OCRWM
Transportation Services

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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.
Office of Civilian Radioactive Waste Management

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
Utility Disposal Contracts

DOE

Private Sector

To Federal Facility

Multi-Year Performance-Based Requirements

Competitive Service Contracts

Market-Driven Efficiency

Nuclear Utilities
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
### Office of Civilian Radioactive Waste Management

## Procurement Sequence

<table>
<thead>
<tr>
<th>Phase A</th>
<th>Phase B</th>
<th>Phase C</th>
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<tbody>
<tr>
<td><strong>Business Plans</strong></td>
<td><strong>Establish Capability</strong></td>
<td><strong>Operations</strong></td>
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<tr>
<td>• Perform site-specific and regional planning</td>
<td>• Purchase/lease transportation hardware</td>
<td>• Transport SNF</td>
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<tr>
<td>• Develop management program</td>
<td>• Plan waste acceptance</td>
<td>• Perform waste acceptance</td>
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<tr>
<td>• Plan hardware acquisitions</td>
<td>• Plan cask maintenance</td>
<td>• Perform cask maintenance</td>
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<tr>
<td>• Develop QA program</td>
<td>• Provide initial storage systems and hardware</td>
<td>• Provide remaining storage systems</td>
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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
## Office of Civilian Radioactive Waste Management

### Major Milestones*

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<tbody>
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<td><strong>Transportation Activities</strong></td>
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<tr>
<td>5/96</td>
<td>Issue EOI CBD Announcement</td>
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<tr>
<td>11/96</td>
<td>Issue Draft RFP for Transportation</td>
<td>Issue Final RFP for Transportation</td>
<td>Award Phase A Transportation Contract</td>
<td>Begin Phase B Transportation Contract</td>
<td>Begin Phase C Transportation Contract</td>
<td>5-Year Contract Extends through 2007</td>
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<td>9/98</td>
<td>ISF Phase 1 Operational</td>
<td>ISF Phase 2 Operational</td>
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### ISF Activities

- Yucca Mountain Viability Assessment
- ISF Sited
- Generic ISF Design
- Submit Phase 1 TSAR to NRC
- Issue Draft RFP for ISF
- Submit Phase 1 LA to NRC
- ISF Phase 1 Operational
- ISF Phase 2 Operational

*Milestones beyond 1998 are contingent on Congressional interim storage authorization, funding, and site designation.
Waste Acceptance & Transportation Services Project Timeline

Phase A - 1 Year
- Management Plan
- Subcontractor Plan
- Purchaser Site Service Plans
- Regional Service Plan
- Acquisition Plan
- Business & Finance Plan
- QA Plans
- Institutional Plan
- Rpt. on Environmental Data Analysis
- Phases B & C Prices

Phase B - 8 Years
- Management & Planning
- Mobilization
- Acquire Transportation Hardware
- Provide Initial Storage Systems & Hardware

Phase C - 5 Years
- Accept & Transport SNF
- Provide Remaining Storage Systems
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

- Idle Facilities
- Interest Rate
- Performance
- Appropriations
- Change in Law
- Change Order
- Cost and Schedule
- Cost
- Act of God
- Termination for Convenience
- Economic Price Adjustment
- Price-Anderson Indemnification

DOE Risks

Contractor Risks
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.
Risk Allocation in OCRWM's Privatization Draft RFP

DOE Risks
- Appropriations
- Minimum Order Quantity
- Change Order Cost
- Termination for Convenience
- Economic Price Adjustment
- Price-Anderson Indemnification

Contractor Risks
- Performance Risk
- Downtime Costs
- Parent Guarantee
- Permits and Applications
- Economic Price Adjustment
- Insurance Indemnification
- Interest Rate
- Change in Law
- Idle Facilities
- Act of God

DOE Risks

Contractor Risks
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