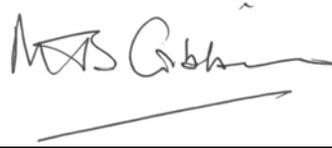


 <b>Regulatory Policy Committee</b>	<b>OPINION</b>	
<b>Impact Assessment (IA)</b>	Proposed legislation to implement the amended Paris and Brussels Conventions on 3 <sup>rd</sup> party nuclear liability	
<b>Lead Department/Agency</b>	Department of Energy and Climate Change	
<b>Stage</b>	Final	
<b>Origin</b>	International	
<b>Date submitted to RPC</b>	19/01/2012	
<b>RPC Opinion date and reference</b>	02/03/2012	RPC11-DECC-0627(4)
<b>Overall Assessment</b>	<b>AMBER</b>	
<p>The IA is fit for purpose. Both the assessment of the costs and benefits of the proposal and the claim that the proposal is out of scope of One-in, One-out (OIOO) should be explained more clearly.</p>		
<p><b>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</b></p>		
<p><i>Cost to the UK and business.</i> The IA says that the proposal will increase the costs of nuclear operators in the UK, but that these will be offset by an equal and opposite benefit to government from a reduction in its ‘contingent liability’ with respect to nuclear power. In our previous Opinions we have challenged whether these transfers are equal and opposite, and whether the costs to the private sector of obtaining insurance is likely to be greater than any costs to government. However, the department has told us that it has sought clarification from HM Treasury on this. The outcome of this should be reflected in the final version of the IA.</p> <p><i>Justification for the proposal.</i> We draw attention to paragraph 20 which says that safety is ensured by regulation rather than “..by diverting resources to insurance premiums away from safety.” – a concept which concerned us. In this context, if safety is not affected by the proposed transfer of liability, the IA should be clearer on what is the actual justification for the proposed transfer.</p>		
<p><b>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</b></p>		
<p>There has been considerable debate over whether this proposal is in scope of One-in, One out (OIOO) or not. We have taken the view that the proposal is in scope because it goes beyond the minimum implementation of an international convention. Previous versions of the IA claimed that this measure was outside the scope of One-in, One-out (OIOO) as it was a form of cost recovery, and so was related to fees and charges. The IA now says that “<i>this policy has been agreed with Ministers from the Department of Business Innovation and Skills (BIS) as being out of scope of the One In One Out rule.</i>” (para 56) and we have received confirmation that Ministers have taken that view. While we accept that it is ultimately the responsibility of the RRC</p>		

and the BRE to determine what is in and out of scope of OIOO, if the proposal was in scope of OIOO the costs to businesses incurred over and above minimal implementation of the Convention would need to be recorded as an 'IN' and an Equivalent Annual Net Cost to Business (EANCB) scored in accordance with the current OIOO Methodology.

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal stroke underneath.

**Michael Gibbons, Chairman**