

NDA Briefing Note for Berkeley SSG Meeting, 3 June 2010

Executive team changes

NDA Chief Executive Tony Fountain has made some changes to his executive team. John Clarke will take up the new role of Executive Director – Business Planning, and Richard Waite will take up the new role of Executive Director – Delivery. These changes reflect the organisation's greater focus on performance and delivery. Reporting to John Clarke will be Adrian Simper, Strategy Director and Sean Balmer, Commercial Director. Jon Phillips, Communications Director, and Jim McLaughlin, HR Director continue to report to the CEO. Andrew Oldham is interim Chief Finance Officer pending a permanent appointment.

Sellafield Funding

The NDA has allocated £1.5 billion to Sellafield Ltd out of its overall budget of £2.8 billion for 2010/11. This is a significant investment which is slightly higher than expenditure in 2009/2010 and recognises the NDA's priority of focussing its resources on tackling the highest hazards. As stated in its Business Plan, published in March 2010, NDA requires all of its sites to deliver efficiencies so it can maximise resources to progress the clean up and decommissioning mission. This is particularly important at a time of significant pressure on public expenditure.

It is for each Site Licence Company to establish the work programme that meets their priorities within their funding allocation and to consult appropriately where this results in impacts on their workforce.

Sellafield Ltd have informed the NDA that they have entered into formal consultations with workforce representatives on their plans to defer some lower priority work in order to focus on high hazard reduction and on their plans to generate greater efficiency across the site. We support them in meeting these objectives.

In the meantime, the NDA continues to make a significant investment in creating an infrastructure in West Cumbria where existing and future employees can gain skills and work experience to take advantage not only of the future prospects at Sellafield for many years to come but also other projects that have and will come forward through Britain's Energy Coast for which NDA is a key supporter.

Best year for electricity generation

Annual electricity generation figures have revealed a record-breaking total at Wylfa, Oldbury (the world's oldest operating nuclear power station) and Maentwrog hydroelectric station which have generated 8.196 TWh of electricity since April 1 2009 - worth well over £300 million to the UK taxpayer. The figure is more than 3 TWh above the plants' target and marks the best ever performance in electricity generation for Magnox North which operates the sites.

£2.8 billion expenditure plans

The NDA has published its Business Plan which confirms expenditure of £2.8 billion for 2010/11 across the NDA's estate of 19 sites. Funds will continue to be prioritised towards reducing risks at the most hazardous sites, with £1.5 billion of expenditure planned at Sellafield for the coming year. The NDA also operates a number of commercial nuclear activities including electricity generation and reprocessing for domestic and foreign customers which are expected to generate income of £1.15 billion to help fund decommissioning. Meanwhile, targets have been set for the Site Licence Companies to deliver a £30 million reduction in overhead and support costs in the coming 12 months, while the NDA itself is aiming for a 20% reduction in running costs.

Stakeholders gather in Manchester

Around 150 delegates gathered in Manchester at the end of March for the 10th National Stakeholder Group meeting. Delegates at the two-day event represented a range of interests including site stakeholder groups, regulators, UK Government, devolved administrations, Ministry of Defence, British Energy, National Nuclear Laboratory, trade unions and industry associations. Discussions focused on a range of topics, including consultations for the forthcoming Strategy II. A detailed report covering all the responses will be prepared and published once all the feedback forms have been collated.

Springfields transfer to Westinghouse

The NDA and Westinghouse Electric Company have confirmed innovative new commercial arrangements involving the long-term lease of the Springfields nuclear fuel manufacturing site, near Preston, Lancashire. The new arrangements include the permanent ownership transfer of Springfields Fuels Limited (SFL), which employs around 1,350 people, to Westinghouse, the current site operator. The arrangements pave the way for investment by Westinghouse that will maintain high-quality jobs at Springfields and provide security for current and new employees. John Clarke, NDA's Commercial Director, said: "This agreement represents an excellent outcome for the UK taxpayer and along with recent land sales is another example of the NDA optimising value from our assets."

Asbestos removed

The latest decommissioning milestone for the former Calder Hall power station, near Sellafield, has been achieved with the removal of 2,300 tonnes of asbestos cladding. The five-year project to strip asbestos cladding from the heat exchangers, turbine halls and associated plant was the culmination of one million hours of work. Alongside a similar project at Chapelcross, the asbestos strip is believed to be the largest in Europe. Estimated to cost £27.58 million, the project's actual end cost was £26.25 million, a saving of some £1.33 million.

Hazard reduction

The last of more than 10,000 drums of Magnox Depleted Uranium (MDU) have now left Chapelcross, signifying the reduction of a major hazard. 5,000 tonnes of the material, a product of reprocessing used Magnox nuclear fuel at Sellafield, were placed in interim storage at Chapelcross during the 1970s and 1980s. The standard "oil" drums full of MDU were gradually transferred into modern stainless steel 'overpacks', reducing many of the hazards associated with the material, and transported to Capenhurst, the UK's primary uranics management facility. In the long term, the MDU has the potential to be re-used in the nuclear fuel cycle. The major project, completed ahead of schedule, has cost £6.5 million since 2005.

Dounreay competition events

The two-part industry event for Dounreay has concluded, with the second part taking place in Glasgow in March. This follows the publication of the Contract Notice in the Official Journal of the European Union (OJEU) on 5 March 2010, which marked the start of the prequalification period. The Glasgow event attracted 11 potential bidding companies in addition to local stakeholders, Scottish Government representatives, regulators and the local MP. The next stage will be the prequalification phase when the NDA will evaluate potential participants against a series of pre-defined criteria to establish a shortlist of organisations or consortia. Those shortlisted will then be invited to participate in the subsequent stages of the competition.

Oxide fuel strategy

The NDA has published a discussion paper on the development of a strategy for managing spent oxide fuels. We are currently responsible for managing the following types of oxide fuel:

- Advanced Gas Cooled Reactor (AGR) fuel from the 14 British Energy (BE) UK reactors.
- Light Water Reactor (LWR) fuel through existing contracts with overseas customers.
- Fuels inherited from UKAEA, primarily from prototype reactors.

To date, spent fuel has been stored and then reprocessed at Sellafield. The current intention is to continue reprocessing fuel still to arise from the BE fleet but with some fuel stored for the longer term, pending a decision to reprocess or treat it as waste and dispose of it to a deep Geological Disposal Facility (GDF). A programme of stakeholder engagement began at the NDA's National Stakeholder Group meeting in March, which will lead to the publication of an options paper later this year.