

# Low Level Waste 2009 NDA Keynote Address

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# Outline

- **Background – the journey so far**
- **Context of Issues and challenges**
- **Progress to date**
- **Way forward/next steps**

# The Situation Back in 2005

- **National Policy/Strategy for Management of LLW**
- **20 Diverse Consignors all working in silos**
- **Low confidence at prospect for securing planning permission to expand LLWR (Vault 9)**
- **Forecast LLW far exceeds potential capacity**
- **Environmental Safety Case in disarray – 2013 end of authorisation**
- **LLW liability at £6.2B – soft and rising**
- **No one working a national programme for LLW**

# **Reminder of the Scope of the New M&O Contract effective from 01 April 2008**

**NDA is responsible for providing final disposal for NDA LLW. LLWR M&O Scope comprises two Elements - namely:**

- **Element 1: LLWR Management and Operations**
  - **Operation and optimisation of LLWR**
  - **Progression of key projects to sustain storage capacity – typically Modular Vaults and PCSC**
  - **Demolition of redundant PCM facilities**
  - **End State Definition and Site Closure**

# Reminder of Contract Type, Duration and Value

- **Award of Contract to SLC for both Elements 1 and 2**
  - **Element 1 – full scope from award of contract**
  - **Element 2 – assistance with LLW Strategy development and options studies followed by possible implementation conditional upon direction/authorisation by Ministers, BERR, Defra, Regulators and NDA**
- **Flexible Contract Duration**
  - **(5+5+5+2) = max 17 years or any combination**
  - **Mutually beneficial long term relationship based on robust contract performance**
  - **Flexible contract protects against poor performance**
- **Contract Value**
  - **OJEU quotes between £200m - £500m but potentially more depending on Element 2 solutions**

# Contract Main Changes

- **Fee Decoupled from ASFL**
  - **Need to encourage less waste to go LLWR via application of Waste Hierarchy**
- **£127m savings, (on LTP06 figs) captured in LTP08 balanced against funding availability**
- **Fee Mechanism Comprising 3 Elements**
  - **PBI's**
  - **Non Cashable Fee**
  - **Un-Capped Cashable Fee**
- **5 Year Baseline Reporting Regime**
  - **in addition to reduced Execution Year reporting**
- **Alternative Remuneration Tasks (ARTs)**
  - **Encourages SLC to take on more risk to earn more fee**

# **Extensive Assurance Review Programme Completed in FY08/09 (1)**

- **Independent Cost Evaluation, (ICE), Review**
- **NDA Independent Cost Evaluation, (NICE), Review**
- **National Audit Office, (NAO) Review of the competition process**
- **A comprehensive Site Facing Team, (SFT), internal review of LTP08 Rev B**
- **Major Project Reviews for Vault 9 and the Environmental Safety Case**
- **Maturity Review**
- **Independent Contract Effectiveness Review – undertaken by PUK**
- **Independent QS Assessment of LTP08 Rev B – undertaken by MWH**

# **Extensive Assurance Review Programme Completed in FY08/09 (2)**

- **The primary purpose of the above reviews has been to 1) build confidence in UKNWMs early performance against the new M&O contract and 2) to satisfy stakeholders that the contract is in fact delivering in line with its original intent**
- **The reviews have recognised the very positive progress made by the SLC since award of contract, acknowledged that the site is poised to deliver in line with agreed plans whilst also recognising the significant challenges ahead**

# Execution Year Performance Highlights (1 of 2)

## **Softer Type Work Scope Areas:**

- **Impressive Safety Management Focus**
- **Enhanced Stakeholder Relation Efforts**
- **Improved Organisational Capability within SLC**
- **Significant Efforts on Development of Partnering Principles between NDA and the SLC**
- **Development of alternative contracting mechanisms to improve cost certainty and encourage sharing of risk**

# Execution Year Performance Highlights (2 of 2)

## **Hard Deliverable Work Scope Areas:**

- **Implementation of LTP08 Rev B capturing Bid Commitments**
- **Excellent progress on construction of Vault 9**
- **Environmental Safety Case at last in good shape**
- **“Projectisation” of Operations starting to pay dividends**
- **National Strategy Development making good progress and remains on track for Government endorsement this year**
- **Overall Very Commendable 1<sup>st</sup> year – site has achieved circa 87% of available fee and exceeded Government efficiency targets**

# Immediate Gains

- **National Strategy Forum to optimise LLW Management**
- **A thoroughly underpinned baseline**
- **£144M Facility Cost reductions through 2050**
- **LLWR Life Extension to 2070 (adds 20 years)**
- **Supply chain energised for managing waste hierarchy**
- **NII and EA Partnerships working**

# LLWR Key Events and Industry Wide Indicative Innovations Timeline

2008	2009	2010	2011	2012
<p><b>Aug 08:</b> LTP08 Rev B submitted by UKNWM capturing Bid Commitments</p>	<p><b>Apr 09:</b> Develop CFA and Pricing Model</p>	<p><b>Apr 10:</b> New Transport Mgt Arrangements operational</p>	<p><b>Apr 11:</b> NDA decides whether to extend M&amp;O contract</p>	<p><b>Jun 12:</b> PCM Facility Decommissioning and Demolition complete</p>
<p><b>Sept 08:</b> LTP08 Rev B accepted by NDA – includes caveats</p>	<p><b>Jul 09:</b> Pilot Metal Treatment Ops Commence and VLLW segregation facility up and running</p>	<p><b>Jun 10:</b> Introduction of re-usable packaging to replace ISO containers</p>	<p><b>May 11:</b> Environmental Safety Case submitted to EA for approval</p>	<p><b>Apr 12:</b> Dounreay LLW Facility operational</p>
<p><b>Sept 08:</b> Construction commences on Vault 9</p>	<p><b>Jul 09 Onwards:</b> Alternative Waste Treatment processes and routes progressively introduced – typically regional/ local facilities for exempt Waste and misc innovations</p>			
<p><b>Dec 08:</b> Draft LLW Strategy produced and issued for consultation May 09</p>	<p><b>Oct 09:</b> Vault 9 fully operational</p>			
	<p><b>Dec 09:</b> New LLW Strategy Endorsed by Government</p>			
			<p>Denotes LLWR significant event</p>	<p>Denotes Alternative Treatment or Disposal Route activity</p>

# Looking Forward

- **The SLC must now build upon the solid foundations established in FY2008/09 across the full LLWR portfolio**
- **The transition from strategic initiatives to implementation of viable on the ground solutions is a critical phase of work.**
  - **A key enabler for implementation phase work will be development of a suitable pricing model that fully supports Waste Hierarchy principles.**
  - **Early efforts will focus on waste management solutions concerning VLLW, combustible wastes and metal treatment solutions.**
- **Given the support and desire of all key players and stakeholders, the SLC is in a good position to build upon initial successes and deliver in line with the LTP08.**  
**This has the capability to deliver savings in excess of £1bn across the NDA estate wide LTP for LLW management**