Diablo Canyon Power Plant

Decommissioning Exemption Request

Pre-Submittal Meeting

Together, Building
a Better California

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Pacific Gas and Electric Participants

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Introduction

- PG&E currently plans to operate DCPP Units 1 and 2 until expiration of the current operating licenses in November 2024 and August 2025, respectively
  - PG&E forecasts to submit the Certification of Permanent Cessation of Power Operations on November 27, 2018
- This early decision to retire DCPP provides PG&E a unique opportunity – a lead time of 6 years to plan for decommissioning
- PG&E Has Developed A Site-Specific Decommissioning Cost Estimate (DCE). The DCE demonstrates:
  - Executing planning activities before permanent shut down would allow physical decommissioning to begin shortly after permanent shut down (cost estimate ~$187.8M ($2017))
  - Early planning would reduce the duration and cost of decommissioning (cost savings ~$166.1M ($2017))

Introduction

DCPP Nuclear Decommissioning Trusts (NDTs)

- DCPP NDTs have been funded as directed by the California Public Utilities Commission (CPUC) and in full compliance with NRC requirements
- Funds cover all types of decommissioning costs:
  - NRC license termination costs (per 10 CFR 50.75)
  - Spent fuel management costs (per 10 CFR 50.54(bb))
  - Site restoration costs (per California law)
- The total balance of the customer-funded DCPP NDTs as of December 2017 is $3.17B.

Introduction

NRC Regulations for Decommissioning Trust Uses

- Without an exemption, prior to permanent cessation of operations, use of NDT funds for decommissioning planning is restricted to 3% of the generic minimum decommissioning amount
    - Equates to $37.2M total for DCPP Units 1 and 2
- The 3% cannot be used for spent fuel management or site restoration planning absent:
    (1) a clear indication that monies in the fund were collected for those purposes and are clearly and consistently accounted for separately; or
    (2) an exemption from the NRC allowing use of co-mingled funds for those purposes

Need for Exemption

- NRC regulations limit withdrawal from the DCPP NDTs to $37.2M and limit spending to planning activities for radiological decommissioning
- The $37.2M is far less than the $187.8M ($2017) PG&E has estimated for pre-shutdown planning across all categories of decommissioning
- Planning activities include:
  - NRC licensing actions
  - Permitting
  - Engineering design
  - Procurement
  - Detailed executable work plans
- If PG&E delays decommissioning planning until after permanent cessation of operations, the overall cost of decommissioning would increase by nearly $166.1M ($2017).

Submittal Overview

Request

- PG&E is requesting exemption from 10 CFR 50.82(a)(8)(ii) and 10 CFR 50.82(a)(8)(i)(A) to allow:
  - PG&E to withdraw a total of $187.8M ($2017) from the DCPP NDTs to fund decommissioning planning activities (radiological decommissioning, spent fuel management, and site restoration) necessary to support direct transition to decommissioning upon permanent cessation of operations
- Request NRC exemption approval by June 2019.

Submittal Overview

Justification

- Authorized By Law
- Will Not Present an Undue Risk to Public Health and Safety
- Consistent with the Common Defense and Security
- Special Circumstances
  - If PG&E delays decommissioning planning until after permanent cessation of operations, the overall cost of decommissioning would increase by nearly $166.1M ($2017). Therefore, compliance with the rule would result in an undue hardship.
  - Withdrawal of $187.8M ($2017) for pre-shutdown planning will not impact the ability to complete radiological decommissioning (~$2.6B) with existing NDT amounts. Therefore, application of the rule is not necessary to achieve the underlying purpose of the rule.
- Environmental Consideration

Additional Basis in Exemption Request

- Estimate of pre-shutdown planning costs by year
- Economic analysis demonstrating the increased cost to PG&E customers due to delayed decommissioning planning
  - Reduced cost of security, operations, fire protection, and overall decommissioning project staffing during active decommissioning
  - Allows for a prompt transition to decommissioning status
- Decommissioning cash flows for DCPP Units 1 and 2
  - Demonstrates $187.8M ($2017) in pre-shutdown planning will not impact the ability to complete radiological decommissioning (~$2.6B) with existing NDT amounts
- Asset Balance Sheet for DCPP NDTs

Summary

- PG&E currently intends to promptly enter DECON after expiration of the current DCPP Units 1 and 2 operating licenses in November 2024 and August 2025, respectively
- Exemption from 10 CFR 50.82(a)(8)(ii) and 10 CFR 50.82(a)(8)(i)(A) is requested to allow PG&E to withdraw a total of $187.8M ($2017) from the DCPP NDTs to fund decommissioning planning activities prior to cessation of operations for radiological decommissioning, spent fuel management, and site restoration (NRC approval requested by June 2019). Disbursement requests from the trust will be made in nominal dollars for the year they are disbursed.

Summary

- Conducting decommissioning planning before cessation of operations will result in an overall decommissioning cost savings of $166.1M ($2017)
  - It is in every stakeholders' interest for the DCPP NDTs to be effectively utilized
  - The public interest in prompt and efficient DCPP decommissioning weighs in favor of using NDT funds to perform the work now to expedite decommissioning later
  - Withdrawal of $187.8M ($2017) for planning activities will not impact the ability to complete radiological decommissioning.

Thank you