

Appendix A - Nuclear Provision

Uncertainty Range - Sellafield

The single point undiscounted estimate is **£96.5 billion**.
Examples of uncertainty around this figure:

- A 100% increase in major project costs post 2039 +£27.7 billion
- A 300% increase in major project costs post 2039, +£83.2 billion
- A 50% reduction in major project costs post 2039, -£13.8 billion

Undiscounted Nuclear Provision - Sellafield

£96.5 billion
(2018/19, £94.0 billion)

Uncertainty Range - Other sites

The single point undiscounted estimate is **£30.3 billion**.
Examples of uncertainty around this figure:

- A 100% increase in Magnox final site clearance costs, +£2.0 billion
- A 3 year delay to DSRL Interim End State date, +£0.2 billion
- A 300% increase in GDF costs post 2037, +£22.7 billion
- A 50% reduction in GDF costs post 2037, -£3.8 billion

Undiscounted Nuclear Provision - Other sites

£35.1 billion
(2018/19, £30.3 billion)

Uncertainty Range - Total

The NDA estimates the total costs associated with the undiscounted nuclear provision to be within a potential range from **£115 billion to £246 billion**.

The nuclear provision represents a single point estimate within a range and is NDA management's judgement of future costs based on plans produced by the SLCs, accepted by the NDA and known changes in assumptions and facts. The increase in the undiscounted provision is due primarily to inflation year on year.

Undiscounted Nuclear Provision - Total

£131.6 billion
(2018/19, £124.3 billion)

Discount Rate Sensitivity

A 0.5% decrease in the discount rates over the life of the estimate would increase the provision by approximately **£24 billion** while a 0.5% increase would reduce the provision by approximately **£19 billion**.

Discounting

The nuclear provision estimate is discounted (adjusted to present values) to produce the figure published in the accounts.

Discount rates are revised each year by HM Treasury to reflect the UK government's borrowing rate and forecast future inflation.

The rates are currently:

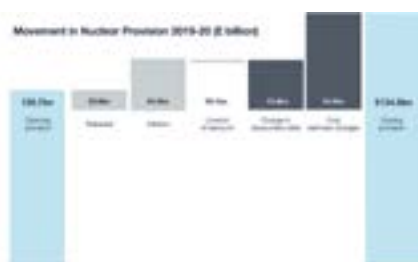
- Short-term (0-5 years) -1.49%,
- Medium-term (6-10 years) -1.45%,
- Long-term (11-40 years) -0.01%.
- Very long-term (over 40 years) -0.01%.

The application of these rates produce the overall discounted total as shown in the Authority accounts of £134.9 billion.

Changes in Discounted Nuclear Provision

The discounted nuclear provision (Authority accounts) at the end of 2018/19 was £130.7 billion and movements since then have been: The value provided for 2018/19 released from the provision, -£2.8 billion increases from inflation +£9.9 billion and the unwinding of the existing discount, +£0.1 billion, which are applied to the provision every year, the impact of the changes in discount rates, -£3.8 billion and cost estimate changes which increase the obligated liability estimate by £6.9 billion

Movements in Nuclear Provision 2019/20 £bn



Discounted Nuclear Provision - Total (Authority)

£134.9 billion
(2018/19, £130.7 billion)