

BNFL NATIONAL STAKEHOLDER DIALOGUE
Co-ordination Group

July 2003

Report to Main Group

WORK IN PROGRESS

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Foreword

Aim of the BNFL National Dialogue

The BNFL National Dialogue involves a wide range of organisations and individuals interested in or concerned about nuclear issues. Its aim *is to inform BNFL's decision-making process about the improvement of their environmental performance in the context of their overall development.*

The Dialogue is open to national organisations and regional groups as well as well as expert and specialist concerns. If you believe you are affected by the issues, think you can contribute or wish to participate (or if you know of anyone else who should be involved) then please contact The Environment Council on 020 7632 0117. (Criteria for Membership are attached).

Guidance on Interpreting this Draft Report

The principle purpose of working group reports is to inform the deliberations of the Main Group of stakeholders in the Dialogue and any related decisions or activities they might undertake. (It is important to note that this is therefore, an interim report to the Main Group of stakeholders in the Dialogue).

Participation (by organisation or individuals) in either the overall Dialogue or the working groups must not be taken as an indication of support or disagreement with the Dialogue itself, its outputs or BNFL's activities.

Any quotes from the reports used in talks, articles, consultation papers and/or other documents published on paper or electronically must be put within the context given within the relevant section of the working group's report. The Environment Council strongly advise those considering quoting from the reports to forward their proposed text for review to Rhuari Bennett (e-mail: rhuarib@envcouncil.org.uk)

The role of the convenor

The convenor of the Dialogue is The Environment Council, an independent UK charity. The Environment Council is responsible for designing and facilitating each stage in the Dialogue, and provides relevant support, like issuing invitations and booking venues.

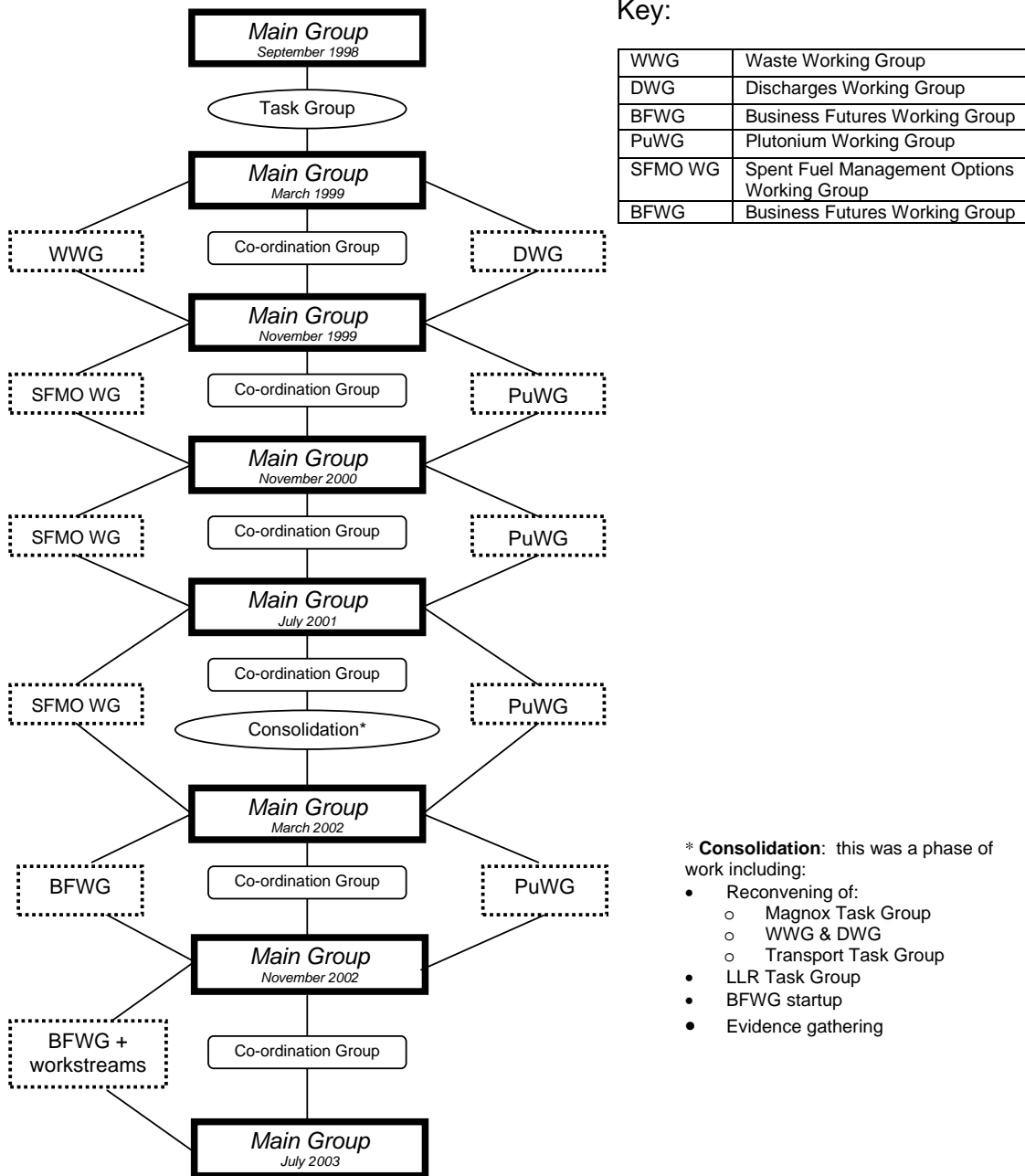
The Environment Council is not responsible for any issue discussed in the Dialogue, and holds no formal position on any of the substantive issues that are or might be considered. It is for the participants to decide what issues are raised, how they might be addressed and how any observations, conclusions and recommendations might be recorded and communicated.

The website of The Environment Council, www.the-environment-council.org.uk displays a full history and evolution of the Dialogue, as well as all of the reports that have been produced from the process.

The Environment Council, June 2003.

History of the BNFL National Stakeholder Dialogue

The diagram below outlines the inception and evolution of the BNFL National Stakeholder Dialogue process. A more detailed history and explanation of each of the groups, together with the reports produced and lists of group members is available at www.the-environment-council.org.uk



Notes:

- The Coordination Group is responsible for providing guidance on linkages and continuity between groups, as well as identifying problems and "potential wobbles."
- "Socio-Economic" and "Transport" issues were discussed throughout the process
- Contact Rhuari Bennett for more information on 020 7632 0134, rhuarib@envcouncil.org.uk

BNFL : NATIONAL STAKEHOLDER DIALOGUE
GROUND RULES
6th DRAFT
17th November 2000

SELECTION CRITERIA FOR WORKING GROUPS

One output from Main Group meetings of stakeholders in the BNFL National Stakeholder Dialogue will be the formation of Working Groups. These Working Groups will carry forward more detailed elements of the work and report back to the next Main Group meeting.

Experience of Working Group meetings demonstrates that around 15 members provides a cohesive, practical and effective group. If there are more volunteers than places, a number of criteria will inform the Co-ordinating Group's selection from the volunteers.

People participating in the Working Groups must:

- represent a particular constituency and/or have relevant experience or expertise relevant to the Working Group;
- have been inducted into the process and style of working;
- accept and conform to the ground rules, and participate in their review and development;
- develop, observe and work in a co-operative spirit in the Working Group, while respecting that profound differences of opinion may exist;
- be a competent and collaborative negotiator (rather than a positional/competitive bargainer);
- be available for the full series of Working Group meetings (which may be 1 to 1½ days every month or 6 weeks) and Main Group meetings;
- be willing to undertake work between meetings, signposting or providing papers and reviewing information within the timescales agreed within the Working Group (this may be up to 1 week's work per month).

In addition to the above, the overall group profile will also influence Co-ordinating Group's choice. Ideally, each working group will need to contain representatives from the following sectors

- communities;
- company;
- customers;
- environmental NGOs;
- other NGOs;
- government;
- regulators;
- workforce;

and will need to be balanced in terms of the necessary skills.

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1 - Introduction

The Co-ordination Group exists to oversee the various aspects of the Dialogue to ensure its smooth running and to deal with issues which arise from time to time which have a bearing on the Dialogue. This report explains the activities of the Co-ordination Group over the past nine months since the last Main Group meeting in November 2002 and attempts to put the BNFL National Nuclear Dialogue in perspective.

The membership of the Co-ordination Group is appended to this report in Appendix 1.

2 - Updates

2.1 - Engagement processes

It is an extremely busy and important time for the energy sector and for the nuclear industry in particular. The last few years has seen a rapid growth in consultation and engagement exercises. The 'Stakeholder Engagement Map' produced by The Environment Council which is displayed within the meeting area will give a good impression of the range and depth of demands on the time of stakeholders. In addition to the range of industry-led initiatives, Government Departments have recently embarked on an ambitious and far-reaching programme of consultation which it is hoped will lead to a more consensual approach to the reshaping of the industry. But while the required input level is high, so are the potential rewards. The nuclear industry is undergoing a period of major restructuring and it is in the interests of all stakeholder groups to participate as fully as possible in the discussions to ensure that the objectives of the BNFL Stakeholder Dialogue are met so as to maximise the influence on the broader picture.

In order to understand the context of stakeholder engagement processes affecting the nuclear industry, stakeholders are encouraged to:

- Add comments and additional information to the 'Stakeholder Engagement Map' displayed at the meeting, and
- Discuss with representatives of BNFL and the DTI who are present at the meeting their ideas for future engagement mechanisms.

2.2 - Dialogue completion and transition to future engagement

The current BNFL stakeholder Dialogue began in 1998. It is by far the most ambitious and ground-breaking process to have been attempted in the industry. Individual stakeholders will have their own views about the degree of success or failure it has managed to achieve but there can be no doubt that

the bringing together of such a diverse and knowledgeable group of participants from the fields of NGOs, the industry, the regulators, trades unions, central and local Government, individual experts and specialist agencies has provided an important forum in which to consider important issues relating to BNFL's environmental performance. The impressive list of reports which have been produced by the Working Groups are testament to the Dialogue's ability to identify areas of agreement and to work constructively to accommodate the areas of disagreement.

Now that the Business Futures Working Group is half-way through its work programme it is important to turn our attention to how to build on what has been achieved. Notwithstanding the possibility of a work stream to investigate outstanding issues relating to safeguards and security being approved (see below), the Co-ordination Group feels that the Dialogue in its current form will have completed its work by autumn 2004, preceding the expected establishment of the Nuclear Decommissioning Authority (NDA) in April 2005. At this point, BNFL will relinquish ownership of its assets and liabilities to the new authority and will, in effect, begin a new commercial life as 'new BNFL'. Such a radical change will require new forms of engagement for the Company, other parties and stakeholders.

However, it is important that the future of engagement with BNFL in particular and with the industry in general – particularly in respect of the NDA – is explored and the Co-ordination Group will initiate a discussion on this topic at the Main Group meeting. Broad questions which need to be answered are, for example,

- Is a form of Dialogue required in future?
- If so, what is the optimum form it should take?
- With which organisations and with what range of stakeholders?
- What terms of reference should it have?
- What should its objectives be?

These issues will be debated on the second day of the meeting.

2.3 - Communications Strategy

The Dialogue has an important message to communicate to the world but over the last few years the strategy for such communication has been to maintain a low media profile and to be reactive rather than proactive. When the Plutonium Working Group report was finalised in May 2003, it was decided that its message was sufficiently strong to warrant a deliberate attempt to seek more publicity. The strategy proved to be successful in that The Observer ran a major article on the findings of the report which was subsequently picked up by several other regional and trade newspapers and magazines. The strategy continues to be worked on by the Communications Sub-Group which comprises Helen Ashley (The Environment Council), Rupert Wilcox-Baker (BNFL) and Pete Wilkinson (WECL).

2.4 - Links to the Magnox Decommissioning Dialogue (MDD)

The Magnox Decommissioning Dialogue is going through a process of reviewing its aims and revising its groundrules (as decided at its last Main Group). When that process is completed, probably by late August or early September, all stakeholders will be asked to sign up to the revised aims and groundrules. Its successful operation has long been recognised as vital to the overall Dialogue outcome and particularly important to the work of BFWG and firm links between the two Dialogues will therefore continue to be discussed with the MDD.

2.5 - Mariposa – film proposal

Neil McCann, a Main Group stakeholder, has made a request to the Co-ordination Group for permission to make a film about the Dialogue. At the meeting held on the 25th June it was agreed uncertainties remain about the value of this proposal to the Dialogue and Mariposa has been invited to address these for further consideration.

3 - Co-ordination Group Business

3.1 - Groundrule Amendment

During the course of its work, the Co-ordination Group was required to review the groundrules for the Dialogue with reference to information sharing and confidentiality. The revised groundrule is attached in Appendix 2.

<p><i>Recommendation 1 - The Co-ordination Group requests Main Group endorsement for the amendment to the groundrules in Appendix 2.</i></p>
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3.2 - Dialogue Evaluation Process

The evaluation process agreed to at the last Main Group meeting has developed to the point where a firm of consultants (CAG Consultants) has been appointed to carry out a 'third party' assessment of the effectiveness or otherwise of the Dialogue. The process of discussion and agreeing the terms of reference and methodology to be undertaken has reflected the importance of this work. The team from CAG Consultants have worked closely with the Co-ordination Group over the past few months to construct a programme which we feel will be most capable of properly reviewing the successes and failures the Dialogue has achieved. Moreover, the exercise is designed to identify the leaning points which arise from the analysis to enable future Dialogues and engagement processes to benefit from the wealth of experience the current BNFL Dialogue has generated and which resides in Main Group and Working Group stakeholders.

Members of the CAG Consultant team will be attending the Main Group meeting and will be asking you all to complete a questionnaire and to indicate if you are willing to be interviewed as part of the data collection programme which is essential to the analysis.

Recommendation 2 - The Co-ordination Group asks Main Group stakeholders to make every effort to complete the forms promptly and to accommodate the CAG team proposals as far as is possible over a busy two day meeting.

3.3 - Safeguards and Security Workstream (SSW)

At the last Main Group meeting, stakeholders interested in pursuing the safeguards and security workstream were asked to sign up and to attend an initial meeting where the scope for such work would be reviewed. In the event, two meetings were held and terms of reference for the work were drawn up. These essentially propose examining the gaps between an ideal security and safeguards regime and that in existence today with reference to Mox shipments, BFWG-related issues and specific concerns arising from domestic transport – were drawn up. As will be seen, the stakeholders involved in developing this workstream seek approval from the Main Group to become a separate working group rather than a workstream of BFWG. TEC has confirmed that the membership of the SSW complies with the groundrules on representation and consequently, based on its current membership, -

Recommendation 3 - The Co-ordination Group recommends that the Main Group approves the establishing of a separate working Group to be known as the Safeguards and Security Working Group (SSWG) which is mandated to undertake its work programme as detailed in the SSW terms of reference.

3.4 - BFWG draft second interim report

BFWG have completed much of their work in respect of BNFL's interface with the NDA and its forerunner the LMU. However, due to the evolving nature of the NDA and its importance as the new 'problem holder' in respect of the need for on-going stakeholder engagement, the BFWG has spent and will continue to spend some of its time on matters relating to this and the level to which the 'principles' drawn up by BFWG have been adopted by the LMU/NDA. In addition, the draft Nuclear Sites and Radioactive Substances Bill and associated papers which enables the setting up of the NDA is now published and will inevitably preoccupy the BFWG to some extent.

Recommendation 5 - The Co-ordination Group commends this report to the Main Group and endorses BFWG's request to be allowed to pursue its future work programme as outlined in its second interim report.

3.5 - Previous Actions Required of the Co-ordination Group by the Main Group

Action	Who	When	Status
Monitor CERRIE & revisit previous work in light of CERRIE outputs	CG & BFWG	On-going	A member of the BFWG has accepted the task of keeping the Group up to date on progress on CERRIE
Discuss solutions to problem of lack of information provision about costs, and report back to future MG meetings	CG	By next MG	The Coordination Group is bringing forward recommendations as part of this report.
Working Groups to consider engaging with relevant stakeholders outside MG membership	All WGs	Ongoing	BFWG has acknowledged this proposal and has engaged with some relevant stakeholders. The Coordination Group will ensure that this is brought to the attention of future groups
CG to sign off PuWG report after it's been amended following this meeting	CG	11 Feb 03	PuWG Report published
Share CG report with DTI (updated after today)	(CG)	20 Dec 02	Done
CG to meet Magnox Steering Group representatives to discuss links & overlaps	CG to arrange	End Feb 03	Meeting held and Magnox Main Group endorsed contact. Progress now depends on developments in the Magnox Dialogue.
Change CG 'Recomm 1' to be consistent with Dialogue overall aim	CG	16 Dec 02	Done
CG to update its report (after today)	CG	16 Dec 02	Done

Appendix 1 – Membership of the Coordination Group (at July 2003)

Brian White	Copeland Borough Council
Fred Barker	Independent Nuclear Policy Analyst
Grace McGlynn	BNFL
Gregg Butler	Westlakes Research Institute
John Kane	BNFL
Pete Wilkinson	Wilkinson Environmental Consulting
Peter Kane	GMB
Peter Addison	NII
Rupert Wilcox-Baker	BNFL

= 9 people

Additionally, David Bonser (BNFL) and Suzannah Lansdell (The Environment Council) occasionally attend Coordination Group meetings.

Appendix 2 - "Information Provision and Costs" in the BNFL Dialogue

1. Background

The current position on the provision of information to the BNFL National Stakeholder Dialogue is contained in the following Ground Rules (13th update, Feb 2003). These are reproduced below:

5. Participants are expected to make available information needed by the group. The group will decide what information is necessary (rather than individual requests), where it should be sourced and how it should be used subject to the ground rules on confidentiality where appropriate (see Ground rules 23 to 26). Any participant who feels they cannot supply information which has been requested should be willing to explain why not, and such explanation is to be respected by the others. Any feelings of discomfort around discussions and requests for information should be similarly shared with the group. Participants may ask for a period of reflection if necessary.

This ground rule is supported by the more general confidentiality guidance in the ground rules below:

24. Total confidentiality must be maintained when requested. This enables a more free exchange of views within the group sessions, but unnecessary secrecy should be avoided – in any case, statements made in the process may only be quoted without attribution, specifically or by inference.

26. Participants' technical advisors, who are not otherwise part of the Dialogue, may have to see working papers and be aware of otherwise confidential information. Therefore they must be named and agree explicitly to these ground rules.

These statements stemmed from a debate in SFMO as to whether the Green Experts could be given access to BNFL cost data to inform their cost analysis. BNFL did not release this information to the green experts on the grounds that it was commercially sensitive. This was accepted but not comfortably, as ERM had been given the same information to inform their socio-economic analysis.

Discussion in the 2001 Main Group, concluded that while experts should be given all the relevant information available, it is unrealistic to expect to see BNFL's commercially sensitive data. Experts should have the same status as other members of the group, subject to the same ground rules for their participation. Clarity about how this issue will be addressed was required, for example in ground rules on confidentiality.

When this was considered by the Coordination Group it was noted that ERM were under a contractual obligation to treat information confidentially, whereas there was a nervousness about giving this information to the green experts some of whom had a history of campaigning against the financial viability of the company. The Coordination Group concluded that the ground rule had not been broken as BNFL had explained openly why they could not supply the info to the green experts. However, the withholding of this information still led to a sense of bad feeling within

the SFMO and green groups in the Main Group. The final SFMO report dealt with the subject in para S5.27:

S5.27 Commercial confidentiality will inevitably mean that costs cannot be dealt with in detail. Methods of minimising this problem need to be transparently considered at the beginning of any process

Even so, an input to the March 2002 Main Group concluded that the credibility of the SFMO report had been undermined by the company refusal to share cost data with the green experts, and the meeting recommended that para S5.27 should be retained as a recommendation but not as an explicit ground rule.

The Co-ordination Group report to the November 2002 Main Group recommended that *'the Company strives to be open and transparent and meet legitimate Dialogue needs for information and, when this is not possible, the Company should provide the earliest possible explanation of why this is the case'* and recommended that *'this issue be included in the further evaluation process'*.

The PuWG, in its final report, noted that no analysis of relative costs has been provided in the BNFL report to justify the assertion that generating costs from new reactors would be comparable with other baseload sources, and virtually unchanged by the use of MOX fuel. Overall, there was some disappointment in the PuWG that the Company was not able to generate sufficient information – particularly on costs, business viability and risks – to enable a more detailed evaluation of options. Similarly, very little information on the costs of different immobilisation options was made available. The outcome was that the original intention to assess options against business viability was not achieved and that the report could therefore not provide any explanation or justification for the Company's assumptions.

The PuWG recommended the Co-ordination Group *'discuss solutions to the problem of lack of info provision about costs, and report back to a future MG meeting'*, and this was endorsed by the November 2002 Main Group. This paper seeks to discharge this action.

The company's response to the PuWG Final Report commented:

'Here we feel it necessary to comment on the criticism regarding the lack of detailed costing information. Producing detailed costing data for various options in itself requires detailed engineering and research work which incurs substantial costs to provide sufficient robustness. For the purposes of the work undertaken by the Working Group, the Company felt that using experience from constructing facilities on the Sellafield site provided "ball park" estimates which stood up to scrutiny. In line with a recommendation from the Co-ordination Group to the Main Group in November 2002, the Company strives to be open and transparent in meeting legitimate needs for information as part of the Dialogue. When this is not possible, the Company will provide the earliest possible explanation of why this is the case.'

2. Coordination Group Response

In the light of the above, the Coordination Group recommends a revised ground rule 5:

Participants are expected to make available information needed by the group. The needs of the group will be determined on a collective rather than an individual basis. The group will also determine where the information should be sourced and how it should be used subject to the appropriate ground rules on confidentiality (particularly ground rules 24 and 26).

Any participant who feels that they cannot supply information requested by the group should be willing to explain their reasons. With respect to commercially confidential information, the group expects as much collaboration from participants as possible. Where information is felt to be too sensitive to release, for example where costs and other information are either not provided or given only as assertions, participants should provide as much supporting data as possible (such as assumptions, conditions and projections) to facilitate scrutiny by the group. Other group members must respect explanations for the non-provision of data subject to the foregoing conditions. Any feelings of discomfort around discussions and requests for information should be shared with the group.

Until this proposal is considered by the Main Group, the Coordination Group recommends that the Business Futures Working Group considers the SFMOWG recommendation, as endorsed by the March 2002 Main Group:

S5.27 Commercial confidentiality will inevitably mean that costs cannot be dealt with in detail. Methods of minimising this problem need to be transparently considered at the beginning of any process

Should the Stakeholder Dialogue evaluation project take place, it should include information provision as one of its review topics.

This paper should form an appendix to the Coordination Group report to the July 2003 Main Group.