Nuclear safety: financial assistance to decommissioning of Units 1 to 4 of the Kozloduy Nuclear Power Plant in Bulgaria, 'Kozloduy Programme'

2009/0172(NLE) - 27/10/2009 - Legislative proposal

PURPOSE: to establish the programme laying down detailed rules for the implementation of Community's financial contribution (€300 million) to address the decommissioning of Units 1 to 4 of the Kozloduy Nuclear Power Plant and the consequences of their closure in Bulgaria.

PROPOSED ACT: Council Regulation.

BACKGROUND: during the accession negotiations, Bulgaria committed itself to the closure of Units 1 and 2 of the Kozloduy nuclear power plant by 31 December 2002 and to the closure of Units 3 and 4 by 31 December 2006 at the latest. The 2005 Act of Accession provides, inter alia, for Community support under the Kozloduy Programme of €210 million for the period 2007 – 2009.

Initially a "deferred dismantling strategy" was chosen in 2001. However, the Bulgarian Government decided to change to an "immediate dismantling strategy" in 2006. The consequence of having changed the decommissioning strategy is that funding must be available much earlier.

This situation called for Community solidarity in response: the country has nuclear reactors for which early shutdown commitments were negotiated at the time of accession and included in the Act of Accession that entered into force on 1 January 2007.

The support to Bulgaria ends in 2009, whereas in the case of Lithuania and Slovakia the support runs until 2013. For equal treatment the proposed extension of support for Bulgaria shall cover the period 2010 – 2013.

IMPACT ASSESSMENT: not applicable.

CONTENT: The main objective of this proposal is to **extend the support to Bulgaria** to accompany and to ascertain the safe maintenance and decommissioning of the Kozloduy nuclear power plant units 1 - 4. It aims to establish the **legal framework to enable Community support** to be provided from 1 January 2010 to 31 December 2013.

Therein the specific objective is the advancement in the approved decommissioning plan. This includes the safe maintenance, the actual physical decommissioning and dismantling of the nuclear power plant – units 1 to 4 – as well as the waste treatment. At the same time it contributes to mitigate social/economic impacts of the early closure by continuously employing the staff from the closed nuclear power plant. This is important to maintain a sufficiently high safety standard after the closure.

In the non-nuclear window, security of supply needs to be assured after the shutdown, as well as sufficient replacement capacity for the closed down capacity.

The **continuation of the financial support** is vital to keep the safety up to the required standards. Safety could be compromised by losing the necessary expertise, an international best practice to use to a large

extend own staff, a clear risk if no adequate funding is available over the next years to maintain this expertise and to progress with the dismantling works.

A €300 million financial envelope: to meet the above mentioned objectives and taking into consideration the absorption capacity evaluated in the light of the assistance given during the current period, a total Community contribution of **additional €300 million** will enable Bulgaria to progress in decommissioning and to mitigate the consequences of the early closure. The extension of financial support is of course related to the immediate dismantling of all four units. The amount of the appropriations allocated to the Kozloduy Programme may be reviewed in the course of the period from **1 January 2010 to 31 December 2013** to take account of the progress made with the implementation of the programme and to ensure that the programming and allocation of the resources are based on actual payment needs and absorption capacity.

The Community contribution to the Kozloduy programme shall be granted for the purpose of providing financial support for measures connected with:

- the decommissioning of the Kozloduy Nuclear Power Plant;
- measures for environmental upgrading in line with the *acquis* and for modernising conventional production capacity to replace the production capacity of the four reactors at the Kozloduy Nuclear Power Plant;
- other measures which stem from the decision to close and decommission this plant and which contribute to the necessary restructuring, upgrading of the environment and modernisation of the energy production, transmission and distribution sectors in Bulgaria;
- enhancing security of supply and energy efficiency in this country.

Implementation: as under the current support, the additional support will be committed through an annual Commission Decision on Financing fixing the amount of the annual contribution as well as the objectives of the use of the funds detailed in the annually updated Combined Programming Document annexed to the Commission Decision on Financing. The continuation of the current implementation route for the financial Community assistance would lead to an additional Community contribution to the Kozloduy International Decommissioning Support Funds administrated by the EBRD.

BUDGETARY IMPLICATIONS: the specific budget line, 060505, has been created and is used for financing the international decommissioning support programmes under the Financial Perspective 2007-2013, specifically up to 2009 for Bulgaria. Financial assistance for the period 2010-2013 for Bulgaria should also be accommodated through this budget line. Accordingly the additional €300 million should be made available for the budget line 060505.