

The Dounreay ASFL Update

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10th December 2014



V1.0

History

- In October 2013 DSRL first reported there was an ASFL challenge.
- That resulted in DSRL and NDA having to do a lot of optioneering, re-prioritisation etc.
- We've still got 3 months of work before this becomes the new baseline
- In response to questions in the DSG and sub-groups we said "Wait until the December 2014 DSG meeting and we'll present on what happened and what the outcome is."
- That is what this presentation is about :-
 - Nigel = What is the background and what were the options
 - Mark = What is the new site baseline

Some background

- **Commercial :-**
 - Some £ numbers not finalised
 - Some £ numbers commercially confidential
 - Not needed to understand what happened
- **Where appropriate, I'll pose questions you have posed to me**
- **(and hopefully answer them.)**
- **This is a complicated matter where sometimes we are comparing apples and pears.**

The Story So Far ? “At award of contract”

- **At the award of contract :-**
 - nuclear waste from the Dounreay site would be disposed of in line with Scottish Government Policy (i.e. near site near surface)
 - exotics nuclear fuels would be stored at the Dounreay site in appropriate facilities and with category 1 security until at least 2075 when that policy would then be reviewed
 - the site would achieve Interim End State (IES) between 2023 and 2025 this being a significant improvement on the previously declared IES date of 2038
 - the new IES date range of 2023/2025 would be delivered for a cost of £ 1.6 billion (in FY12/13 money values)
 - the saving to the UK tax payer > £ 1billion

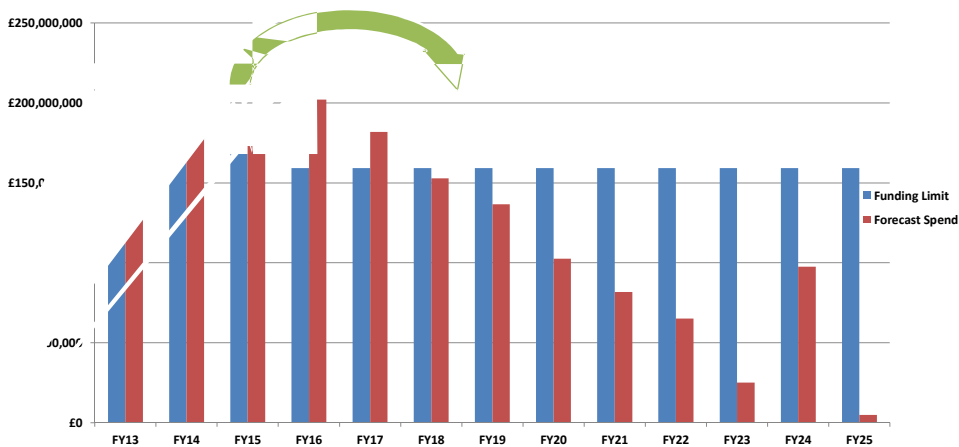
• **SOURCE NDA PUBLIC DOMAIN WEB SITE 3/12/14.**

The Story So Far ? “In the first two years of the contract”

- Decision made to **add scope** to the contract :-
 - Contract cancellation processes normal to a target cost contract of this size and complexity in the early part of its life
 - Security requirements to the Dounreay site
 - The decision by the NDA to consolidate all nuclear fuels to Sellafield
 - n.b
 - The “Exotics” programme was never justified based on cost.
 - The “Exotics” is the name for a family of materials.



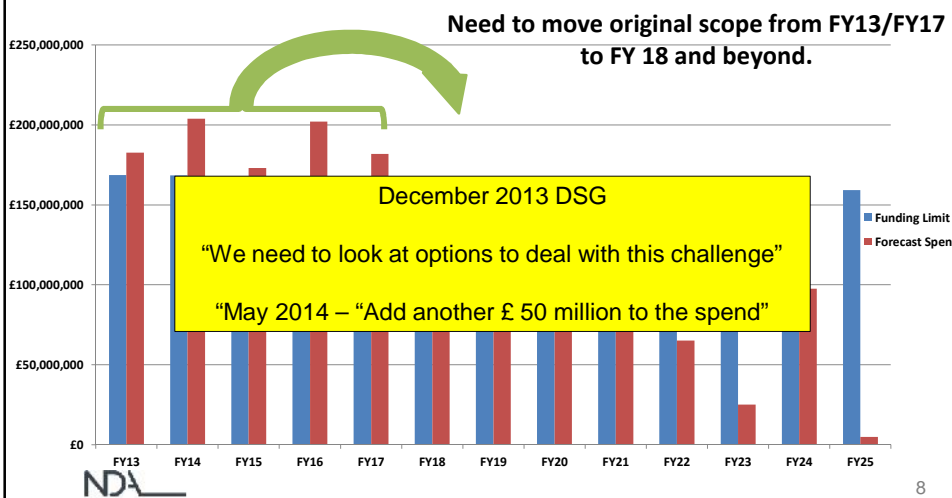
The Impact If We Are To Remain Within The Funding Limit



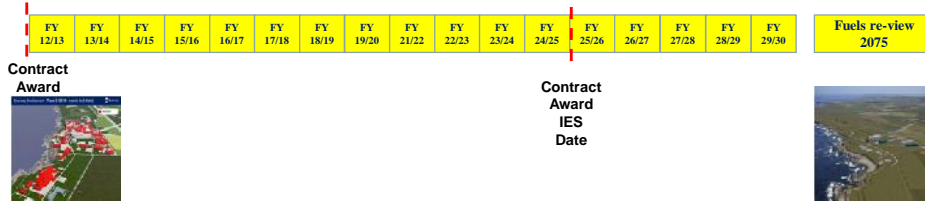
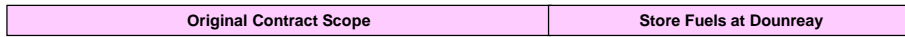
Question – Why did you not include the additional scope in the Contract ?

- **“Known Unknowns”**
 - We were out on public consultation concerning the Exotics.
 - Security requirements / standards were still evolving

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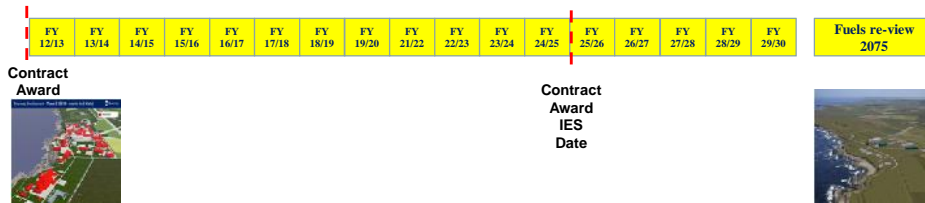
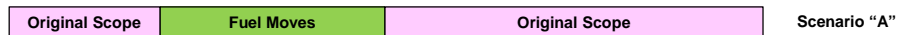


What were our options ?



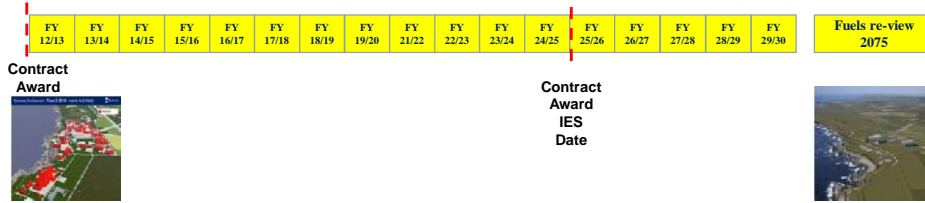
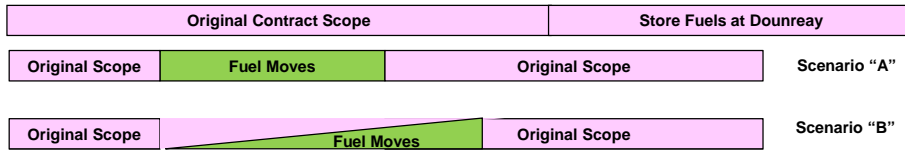
Dates not accurate & for illustration only : n.b absence of FY20/21 is a typo on this and subsequent slides

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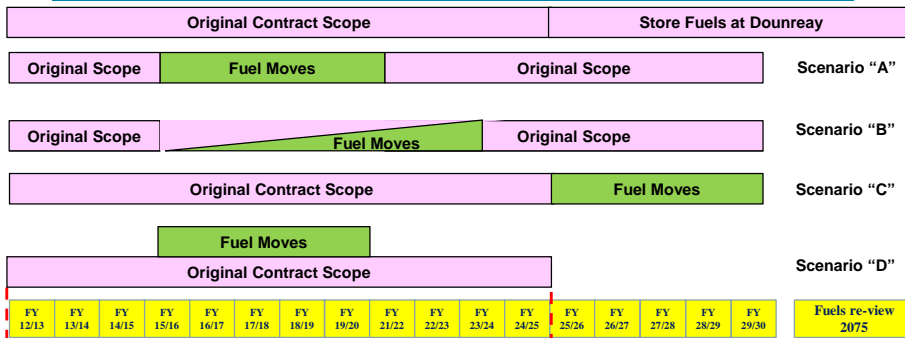


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What were our options ?



What were our options ?



Contract Award

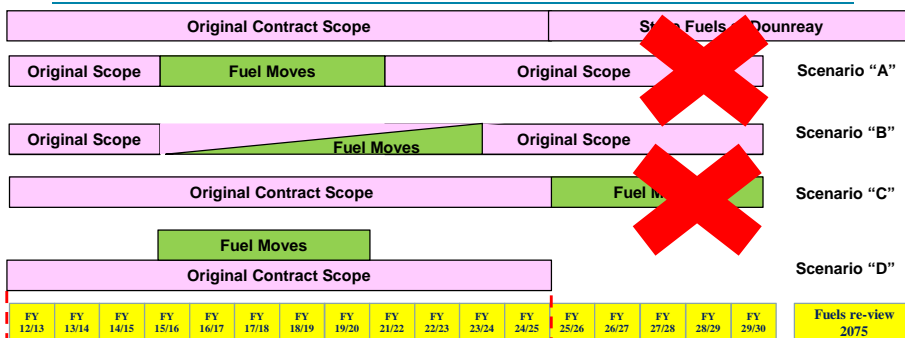


Contract Award IES Date



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What were our options ?



Contract Award

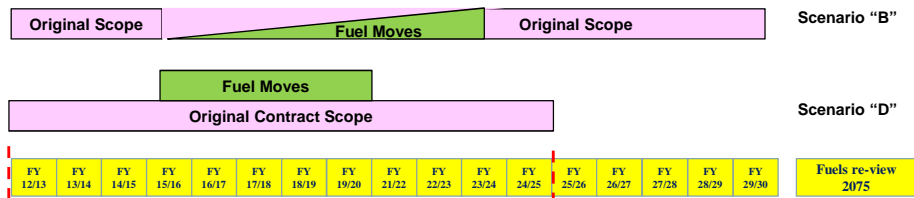


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What were our options ?



Affordability
Argument

Scenario "B"

Value for Money
Argument

Scenario "D"



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Question – Why does the same work cost more if you move it to the right ?

- **Inflation**
- **Life extensions i.e. additional work needing to be undertaken to deliver the same scope e.g.:-**
 - **A safety case rewrite because the previous safety case will now expire**
 - **The need to replace systems whose design life will now expire within the decommissioning date when previously they were beyond it e.g. HVAC systems; control systems etc.**
 - **Additional maintenance and inspection costs**



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NDA



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The Decision

- The decision is to proceed with scenario B
 - Scenario B is in line with the Assured Funding Profile for Dounreay. There are no assurances the additional money required for scenario D would be available in the next spending round.
 - Scenario B is deliverable within the current management structure of Dounreay. Scenario D would require a significant increase in the management capacity of Dounreay.
 - At a time when focus is needed on dealing with the Improvement Notice scenario D would introduce additional complexity :-
 - In some years DSRL would be spending nearly twice the annual amount it is currently spending.
 - It would take 18 to 24 months to ramp up for the scenario D profile

Question – Has this let DSRL re-price the original scope ?

- No !
- The original scope is ring-fenced
- When change controls come to the NDA for approval they are checked to see that re-pricing has not occurred.
- The scrutiny undertaken by independent assessors of the NDA review process found it “fit for purpose.”

Question – Why do you not use the savings from the Magnox competition to fund Dounreay ?

- **The savings from the Magnox competition are only available to the NDA in the current spending round which finishes March 2016.**
- **We have put in £ 50 million from that sending round.**
- **In the next spending round, the savings from the Magnox competition are removed from the NDA budget which is reset accordingly.**

Some take away facts ?

At no time was the funding at Dounreay cut – indeed it has in some years been increased.

The original contract scope has not been re-priced.

This has been driven by additional work being added to the contract.

The site will remain open for longer.

The business case benefits to the tax-payer remain excellent.