

Decommissioning Financial Assurance
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for
Briefing on Decommissioning Funding
February 23, 2010

ICF International has been a task order contractor to U.S. NRC for support of various NRC financial assurance programs for over 20 years; for example, we provided technical input to the staff for the decommissioning planning rule. ICF also has worked for over 30 years on financial assurance for other Federal regulatory agencies (especially different parts of the U.S. EPA, and the Federal Motor Carrier Safety Administration); many U.S. states; agencies of the governments of Canada and Australia; and the European Commission. ICF's work has covered all aspects of financial assurance (e.g., cost estimation methods, evaluation of instruments), as well as many types of facilities ranging from hazardous waste facilities, municipal waste landfills, underground storage tanks, underground injection wells, motor carriers of people and goods, vessels, mining and mineral processing, materials licensees, fuel cycle facilities, power reactors, facilities handling CERCLA (Superfund) hazardous substances, asbestos in schools, lead paint in housing, and geosequestration of carbon dioxide. I have provided leadership for this line of work at ICF.

Among the lessons learned from this broad experience are:

Applicability and Scopes. Information about the performance of financial assurance programs is difficult to acquire, and published audits are poorly documented. Reported failings of financial assurance (FA) are most commonly due to limited applicability and scopes (coverage) of FA

rules, not to inherent regulatory flaws. In other words, public funding required to address a site results when the financial assurance rules didn't cover certain types of facilities or didn't require certain scopes (e.g., decommissioning vs. remediation) to be assured.

In addition, when FA is first imposed on a previously unregulated industry sector, some facilities will turn out to be legacy sites requiring costly case work. A financial assurance program does not turn a marginal company into a well-capitalized firm. However, financial assurance requirements can screen undercapitalized firms from entering a particular industry.

Financial assurance programs have reported occasional problems accessing funds from specific assurance instruments, notably insurance but also letters of credit and surety bonds on occasion. The reasons for difficulties accessing funds from letters of credit and surety bonds are not documented. Difficulties related to collecting from insurance reportedly arise from terms and conditions included in policies as well as insurers' management of claims.

Financial assurance has become broadly recognized as an important element of many safety and environmental programs. EPA recently announced an initiative to study whether to apply FA to certain classes of facilities associated with hazardous substances, including facilities in the electric power generation, transmission and distribution industry due to issues relating to coal combustion residuals. As EPA studies potential financial assurance regulations for coal-fired power plants, NRC's experience with financial assurance for utility and non-utility nuclear power plants may be instructive.

Comments on NRC's Decommissioning Financial Assurance. A funding assurance program's effectiveness and strength may change as the real-world context changes. It wasn't that many years ago that pundits warned of many premature NPP closures because nuclear plants would not be able to compete economically. Instead the future turned out to include competitive costs and associated license renewals for NPPs. Similarly, cleanup of on-site contamination at NPPs was not considered a material issue, until leaks were discovered at several facilities.

The staff has not tasked ICF to provide support regarding the topics being addressed today. The points I make in my presentation reflect my independent judgment as an expert on financial assurance.