does not contain sufficient relevant detailed information to determine whether OND DECC's calculations are correct. Too many uncertainties remain.</p> <p>As discussed, the notion that the taxpayer should provide certainty to operators by accepting risks that current cost estimates will be secure in 2130 seems unacceptably reckless.</p>
4	Do you agree or disagree with the proposed approach to determining an operator's contribution to the fixed costs of constructing a Geological Disposal Facility? What are your reasons?
Response	<p>The consultation makes it clear there are many uncertainties associated with the proposed GDF. Sets of assumption made in The consultation makes too many assumptions about the GDF for any decisions now to be at all realistic or guaranteed.</p> <p>Even if all such matters were resolved - and they may not be for many years - the idea of new build operators paying a relatively lower proportion of the costs, when their wastes could clearly contribute to a significant increase in the GDF costs, is not acceptable.</p> <p>The proposal that new build operators pay only for marginal, incremental costs additional to the whole GDF programme is not equitable. They should be made to pay the full amount, properly costed e.g. proper allocation for the all resources needed for construction, operation and any ongoing care and monitoring.</p>
5	Do you agree or disagree with the proposal that the units to be used for the Fixed Unit Price are pence per kWh for spent fuel and cubic metres of packaged volume for intermediate level waste? What are your reasons?
Response	The consultation does not make it clear how operators will make up any shortfall in waste funds, and within what time frame, if there is any decrease in electricity prices.
<p><b>Chapter 5: Updated estimates of the costs for decommissioning, waste management and waste disposal</b></p>	

No.	Question
6	Do the updated cost estimates represent a credible range of estimates of the likely costs for decommissioning, waste management and waste disposal for a new nuclear power station?
Response	It is clear that there are significant and transtive unknowns associated with Government, industry, public or Parliament fixing a unit price for future waste costs.

Please select the category below which best describes who you are responding on behalf of.

- Business representative organisation/trade body
- Central Government
- Charity or social enterprise
- Individual
- Large business ( over 250 staff)
- Legal representative
- Local Government
- Medium business (50 to 250 staff)
- Small business (10 to 49 staff)
- Micro business (up to 9 staff)
- Trade union or staff association
- Other (please describe):

Thank you for taking the time to let us have your views. The Government does not intend to acknowledge receipt of individual responses unless you tick the box.

Department of Energy and Climate Change  
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