

NIA response to the Department of Business, Energy & Industrial Strategy inquiry on Draft Nuclear Safeguards Fees Regulations

1. The Nuclear Industry Association (NIA) welcomes the chance to respond to the Department of Business, Energy & Industrial Strategy inquiry on Draft Nuclear Safeguards Fees Regulations.
2. The NIA is the trade association and representative body for the civil nuclear industry in the UK. We represent more than 200 companies operating across all aspects of the nuclear fuel cycle. This includes the current and prospective operators of nuclear power stations, the international designers and vendors of nuclear power stations, and those engaged in decommissioning, waste management and nuclear liabilities management.
3. A number of our members may choose to make their own detailed submissions. The focus of this submission is therefore on high-level, industry-wide matters.

Do you agree with the proposed approach to recovery of costs for nuclear safeguards regulation? If not, please detail why.

4. As part of our EU membership, the UK Government paid a fee to Euratom for safeguarding inspections as part of its larger contribution to the EU budget. The UK nuclear industry did not contribute to this fee for the safeguarding of the fleet.
5. Upon discussions with the BEIS team on this topic, the NIA learnt that there is a predicted increase in the costs of safeguarding services now that the UK has left the EU and will be administering its own regime through the Office for Nuclear Regulation (ONR).
6. While we understand the reasoning for the Government's preferred option in recovering all costs from non-Government duty holders, the NIA, after consultation with industry, would like to propose a fourth option not listed by the Government, and that is for only the additional costs to the ONR – those directly related to individual duty holders – to be paid by the relevant company and for the Government to cover indirect costs and overhead, at no additional cost in relation to its previous agreement with Euratom.
7. This option of part-Government funding would confirm the UK nuclear fleet as of national importance to the Government and its commitment to non-proliferation.
8. In any circumstance, we request the formation of a Steering Board with the purpose of driving cost reduction in safeguarding fees. This is in conjunction with other activities in the nuclear industry, as working groups already exist with the directive of reducing costs in both new build and decommissioning as part of the Nuclear Sector Deal. It is the nature of the industry to strive for efficiency, and the introduction of this group can ensure safeguarding is no different.

Do you agree that the analysis and assumptions in the impact assessment accurately reflect the impact to your business that might arise from cost recovery? If not, what else do we need to consider?

9. If the Government is to push forward with its preferred option, then we request it is taken into consideration how the new safeguarding fees regulation will affect the UK civil nuclear industry in both the short and long-term future in relation to the Government's own ambitions for the sector.
10. While the NIA does not believe that the introduction of these regulations as proposed will be irreparably damaging to the future of nuclear in the UK in isolation, this policy is one in a series of many that, as a collective, are putting a strain on the industry as it strives to meet the needs of

Net Zero and the ambitions for nuclear power set out in the Prime Minister's Ten Point Plan and in the Energy White Paper.

11. When consulting with industry, we found that the proposed safeguarding costs will be higher in the UK than in other markets, which was not explored in detail in the consultation document or impact assessment, and with the UK now competing with the EU for investment into low-carbon technologies such as nuclear, the UK could see a loss of competitiveness as the market focuses elsewhere.
12. Maintaining the industry's international competitiveness is a concern given the announcement of Hitachi pulling out of the development at Wylfa Newydd and winding up Horizon Nuclear Power, and ambitious plans in other countries to construct new nuclear power stations as part of low-carbon energy expansion.
13. Without consideration for the impact of these policies on the attractiveness of the UK nuclear market to international investors, we will not be able to reach the very targets that the Government has set itself and the industry.

Do you agree with the proposal to exempt Small Holders of Nuclear Material from the cost recovery regime? If not, please explain why.

14. Yes.

Are there any other aspects of the draft regulations on which you would like to comment?

15. A lack of profit from the existing fleet – exacerbated in the coming years from planned plant closures – will likely push these costs onto the consumer, and therefore, we recommend that the Government looks to engage with the electricity market regulator, Ofgem, on this issue.
16. We also ask that the Government ramps up its engagement with the industry on the future of the draft regulations and proposed implementation. While a relationship does exist between the industry and the relevant team in BEIS, our members did not feel appropriately consulted in the run-up to the release of this consultation given the scale, impact, and cost of the proposed regime.
17. The Government should look to further develop these relationships so that both parties can partner to get the best result for all from this exercise, whether that is through a Steering Group as we have suggested or any other initiatives that BEIS decides upon for the development of the new regulations.