

Briefing for SSG meetings February 2011



Summary

- Consultation has now closed on the NDA's draft Business Plan 2011–2014.
- Work has started on construction of a new £20 million nuclear research facility in Cumbria.
- Magnox North and Magnox South have completed their reintegration into Magnox Ltd.
- Berkeley site has sealed up its reactor buildings, marking a major milestone for the UK.
- The NDA Annual Report & Accounts were published in November.
- NDA-supported socio-economic projects for Wales were showcased at an event in Gwynedd.
- Two consortia were formally invited to participate in dialogue as the competition to appoint a new Parent Body Organisation for the Dounreay site moves forward.
- The restructure of the NDA is now complete following a comprehensive organisational review.
- NDA has welcomed the publication of an initial geological report for West Cumbria, which concludes that a number of areas in Copeland and Allerdale are unsuitable for a deep geological disposal facility (GDF) for nuclear waste.
- The NDA and URENCO Ltd have signed a set of non-binding commercial principles to support a potential transfer of the NDA-owned Capenhurst site to URENCO.
- Wylfa Power Station on Anglesey, owned by the NDA, is to continue generating electricity beyond December 2010 for up to two additional years.
- The NDA has appointed Mark Lesinski as Executive Director, Delivery, and David Batters as Chief Financial Officer.

Diary dates

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| • Plutonium options paper published by DECC | Shortly |
| • Publication of Disposal Safety Case System for GDF | Late February 2011 |
| • UK Radioactive Waste Inventory update | Early March 2011 |
| • Formal adoption of Business Plan 2011-2014 | Late March |
| • Formal adoption of Strategy II | Late March 2011 |

Briefing for SSG meetings February 2011



Consultation closes on Draft Business Plan

The eight-week consultation period on the NDA's draft Business Plan 2011–2014 is now closed. The document sets out the NDA's key objectives and the progress it expects to be made across its 19 sites over the next three years, in line with its recent funding settlement. Subject to approval by both the UK and Scottish Governments, the final version of the Business Plan will be published by the end of March 2011. Meanwhile, the final Strategy II will also be published at the end of March.

Work starts on research facility

Construction work has started on the foundations for a new £20 million nuclear research centre in West Cumbria. The Dalton Cumbrian Facility (DCF) is being constructed on the Westlakes Science and Technology Park, near Whitehaven, and is scheduled to open in September 2011. DCF will be a new research base for The University of Manchester's Dalton Nuclear Institute and is the result of joint investment by the University and the Nuclear Decommissioning Authority (NDA). DCF is designed to expand the nuclear research and education capability of the UK's university sector and has the overall aim of delivering world-class nuclear research and transferring knowledge to industry.

Magnox reintegration

Magnox North and Magnox South have completed their reintegration into a single legal entity, named Magnox Ltd. The application to reintegrate was reviewed by the Nuclear Installations Inspectorate at the end of last year and their Chief Inspector granted the regulatory permission for the necessary relicensing at the beginning of this year. In the short term, the Magnox South and Magnox North groups will become separate business groups of Magnox Ltd. In the longer term, they will transition to three groups that better fit with their plans to take forward operations and decommissioning.

Reactor closure marks a first for UK

Berkeley site became the first commercial power station in the UK to seal up its reactors in a major decommissioning milestone. The two buildings were placed in a passive state, known as Safestore, and will be monitored and maintained until the site, near Bristol, is completely cleared in about 65 years' time. Berkeley Power Station, the first built in the UK to produce electricity commercially, came into service in 1962 and closed in 1989. The total power supplied over the operating life of the plant was 40 terawatt hours (Twh).

Annual Report & Accounts

The Annual Report, laid before Parliament in November, details strong performance against budget with revenue generation of £1.0 billion, exceeding target by £0.1 billion. Alongside the efforts to drive up revenues, there is a continued commitment to reducing costs and driving further efficiency in

Briefing for SSG meetings February 2011



delivery of the NDA programme. This resulted in £0.2 billion savings in the year, enabling £2.7 billion of work to be delivered from the NDA's £2.5 billion budget.

Energy Minister, Charles Hendry said: "The NDA should be congratulated for seeking ways to improve the affordability of its programme whilst maintaining a focus on safety and tackling the highest hazards. It is also showing strong leadership by reducing its own costs, and in doing so setting a good example to its sites."

Welsh projects under the spotlight

Welsh Assembly politicians and local authority representatives gathered at Trawsfynydd site to highlight a series of NDA-supported projects aimed at providing an economic stimulus to the North Wales region. The projects contribute to the newly launched Meirionnydd Employment Plan which aims to address the challenges facing following the decline of some key industries, including the ongoing decommissioning of Trawsfynydd nuclear site.

Since 2005, NDA has invested more than £4 million in a wide range of North Wales socio-economic projects, of which around £2.5 million will benefit the Meirionnydd area specifically. The contributions have helped to leverage additional funding in the region of £12-14 million from various sources.

Dounreay competition moves ahead

The NDA issued its Invitation to Participate in Dialogue to the two consortia who successfully prequalified in the competition to appoint a Parent Body Organisation for the Dounreay Site Restoration Ltd (DSRL) Site Licence Company (SLC).

The consortia are:

- Babcock Dounreay Partnership: comprising Babcock Nuclear Services Ltd, CH2M Hill International Nuclear Services Ltd and URS International Holdings (UK) Ltd.
- Caithness Solutions: comprising Energy Solutions EU Ltd and Amec Nuclear Holdings Ltd.

Formal Dialogue is currently taking place over an anticipated 12 weeks, following a period of formal site information-gathering when the participants were given access to the Dounreay site and SLC personnel, reviewing information and visiting the site's key facilities and areas of work. This will assist them in the preparation of their final tender submission.

Organisational changes

Briefing for SSG meetings February 2011



The NDA completed its restructure following a comprehensive organisational review that started in January 2010. The changes include a 30% reduction in the number of NDA staff from 300 to 210, ambitious targets for generating commercial income from NDA assets, deferral of some non-critical site activity into future years and tough efficiency targets for Site Licence Companies.

West Cumbria geological report

NDA welcomed the publication of an initial geological report for West Cumbria, which concludes that a number of areas in Copeland and Allerdale are unsuitable for a deep geological disposal facility (GDF) for nuclear waste. The screening does not show where a facility would eventually be located, but, based on high-level geological exclusion criteria, is simply intended to avoid unnecessary work. Cumbrian Managing Radioactive Waste Safely (MRWS) partnership is talking to Government about the siting process for a GDF and has published the report on its website.

Capenhurst transfer in pipeline

The NDA and URENCO Ltd signed a set of non-binding commercial principles to support a potential transfer of the NDA-owned Capenhurst site to URENCO. Formal discussions will now commence with an aim of achieving final agreement by mid-2011. The proposal would transfer the land and operations to URENCO under a long lease and services contract. This is anticipated to reduce NDA's net liabilities for managing and clearing the site, provide continued employment opportunities for the site workforce and pave the way for investment by URENCO, which occupies neighbouring facilities.

Wylfa powers on

Wylfa Power Station on Anglesey, owned by the NDA, is to continue generating electricity beyond December 2010 for up to two additional years. Site operator Magnox North has been undertaking work to support the period of extended generation over the last year, including an evaluation of the Periodic Safety Review – required every 10 years by the Health and Safety Executive's Nuclear Directorate to validate the safe and compliant operation of the site. The Environment Agency, which regulates other aspects of the site's work, had also been involved in this programme of work. Extended generation will be subject to the site continuing to meet rigorous operational and safety standards.

Executive Directors appointed

The NDA has appointed two new Executive Directors. Mark Lesinski is Executive Director, Delivery. Mark has over 30 years experience in the nuclear industry, holding senior roles in both the US and UK. He joins from Magnox South Ltd where he has been Managing Director since early 2008. David Batters has been appointed Chief Financial Officer. David, a Chartered Management Accountant, joins

Briefing for SSG meetings February 2011



the NDA from BAE Systems where he has held a variety of roles over a 22-year period in the UK and overseas. His most recent role was Director of Group Mergers & Acquisitions.