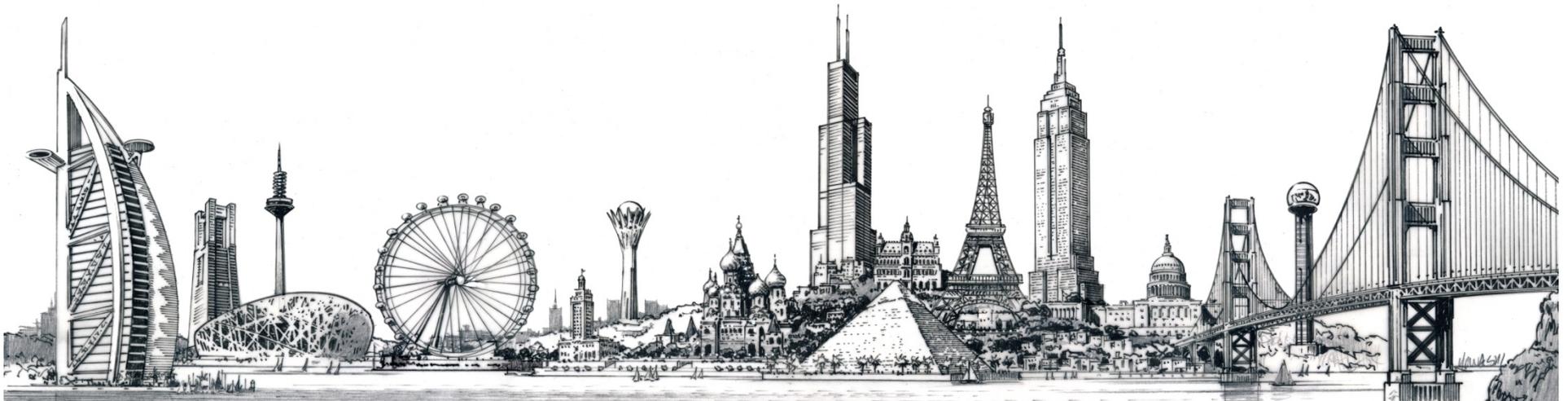


Morgan Lewis

# 3<sup>RD</sup> JAPAN-U.S. FORUM ON FUKUSHIMA DECOMMISSIONING AND RECOVERY

John E. Matthews

February 24, 2016



**SECTION 01**

# **MORGAN LEWIS OVERVIEW**

# Firm Overview

- Founded in 1873, we stand on the shoulders of more than 140 years of achievement
- Provide comprehensive litigation, corporate, finance, restructuring, employment and benefits, and intellectual property services in all major industries
- More than 2,000 legal professionals, including lawyers, patent agents, employee benefits advisers, regulatory scientists, and other specialists
- 300 lawyers are listed in the 2014 Chambers publications, including 52 lawyers in *Chambers Global*, 147 in *Chambers USA*, 14 in *Chambers Europe*, 9 in *Chambers UK*, 3 in *Chambers Latin America*, and 2 in *Chambers Asia*.

# Global Presence

- 29 offices in North America, Europe, Asia, and the Middle East
- Agile global partner, our teams work across multiple jurisdictions, practice areas, and our offices around the world
- Across the Asia-Pacific Region, key practice areas include mergers and acquisitions, private equity, asset management, finance and restructuring, banking, structured finance, over-the-counter (OTC) and exchange-traded derivative products, shipping, gaming, intellectual property, labor, employment, employee benefits, international tax planning, and other corporate transactions
- Most recently, joined forces with Singapore's Stamford Law Corporation to form Morgan Lewis Stamford to serve clients with strategic interests in Singapore and across the expanding Asian marketplace

**SECTION 02**

**MORGAN LEWIS  
ENERGY PRACTICE  
GROUP**

# Energy Regulatory Practice

- Serve the electric, gas, oil, renewables, nuclear, fossil, marketing, transmission, and distribution sectors
- Work includes mergers, acquisitions, and joint ventures; project development and financing; structuring of cross-border investments; internal and government investigations and enforcement; strategic planning and corporate restructuring; transmission; ratemaking; regulatory compliance and licensing; debt and equity securities issuances; and energy marketing and trading
- Clients include integrated oil companies, state-owned entities, investor-owned utilities, independent power producers, petrochemical companies, refiners and marketers, project developers, financial institutions and private equity firms, service companies, independent oil and gas companies, commercial users, and government contractors including US Department of Energy (DOE) contractors

# Energy Transaction Practice

- More than 100 energy lawyers operating in key energy and financial centers, we advise on project development and finance; mergers, acquisitions, and joint ventures; capital markets transactions; and regulatory and compliance issues
- Coverage extends across the energy spectrum, from oil and gas to liquefied natural gas (LNG), petrochemicals and refining, and conventional and renewable electric power
- Combine our transactional experience and industry and regional knowledge with the firm's global resources in energy regulation, tax, environmental, antitrust, securities, and real estate matters to provide complete advice on critical issues facing the industry today

# Nuclear Practice

- 20 attorneys who spend 100% of their time on nuclear matters
- Represent more than 60% of existing nuclear plants in the U.S., and we have applied this industry knowledge and experience to advise clients in international markets
- Assist our clients with new nuclear power plants, transactions (including “first-of-a-kind”), plant regulation, nuclear liability issues, and all aspects of the nuclear fuel cycle, as well as nuclear-related employment and immigration issues
- Clients are involved not only in the generation of nuclear power, but also in all aspects of the nuclear fuel cycle, including uranium mining, enrichment, fabrication, decommissioning, waste management, waste transport, and waste disposal
- Successfully handled some of the industry's most challenging radioactive waste management, decontamination, and decommissioning issues, including innovative project structures

# Energy Practice Awards

- Ranked Energy Law Firm of the Year by *U.S. News & World Report/Best Lawyers* (2015)
- 16 Morgan Lewis lawyers are listed in *Chambers & Partners* for Energy & Natural Resources (the most number at any firm).
- Named a Top 10 Energy Law Firm by *Houston Business Journal* (2015, 2014)
- Named Energy Group of the Year by *Law360* (2012)

**SECTION 03**

**U.S. DEVELOPMENTS  
RELATING TO  
DECOMMISSIONING  
PROJECTS**

# NRC Advance Notice of Proposed Rulemaking

- Existing regulations are crafted for operating reactors
  - There were some changes made 1990s to address shutdown, such as automatic transition to non-operating status when Notices made to NRC
  - Many of the most significant issues, however, are dealt with by NRC staff granting exemptions on case-by-case basis, *e.g.*, Emergency Planning, Security, *etc.*
- NRC has initiated a Rulemaking to revise NRC regulations to address reactors in decommissioning in a more comprehensive manner
  - Industry is urging NRC to codify practices that have previously been confirmed through regulatory reviews in the context of processing exemptions
  - Under industry's proposed approach, regulatory relief would automatically apply once a shut down reactor performed analyses and/or took actions necessary to meet prescribed criteria
    - NRC would inspect and take enforcement action if a licensee were in violation of the requirements

# Zion Nuclear Power Station (License Stewardship)

- Utility Owner/Operator (Exelon) had shut down Zion in 1998 and planned to commence decommissioning in the 2020s
  - “Delayed DECON”
  - Nuclear Decommissioning Trust earnings grow over time to cover costs
- EnergySolutions entered into agreement to acquire Zion (including trust funds) in 2010 and complete decommissioning by 2020
  - ZionSolutions, LLC became owner and “operator” licensee for Zion with control of trust funds
  - Mechanisms to assure performance
  - Exelon retained title to spent fuel, but ZionSolutions was responsible for managing fuel (transfer to dry storage facility)
- After decommissioning of facility is complete, NRC License and possession of spent fuel returned to Exelon through “Put Option”

# Zion Nuclear Power Station



**DEMOLITION UNDERWAY**



**RPV Head  
Leaving Site**



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# La Crosse Boiling Water Reactor (LACBWR) (License Stewardship)

- Utility Owner/Operator (Dairyland) has self-performed decommissioning to move spent fuel to dry storage and remove Class B & C waste
  - Reactor vessel, containment building and balance of plant remain to be decommissioned
- EnergySolutions entered into agreement using license stewardship model, but with Dairyland Power Cooperative (DPC) retaining ownership
- La CrosseSolutions will become “operator” licensee, responsible to NRC for nuclear safety and security, but utility (DPC) remains owner licensee and retains trust funds
  - La CrosseSolutions has access to trust funds based upon certificate to DPC that DPC can only challenge after funds are disbursed
- Risk Transfer based upon a services agreement, which provides for fixed amount of Nuclear Decommissioning Trust dedicated to achieve decommissioning
  - DPC is remains responsible for ISFSI related costs, insurance and license fees
    - DPC plans to recover these costs from DOE HLW litigation and/or settlement
  - Mechanisms to assure performance
- After decommissioning of facility is complete, NRC license will be returned to DPC to maintain dry storage facility until U.S. Government picks up fuel, subject to regulatory approvals

# La Crosse Boiling Water Reactor (LACBWR)



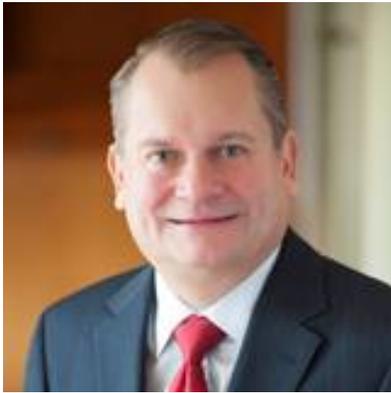
## **BWR (50MWe)**

- AEC Demonstration Reactor**
- Owned by Dairyland Power Cooperative (DPC)**
- Operated from 1967 to 1987**
- Licensed site shared with operational fossil plant**



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# Biography



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John E. Matthews assists clients seeking regulatory approvals from the Nuclear Regulatory Commission (NRC) for first-of-its-kind commercial transactions involving nuclear power plants. He also advises on commercial issues relating to nuclear power plants, other nuclear assets, nuclear export controls, certain government contract matters, and NRC review of license transfers. Clients turn to John for guidance regarding decommissioning funding issues and foreign ownership, control or domination (FOCD) issues.

**ASIA**

Almaty  
Astana  
Beijing  
Singapore  
Tokyo

**EUROPE**

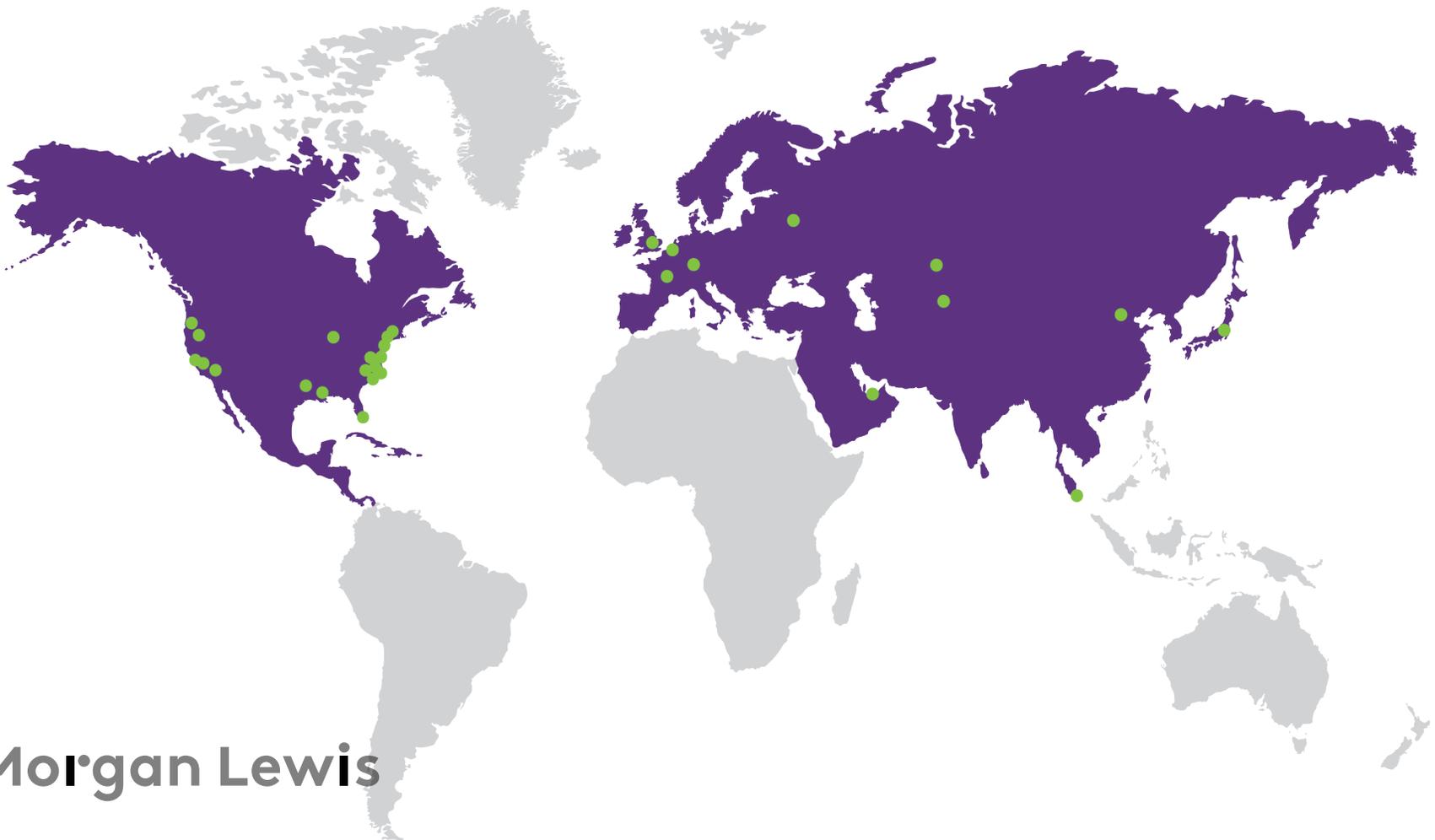
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Harrisburg  
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