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Small modular reactors to decarbonize the industry: the impact of nuclear liability

Nuclear liability is a special regime that was adopted to ensure an adequate compensation of potential victims having suffered nuclear damage caused by a nuclear incident.

It should also be considered when developing an SMR project to decarbonize industrial activities, as it will have an impact on the financial scheme, risk allocation and structure of the project.

Among the provisions of the nuclear liability conventions that would apply, the following are the most important ones:

- the definition of “**nuclear installation**“. An SMR will be qualified as such, whatever its size and capacity. Determining the site of the nuclear installation is also crucial as nuclear liability only compensates off-site damage.
- the definition of “**operator**“. The operator is not automatically the licensee, other entities may bear the nuclear liability based on a number of criteria. It is also important to note that SMR vendors will have different approaches, as some expect to own and operate the reactors, while others will sell them to third parties who will take over or outsource the operator’s role.
- the definition of “**nuclear incident**“. If damage is caused jointly by an incident taking place at the nuclear installation and at the industrial site, the nuclear liability conventions will determine who will compensate the victims. The siting of the SMR will be important to avoid such situation and to comply with the safety requirement applicable to both the SMR and the industrial site.
- the definition of “**nuclear damage**“ determines the financial consequences of an incident or of preventive measures.

Finally, SMRs could be considered as **low risk** based on the safety assessment and other criteria. If that were the case, the operator would benefit from a lower nuclear liability and insurance amount. It may also allow more alternatives to the nuclear insurance pools.

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