Decommissioning agreement reached on advanced gas cool reactor (AGR) nuclear power stations

- New decommissioning arrangements reached with EDF for 7 advanced gas cool reactors (AGRs) due to come offline by 2030
- deal reached for Nuclear Decommissioning Authority to work with EDF to ensure AGR nuclear sites remain safe and secure for future, with no impact on the UK's energy supply
- British taxpayer is estimated to save upwards of £1 billion thanks to new streamlined arrangement

The UK government and EDF have agreed improved arrangements to deliver the safe and efficient decommissioning of Britain's 7 AGR stations, due to reach the end of their operational lives this decade.

The deal, negotiated by the government with EDF and signed today (Wednesday 23 June), will save the taxpayer an estimated £1 billion, as EDF and the Nuclear Decommissioning Authority (NDA) forge a new partnership.

The UK's AGR power stations have long been scheduled to reach the end of their working lives on a rolling basis by 2030, with EDF announcing that the first, Dungeness B power station, has now closed.

Their closure will not affect the UK's energy supply, as energy from renewables has more than quadrupled since 2010. The UK government has also committed to making a final investment decision on at least one large-scale nuclear power station by the end of this Parliament, alongside harnessing new and advanced nuclear technology.

Today's arrangement comes as the Business and Energy Secretary, Kwasi Kwarteng, exercises an option to deliver better value for money for the taxpayer in the decommissioning of AGR nuclear reactors. It will mean EDF will aim to shorten the time they take to safely remove the fuel from the power stations as they come offline, before working closely with the NDA to transfer ownership of the stations to the NDA.

With the Nuclear Decommissioning Authority currently decommissioning older Magnox stations, their expertise and the economies of scale of working on these and the AGR nuclear reactors combined, will ensure the long-term clean-up of these sites is done more efficiently – helping save the taxpayer an estimated £1 billion.

Minister of State for Energy, Anne Marie Trevelyan, said:

> Today's deal marks an important milestone in managing the legacy of our older nuclear power stations, ensuring these stations are

> decommissioned safely and efficiently. By using the unique expertise of both EDF and the Nuclear Decommissioning Authority, we will ensure costs are reduced, saving the taxpayer an estimated £1 billion.
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> It forms part of our wider commitment to the future of nuclear energy, including looking to reach a final investment decision on at least one nuclear power station by the end of this Parliament, alongside harnessing new and exciting advanced nuclear technology.

Chief Executive of EDF, Simone Rossi, said:

> We are committed to delivering value to the taxpayer via the NLF and the revised arrangements provide the certainty we need to plan and deliver safe and cost-effective defueling. The arrangements also provide our employees and supply chain partners important clarity over jobs for the coming years.
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> We look forward to building on our collaborative partnership with the NDA to ensure successful defueling with Sellafield and a seamless transfer of the AGR stations to Magnox.

Once a nuclear station closes, the first stage of clean up requires all the nuclear fuel to be removed from the station (defueling), before the second phase of decommissioning begins. This involves the initial dismantling and removal of contaminated parts, before the stations enter abeyance – care and maintenance to allow radioactive materials in reactors to decay.

EDF had originally been responsible for total lifetime decommissioning of the AGR stations, which comprise Torness and Hunterston B in Scotland, Dungeness B in Kent, Hartlepool in Teesside, Heysham 1 and Heysham 2 in Lancashire and Hinkley Point B in Somerset. The revised arrangements will retain their involvement, while making the most of the expertise of the Nuclear Decommissioning Authority. It will also enhance the government’s oversight of the long-term decommissioning programme and save the taxpayer money.

Chief Executive of the Nuclear Decommissioning Authority, David Peattie, said:

> We are delighted to have been directed by government to take on the future ownership of the 7 EDF advanced gas reactor sites for future decommissioning. The work will be undertaken by our subsidiary Magnox Ltd and this decision is a testament of the skills, knowledge and experience held in the NDA and Magnox.
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> This work is of national importance and we now look forward to working with EDF to ensure the seamless transfer of stations in the coming years.

Chair of the Nuclear Liabilities Fund, Richard Wohanka, said:

> These revised arrangements will form a sound basis for the safe decommissioning of the AGR stations and we welcome the renewed focus on collaboration between all parties. The Trustees of the NLF look forward to a continuing strong and supportive working relationship with BEIS, EDF and NDA over the course of the decommissioning programme.

This arrangement does not cover other nuclear power stations. As part of the investment agreement, operators of new nuclear sites such as Hinkley C are legally obliged to meet the full costs of decommissioning and their full share of waste management and disposal costs, ensuring taxpayers never have to pick up the cost.

See further details of the agreement.

EDF will continue to use the Nuclear Liabilities Fund Limited (NLF) to defuel the sites. The fund was established by HM Government on 28 March 1996 as part of the privatisation arrangements for British Energy plc (now EDF Nuclear Generation Limited ('EDFE')) which owned the 7 AGR reactors. The NLF is wholly owned by the Nuclear Trust, established between EDFE, the Secretary of State and 5 trustees.

The NLF receives and holds monies, investments, and other assets in a segregated decommissioning fund, to meet certain costs as set out in the revised arrangements of decommissioning EDF's 8 nuclear power stations that are currently operating in the UK.

EDF will complete the first stage of the agreement announced today by removing the fuel from the stations under a new incentive arrangement, which means they can earn up to £100 million for good performance but face up to £100 million in penalty for poor performance.

The agreement reached with EDF does not include Sizewell B station, which uses a different technology (Pressurised Water Reactor), and is scheduled to continue operating until 2035. It also does not cover new nuclear power stations, such as Hinkley Point C station, which is currently under construction.