

# PROGRESS REPORT OF WG3 ECONOMIC ENVIRONMENT

UK-F Nuclear Forum,  
*London, 2007 March 29<sup>th</sup>*

# Our Objectives and Progress

## Working Group 3 – Economic Environment

*Good rapport established. Making positive progress towards objectives.  
Agreed areas for future study*

### Agreed Objectives

- ◆ Shared understanding of market fundamentals and market structures
- ◆ Shared understanding of full lifecycle costs of nuclear energy and impact of different risk allocation principles on particular cost components
- ◆ Shared understanding of key parameters and methods for assessing costs of decommissioning and High Level Waste management, and key principles for financing

### Progress achieved

- ◆ Shared information on respective markets and approaches
- ◆ Identified authoritative sources of economic analysis
- ◆ Reviewed economic studies and risk allocation frameworks
- ◆ Compared current position, definitions, approaches and financing principles

# Future Focus

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- ◆ Market Fundamentals – important context for nuclear investment
  - Long term perspectives
- ◆ Understanding cost estimates – basis for decisions
  - Identifying robust bases for estimates, determining risk allocation, determining costs of capital
- ◆ Understanding Liability Arrangements
  - Decommissioning (proposed 1 day workshop to investigate details)
    - Implications of decommissioning legacy power stations on new build debate and a description of critical inter-dependencies
    - Drivers of variability of cost estimates and methods of making costs more comparable (eg "like cost" modelling, consistent approach to contingencies)
    - Dealing with decommissioning as a result of early closure and possible solutions to managing risks
    - Issues associated with funding decommissioning (including indexing, discounting and investment policy) and structural options for funds
  - Waste Management
    - French versus UK approach to categorisation and packaging of waste
    - Process for resolving waste issues - key decisions, stakeholder involvement and timetable
    - Perspectives on issues relating to funding

**"Whatever we possess becomes of double value when we have the opportunity of sharing it with others."**

*Jean-Nicolas Bouilly , 1768-1842*