

CGS Nuclear Decommissioning Trust Fund



Objective & Agenda

Objective: Provide an update on the process BPA will use to determine appropriate contribution levels for the Columbia Generating Station (CGS) Decommissioning Trust Fund (TF) for BP-26

Agenda:

- Review BP-24 Settlement
- CGC Decommissioning TF Background
- Performance Update
- Prior Site Specific Study
- Steps to Inform Future Contribution Levels

BP-24 Rates Settlement

- BP-24 Rates Settlement stated (Attachment 3) stated:
 - Columbia Generating Station (CGS) Decommissioning Trust Funds: The power revenue requirement will include \$15.1 million per year for CGS decommissioning trust fund contributions compared to the \$4.6 million per year included in the BP-22 power revenue requirement.
- In this workshop, we will review the steps BPA will take to inform future contribution funding levels, as well as provide some additional background information.

CGS Decommissioning TF Background

- The sponsor of each U.S. nuclear reactor is required to provide for the funding of its eventual decommissioning and site restoration under rules set by the Nuclear Regulatory Commission (NRC).
- BPA and EN agreed in 1996 that BPA would assume and manage the Decommissioning and Site Restoration Funds.
- The long-term investment approach for the CGS Decommissioning and Site Restoration Fund is to hold a well-diversified, low-cost, buy-and-hold portfolio.
- In 2020 an asset allocation assessment was conducted. Based on the assessment, in 2021 the portfolio's asset allocation was changed from a 80/20 to 85/15 equity/fixed income ratio.

Performance Update

- Market value of \$483 million as of 6/30/23, comprised of:
 - \$416 million in the CGS Decommissioning Fund
 - \$64 million in the Site Restoration Fund
 - \$3 million in the Independent Spent Fuel Storage Installation Facility (ISFSI) Fund
- Annual performance over past five years shown in table below.

| Fiscal Year Ending Sept. 30 | | | | | |
|---|------------------------------|--------|-------|-------|-------|
| | 6/30/23 Last 12 months | 2022 | 2021 | 2020 | 2019 |
| Decommissioning Trust Annual Performance | 11.1% | -17.8% | 19.3% | 11.6% | 22.9% |

Prior Site Specific Study

- In 2018 BPA hired for the first time a third party vendor to complete a site specific remediation cost study. This is an industry standard practice and the study provided several benefits:
 - An amount for remediation cost estimates in 2018 dollars
 - The future shape of cash distributions during remediation
 - Data used to inform future fund contribution amounts
- Remediation cost estimate from the 2018 study included a base assumption of no license extension beyond 2044 and fund distribution starting in 2043 for the permitting process. Inflating the 2018 amount using the CPI results in:
 - 2018 Dollars - \$1.4 billion
 - 2023 Dollars - \$1.7 billion
 - 2043 Dollars - \$4.1 billion
- BPA's FY23 annual contribution is set at \$4.9 million and will increase to \$15.1 million in FY24.

Steps to Inform Future Contribution Levels

- BPA is preparing to source a third party vendor to complete an updated site specific costs study in FY24.
- The expected work start date is November 2023 and wrapping up no later than May 2024.
- The new site specific study will provide the foundation for the contribution assessment for BP-26.
- BPA will share key results, the contribution level assessment and proposed contributions for BP-26 as part of, or coinciding with, the IPR process. Following the presentation there will be a public comment period.