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## BNFL: Going Forward

David Bonser

There are many challenges facing the UK nuclear industry at the moment. There are new electricity trading arrangements due to come in later in 2000, and of course there is the ongoing pressure to continually reduce prices. There is closer regulatory scrutiny, which is something that we are seeing around the world. This is partly as a response to perceived public pressure and partly just regulation moving forward. There are also increasing environmental pressures.

It is important to get the public image of the nuclear industry right. British Nuclear Fuels (BNFL) has been an active proponent for almost two decades of trying to open up our industry, welcoming in and listening to the public, and trying to respond to those pressures. We will continue to do that. Much has been said at this Symposium about including nuclear in climate change policy. It is very important to get nuclear firmly on the climate change agenda.

BNFL has had a difficult year, but it has also had some very major changes and successes in recent months. The company has grown significantly over the past few years. First came the merger with Magnox Electric in the UK, meaning that roughly 7–8% of the UK's nuclear electricity now comes from BNFL. This was followed by the acquisition of the nuclear interests of Westinghouse, and then by the acquisition of ABB's nuclear interests.

These have been major changes. We now have over 23 000 people in 15 countries working for the organisation, and it goes without saying that their operating and industrial environments are changing — and not all in exactly the same way. There are some common threads to change, as we are hearing from this Symposium, and then there are some individual challenges for the particular businesses and markets that we are working in.

The markets BNFL serves will continue to offer opportunities, they will continue to be challenging. But we have to be in a position to meet the future — whatever it may be. If nuclear does not have a renaissance and there are no more nuclear stations, then BNFL would expect in the longer term to transform itself into a clean-up company.

I believe there will be new nuclear stations, but whatever I believe BNFL needs to position itself to be able to deal with that eventuality. If there are new stations, then through the ABB and Westinghouse acquisitions BNFL has access to the AP-600 and the System 80+, and we have invested in Eskom's pebble bed reactor project for the future. So if that future comes, then we hope to be positioned to play a major role.

What is it that BNFL is offering around the world? Let me list what we believe to be some of our core capabilities, offering integrated nuclear solutions:

- Nuclear safety.

- Skills for operating in political and regulated nuclear environments.
- Radiochemical processing.
- Nuclear process design, technology engineering, field services and project management.
- Maximising the lifetime and performance of operating nuclear plants.

BNFL has strong technical engineering capabilities across the nuclear cycle. This is being strengthened by the increased presence in the front end of the fuel cycle, the fuel fabrication business.

These technologies, this know-how and experience, or in other words the people that we have working for us, are the basis for providing sound technical solutions to our customers for difficult problems. The key for BNFL as a business is to add value for its customers and to do this profitably. I have to say we have not got all the answers to that just yet.

Moving on to safety, which is absolutely central to all of our businesses. On conventional safety, that is non-nuclear industrial injuries and accidents, ten or so years ago BNFL had almost twice the frequency of lost-time accidents as the UK chemical industry average. We have devoted a considerable effort to safety improvements, some capital spending on improvements but mostly working with people to improve safety. Particularly important is sharing best practice and learning from others. By doing these things BNFL has been able to come down to an accident level below the UK chemical industry average.

In the USA, on the total recordable injury rate for the past 2 or 3 years BNFL has been below the US chemical industry average. However, we recognise we have a long way to go to be the industry leader, which is what we want to be.

In terms of radiological safety, taking the same sort of period from the late 1980s to the present, average employee radiation exposure has been significantly reduced. We have been working very closely with our workforce in order to find ways to reduce both individual dose rates and collective doses. We have succeeded in also reducing the latter over the last ten years.

For the company as a whole, turnover is now more than £2 billion (US\$3 billion) across four major business streams (Figure 1). First, there is the front-end business, Westinghouse Fuel Manufacturing and Reactor Services. We are currently integrating the former ABB nuclear operations into the Westinghouse operation. We have already integrated the fuel fabrication facilities here in the UK with Westinghouse. All the front-end operations, including fuel fabrication, enrichment, reactor services, and so on will be within this new segment of the company.

Second is Nuclear Decommissioning and Clean-up — that is in the UK, in the USA, plus other areas, including some work at Chernobyl and some on nuclear submarines in northwest Russia. This is really an embryo business. Third, there is the Magnox Generation division producing electricity in the UK. Finally, there is Spent Fuel Management, which includes transport, MOX fuel fabrication, and reprocessing.

As far as turnover is concerned, BNFL is in the top 200 companies in the UK. The company is very important to the northwest of England — we are in the top 15 in this region. We are also the 34th largest exporter from the UK and

the 20th largest corporate investor. In other words, BNFL is looking to the future, we believe there is a future, and we believe that it is worth investing in.

We also recognise the importance of giving support to local communities as a big employer, particularly round our largest site at Sellafield. We recognise our responsibilities there, and also wherever we are present as a company.

BNFL's management and organisational structure is undergoing some key changes right now, aimed at making sure it is effective with clear accountabilities. We are working to implement the findings of the three recent critical Nuclear Installations Inspectorate (NII) reports. We are refocusing our activities to continue to improve safety performance, and also to improve our operational performance. We aim to become much more predictable in terms of how the plants are operating year on year. And of course, we have to rebuild customer relations after the difficulties of the past twelve months.

All of that is what I am being asked to do in terms of my recent appointment as BNFL's Transformation Director; to transform BNFL. In our management structure (Figure 2), the most visible and obvious things which have changed are that we have had a new Chairman, Hugh Collum, and a new Chief Executive, Norman Askew. A number of other changes have also been made within the organisation and there will be more. These changes are being made so we can develop a company structure, with the people who can deliver for the future, who can face the challenges, who can face the customers, and can deliver value to those customers.

The three NII reports are extremely important to us, and there has been a lot of work going on there. Norman Askew has taken a personal lead in this as we work our way through the recommendations.

For the report on the control and supervision of operations at Sellafield, BNFL's response was launched by the Chief Executive on 18 April, and two out of 28 recommendations have been completed so far. On the investigation into the MOX fuel data falsification, the response was also launched by the Chief Executive on 18 April, and the work required for all 15 recommendations has been completed. The company's response to the report on the highly active liquor treatment and storage facilities was issued on 18 August.

For each of our businesses we are clarifying the top operational priorities (Figure 3). We need to then make sure that we are taking firm management action so that these clear operational priorities for each business are well understood, and that we are focused on implementing these priorities.

There are also some underpinning operational priorities that cross all the businesses. These are the drive towards world class safety and environmental standards, improving the output and throughput of all the plants, and managing the cost base to improve efficiency.

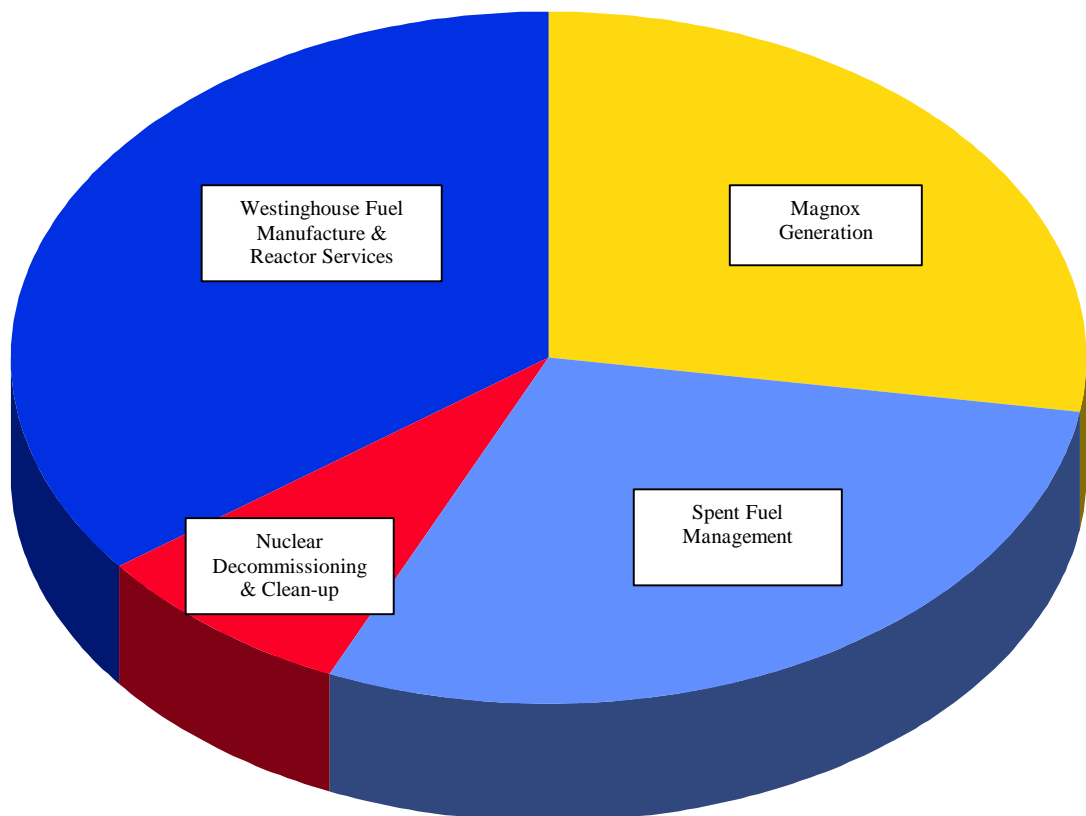
Within all of this the one thing that I want to highlight is how important the Sellafield MOX Plant (SMP) is. Getting approval for that to move forward will be an important step in terms of securing the future. We very much value the relationships we are building with our customers, the UK government and regulators, and of course our workforce, in working towards that aim.

To summarise, BNFL has taken the first steps to recovery. There is a new top management team in place, including a new Chief Executive and Chairman. Clear management accountability has been introduced, and there will be more to come in that area. Strong action has been taken on improving safety, and we are focusing on our operational culture to really drive through in this area.

Key customer relationships are being rebuilt. We very much recognise that this will take time, that we have let some of our customers down in the past twelve months. But we are totally committed to rebuilding those relationships.

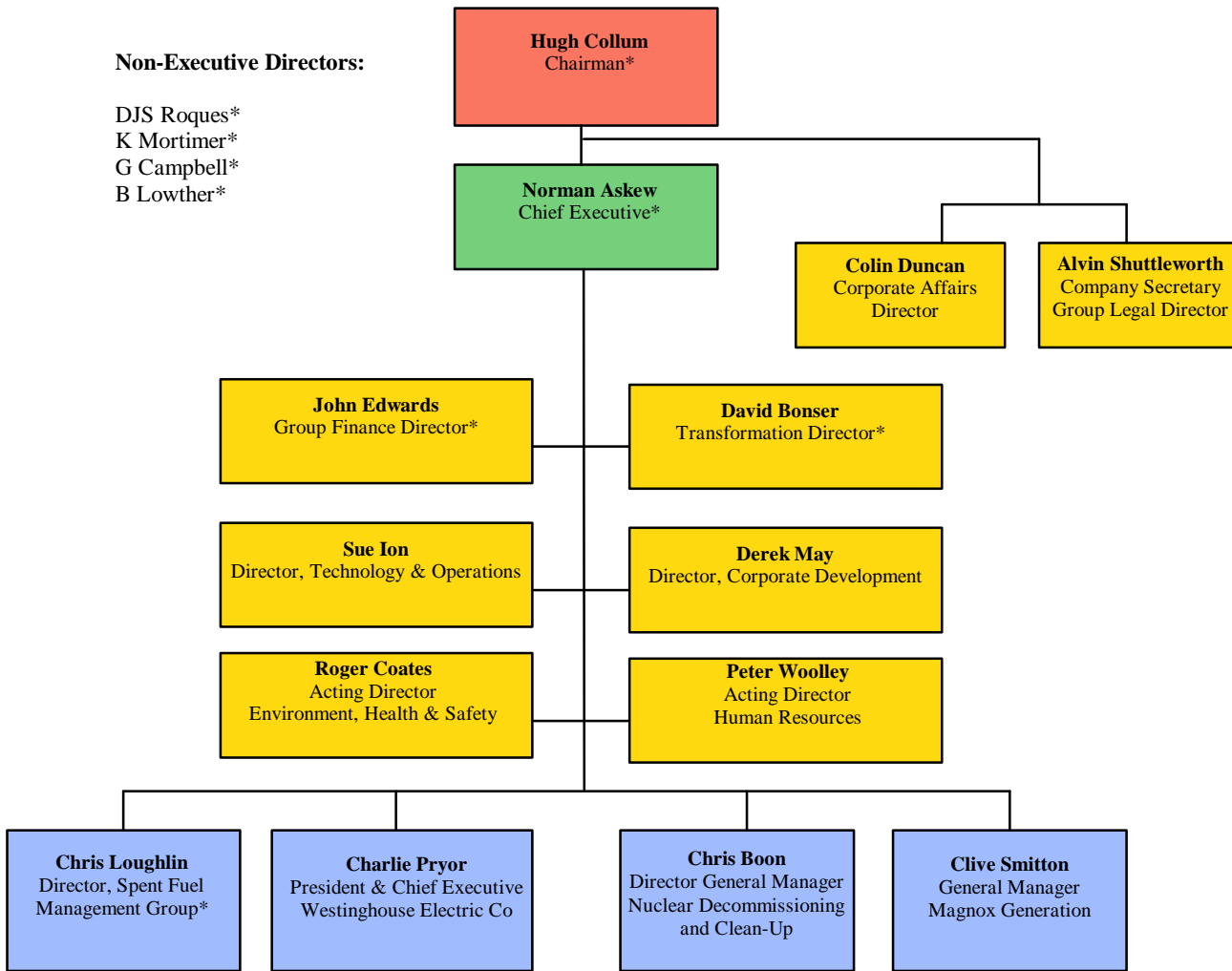
Many challenges remain, some of which I have mentioned, but there are many others in the market place. There are threats but equally there are many opportunities out there, and BNFL is looking to a long term future.

Figure 1. BNFL Group turnover.<sup>1</sup>



<sup>1</sup>BNFL's turnover is now more than £2 billion (US\$3 billion).

Figure 2. BNFL's management structure.



\* Board Member

Figure 3. Operational priorities.

