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FAO

Wylfa Newydd Case Team
Infrastructure Planning Inspectorate

Dear Madam/Sir

Please find attached Deadline 7 Comment.

signed,

J Chanay

Summary

- 7.1 **Equality of arms: capacity and resource constraint**
- 7.2 **Errata in Deadline 6 Comment REP6-053**
- 7.3 **Intelligible document titles in Examination Library?**
- 7.4 **REP6-016 un-navigable**
- 7.5 **DCO material evidence deficit**
 - 7.5.1 **REP6-045: Socio-economic impacts**
 - 7.5.2 **APP-423: Carbon and Energy Report**
 - 7.5.2.1 dDCO Work No. 12: Site Preparation and Clearance, Carbon/GHG footprint assessment
 - 7.5.2.2 dDCO Work No. 1D: Radioactive waste storage buildings 9-201 and 9-202, Carbon/GHG footprint assessment
 - 7.5.2.3 APP-423: Comparative efficiency matrix on displaced carbon emissions - Wylfa Newydd UKABWRs and other low carbon electricity generating technologies
 - 7.5.3 **REP6-008: Statement of Reasons (Revision 2, dated 19.02.2019)**
 - 7.5.4 **SWQ2.16.1 in REP5-002: Knock-on effect of Brexit on the build cost of Wylfa Newydd, and cost of imported specialist components, spare parts and services, and nuclear fuel**

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**Errata; Exam Library; REP6-016; and
DCO material evidence deficit:
REP6-045, APP-423, REP6-008 & SWQ2.16.1 in REP5-002**

EN010007 ExA Deadline 7 Comment

Application by Horizon Nuclear Power Limited for an Order Granting Development Consent for the Wylfa Newydd Nuclear Power Station

Summary

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- 7.3 Intelligible document titles in Examination Library?**
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 - 7.5.2 APP-423: Carbon and Energy Report**
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 - 7.5.2.3 APP-423: Comparative efficiency matrix on displaced carbon emissions - Wylfa Newydd UKABWRs and other low carbon electricity generating technologies**
 - 7.5.3 REP6-008: Statement of Reasons (Revision 2, dated 19.02.2019)**
 - 7.5.4 SWQ2.16.1 in REP5-002: Knock-on effect of Brexit on the build cost of Wylfa Newydd, and cost of imported specialist components, spare parts and services, and nuclear fuel**

7.1 Equality of arms: capacity and resource constraint

7.1.1 Inadequate resource capacity as lay Interested Party continues to hamper timeous appraisal of all 52 new documents submitted by the Applicant under Deadline 6, alongside 11 submissions from other Interested Parties, including statutory consultees.

7.2 Errata in Deadline 6 Comment REP6-053

7.2.1 The ExA's attention is respectfully drawn to the following proofing errors, with apologies.

In para.6.7.2.1.a: please delete "included" in the last line, and replace with "**minded**".

In section.6.7.3 heading line: please delete "Energy", and replace with "**Power**".

In para.6.7.3.1: please delete "Energy" in the third line, and replace with "**Power**".

7.3 Intelligible document titles in Examination Library?

7.3.1 The PINS's Examination Library is in public domain. It is presumably meant to be intelligible (therefore readily accessible) to all. However, the library surprisingly lists an increasing population of documents branded with identically worded obscure titles. While no doubt decipherable by the ExA, the public is surely left floundering. What are the prospects for improved titles, say, through inclusion of keywords reflecting document content? Consider, for example, the Category "AS". Documents AS 038-041, inclusive, carry indistinguishable and obscure title strap lines. Could this pass for best practice?

7.3.2 REP6-053 section 6.4, refers, as well.

7.4 REP6-016 un-navigable

7.4.1 REP6-016, running into 1056 pages, contains neither a table of contents nor an index. What is the secret of navigating this document?

7.5 DCO material evidence deficit

7.5.1 REP6-045: Socio-economic impacts

7.5.1.1 The IAAC has long experience of hosting the Magnox Nuclear Power Station at Wylfa... The Magnox reactors were shut down permanently in December 2015, after operating for 45 years, and are currently undergoing defuelling. Clearly, the IACC could be expected to be very well versed in unintended consequences of measures addressing workforce profiles for an operating nuclear power station and the available pool in Anglesey and North Wales.

7.5.1.2 It is not apparent what specific history lessons from hosting the Magnox reactors the IACC have incorporated in the SoCG regarding potential longer term unintended consequences bearing on:

- a. workforce skills profiles, the proportion of total project workforce in each profile and the available pool in Anglesey and North Wales, respectively, throughout the period from reactor commissioning up to and including current decommissioning; and
- b. actual experience of the Magnox Power Station "hovering up jobs and skills" against assessed displacement, and the efficacy of specific reactive response by the IACC and the Welsh Government relating to specific workforce profile and the available pool in Anglesey and North Wales.

7.5.2 APP-423: Carbon and Energy Report

7.5.2.1 dDCO Work No. 12: Site Preparation and Clearance, Carbon/GHG footprint assessment

7.5.2.1.1 According to the Applicant's APP-423 para.1.1.1,

"The Carbon and Energy Report was prepared to detail the carbon footprint for the proposed Wylfa Newydd Development Consent Order (DCO) Project"

7.5.2.1.2 According to APP-423 para.1.2.4,

"The physical scope was further sub-divided into the themes of embodied carbon of materials, transportation of materials/ waste, energy/ fuel use, waste disposal and water use (supply and disposal). The 'temporal scope' includes the construction, operational and decommissioning phases of the Wylfa Newydd DCO Project."

7.5.2.1.3 However, the knowledgebase in APP-423 Appendix 8-2 inexplicably fails to provide carbon footprint data on Site Preparation and Clearance (SPC). It is inappropriate and unjustifiable in this instance to subsume the SPC carbon footprint under "Construction" catch-all. Omission of the SPC carbon footprint is unacceptable and reasonably warrants rectifying.

- a. It is plain that no construction work on the WNDA could commence without initial completion of all requisite SPC works.
- b. The Planning Application for SPC proposals (38C310F/EIA/ECO), under devolved TCPA 1990 jurisdiction, establishes unambiguously that SPC proposals constitute distinct development in its own right.
- c. The Applicant assures the host Local Planning Authority that, should construction of the proposed Wylfa Newydd DCO Project be halted or abandoned, the Applicant will restore the WNDA site to an "acceptable condition". The assurance is incorporated in the SPC section 106 agreement with the Local Planning Authority (REP1-008 para.1.3.3 and FWQ21.0.6 in REP2-375, respectively, referring).

7.5.2.1.4 Clearly, all SPC related activity will generate its own carbon/GHG footprint. In the first instance, during the initial site preparation and clearance activity itself. In the second instance, during any site restoration activity. Disclosure of the SPC carbon footprint assessment is therefore manifestly warranted in respect of:

- a. the initial site preparation and clearance; and,
- b. separately, for site restoration.

7.5.2.2 dDCO Work No. 1D: Radioactive waste storage buildings 9-201 and 9-202, Carbon/GHG footprint assessment

7.5.2.2.1 The ExA are, likewise, respectfully requested to require the Applicant to disclose as well the carbon footprint specifically associated with:

- a. the construction of these two Facilities for the storage of all Intermediate Level Radioactive Waste and Spent Fuel generated by the proposed twin UKABWRs at Wylfa;
- b. the safe and secure operation, maintenance, repair, refurbishment and extension (as warranted in future) of both Facilities over the proposed life span of 140-160 years each;
- c. the packaging and evacuation of the entire contents of both facilities for permanent disposal in a Geological Disposal Facility (GDF) somewhere; and,

- d. final decommissioning, dismantlement and complete removal of both the Intermediate Level Radioactive Waste Storage Facility and the Spent Fuel Storage Facility from the Wylfa site.

7.5.2.2.2 Furthermore, the Applicant also needs to assess the associated carbon footprint should it become necessary to retrieve the Wylfa Newydd radioactive waste inventory from an allocated GDF (prior to the GDF's closure), for any environmental or safety reason: consequently entailing transfer of the waste inventory to an alternative GDF, perhaps involving fresh interim internment in specially constructed new interim storage facilities.

7.5.2.3 APP-423: Comparative efficiency matrix on displaced carbon emissions - Wylfa Newydd UKABWRs and other low carbon electricity generating technologies

7.5.2.3.1 In the course of the ExA's assessment of need for the proposed Wylfa Newydd DCO Project (pursuant to section 105(2)(c) of the PA2008), a combined matrix of at least four assessment parameters could reasonably be expected to be relevant. In the context, that is, of the proposed nuclear power station's contribution to the balance of non-renewable electricity generation capacity¹ required in the UK National Grid Network beyond 2025².

7.5.2.3.2 Namely, the lower the carbon footprint in combination with:

- the lower the generation cost (standard benchmark),
- the lower the strike price (commercial benchmark), and
- the lower the hazardous waste production (including radioactive waste),

the more preferred the proposed energy development proposal.

7.5.2.3.3 In that regard, the ExA are respectfully requested to require the Applicant to submit into Examination an efficiency assessment matrix comprising these four parameters on nuclear, renewable energy and non-renewable energy electricity generation capacity, as predicted for the period 2026 to 2035, inclusive.

¹ Applying appropriately updated third and fourth bullet points under para.3.3.22 in: DECC (2011) Overarching National Policy Statement for Energy (EN-1). Laid before Parliament for approval – June 2011. With Impact Assessment. URN 11D/711. Department of Energy and Climate Change. July 2011. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/47854/1938-overarching-nps-for-energy-en1.pdf

² As framed by change in the electricity supply market, subsequent to the adoption of EN-1 and EN-6 NPSs in 2011, as unfolding over the past five years. In particular, the trend in incremental commercially viable renewable energy electricity generation across the UK National Grid Network, referenced in the Secretary of State's Update Statement to Parliament on 17 January 2019. See: Hansard HC (2019) Nuclear Update. Statement by The Secretary of State for Business, Energy and Industrial Strategy. House of Commons Hansard, Volume 652, 17 January 2019. Available at: <https://hansard.parliament.uk/Commons/2019-01-17/debates/9C841326-B63A-4790-867F-905DEDDDD8AC/NuclearUpdate#contribution-AB1CF541-F832-4465-A6BE-437CE42EB8C3>

Namely, “The economics of the energy market have changed significantly in recent years. The cost of renewable technologies such as offshore wind has fallen dramatically, to the point where they now require very little public subsidy and will soon require none. We have also seen a strengthening in the pipeline of projects coming forward, meaning that renewable energy may now be just as cheap, but also readily available.

“As a result of the developments over the last eight years, we have a well-supplied electricity market. Our electricity margin forecast is more than 11% for this winter, having grown for each of the last five years. While that is good news for consumers as we strive to reduce carbon emissions at the lowest cost, that positive trend has not been true when it comes to new nuclear. Across the world, a combination of factors, including tighter safety regulations, has seen the cost of most new nuclear projects increase as the cost of alternatives has fallen and the cost of construction has risen. That has made the challenge of attracting private finance into projects more difficult than ever, with investors favouring other technologies that are less capital-intensive up front, quicker to build and less exposed to cost overruns.”

7.5.3 REP6-008: Statement of Reasons (Revision 2, dated 19.02.2019)

7.5.3.1 The revised Statement of Reasons appears inexplicably deficient. A sample list below is by no means a comprehensive review of deficiency, due to time constraint.

- a. Section 3.1 is devoid of reference to the Applicant's planned extinction in the financial year beginning April 2019: the footnote to para.7.5.4.2 hereof, refers.
 - (i) This cannot be acceptable.
 - (ii) Nor could it be reasonably acceptable for Hitachi Limited (the Applicant's global conglomerate owner) not to submit supplementary evidence into this Examination regarding the Wylfa Newydd DCO Project's resuscitation vehicle subsequent to the Applicant's extinction.
- b. Para.3.3.2 has not been updated, The Applicant appears to ignore implied relevant change in circumstance (subsequent to adoption of the Energy NPSs EN-1 and EN-6 in 2011) referenced in the Secretary of State's Update Statement to Parliament on 17 January 2019: footnote 2 hereof, as well as REP6-053 para.6.7.2.2.f and g, referring.
- c. Para.5.2.3 quotes EN-1 assessment of urgent need for electricity Nationally Significant Infrastructure Projects (NSIP) in the UK during assessed reference time frame 2011 – 2025, seemingly overlooking the fact that the Applicant's Wylfa Newydd DCO Nuclear Generating Station is only deployable beyond 2025: a time frame for which an assessed successor National Policy Statement simply does not exist.
- d. The sub-section at para.5.2.9, titled "Continued Government support for new nuclear power generation", remains silent on Hitachi's failure by January 2019 to leverage significantly substantial public investment from the UK Government, as detailed in the State's Update Statement to Parliament on 17 January 2019³.
- e. Paras 5.2.15 and 9.4.10, respectively, fail to disclose the generation cost of electricity from the proposed Wylfa Newydd Nuclear Generating Station, a standard benchmark: REP4-035 para.4.4.4.e, referring. In contrast, the Applicant impliedly refers to nuclear generating cost in APP-032 para.9.4.11.(d): REP6-053 para.6.7.4.4.c, referring.
- f. Para.9.4.17 fails to address the fact that roughly similar level of estimated annual average direct, indirect and induced increase in income from the operating phase of the Magnox Nuclear Power Station on Anglesey (around £20 million) failed to make significant dent on the level of the Island's GVA, levels of fuel poverty, chronic lack of

³ Hansard HC (2019) Nuclear Update. Statement by The Secretary of State for Business, Energy and Industrial Strategy. House of Commons Hansard, Volume 652, 17 January 2019. Available at: <https://hansard.parliament.uk/Commons/2019-01-17/debates/9C841326-B63A-4790-867F-905DEDDDD8AC/NuclearUpdate#contribution-AB1CF541-F832-4465-A6BE-437CE42EB8C3>

"... following Hitachi's announcement I can set out in more candid terms the support for the project that the Government were willing to offer. First, they were willing to consider taking a one-third equity stake in it, alongside investment from Hitachi, agencies of the Government of Japan, and other strategic partners. Secondly, they were willing to consider providing all the debt financing required for the completion of construction. Thirdly, they agreed to consider providing a contract for difference, with a strike price expected to be no more than £75 per megawatt-hour. I hope the House will agree that that is a significant and generous package of potential support, which goes beyond what any Government have been willing to consider in the past.

"Despite that potential investment, and strong support from the Government of Japan, Hitachi reached the view that the project still posed too great a commercial challenge, particularly given its desire to deconsolidate it from its balance sheet and the likely level of return on its investment.

"The Government continue to believe that nuclear has an important role to play, but, critically, it must represent good value for the taxpayer and the consumer. I believe that the package of support that we were prepared to consider was the limit of what could be justified in this instance. I was not prepared to ask the taxpayer to take on a larger share of the equity, as that would have meant taxpayers' taking on the majority of construction risk, and the Government's becoming the largest shareholder with responsibility for the delivery of a nuclear project. I also could not justify a strike price above £75 per megawatt-hour for this financing structure, given the declining costs of alternative technologies and the financial support and risk-sharing already on offer from the Government, which were not available for Hinkley Point C."

diverse well paid employment opportunities and persistence of high levels of unemployment, affordable housing shortages, and other indices of deprivation.

- g. The entire para.9.5.3 has no standing under the requisite provisions of the Planning Act 2008. A new NPS has not yet been approved by Parliament, as mandatory under the Act. The Wylfa site has not yet been designated in any new NPS.
- h. Para.9.8.2 cites the Applicant's Funding Statement APP-033, without qualification. The Applicant will cease to exist after March 2019: see footnote to para.7.5.4.2 hereof. Hitachi Limited (the Applicant's sole owner) has not to date submitted into Examination any relevant superseding funding statement.

7.5.3.2 Such level of deficiency suffices to render it highly questionable whether the Applicant's revised Statement of Reasons merits much weight, and whether it provides the ExA materially sufficient evidence.

7.5.4 SWQ2.16.1 in REP5-002: Knock-on effect of Brexit on the build cost of Wylfa Newydd, and cost of imported specialist components, spare parts and services, and nuclear fuel

7.5.4.1 The Wylfa Newydd suspension decision by Hitachi Limited (the Applicant's sole owner, a global conglomerate) was taken plainly in the knowledge that the UK was set to exit the European Union on 29 March 2019⁴.

⁴ Under section 20 of the European Union (Withdrawal) Act 2018 (c. 16), the United Kingdom is set to terminate membership of the European Union on 29 March 2019, at 11.00 p.m., whether or not there exists a formal Withdrawal Agreement between the UK and the European Union. Unless, that is, the UK Government and Parliament request, and the European Union agrees, an extension of the Article 50 Notice period, thereby substituting a new departure date.

On 12 March 2019, the UK Parliament declined to endorse a tweaked Withdrawal Agreement, negotiated further on 11 March 2019 by the UK Prime Minister with the 27 Heads of State in the Council of Ministers of the European Union.

Ref: Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community, as endorsed by all 27 EU Heads of State at a special meeting of the European Council on 25 November 2018, as tweaked on 11 March 2019. Available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/785114/11_March_WA_-_WEB_VERSION.PDF

Subsequently on 13 March, the UK Parliament voted against exiting the Union without any sort of Withdrawal Agreement, at any time. However, the vote was not legally binding as it did not amend the 2018 Act. The default position therefore remained that the UK could still exit the Union on 29 March 2019 without a formal Withdrawal Agreement.

On 14 March, the UK Parliament mandated the Government to seek from the European Council of Ministers either a short extension of the Article 50 Notice period (up to 30 June 2019) or a longer extension, depending on how Parliament votes next on 19 March 2019 when the current Withdrawal Agreement would be tabled for the third time. Either extension period entails legislative amendment of section 20 of the 2018 Act. Parliament also ruled out a fresh Referendum on the UK leaving the European Union.

Meanwhile, in February 2019, Japan and the European Union finalised an Economic Partnership Agreement (EU-Japan EPA), creating a new free-trade zone. Negotiations on a separate trade agreement between the UK and Japan have yet to conclude. Upon leaving the UK the European Union,

- a. the UK would need to secure a separate trade agreement with Japan, as with other countries and regional trade alliances. See, for example, the Guidance issued by the Department for International Trade: Existing trade agreements if the UK leaves the EU without a deal. Updated 21 February 2019. Available at: <https://www.gov.uk/government/publications/existing-trade-agreements-if-the-uk-leaves-the-eu-without-a-deal/existing-trade-agreements-if-the-uk-leaves-the-eu-without-a-deal>; and,
- b. the UK would be excluded from taking advantage of the EU-Japan EPA. Unless, that is, the UK Parliament either reinstates or endorses a completely new Withdrawal Agreement with the European Union. In which case, the UK could benefit from the EU-Japan EPA for the duration of a specified transition period. As, for example, under Article 126 of the rejected 11 March 2019 Withdrawal Agreement.

The upshot of the ongoing Brexit logjam between Parliament and the UK Government appears to be that leaving the European Union without a Withdrawal Agreement remains the default position under all options going forward from 14 March 2019, if Parliament is still unable to endorse a Withdrawal Agreement. That holds as well under an extension of the Article 50 deadline enabling exit on a new departure date. Unless, that is, Parliament and the Government resolve to revoke the Article 50 Withdrawal Notice (served by the Government on 29 March 2017), whether following a General Election or otherwise.

7.5.4.2 According to the Applicant's response to SWQ2.16.1 in REP5-002, the current suspension decision by Hitachi may persist for 18-24 months. That suggests (all else being equal) the earliest that Site Preparation and Clearance work could commence on the WNDA site could be around Autumn 2020. However, the Applicant is also destined to dissolve as a UK business entity, in the new financial year commencing April 2019⁵. Coincidentally, the current Examination into the Wylfa Newydd Application for a Grant of DCO is scheduled to close on 23 April 2019.

7.5.4.3 Hitachi could reasonably have been expected to consider Brexit as a business risk, alongside other risks, at the time of the corporate decision on 17 January 2019 to suspend further work on a commercially unviable Wylfa Newydd DCO Nuclear Generating Station, under private sector investment (REP4-035 footnote 19, referring).

7.5.4.4 Subsequent to the suspension decision, the Applicant has effectively locked Interested Parties (IPs) into expending considerable time, effort and resources attempting to counter the Applicant's resistance to any number of mitigation measures and approaches. IPs hope to secure (without any certainty) better assessment of likely significant effects, better appropriate mitigation measures and more relevant agreements on delivery of adjustments, benefits, compensation, and the like. However, the ExA and IPs have received no relevant information on Hitachi's post-suspension scenarios. This lack of information matters as it is arguably capable of materially affecting assessment of the generation cost of Wylfa Newydd nuclear electricity (pursuant to PA2008 section 105(2)(c): REP4-035 para.4.4.4.e; and, REP6-053 paras 6.7.2.2.f and 6.7.4.4, respectively, referring), as well as the prospect of extent of delivery on assessed mitigation measures and section 106 agreements.

7.5.4.5 To that extent, Hitachi arguably owes the ExA and IPs further relevant information. For example, information on post-Brexit scenarios modelled by Hitachi on how varying trade tariffs and currency movements are likely to impact the Wylfa Newydd Project:

- a. as regarding international and domestic investor climate and sentiment on financing a new nuclear project in post-Brexit UK, between 2020 and 2025 (the likely period of grace under a Grant of DCO by the Secretary of State from the current Examination);
- b. in percentage terms: the build cost of the Wylfa Newydd Nuclear Generating Station, as well as the cost of imported reactor components, reactor fuel, and other specialist materials and parts (including spares); and,
- c. in percentage terms: the cost of, and access to, specialist services from outside the UK, essential for the safe and on-time construction and operation of the proposed twin UKABWRs at Wylfa.

7.5.4.6 These matters arguably speak to the current DCO Examination. Mindful of the Applicant's response to SWQ2.16.1, SWQ2.4.56 (1) and (2), and SWQ2.4.58 (all in REP5-002), respectively, the ExA are respectfully requested to seek clarification from the Applicant on,

- a. Hitachi's assessment of Brexit impact scenarios flagged in para.7.5.4.5 above; and,

⁵ Oral evidence by the Applicant's Director of Nuclear Operations, in reply to Question 31. See transcript: WAC (2019) Welsh Affairs Committee Oral evidence: Wylfa Newydd nuclear power station, HC 1938 Tuesday 12 February 2019 Ordered by the House of Commons to be published on 12 February 2019. Full transcript available at: <file:///E:/silo/energy/wylfa/wb-proposal/wn%20inquiry%20transcript%2096520%20hc1938%20wac120219.pdf>

The Applicant's witness informed the Committee on 12 February 2019 that,

“... the Horizon company will be dismantled over the coming weeks. We are in a staff consultation period, which ends in early March. After that point, the intention is that most staff will be served notice. Therefore, the Hitachi-Horizon vehicle does not exist in the construct going forward. I think that is an important point. Moving forward, the developer-led piece may need examination, as I mentioned earlier, but Hitachi-Horizon will not exist as it does today.”

- b. Hitachi's assessment of confidence levels (the range of uncertainty) bearing on delivering a reactivated Wylfa Newydd project on cost and on time, following the lifting of the prevailing suspension.

The Applicant appears to have overlooked opportunity to be forthcoming in REP5-002.

J Chanay
14.03.2019