Nuclear safety, Chernobyl: Community contribution to the EBRD for a shelter Fund

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PURPOSE: presentation of the third progress report on the implementation of the Chernobyl Shelter Fund.

CONTENT: Following the accident at Chernobyl (26 April 1986), the Shelter enclosing the remains of Chernobyl Nuclear Power Plant (ChNPP) Unit 4 was constructed under exceedingly hazardous conditions. It was not intended to be a permanent solution and, in fact, it is increasingly unstable, it has deteriorated and allows the ingress of rainwater.

In May 1997 a group of international experts from the EU, USA and Japan finalized a multidisciplinary construction management program designated as the Shelter Implementation Plan (SIP) directed towards making it physically stable and environmentally safe. Under the management of the European Bank for Reconstruction and Development (EBRD), the Chernobyl Shelter Fund (CSF) was constituted to finance and implement the SIP. The initial cost estimate of the project (made in 1997) amounted to approximately USD 758 million (1998-2005).

A first pledging conference was held in New York in November 1997 raised some USD 400 million. The Council Decision 98/381/EC of 5 June 1998 concerning the Community contribution to the European Bank for Reconstruction and Development for the Chernobyl Shelter Fundrepresented the legal basis for a Community contribution to the CSF of a USD 100 million.

A second pledging conference was held in July 2000 in Berlin. Some USD 320 million were pledged carrying the total amount pledged in the two conferences close to the estimated cost of 768 million USD. The Community pledged a second contribution of 100 million euro which was approved by the Council decision 2001/824/EC (see CNS/2001/0113).

According to Art. 3(2) of the Council Decision 98/381/EC, the Commission now presents its third report on the use of the funds pledged. A first progress report on the implementation of the CSF was published in October 1999 (COM(1999)0470) and a second in September 2001 (COM(2001)0251. The present report updates the information provided in the previous ones based mainly on the progress communicated to the Assembly of Contributors by the EBRD.

New Safe Confinement Schedule: during the CSF assembly in Slavutych in July 2003, the PMU presented the revised schedule for the completion of the NSC. The major milestones are summarized as follows:

- Schedule starts with delivery of Conceptual Design Report and Sanitary Compliance Report (December 2003).
- Design activities
    - Detailed design - 1 year
    - Regulatory approval – 1 year in 2 phases
- Construction Activities:3 years
- NSC commissioning: third and fourthquarters 2008.

The completion of the project with the commissioning of the NSC by the 3rd quarter of 2008 does not include provision for contingency. The major risks of delays concern the approval and decision process and the availability of resources to execute the project.

Financial Overview: during the Assembly of Contributors in London on 2 December 2003, The EBRD made a presentation of the revised cost estimates and current situation of the CSF. The cost estimate of USD 1 059 million was the first one based on actual design work, which will replace the original SIP estimate.

The total sum pledged to the CSF at the conferences of New York in 1997 and Berlin in 2000 amounted to some USD 717 million (€754 million based on the exchange rates of 2000), including Ukraine's in-kind contributions of USD 50 million. Following the pledges, as at 31 October 2003 the contribution agreements between the Contributors and the EBRD amount to some €615 million. The payments received to the CSF totalled some €480 million by the end of November 2003.

Although a large part of the fund is still uncommitted, the Bank indicated that there is a possible shortfall when considering the initial pledge of some USD 717 million and the current cost estimate by the PMU consortium for the project, which amounts to USD 995 million. The shortfall would amount to some USD 278 million, plus possibly USD 64 million for potential additional work concerning deconstruction activities.

Conclusions: the EBRD reported a good performance of the PMU following its reorganisation in 2002. Phase I of the SIP (stabilization and other short term measures) is complete and Phase II (preparation for conversion into an environmentally safe site) has started. The situation with the nuclear regulator (SNRC) has improved during the reporting period. However regulatory approvals remain one of the major risks as they are on the critical path or are closely linked to activities which have the potential to become critical. It is therefore essential that SNRC continues to be provided with the required level of support to ensure that delays are avoided and a proper regulatory and licensing process is fully implemented.

A co-ordinated approach to the overall waste problem is being developed which requires a strong involvement of the Ukrainian authorities. In particular, a solution for the high level radioactive solid wastes needs to be worked out. For this class of waste it has been proposed to rely on part of the EC funded Industrial Complex for Solid Radwaste Management (ICSRM) project originally dedicated to the decommissioning of the Units 1 to 3. This is under investigation but will, in any case, imply additional cost and delays. **The TACIS Nuclear Safety programme may have to assist in supporting these additional costs**.

The schedule for the completion of the Shelter Implementation Plan, which had been foreseen for 2007, is significantly delayed. The completion of the project, with the commissioning of the New Safe Confinement, is now foreseen for the third-fourthquarter of 2008. The baseline cost of the project did not increase significantly, however, inclusion of required works not foreseen in the initial budget (€28 million), potential additional works (€64 million), addition of escalation, risk and contingency (€194 million), may bring the total to over **1 billion euros**.

Considering that the pledges during the two donors' conferences amount to some UDS 717 million, there is currently a shortfall for completion of the project in the order of USD 278 million (excluding €64 million for potential additional works). The EBRD will require new commitments from contributors prior to the signature of the contract for the New Safe Confinement, which is currently scheduled for the fourth quarter 2004. However the payment of the new contributions would only probably be required by

2006-2007.