



# **Post-Fukushima Follow-up A Regulatory Perspective**

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# Post-Fukushima Follow-up

## A Regulatory Perspective

Six months after our previous event we live in uncertain times for UK energy policy

Recast of Energy Bill is expected following criticism in Pre-Legislative Scrutiny

Question marks over move to low carbon economy, despite reasonable progress so far

# Post Fukushima Follow-up

## A Regulatory Perspective

- Despite this uncertainty, Government clearly sees an important role for nuclear power
- DECC Announcements on 30 October 2012
  - Hitachi to buy Horizon Nuclear Power with plans to build 4-6 new nuclear reactors
  - New Nuclear Industry Council
  - Nuclear Energy Supply Chain Action Plan
- Announcement by Ed Davey at CBI meeting that Government will underwrite subsidies for renewables, nuclear and CCS projects under Energy Bill

# The importance of the Regulatory Framework

- Remains to be seen whether these moves and developing energy policy, will persuade investors to sign up for new projects
- In my view if new nuclear capacity does result, this will be beneficial, provided the new nuclear capacity is safe nuclear capacity
- Therefore important that there is a good regulatory framework, and I propose look at this

- Nuclear Safety currently in hands of HSE for installations and DfT for transportation of radioactive material,
- Functions will be transferred to Office of Nuclear Regulation ("ONR") under Energy Bill
- ONR will be independent, industry-financed, statutory nuclear power industry regulator
- Energy Authority regulates the disposal of radioactive waste in England and Wales

- New installations also subject to planning regime
- Planning Act 2008 intended to simplify and speed up planning consents for infrastructure projects of national significance such as nuclear power stations
- Planning consent to be granted by a separate body, basing its decisions on National Policy Statements

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- Some indication of the approach and capacity of ONR is provided by work done recently
  - by Weightman Interim and Final Reports
  - in connection with EU "stress tests" ordered by EU Commission to test the safety of EU installations in the wake of the Fukushima disaster

## Philosophy of ONR set out in Weightman Interim Report

- Requirement of continuous improvement
- Requirement to reduce risks so far as is reasonably practicable
- Industry must demonstrate understanding of hazards and how to control them
- Role of regulator is to challenge operators, to ensure robust designs and safety provisions



- Plainly this approach will only work and command confidence of the public if ONR is seen to challenge industry
- However this is demonstrated by recommendations in Weightman Report and results of EU stress testing
- We await the ONR's comments on the actions of Government as well as industry, when it reports further at the end of the year on the implementation of the Weightman report recommendations

- I have rather less confidence in the planning framework established by the NPS, which remains contested
- Plainly sensible that strategic issues such as "need" for nuclear power, is addressed by the NPS
- Provides useful guidance for planning decisions on Nuclear Impacts and mitigation of those risks
- However it kicks into the long grass key concerns such as long-term geological disposal,

# Third party liability for nuclear incidents

- Perhaps the most important change was announced in March 2012
- Maximum liabilities of operators for damage and personal injuries etc to third parties will increase to €1.2bn per incident
- Key point is involvement of insurers

- No regulatory system is perfect
- However there are good grounds for confidence in ONR's work and it seems fairly clear that relevant lessons from the Fukushima incident will be learned
- Major issue for nuclear, and for low-carbon economy post-Fukushima, is investor confidence
- Ultimately that will decide if safe new nuclear plants are to be built



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