Retired with New Ownership:
What Happens to Closed Nuclear Plants that are Purchased by New Companies?
Juliann Edwards, VP, Business Development
EnergySolutions, Charlotte N.C.

Manage 90% of the nation’s nuclear waste

Own 100% of the assets required for decommissioning

Executing 50% of the current decommissioning projects

Attained 100% of the commercial contract models
Commercial D&D Models
Owner-led with Integrated Decommissioning Contractor

The utility staff fills most of the positions while the contractor fills positions commensurate with the specialized skill sets needed for nuclear decommissioning. The utility gets the full benefit of the contractor’s know-how and has access to its intellectual property.

- Utility interfaces with regulators and stakeholders
- Job creation for existing employees
- Cost savings are retained by utility and ratepayers
Utility-owned with Decommissioning General Contractor (DGC)

The utility continues to own the license and maintains responsibility for the overall project and management of spent fuel. Major D&D work is awarded to an experienced contractor responsible for execution, cost, and schedule.

- Performance risk to DGC through target/fixed-price terms
- Job creation for some existing utility employees
- Cost savings retained by utility and ratepayers
Asset Transfer

This model the utility owner transfers all licensee liabilities to the contractor. There have been varying examples of this model which may or may not include the transfer of property and spent fuel in exchange for NDT funds.

- SPE assumes full responsibility, performance, and cost risks for all decommissioning and licensing activities
- SPE takes ownership and accountability of nuclear decommissioning fund (NDT)
- SPE takes ownership and responsibility for spent nuclear fuel
External Stakeholder Focus
Major D&D Milestones

- Spent Fuel Management
- Major Component Removal
- Waste Management
- Dismantle & Demolition
- License Termination
- Site Restoration
Safety

- Public Safety
- Radiation Safety
- Industrial/Construction Safety
- Environmental Safety
- Transportation Safety
- Waste Management Safety

Nuclear Safety Culture
Financial Assurance

Asset Transfer Example
- VY, Oyster, Pilgrim, IPEC, Palisades, TMI-2
- License transferred
- NDT funds transferred along plant assets/equity interests
- Funding risks addressed in sale diligence and negotiations
- New owner ultimately responsible to regulators
# Community Engagement Panel (CEP)

<table>
<thead>
<tr>
<th><strong>Purpose</strong></th>
<th>Keep the public and community stakeholders informed on project progress, major progress events and allow the community to be involved</th>
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<td><strong>When</strong></td>
<td>Quarterly for the duration of the project from license transfer through project completion</td>
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<td><strong>Who</strong></td>
<td>General public, elected officials, regulators, environmental agencies and the press</td>
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<td><strong>Topics</strong></td>
<td>Project updates including schedule, major milestones safety updates Q&amp;A</td>
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Retired with New Ownership

NARUC Winter Policy Summit
February 10, 2020

Sarah Hofmann, Commissioner
The Annoying Disclaimer Slide

ANYTHING I SAY WHETHER BRILLIANT OR INCREDIBLY STUPID IS MINE ALONE AND NOT THAT OF MY COMMISSION OR THE STATE OF VERMONT.
Our New Reality

Permanently & Announced Shutdown Nuclear Plant Sites
VERMONT YANKEE

- BWR began operations in 1972
- An Entergy sub. bought all the assets in 2002, including a decom fund of $310 M
- Permanent shut down on January 12, 2015
- The Entergy PSDAR estimated license termination by 2075 😞
In February of 2017 Entergy and NorthStar Group Service, Inc. asked to transfer the VY station to North Star.

As of March 2018, the nuclear decommissioning trust had a balance of $559.7 M and a site restoration trust of $30.9 M.

NorthStar had decommissioning experience related to four research reactors and also with DOE sites but not with a commercial reactor.

NorthStar committed to advancing the decommissioning of VY by more than 30 years.
What’s a State to do??????
KEY FACTORS IN APPROVAL

- Financial protections and risk-management provisions agreed to by the parties including enhanced financial assurances for decommissioning and site restoration
- Extensive oversight by Vermont agencies throughout the cleanup process
- U.S. NRC determination that NorthStar is financially and technically qualified to complete the decommissioning according to the proposed schedule
- Broad support of the public and the parties (including State, regional, and local governmental authorities) for the transfer
HIGHLIGHTS OF THE DEAL

- NorthStar within 12 years will remove most above-ground structures, and underground structures (to a depth of 4’), and the site will be regraded and seeded.
- Entergy contribution to the site restoration trust fund to bring it to $60 M
- NorthStar performance bond of approximately $400 M
- NorthStar parent support agreement of $140 M
- NorthStar provides $30 M of pollution legal liability insurance
- NorthStar contributes $10 M of proceeds from Round 3 of DOE claims
The Final Order and MOU

REACTOR DECOMMISSIONING
FINANCIAL ASSURANCE
WORKING GROUP

February 10, 2020
WG Charter

In September 2019, the Reactor Decommissioning Financial Assurance Working Group was formed and directed to:

1. Review the current decommissioning financial assurance processes
2. Identify potential regulatory gaps or policy issues
3. Identify potential program enhancements
4. Identify planning or resource considerations
5. Make recommendations
Regulations Governing Decommissioning Financial Assurance

1988, “General Requirements for Decommissioning Nuclear Facilities”
  - 10 CFR 50.75

1996 “Decommissioning of Nuclear Power Reactors”
  - 10 CFR 50.82

1998 “Financial Assurance Requirements for Decommissioning Nuclear Power Reactors”
  - 10 CFR 50.75 (f)(1) and (2)

2002 “Decommissioning Trust Provisions”
  - Corrected in 2003
  - Additional financial assurance requirements for licensees that are not traditional regulated electric utilities
NRC Perspective

The risk of a licensee not having adequate decommissioning resources is low because:

1. Extensive regulations
2. Transfer requires NRC approval of financial resources
3. NRC inspection program
4. Atomic Energy Act authority
WG Progress Summary

- No regulatory gaps or policy issues have been identified
- Recommendations developed to improve FA licensing and oversight processes
  - Four guidance initiatives
  - Training for inspectors, program office and financial analysts
Recommended Guidance Initiatives

1. Revise Inspection Procedures
   - Integrate decommissioning activity inspections with the program office and financial analysts activities
Recommended Guidance Initiatives

2. Revise Reporting Guidance to allow more detail in annual reports for improved oversight of DTF expenditures
Recommended Guidance Initiatives

3. Revise Reporting Guidance to allow more detail in the 30-day pre-withdrawal notices for improved oversight of DTF expenditures
Recommended Guidance Initiatives

4. Develop guidance for a spot check program for power reactors in decommissioning.
Training
Applicable Guidance

- NUREG-1307, Rev 17
  - ML19037A405
- Regulatory Guide 1.159
  - ML112160012
- Regulatory Guide 1.202
  - ML050230008
- NRR Office Instruction LIC-205
  - ML17075A095
- Inspection Procedure 36801/71801
Thank you
Backup slides
Decommissioning Business Models

- Historically, decommissioning has been managed by former operator
- Recently, plants have been transferred for decommissioning
- Transfers require a financial qualification evaluation
Working Group

Organizations

- Office of Nuclear Material Safety and Safeguards
  - Division of Decommissioning, Uranium Recovery and Waste Programs
  - Division of Rulemaking, Environmental and Financial Support
- Office of Nuclear Reactor Regulation
  - Division of Operating Reactor Licensing
- Region I - Division of Nuclear Materials Safety
- Region III - Division of Nuclear Materials Safety
- Region IV – Division of Nuclear Materials Safety
- Office of General Counsel

Chairman: Ted Smith, Reactor Decommissioning Branch
Summary of Decommissioning
Financial Assurance Requirements (1 of 3)

Assurance of sufficient funding for decommissioning is provided by:

1. Calculated decommissioning cost estimate cost updated annually
2. Decommissioning cost must be covered
3. Trustee manages the decommissioning trust fund (DTF) with NRC oversight
Summary of Decommissioning
Financial Assurance Requirements (2 of 3)

Assurance of sufficient funding for decommissioning is provided by:

4. Withdrawal notification requirements while operating
5. Withdrawals limited to radiological decommissioning
6. Periodic reports with obligation to make up shortfalls
Summary of Decommissioning
Financial Assurance Requirements (3 of 3)

Assurance of sufficient funding for decommissioning is provided by:

7. Preliminary and site-specific decommissioning cost estimates
8. Obligation to make up shortfalls immediately when in decommissioning
9. 60 years to complete decommissioning
10. Ability to revoke exemptions for other use of DTFs