

OCRWM Transportation Services

Dwight Shelor

*Deputy Director, Office of Waste Acceptance, Storage and Transportation
Office of Civilian Radioactive Waste Management
U.S. Department of Energy*

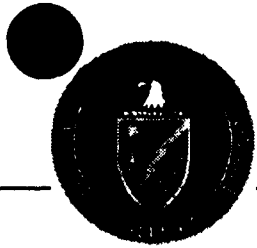
Nuclear Waste Technical Review Board

*January 28, 1997
Pahrump, Nevada*



Market-Driven Transportation Services

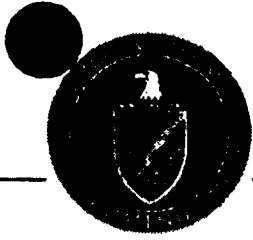
- **Provide OCRWM's approach to transportation services acquisition**
- **Describe the relationship between transportation services and a repository or interim storage facility (ISF)**
- **Provide insight into:**
 - objectives
 - rationale



Department's Overall Privatization Goals

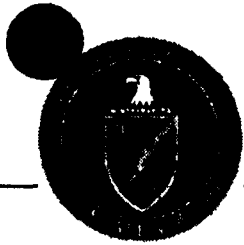
- **Sharpen Mission Focus**
- **Improve Quality of Performance**
- **Improve Long-Term Cost Effectiveness**

*While Maintaining Environment, Safety and
Health Excellence*



A Working Definition of Privatization

Privatization is the substitution, in whole or in part, of private market mechanisms and entities for one or more of the traditional government roles of developer, financier, builder, owner, and operator.



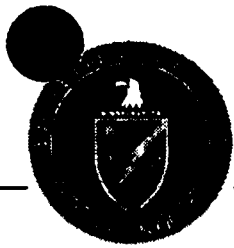
Mission

- **Office of Civilian Radioactive Waste Management:**
...maintain the momentum at Yucca Mountain...and maintain core capability in the Waste Acceptance, Storage and Transportation Project...

Page 14, Program Plan, Rev. 1

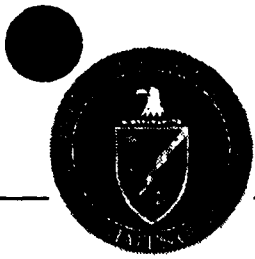
- **Waste Acceptance, Storage and Transportation:**
...develop and implement a market-driven approach that relies on the private sector for waste acceptance and transportation services...

Page 15, Program Plan, Rev. 1



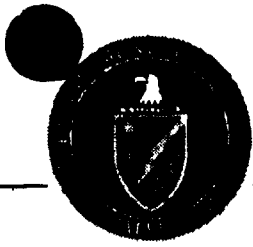
Relationship to Federal Facilities

- **Statutory policy direction**
 - If no statutory direction is provided, approach would be used to transport spent nuclear fuel (SNF) to repository receiving facility.
 - If statutory direction authorizes an ISF, approach would be used to deliver SNF.



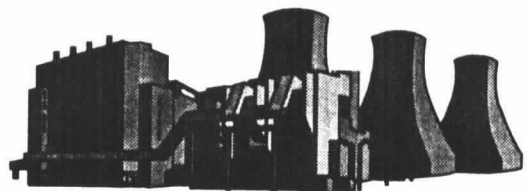
Objectives

- **Practical and implementable**
- **Maximum use of private industry**
- **Provide flexibility for innovative approaches**
- **Minimize OCRWM involvement**
- **Utility cooperation and participation**
- **Performance-based contracts**



Procurement Philosophy

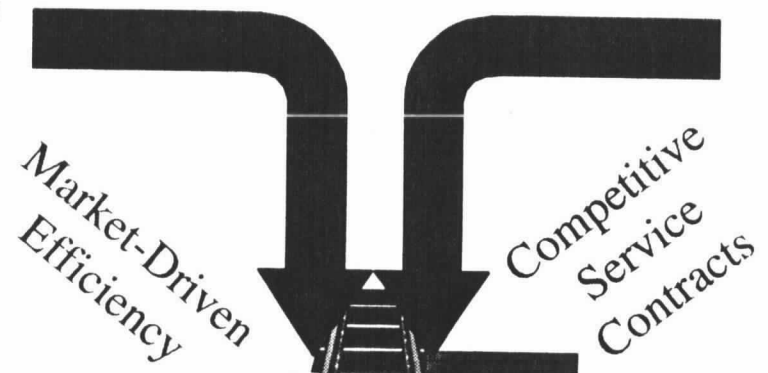
- **Keep it Simple**
- **Keep it Focused**
- **Adhere to “Spirit of Privatization”**
- **Provide a Good Deal for the Government**
- **Make it Attractive to Industry and the Utilities**



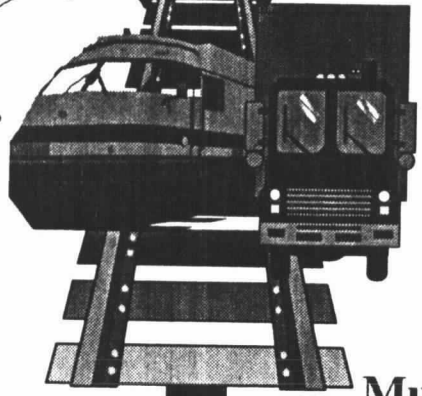
**Nuclear
Utilities**

**Utility
Disposal
Contracts**

DOE

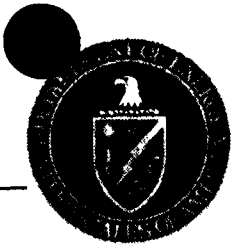


Private Sector



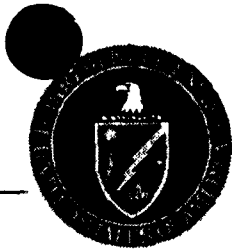
**Multi-Year
Performance-Based
Requirements**

To Federal Facility



Overview of Services

- **Service purchasers per OCRWM Waste Acceptance Schedule**
- **Purchase or lease transportation casks and equipment**
- **Accept SNF as agent of OCRWM**
- **Transport SNF to a Federal facility**
 - applicable NRC, Department of Transportation (DOT) and selected DOE regulations
 - standard commercial nuclear practices
 - route selection
 - intermodal transport as necessary
- **Provide compatible storage systems at Federal facility**



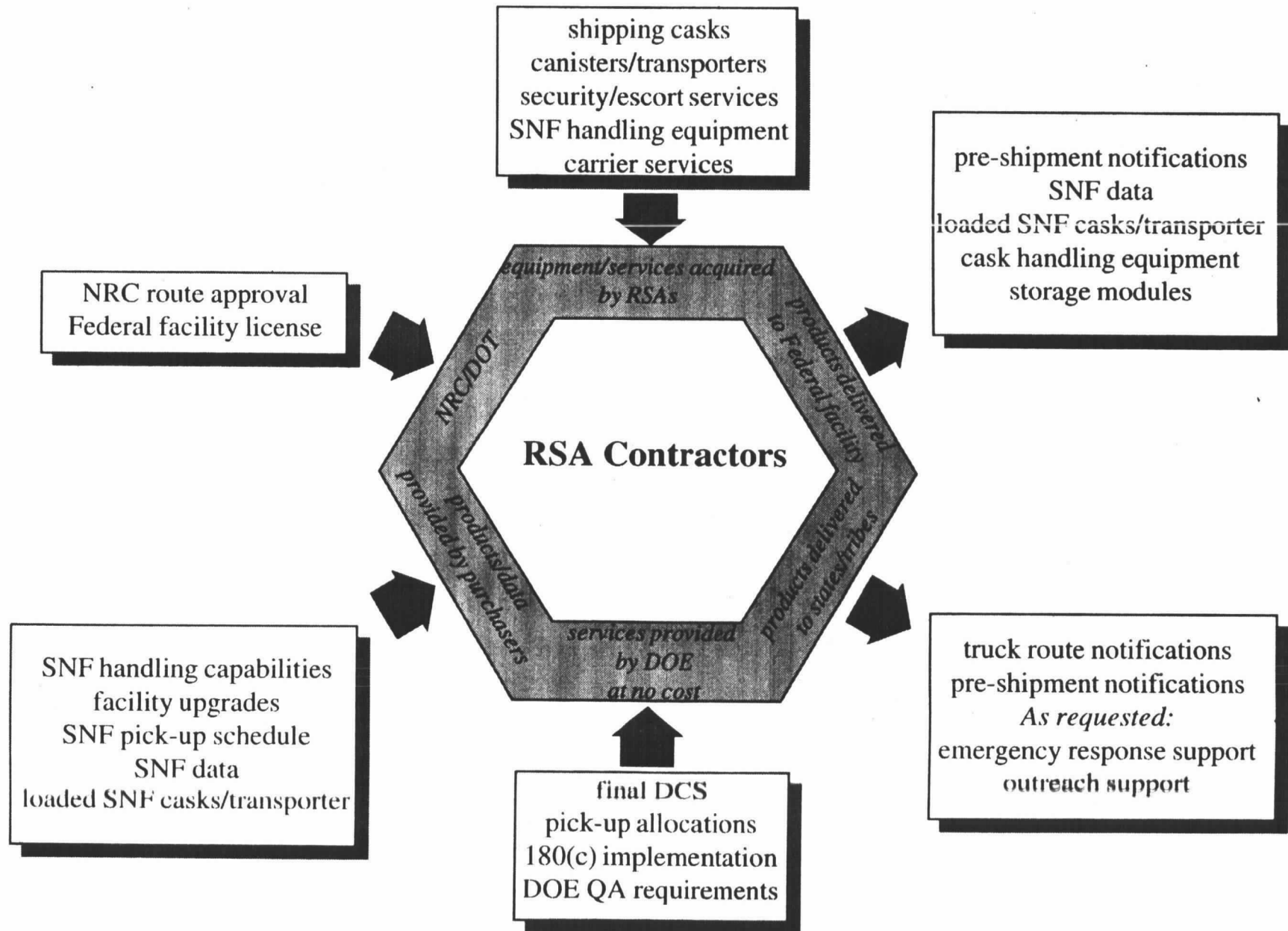
Procurement Sequence

Phase A	Phase B	Phase C
<p data-bbox="304 613 697 662"><u>Business Plans</u></p> <ul data-bbox="257 727 740 1242" style="list-style-type: none"><li data-bbox="257 727 740 824">• Perform site-specific and regional planning<li data-bbox="257 885 740 982">• Develop management program<li data-bbox="257 1042 740 1140">• Plan hardware acquisitions<li data-bbox="257 1200 740 1242">• Develop QA program	<p data-bbox="942 548 1198 662"><u>Establish Capability</u></p> <ul data-bbox="883 727 1259 1388" style="list-style-type: none"><li data-bbox="883 727 1259 868">• Purchase/lease transportation hardware<li data-bbox="883 928 1259 1026">• Plan waste acceptance<li data-bbox="883 1086 1259 1183">• Plan cask maintenance<li data-bbox="883 1243 1259 1388">• Provide initial storage systems and hardware	<p data-bbox="1517 613 1793 662"><u>Operations</u></p> <ul data-bbox="1457 727 1872 1242" style="list-style-type: none"><li data-bbox="1457 727 1872 769">• Transport SNF<li data-bbox="1457 829 1872 927">• Perform waste acceptance<li data-bbox="1457 987 1872 1084">• Perform cask maintenance<li data-bbox="1457 1144 1872 1242">• Provide remaining storage systems



Office of Civilian Radioactive Waste Management

Major RSA Interfaces



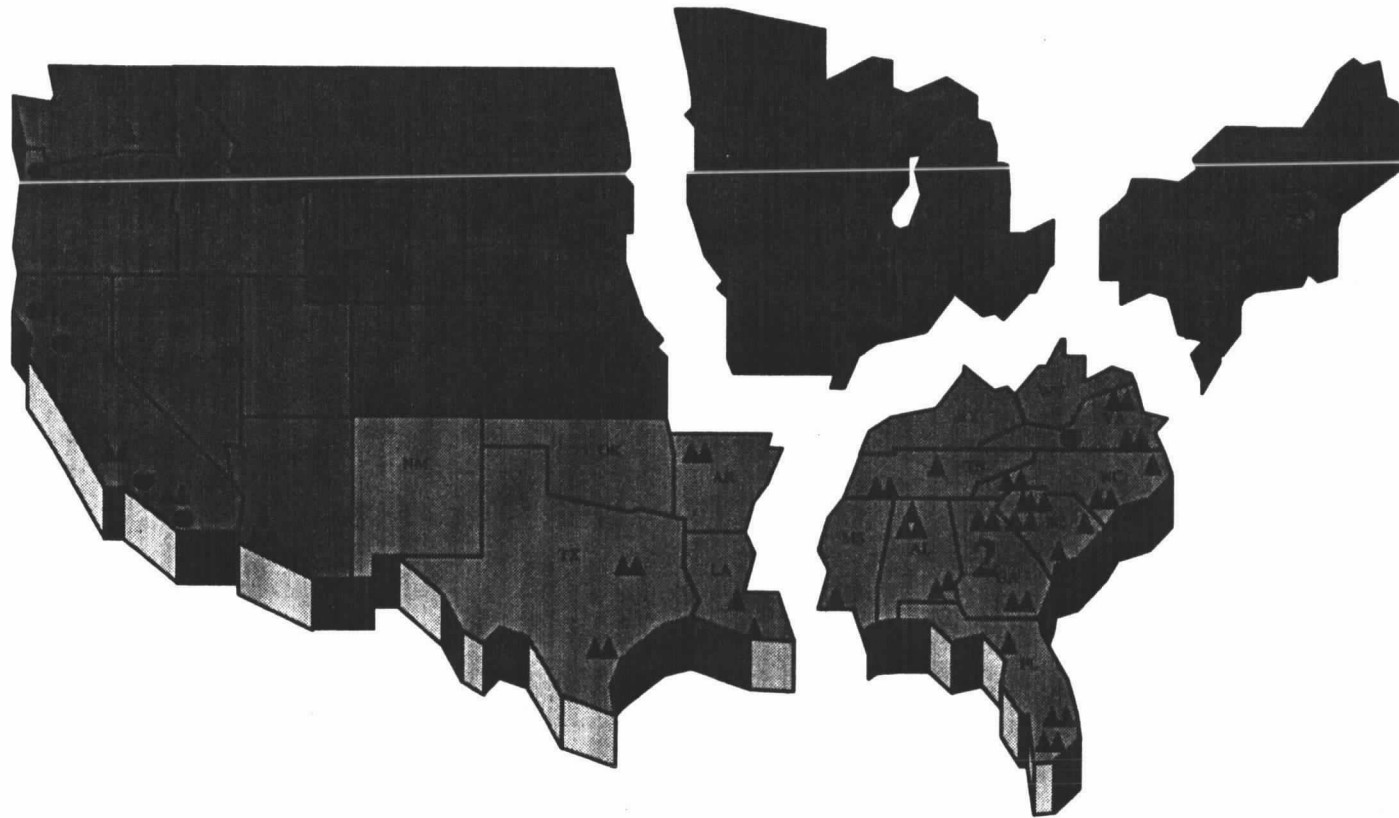


Performance Requirements

- **The Statement of Work in the Draft RFP incorporates performance requirements consistent with NRC and DOT regulations. Federal regulations provide protection for the public health and safety and the environment. Contractors will base their fixed price bids on these requirements.**
- **With the current National emphasis on reducing the role, size and cost of governmental operations, there must be broad support for initiatives that go beyond those specifically directed in Federal regulations.**
- **Compelling justification will be required to pursue specific actions beyond the established regulatory requirements and for seeking the budget authority necessary to carry out those activities.**



Proposed RSA Servicing Regions

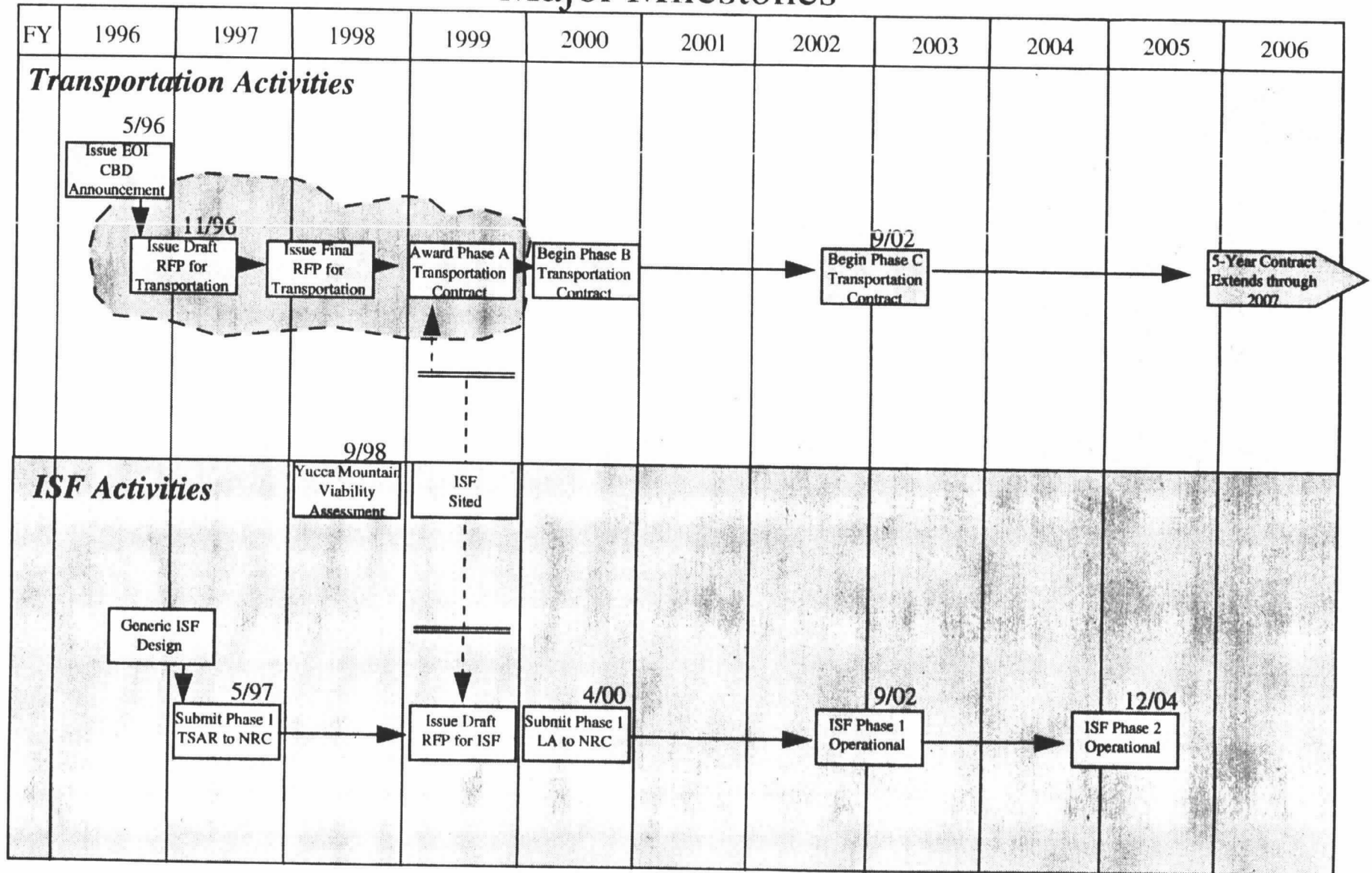


- ▲ Operating Reactor
- Facility with SNF on Site

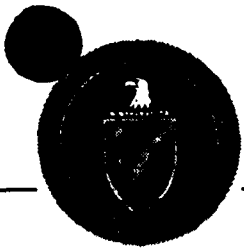


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Major Milestones*

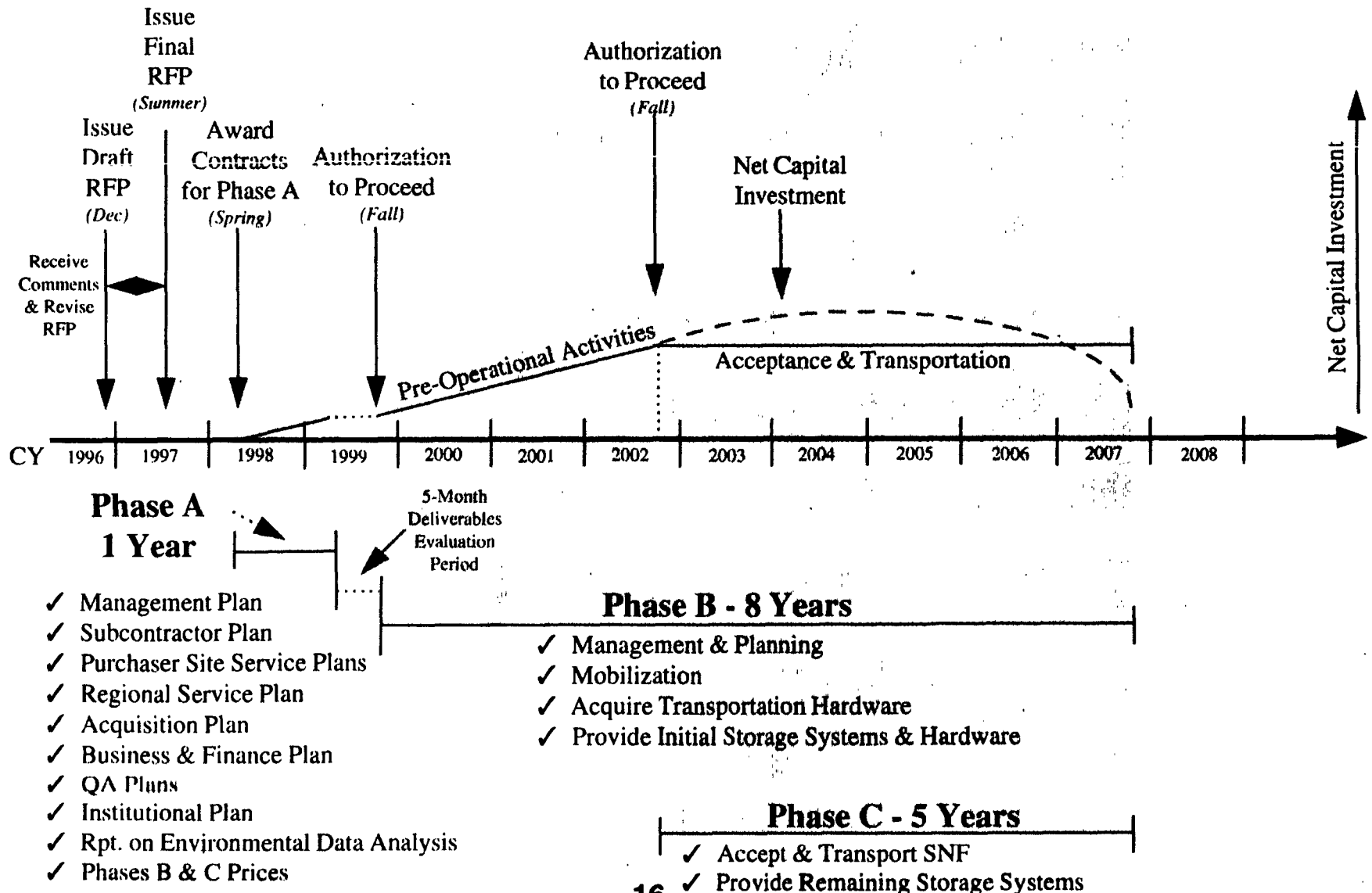


*Milestones beyond 1998 are contingent on Congressional interim storage authorization, funding, and site designation.



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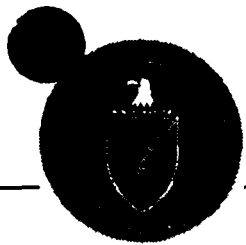
Waste Acceptance & Transportation Services Project Timeline



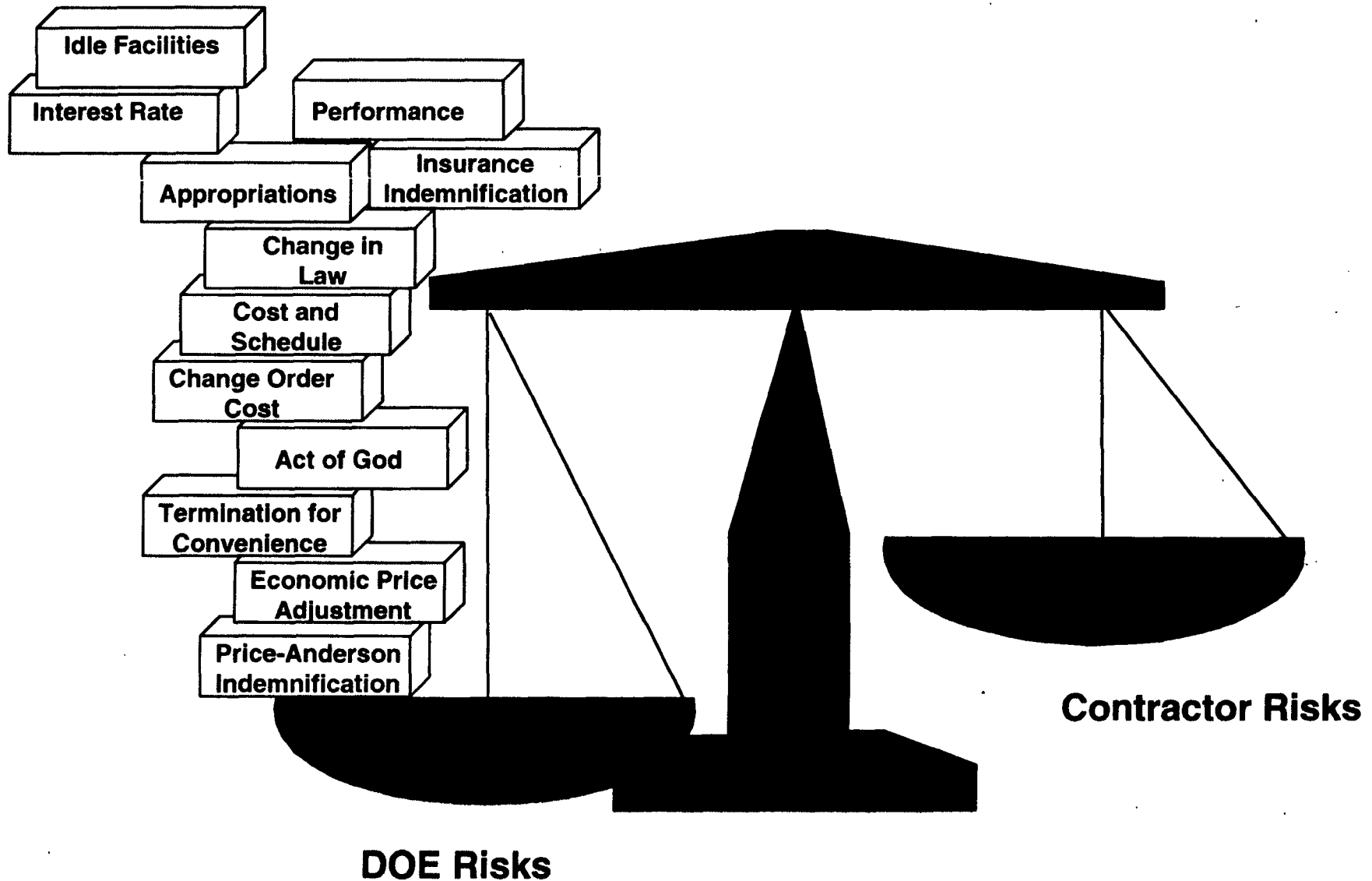


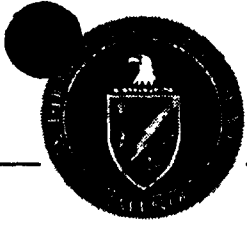
DOE's Risk Sharing Objectives

- **Allocate the financial, regulatory, performance, and operational risks between DOE and its contractors in an equitable manner.**
- **Minimize DOE's involvement in the regulatory environment.**
- **Indemnify the contractor under Price-Anderson for nuclear risks.**



Pre-Contract Reform Risk Allocation



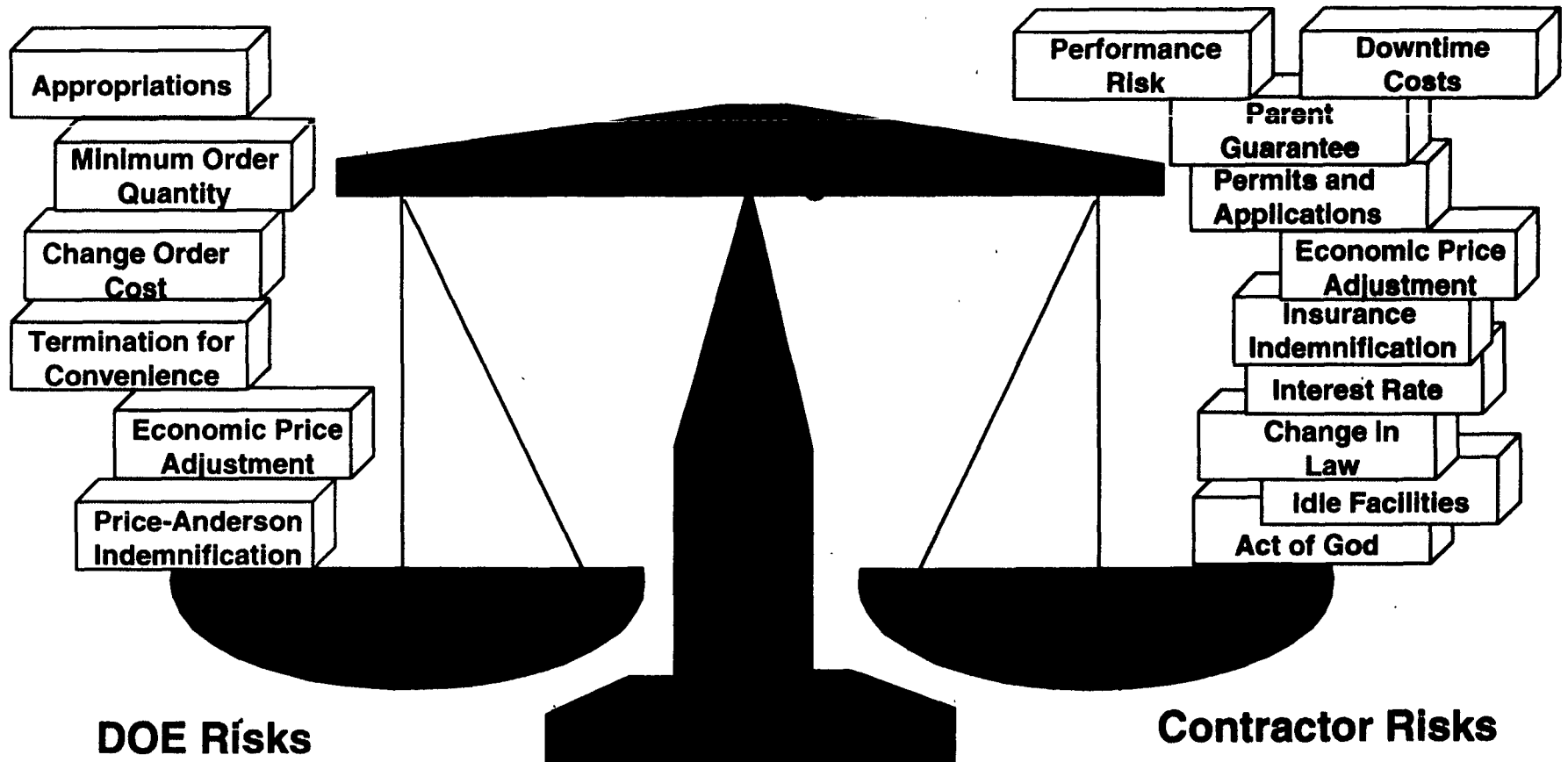


DOE's Approach for Achieving Objectives

- **Contract is fixed priced, privately financed -- unlike standard M&O contracts where DOE pays all costs and assumes essentially all the risk.**
- **Payments to the contractor are for performance -- distinguished from level of effort and cost-plus type contracts.**
- **Risk sharing elements are found primarily in Section H (Special Contract Requirements) of the draft RFP.**

What's New?

Risk Allocation in OCRWM's Privatization Draft RFP





Selected Risk Sharing Examples

- **Economic price adjustment**
 - Provides the contractor with some inflation protection -- DOE risk (Section H.5)
- **Minimum order quantities**
 - Establishes a minimum order floor and schedule for delivery and transport of SNF; ensures contractor investors the ability to recover investments -- DOE risk (Section H.8)
- **Permits and applications**
 - Contractor responsible for obtaining and being in full compliance; indemnifies and holds harmless DOE from any claims -- contractor risk (Section H.11)



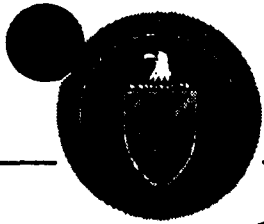
Selected Risk Sharing Examples (Continued)

- **Insurance and indemnification**
 - Contractor required to maintain insurance and indemnify DOE against claims arising from non-nuclear incidents -- contractor risk (Section H.12)
- **Termination for convenience settlement**
 - Contractor paid for allowable costs and reasonable profit; payment for financial costs is a deviation from the FAR -- DOE risk (Section H.17)
- **Performance Guarantee**
 - Contractor's parent company assures DOE that the contractor has their full backing and support -- contractor risk (Section H.20)



Interim Storage Contingency Planning

- **Phased approach...**
 - Phase I - canistered SNF only
 - Phase II - uncanistered SNF



Summary of Market-Driven Strategy

- **Maximizes use of private sector transportation capability**
- **Provides a focused period for RSA/Utility cooperation**
- **Allows RSAs flexibility to purchase/lease different casks to meet regional needs**
- **Minimizes OCRWM involvement**
 - Procurement of services, not equipment
 - Monitor progress and performance but does not direct contractor actions