



## A Notional Convention on Nuclear Power Revision 1

### Author's Note

How much nuclear power will be needed to meet mankind's needs for an abundant and reliable source of electricity, potable water, and process heat, while staying off carbon-induced environmental calamity? What are the barriers to the global expansion of nuclear power, especially to countries not currently operating nuclear power plants, and how could those barriers best be overcome to accelerate the responsible, safe and secure use of nuclear power?

The nuclear showroom, the development pipeline, the terms governing nuclear finance, the industrial capability to complete projects on time and on budget, taken together, determine what the nuclear promise can offer. By contrast, governmental and public support, coupled with sound business practice and sustained infrastructure investment will determine the success of a new nuclear power program. Control and regulation - internationally, success in all of these areas affects the ability of nuclear power to fulfill its global promise.

This convention is based on the premise that an international framework would appeal to many States broadening the reach of nuclear power, while strengthening safety and security. It is an extension of the current nuclear regime; the IAEA and the nuclear industry must have central roles. It includes inducements for participation, formalized assurances of supply of specified goods & services necessary for the construction, operation and maintenance of nuclear power plants, and for responsible spent fuel disposition.

This convention is a private creation and has no official standing. Comments / suggestions are welcome.

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## NOTIONAL CONVENTION ON NUCLEAR POWER (CNP)

### *REGIONAL NUCLEAR ELECTRICITY GENERATION AND ASSURANCE OF SUPPLY OF ESSENTIAL GOODS & SERVICES, INCLUDING FRESH NUCLEAR FUEL AND DISPOSITION OF SPENT NUCLEAR REACTOR FUEL*

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# Preamble

## THE CONTRACTING PARTIES

- i. Recognizing that population growth and the desire for improved living conditions drive increasing demands for electricity, potable water and other energy products and acknowledging that global warming and the depletion of natural resources limit the energy production options available to meet those demands in a responsible manner;
- ii. Certain that under appropriate arrangements, the expanded use of nuclear power would offset greenhouse gas emissions and stimulate economic growth while strengthening the nonproliferation regime;
- iii. Aware that the adoption of nuclear power requires legal and technical infrastructure requiring substantial and sustained investment, especially for a State's first nuclear power reactor;
- iv. Recalling the inalienable rights of Parties to *the NPT* and the obligations of Parties in a position to contribute to the application of nuclear energy for peaceful purposes in accordance with Article IV of *the NPT*;
- v. Acknowledging that secure spent fuel disposition is an essential element of all nuclear power programs and that a global solution is mandatory for nuclear power to gain its widest possible use to meet growing energy demands, assure energy security and limit global warming;
- vi. Affirming that whichever process is adopted, the final nuclear waste must be immobilized and entombed in a stable geological formation for permanent isolation from the biosphere;
- vii. Affirming that a spent fuel disposition strategy based upon the separation and transmutation of all transuranics contained in spent nuclear fuel will facilitate unlimited expansion of nuclear power, including the developing areas of the world;
- viii. Recognizing that dry or wet storage technologies provide safe and economical means to address spent fuel arisings until such time as approved arrangements and industrial facilities for direct disposal are in place;
- ix. Acknowledging that States may - in the exercise of their sovereign rights - choose spent fuel disposition arrangements that are wholly national in character, or combine with like-minded States to form regional centres, or pay others to dispose of their spent fuel, or join in international compacts established for the purposes of providing assured spent fuel disposition services, and that said States may change their preferences as circumstances warrant;
- x. Recalling that reprocessing involves technologies and separated nuclear materials that could nuclear weapons ambitions and could create attractive terrorist targets, hence, reprocessing should be carried out only under conditions that will not exacerbate proliferation or terrorism concerns;

- xi. Concerned that the proliferation of nuclear weapons and the potential for nuclear terrorism threaten international peace and security, and that proliferation or terrorism would inhibit the peaceful use of nuclear power everywhere, and jeopardize progress towards the ultimate elimination of existing nuclear arsenals,
- xii. Recognizing that all legitimate transfers of nuclear technology, facilities, equipment and materials for peaceful purposes should be subject to Nuclear Supplier Group Guidelines, and that any State receiving fresh or spent nuclear fuel should have in place an *IAEA* Safeguards Agreement with an Additional Protocol,
- xiii. Recognizing that assurances of fresh fuel supply and spent fuel disposition services could be decisive in making nuclear power practical for many States, such assurances should also minimize the needs of States to acquire national enrichment or reprocessing capabilities, thereby inhibiting further proliferation or nuclear terrorism; and
- xiv. Noting the complementary importance of United Nations Security Council Resolution 1540 (2004), the Convention on the Physical Protection of Nuclear Material (1979 and amended in 2005), the Convention on Early Notification of a Nuclear Accident (1986), and the Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency (1986) and the Convention on Nuclear Safety (1994),

HAVE AGREED as follows:

### *Part 1. Objectives, Definitions, Basic Undertakings*

#### **ARTICLE 1. OBJECTIVES**

The objectives of this Convention are to:

- a. Accelerate the expansion of nuclear power in industrialized nations and in the developing areas of the world;
- b. Assure that peaceful uses of nuclear energy do not further the proliferation of nuclear weapons, by providing assured supplies of specified *goods and services* including those capable of supporting the proliferation of nuclear weapons;
- c. Protect against nuclear terrorism involving the potential sabotage of nuclear installations or transport systems or the theft of nuclear material or hazardous radioactive materials; and
- d. Maintain high safety standards and efficiency and operational performance.

## ARTICLE 2. DEFINITIONS

1. *Goods and services* - the following list is indicative of the range of *goods and services* that may be supplied under this Convention. This list may be modified in accordance with the wishes of the Contracting Parties.
  - i. Electricity requirements analysis
  - ii. Grid assessments, grid security, planning for expansion
  - iii. Comparative assessments of power generation alternatives
  - iv. Feasibility of regional power sharing
  - v. Preparation of requests for bids
  - vi. Comparative analysis of tenders for nuclear power plants
  - vii. Contracting for nuclear goods and services
  - viii. Provision of uranium from mining and milling operations or from secondary uranium supplies
  - ix. Uranium conversion to UF<sub>6</sub>
  - x. Low enrichment services (<sup>235</sup>U<20%)
  - xi. Conversion to UO<sub>2</sub>
  - xii. Reactor core and fuel design
  - xiii. Fuel fabrication
  - xiv. Fuel shipment, including export/import licensing
  - xv. Reactor fuel emplacement and replacement
  - xvi. Spent fuel storage (pond and dry)
  - xvii. Spent fuel shipment
2. *Spent fuel disposition* - is understood to encompass all activities following the discharge of the spent fuel from a reactor core, including storage at the reactor site or away from the reactor, transportation, any reprocessing and subsequent recycle activities, the conditioning of spent fuel or remaining waste materials, the interim storage of the conditioned wastes or spent fuel and the final emplacement of the conditioned waste in a geological repository.

## ARTICLE 3. BASIC UNDERTAKINGS

1. Under this Convention, the Contracting Parties shall carry out the activities and functions set forth below to achieve the objectives in Article 1 of this Convention. Specifically,
  - a. The Contracting Parties shall establish, operate and maintain a Global Spent Fuel Disposition System and a Nuclear Power Deployment Commission, which, together, provide the functions and facilities necessary to achieve the Objectives of this Convention;

- b. The Contracting Parties shall create, operate and maintain a Financial System to support the Spent Fuel Disposition System and the assurances of supply of specified *goods and services* necessary to stimulate the global expansion of nuclear power in a safe and secure manner; and
  - c. The Contracting Parties shall take appropriate steps to implement legislation and regulatory measures as necessary to implement the provisions of this Convention;
2. The Contracting Parties commit to carry out peaceful nuclear activities in accordance with agreed standards for suppliers and recipients of goods and services specified under this Convention, and to accept the mechanisms and remedies to address non-compliance as set forth in this Convention, as may be determined to be appropriate by the Conference of States Parties.
3. In addressing the merits of a given request, the following proliferation resistance considerations must be satisfied either through technological features, institutional arrangements, or a combination thereof:
  - a. Nuclear material characterized as *direct-use* by the IAEA shall not be used as fresh fuel under this Convention;
  - b. If material suitable for use in nuclear explosives is produced in conjunction with this Convention, access to that material shall be inhibited through significant technological barriers;
  - c. Each facility included under this Convention shall be designed and operated in such a manner that all plausible possibilities for the diversion or undeclared production of nuclear material are covered by effective IAEA safeguards measures; and
  - d. The design and operation of facilities and the approval of individuals to become knowledgeable of any sensitive nuclear technology should be controlled so as to prevent the transfer of knowledge, equipment and materials that might be replicated for use in a clandestine nuclear weapons programme.
4. All activities carried out pursuant to this Convention shall be conducted in an open manner and all documents and proceedings shall be *matters of public record*, except for matters related to the protection of information against sensitive security information.

## ***Part 2. Requisite Capabilities: Spent Fuel Disposition System, Nuclear Power Deployment Commission, Financial Framework***

### **ARTICLE 4. SPENT FUEL DISPOSITION SYSTEM**

1. Under this Convention, the Contracting Parties shall establish and operate a Global Spent Fuel Disposition System comprising the following elements:

- a. The Conference of Contracting Parties shall establish acceptable technical and procedural standards and criteria affecting all aspects of spent fuel disposition, taking benefit of ISO standards, IAEA guides and national standards deemed adequate and appropriate for this purpose.
  - b. A network of International Spent Fuel Reception Centres shall be created to provide transitional storage starting not later than five years following the final discharge of spent fuel from nuclear power reactors in the territories of Contracting Parties, each such Centre to be based on an extra-territorial arrangement through the IAEA which shall remain valid for a maximum of 99 years;
  - c. A network of International Spent Fuel Recycle Centres shall be created, which shall include:
    - i. Transitional technology sites employing U/Pu separation and MOX fuel manufacturing, provided that the suppliers or recipients of such arrangements:
      - Implement comprehensive security measures on all plutonium-bearing materials, including their transportation and storage, processing and use at fixed sites;
      - Specify their nuclear waste conditioning and repository contractual commitments and that suppliers and recipients accept full and final responsibility for all such wastes; or, preferably,
    - ii. Spent fuel recycling including separation and transmutation of all transuranics, and separation and conditioning of long-lived fission products and other materials that could affect the stability of fission product waste conditioning and repository storage, and remaining fission products such that the main waste components decay in radiotoxicity to the level of natural uranium within 500 years or less;
    - iii. A network of International Nuclear Waste Repositories which shall be constructed within extraterritorial sites to be ceded to the IAEA in perpetuity, for which the host State(s) shall be compensated appropriately, until such time as the nuclear waste emplaced in said repositories shall decay to the level of natural uranium.
2. The number and location of Spent Fuel Reception Centres, Spent Fuel Recycle Centres and International Nuclear Waste Repositories shall be chosen to minimize transportation and according to prevailing costs and requirements, and the numbers and capacities of such Centres should expand over time as conditions warrant.

## ARTICLE 5. EXTRA-TERRITORIAL AGREEMENTS

### Basic considerations

1. The IAEA may conclude extra-territorial Agreements pursuant to this

Convention with Contracting Parties for the following purposes:

- i. Generation of electricity, potable water or other energy-related products for regional sharing through the operation of nuclear power reactor(s);
  - ii. Uranium mining and milling operations;
  - iii. Enrichment and fuel fabrication;
  - iv. Receipt and transitional storage of spent fuel;
  - v. Recycle spent fuel including the partitioning and transmutation of transuranics contained in the spent fuel; and
  - vi. Disposition of all nuclear waste requiring repository storage, including conditioning and long-term storage;
2. *Extra-territorial Agreements* concluded under this Convention shall allow for the following Participants:
- a. Principal Parties, including:
    - i. the Contracting Party or Parties upon whose territory the activities will be carried out;
    - ii. the Contracting Party or Parties who will contract to supply, operate and/or license *principal facilities* under the *extra-territorial Agreement*;
    - iii. the Contracting Party or Parties who will contract to receive the *goods and services* produced upon the territory defined in the *extra-territorial Agreement*; and
    - iv. the IAEA;
  - b. Subordinate Parties, comprising Contracting Parties who provide goods and services related to the operations to be conducted under the *extra-territorial Agreement*;
  - c. Neighbouring States, Contracting Parties interested in following the proceedings under the *extra-territorial Agreement*, and non-governmental organizations may petition the IAEA for observer status under the *extra-territorial Agreement*.
3. *Extra-territorial Agreements* concluded under this Convention shall provide for the selection of competent industrial organizations to construct and operate all technological operations to be carried out on the extra-territorial site, and shall specify in unambiguous terms the assignment of regulatory authority to the Host State, or to the regulatory authority(ies) of the vendor State(s), or some combination thereof, and the agreed provisions for liability responsibilities and insurance arrangements accepted by the diplomatic Parties, the suppliers and the operators.
4. *Extra-territorial Agreements* concluded under this Convention shall be prepared in accordance with Annex A, and shall include:
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- a. A description of the activities to be carried out under the *extra-territorial Agreement*;
- b. A survey showing the land to be designated in the *extra-territorial Agreement* together with a characterization of its properties and circumstances, including terrain, geology and weather, demonstrating its suitability for the intended activities;
- c. Clear title to that land;
- d. Identification of the industrial consortium designated to carry out the activities defined in the *extra-territorial Agreement*, including the designated industrial partners and the management structure;
- e. Applicable provisions related to the import, transshipment and export of goods and services in conjunction with executing the provisions of the *extra-territorial Agreement*;
- f. Applicable licensing and regulation of the activities to be carried out under the *extra-territorial Agreement*, including health and safety, environmental and security issues;
- g. Waivers of import and export duties and taxes associated with the *extra-territorial Agreement*;
- h. The right to employ and to terminate the services of nationals of the host State(s), without influence or interference;
- i. Provisions for employees and their families hired for the purposes specified in the *extra-territorial Agreement*, including resident visas allowing assured access to and from the territory included under the *extra-territorial Agreement*;
- j. Provisions for the protection of the employees and their families, the facilities and all associated materiel allowed in connection with the implementation of the *extra-territorial Agreement*, from natural phenomena, accidents and acts of malevolence, at any time and any location within the territory of the *extra-territorial Agreement* or visiting the host State(s) or in traveling enroute to or from the territory of the *extra-territorial Agreement*;
- k. Provision of medical and recreation services;
- l. Rights of the individual employees to their respective Embassies and Consulates, and to legal redress of crimes and torts through the International Court of Justice.
- m. Provisions for the entry into force;
- n. The schedule anticipated for major activities to be carried out under the *extra-territorial Agreement* over the lifetime of the activities foreseen;
- o. The provisions for phased transition from foreign to local ownership and operation as may be foreseen under the *extra-territorial Agreement*;

- p. The date certain foreseen for the completion of all industrial activities planned under the *extra-territorial Agreement*;
- q. The arrangements and schedules foreseen for the removal of all radioactive material from the territory; and
- r. The specifications for decommissioning of all nuclear facilities subject to the provisions of the remediation of *extra-territorial Agreement* and for the remediation of the land used under the *extra-territorial Agreement*.

## ARTICLE 6. NUCLEAR POWER DEPLOYMENT COMMISSION

### Creation

1. The Contracting Parties shall establish a Nuclear Power Deployment Commission (hereinafter known as the “NPDC”) for the purpose of matching supplier capabilities and user needs under this Convention.

### Organization of the Commission

2. The NPDC shall comprise one Commissioner for each of the following subject areas:
  - i. Uranium resources including mining and  $U_3O_8$  stocks;
  - ii. Uranium  $UF_6$  conversion and enrichment;
  - iii. Uranium Fuel Fabrication;
  - iv. Nuclear power generation;
  - v. Transportation of fresh and spent fuel and storage of spent fuel; and
  - vi. Partitioning and transmutation of transuranics and conditioning and disposal of spent fuel.
3. Commissioners shall be nominated by each industry identified in §2 above. The IAEA Board of Governors shall approve each selection. Commissioners shall be chosen not to favor any nationality or industrial organization and shall rotate at each selection. Recognizing the need to provide fair access to competitors, each NPDC Commissioner shall serve not longer than four years.
4. The NPDC shall operate under a NPDC Chairperson who shall serve as the chief executive of the NPDC. The NPDC Chairperson shall be selected by all Contracting Parties approved by the NPDC to receive *goods and services* under this Convention. The Chairperson shall serve for a period of three years and shall not be subject to renewal.
5. The NPDC may raise issues for consideration to the IAEA Board of Governors and to the Conference of Contracting Parties as it may determine, and shall respond to any request from the Board of Governors or mandate from the Conference of Contracting Parties.

### Facilities

6. The NPDC Headquarters shall be located in Vienna, Austria, within or in proximity

to the Headquarters of the *IAEA*.

7. The NPDC, acting under the provisions of the *IAEA Statute*, may own, lease or otherwise supervise the operation of facilities as provided under *extra-territorial Agreements* concluded pursuant to this Convention.

#### Staffing

8. Each Commissioner shall be responsible for defining the staffing requirements deemed necessary to service the Convention. Professional staff shall be seconded from the respective industrial organizations. No individual shall serve for longer than five years, and staff should represent all industrial organizations represented by States under the supplier provisions set forth in Article 4 of this Convention.
9. Support staff shall be hired locally or may be seconded by represented industrial organizations, as may arise. Support staff hired locally shall be hired under normal *IAEA* practices.

#### Functions

10. The NPDC shall carry out functions as required to conclude and implement contracts governing the supply and receipt of *goods and services* as necessary and appropriate to meet the objectives of this Convention, as stipulated in Article 1. These functions shall include, but shall not be limited to the following:
  - a. Specification of criteria and standards concerning the approval of Contracting Parties to supply and/or receive *goods and services*;
  - b. Specification of technical requirements, logistical conditions, quality assurance requirements and financial terms for the supply and receipt of *goods and services* and for monitoring the supply, receipt and subsequent use of said *goods and services*, according to technical specifications consistent with current *IAEA* Guides and ISO Standards;
  - c. Pre-qualification of industrial suppliers of goods and services and preparation of a *Roster of Qualified Industrial Suppliers of Goods and Services*;
  - d. Carrying out independent quality assurance activities to ensure that all supply provisions are completed in accordance with the provisions of the relevant contracts;
  - e. Determining on a periodic basis of the inventories of uranium fuels provided to each State, the amounts consumed and any plutonium or <sup>233</sup>U created within any reactor fueled by natural or enriched uranium fuel provided under this Convention, and assuring that said nuclear material remains committed to peaceful use under *IAEA* safeguards;
  - f. Determining on a periodic basis the amounts of unused fuels provided under this Convention, determining whether such fuels should be recalled for other use, and return of said fuels to facilities operated by or for the NPDC;

- g. In the event that a supplier is unable to meet the requirements of an agreed supply contract, the NPDC shall resolve the issue or provide alternative supplies, as may be appropriate;
- h. Procurement of standardized fuel assemblies when the NPDC determines that a sufficient number of reactors subject to this Convention are sufficiently similar such that maintaining a standby inventory of identical fuel assemblies or standby replacement cores would be a practical means to assure uninterrupted operation of the relevant nuclear power reactors; and
- i. Repossession of nuclear material contracted under an *IAEA* fuel supply Agreement in the event that the Board determines that a Contracting Party is in non- Procurement and storage of natural and/or enriched uranium to meet approved requests by Contracting Parties and to maintain an adequate operating reserve, from suppliers chosen according to price, quality and delivery conditions.

#### Implementing legislation

- 2. Each Contracting Party shall take, within the framework of its national law, the legislative, regulatory and administrative steps necessary for implementing its obligations under this Convention.

#### *IAEA* Board of Governors

- 3. The *IAEA* Board of Governors shall approve of the organization, staffing, financing of the NPDC and of arrangements for the provision of *goods and services* and for the receipt and use of said *goods and services*.

## **ARTICLE 7. FINANCE**

- 1. A *Nuclear Power Deployment Fund* shall be created as a special *IAEA* fund to be supervised by the Conference of Contracting Parties.
- 2. The *Nuclear Power Deployment Fund* shall be empowered to receive monetary deposits and deposits in kind, including credits:
  - a. Nuclear electricity surcharges collected;
  - b. Financial contributions made by any Contracting Party, any industrial entity, non-governmental organization, group or individual;
  - c. Donations of relevant material, including natural or enriched uranium;
  - d. Donations in the form of any relevant industrial services, including conversion, enrichment or fuel fabrication services;
- 3. All Contracting Parties shall enact legislation and establish appropriate mechanisms to collect a surcharge on all electricity generated by all nuclear power

reactors operating within their territory or under their control, at a rate of 1%<sup>1</sup> of the cost charged by the electrical utilities to their customers. These nuclear electricity surcharges shall be collected and deposited into the *Nuclear Power Deployment Fund* on a monthly basis.

4. The World Bank shall administer the *Nuclear Power Deployment Fund* on a fee basis.
5. Funds, materials and credits for services may be dispersed from the *Nuclear Power Deployment Fund* in support of supply contracts approved under this Contract.
6. The IAEA Board of Governors may also stipulate that a portion of the assets maintained in the *Nuclear Power Deployment Fund* may also be used to cover a portion of the costs of operating the Secretariat of the International Atomic Energy Agency, to strengthening its infrastructure to carry out programmes as approved by the IAEA General Conference, and to fund appropriate Technical Cooperation programmes.

#### Financing supply contracts

7. All Parties to a supply contract must accept all costs and payment terms prior to implementation. The IAEA Board of Governors shall take note of the arrangements and instruct the NPDC to monitor all financial aspects of a given contract, except where the NPDC is requested not to provide such a service by all Parties to a contract.
8. The Parties to a supply contract may arrange finance under one of the following arrangements:
  - a. Normal commercial supply arrangements agreeable to the Parties; or
  - b. Normal commercial arrangements including a subsidy to maintain supply prices below those attainable for the development and implementation of indigenous enrichment or reprocessing capabilities; or
  - c. Deferred repayment under which a portion of the agreed costs for a supply contract may be repaid on the basis of revenues generated through the production of electricity or other energy products arising through the operation of facilities provided under this Convention.
  - d. Costs for fuel provided to Member States under *Assurance of Supply Agreements*, to be charged at the contractual costs accepted for projects by the *IAEA Assurance of Supply* organization;
  - e. Assessed obligations on all *IAEA* Member States in accordance with the existing rules for *IAEA* budget assessments, such amounts reflecting the difference between the costs required for *IAEA Assurance of Supply* organization staff and operations, natural or enriched uranium purchases, fuel supply costs, and the financial contributions from a - d above.

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<sup>1</sup> The figure of 1% is arbitrary. Economic modeling would be needed once the scope of the convention is decided and the costs and timing of implementation are hence defined.

### **Part 3. Assurance of Supply of Specified Goods and Services**

#### **ARTICLE 8. SUPPLIERS**

##### Basic Conditions

1. A Contracting Party may offer *goods or services* under this Convention, acting on behalf of industrial entities over which the government(s) of said State(s) exercise legal authority.
2. Contracting Parties offering *goods or services* under this Convention agree to be bound by supply contracts concluded through negotiations with the user Part(y)(ies), directly or with the *IAEA* in the case of *extra-territorial Agreements*, which shall include relevant provisions of this Convention.
3. A Contracting Party wishing to offer *goods or services* under this Convention shall provide a declaration to the NPDC in accordance with ANNEX B describing the goods and services it is prepared to provide. Suppliers are encouraged to rely upon the workings of this Convention and not require national flagging or other restrictions. The Contracting Party shall provide updates to the ANNEX B declaration to reflect changes in the availability of *goods or services*, or other conditions affecting the ability of the Contracting Party to enter into a binding supply agreement.
4. The *goods or services* in the ANNEX B declaration shall be identified according to type, quantity (as appropriate) and the respective supply capabilities affecting the ability of the supplier to enter into supply contracts. Suppliers shall provide information in respect of their qualifications and past performance for each of the *goods or services* they wish to supply, including:
  - a. Financial security
  - b. Status of licenses and export approvals
  - c. Status of *IAEA* safeguards implementation
  - d. Adherence to relevant ISO standards and *IAEA* guidelines
  - e. Past performance in terms of supply deliveries, including schedule commitments, quality performance, price increases and responses to past supply shortcomings.
5. Upon receipt of an ANNEX B declaration, the NPDC shall review the information provided under §4 above, together with corresponding information available, to determine whether or not a proposed supplier is acceptable under this Convention. In making such determinations, the NPDC shall carry out audits, inspections of industrial facilities, reviews of quality assurance systems and independently analyze samples of process materials and products to establish the competence of a supplier;
6. ANNEX B declarations shall distinguish between existing commercial offerings and future intentions. Future intentions shall be further distinguished in terms of business plans including formal decisions taken and resources committed to bring

the offerings to commercial readiness.

#### Implementation

7. Upon approval of a request for *goods or services*, NPDC will inform the IAEA Board of Governors. Except in cases where the Board directs the NPDC not to proceed, the NPDC will grant the request for *goods and services*.
8. The NPDC will identify potential suppliers from a vetted list based upon ANNEX B submittals, excluding potential suppliers based upon restrictions stipulated in the Contracting Parties' ANNEX B submittals.
9. The NPDC will contact potential suppliers to determine whether or not they wish to be included as candidate suppliers for the specific request. Those expressing interest will comprise the *candidate suppliers* for the specific request.
10. Depending upon the supply request, the NPDC may either:
  - a. Provide the user with the *candidate supplier's* list for the user to negotiate a supply contract with one or more of the candidate suppliers. The NPDC will provide specific contract language to ensure that the supply of the *goods and services* is assured and shall request the parties to provide the details of the final supply contract to the NPDC, withholding any provisions of a proprietary nature. The NPDC shall monitor performance against the contract over its lifetime to assure that the supply contract is executed in accordance with the specified conditions.
  - b. Alternatively, the NPDC shall identify the *candidate suppliers* to the user. The user will inform the NPDC of any *candidate suppliers* it would not accept. The NPDC would then enter into negotiations to secure the specified *goods and services*. Under this provision, the NPDC will own the nuclear material and any other goods to be provided. All Contracting Parties to this Convention will then assure the execution of the supply contract.

#### Conditions of Supply

11. All *goods and services* supplied under this Convention shall be used exclusively for peaceful purposes:
  - a. All exports shall be carried out with approval of the Nuclear Suppliers Group;
  - b. All goods and services supplied under this Convention shall be subject to IAEA safeguards from the time they are identified for export to a receiving State, and indefinitely thereafter;
  - c. All nuclear material created through the use of nuclear material supplied under this Convention shall remain subject to IAEA safeguards thereafter;
  - d. Prior to shipment, the Supplier shall request from the NPDC an authorization to ship the *goods and services* to the designated recipient;

- e. The NPDC shall ensure that the Recipient has in force a Safeguards Agreement in force between the *IAEA* and the Recipient, which should include an Additional Protocol based upon INFCIRC/540, which shall specifically name relevant the *goods and services* and the *IAEA* inspector access provisions to the facilities in which those *goods* will stored, processed or used; and
  - f. The NPDC shall determine the status of safeguards implementation in the Supplier and Recipient States.
12. Nuclear material supplied under this Convention and any other nuclear material created through the use of the material supplied and any other nuclear material contaminated by said material shall remain subject to *IAEA* safeguards and shall require advance NPDC approval prior to export, and approval by through the Nuclear Suppliers Group review process.
13. Failure of a supplier to honor the terms of a contract concluded under this Convention may result in financial penalties and potential de-listing from the NPDC supplier list. The penalties will be determined by the NPDC to reflect the specific circumstances, taking into account the impact on the ability of the user to continue to operate its nuclear power reactors and the time and costs arising with finding alternatives to the contracted *goods or services*.

## ARTICLE 9. RECIPIENTS

### Basic Conditions

1. A Contracting Party may receive *goods or services* under this Convention, acting on behalf of industrial entities over which the government of the Contracting Party exercises legal authority.
2. A Contracting Party accepting *goods or services* under this Convention agrees to be bound by contracts concluded through negotiations with the Contracting Party Suppliers directly, or with the *IAEA* in the case of *extra-territorial Agreements*, which shall include relevant provisions of this Convention. The Contracting Party will specify the extent to which it wishes the NPDC to participate in the negotiation of the relevant supply contracts.
3. A Contracting Party wishing to receive assured *goods or services* under this Convention shall convey its requirements to the NPDC in accordance with ANNEX C. The ANNEX C Request will identify the *goods and services* it seeks and will specify any restrictions it may wish to impose.
4. The ANNEX C Request shall describe guarantees to be provided by the government of the Contracting Party in the following areas:
  - a. National commitments to nonproliferation and the prevention of nuclear terrorism in the form of treaties, conventions and other legal instruments;
  - b. National legislation and regulatory provisions, organizations, structures and responsibilities related to authorized uses of nuclear

- energy and nuclear material, anti-terrorism and physical protection;
  - c. Status of *IAEA* safeguards implementation and status of implementation of United Nations Security Council Resolution 1540;
  - d. Liability insurance against damage resulting from accidents and preventable acts of theft or sabotage;
  - e. Financial arrangements for the project and status of financial guarantees and financial security projected for the life of the project;
  - f. Description of the Status of licenses and export approvals;
  - g. Adherence to relevant ISO standards and *IAEA* guidelines; and
  - h. Past performance in terms of nuclear projects or other projects of similar scale and complexity, including performance in meeting schedule commitments, price controls and project quality control.
5. The *goods or services* stipulated in an ANNEX C Request shall be identified in relation to:
- a. the nuclear energy project they support;
  - b. the national energy programme and the relationship of the specific project to that programme;
  - c. the business case for the project;
  - d. the legal, financial and technical infrastructure in place and/or planned as necessary to support the project;
  - e. the specific *goods or services* requested, including relevant technical specifications, quality assurance requirements, schedule and location for delivery;
6. The ANNEX C Request shall identify preferred suppliers, if any, and suppliers the Recipient State requests to be excluded from consideration;
7. The Contracting Party shall provide updates to the ANNEX C Request to reflect changes in its requirements as soon as they occur, recognizing that the changes may impact the ability of the NPDC to assure that any supply provisions previously agreed may be in jeopardy, and that financial penalties may be imposed if the changes requested can be accommodated.
8. ANNEX C Requests shall identify any commercial offerings or negotiations under consideration for the specific project described in the ANNEX C Request and for any similar or related projects, and an explanation of what is sought through the ANNEX C Request that is not being obtained through the commercial channels.
9. Upon receipt of an ANNEX C Request, the NPDC shall review the information provided as described above, together with corresponding information available to it, to determine whether or not a proposed ANNEX C Request meets applicable criteria.

## Implementation

10. Upon approval of an ANNEX C Request for *goods or services*, NPDC will inform the IAEA Board of Governors. Except in cases where the Board directs the NPDC not to proceed, the NPDC will grant the request.
11. The NPDC will contact potential suppliers to determine whether or not they wish to be included as candidate suppliers for the specific request. Those expressing interest comprise the *Roster of Candidate Suppliers* for the specific request.
12. According to the preferences specified in the ANNEX B Request, the NPDC will either:
  - a. Provide the Recipient with the *Roster of Candidate Suppliers* for the Recipient user to negotiate a supply contract with one or more of the *candidate suppliers*. The NPDC will suggest contract language to ensure that the supply of the *goods and services* is assured and will request the parties to provide the details of the final supply contract to the NPDC, withholding any provisions of a proprietary nature. The NPDC will monitor performance against the contract over its lifetime to assure that the supply contract is executed in accordance with the specified conditions.
  - b. Alternatively, the NPDC will enter into negotiations to secure the specified *goods and services*. Under this provision, the IAEA will own the nuclear material and any other goods to be provided. All Contracting Parties to this Convention will then assure the execution of the supply contract.

#### Conditions of Supply

13. Nuclear material supplied under this Convention shall be used exclusively for peaceful purposes and shall be subject to IAEA safeguards under a Safeguards Agreement(s) in force between the IAEA and the Contracting Party. The Safeguards Agreement should include an Additional Protocol based upon INFCIRC/540, which should include the nuclear material and the facilities in which it is stored, processed or used. Nuclear material supplied under this Convention and any other nuclear material created through the use of the material supplied and any other nuclear material contaminated by said material shall remain subject to IAEA safeguards and shall require advance NPDC approval prior to export.
14. Failure of a recipient to honor the terms of a contract concluded under this Convention may result in financial and other penalties. The penalties will be determined by the NPDC to reflect the specific circumstances, taking into account the impact on the ability of the supplier to continue to operate and the time and costs arising with finding alternative recipients for the contracted *goods or services*.

## PART 4. ADMINISTRATIVE ARRANGEMENTS

## ARTICLE 10. ENTRY INTO FORCE

1. This Convention shall enter into force in a Contracting Party when the Contracting Party notifies the Director General that it has completed its constitutional ratification processes and that as of a specified date, the Convention is in force.
2. Operations under this Convention will commence when one or more Contracting Parties request the supply of goods and services under the provisions of this Convention and one or more Contracting Parties have offered to supply some or all of the goods and services requested.
3. Operations thereafter shall expand and contract according to additional requests as may apply and the services necessary to ensure that approved contracts are honored over the specified terms of duration.

## ARTICLE 11. NON-COMPLIANCE

1. No Supplier or Recipient of *goods or services* shall make use of any *goods and services* supplied or received under this Convention in any programme or activity carried out on its territory or anywhere under its control to benefit any military purpose, nor shall it allow any other State(s) or sub-national entities anywhere to make use of these supply arrangements to facilitate acts of proliferation or terrorism.
2. A Contracting Party may be determined by the Conference of Contracting Parties to be in breach of its commitments under the Convention. Under such conditions, the Conference shall seek to remedy the breach promptly.
3. The IAEA Board of Governors shall determine penalties for non-compliance pursuant to a finding by the Conference of Contracting Parties. Such penalties may include denial of standing of a Contracting Party to supply or receive *goods and services* under this Convention, repossession of supplied *goods and services* and referral by the IAEA Board of Governors to the United Nations Security Council.

## ARTICLE 12. AMENDMENT

1. Amendments to the Articles of this Convention may be agreed by 2/3 vote of the Conference of Contracting Parties. Amendments binding upon suppliers must be agreed by 2/3 of all Contracting Parties having supply contracts in force. Amendments binding on recipients must be agreed by 2/3 of Contracting Parties receiving *goods and services* under this Convention.
2. Contracting Parties engaging in a specific supply contract may amend the list of *goods and services*. The revised list shall be published at each Conference of States Parties.

## ARTICLE 13. TERMINATION

1. A Contracting Party may terminate its obligations under this Convention following a 180-day notice to the Director General of the IAEA, provided:

- a. All obligations stipulated in supply contracts negotiated pursuant to this Convention have been fulfilled; and
  - b. The Contracting Party is not obligated to contribute nuclear electricity surcharges resulting from any supply contracts executed under this Convention.
2. The Convention shall cease to exist when all supply contracts concluded under it have been satisfied and no additional requests are pending and when the Director General of the IAEA notifies all Contracting Parties. The notification shall include a 180-day period before the final termination takes effect.

## **ARTICLE 14. DEPOSITORY**

1. The Director General of the IAEA shall be the Depository of this Convention.
2. The Director General shall notify all Contracting Parties of any actions that serve to increase or decrease the roster of Contracting Parties.

## **PART 5. ANNEXES**

*The following Annexes are to be completed by working groups:*

**ANNEX A: STANDARD FORM AND CONTENT OF EXTRA-TERRITORIAL AGREEMENTS BETWEEN THE IAEA AND CONTRACTING PARTIES**

**ANNEX B: STANDARD FORM AND CONTENT OF CONTRACTING PARTY SUPPLIER CAPABILITIES**

**ANNEX C: STANDARD FORM AND CONTENT OF USER REQUIREMENTS FOR ASSURED SUPPLIES OF SPECIFIED GOODS AND SERVICES**