Efficiency and effectiveness of EU funding in the area of decommissioning nuclear power plants in the new Member States

2010/2104(INI) - 03/03/2011

The Committee on Budgetary Control adopted the report by Marian-Jean MARINESCU (EPP, RO) on the efficiency and effectiveness of EU funding in the area of decommissioning nuclear power plants in the new Member States.

The report refers to the old nuclear power plants (NPPS) operated in Lithuania, Slovakia and Bulgaria. The committee notes that Lithuania, Slovakia and Bulgaria have fulfilled their accession treaty commitments to close the respective units in the three NPPs in a timely manner. However, all three Member States tried to re-negotiate their political commitments regarding closing the reactors and this led to delays in the process. The Treaties of Accession, as well as subsequent Council Regulations for the implementation of these Treaties, provided for financial assistance to the respective Member States, but it was not clearly decided whether the assistance should cover the full cost of decommissioning or compensate for all economic consequences. Members note that due to the limited EU experience and data in the field of decommissioning, the financial assistance was decided without the possibility of defining a financial ceiling, and there were still no clear conditions for specification on ceilings even after the plans for decommissioning had been drawn up, which meant that further financial assistance had to be decided on a stage-by-stage and case-by-case basis. Total financial assistance from the EU to the three Member States until the end of 2013 comes to EUR 2 847.78 million. Whilst differences among the NPPs exist, especially as regards fuel storage, in principle the programmes share the same technology. However, that there are considerable differences in the allocated amounts: Ignalina (2 units) EUR 1 367 million; Bohunice (2 units): EUR 613 million; and Kozloduy (4 units) EUR 867.78 million.

The committee notes that in all three cases the **costs for decommissioning of the power plants have exceeded the planned EU assistance**, and are also likely to exceed the initial estimates. A high share of the funds was used for energy projects and not for the main aim of the financial assistance, namely NPP decommissioning, and the decommissioning itself is still in its initial stage. Members stress the importance of the issue of safety, noting with concern that the detailed decommissioning plans of the three decommissioning programmes in question have not yet been finalised. They urge the relevant national bodies to finalise the plans. The Commission is asked to provide a detailed long-term financial planning of the decommissioning projects and describe the scope of the EU financing required to accomplish these plans. It is also asked to study ways of altering the EU’s methods of financing decommissioning operations in view of the strategies employed in the Member States, and simplifying the rules on management of the funds in such a way that they do not affect the safety and security of the decommissioning operations.

Members go on to take note of the completed audits and evaluations. They also note the differing situations among the Member States regarding the amounts disbursed in 2009, mostly due to the different timing of the closure. They consider that, taking into account the large amounts of money involved, the novelty regarding the utilisation of funds, the unknown factors which emerged throughout the process, and the numerous subsequent alterations, adaptations and allocation of additional amounts, the **number and scope of the audits performed appear to be insufficient.** The committee regrets the lack of annual reports from the Commission to the European Parliament on the use of financial resources earmarked for the decommissioning of nuclear power plants, and it calls on the Commission to report annually to the Parliament on the improvements in use of the funds and on the likelihood that the accumulated

funds for the decommissioning of these specific units in the three NPPs will be absorbed over the next three years.

The ECA audit which is still continuing should clarify certain issues such as whether the funds were used for the purposes for which they were intended, whether there are activities where OLAF is involved, and whether proper coordination among the three existing programmes occurred. As regards **future activities** to be financed from EU allocated amounts within the 2007-2013 period, Members feel further issues need clarifying, including whether there is still a need for further amounts to be allocated for energy projects or whether it is necessary to focus on the decommissioning projects.

They stress furthermore that **enhanced coordination between the three programmes** is needed in order to ensure better planning of activities and sharing of experience gained amongst them, the EU as a whole can also benefit from this experience and the committee invites all parties involved to develop best decommissioning practices and to ensure the best use of the experience and data gained amongst the other Member States with nuclear power plants.

It goes on to note with concern the **lack of an EU team of coordinators and experts of all three projects** , and calls on the Commission to set up a Coordination Team, which should be in charge of: (i)supervising the elaboration of a final plan with a clear timetable, (ii) supervising the use of money allocated so far; (iii) establishing whether there is further need for an EU role and if so, determining the exact level of EU involvement; (iv) deciding upon responsibilities, including the role of the EBRD, and overseeing the finalisation of the decommissioning process.

The report also calls on the Commission to explore possible ways of **harmonising approaches to the funding of decommissioning** in the EU in order to ensure timely accumulation of the necessary financial resources without compromising the safety and security of the decommissioning process.

Ignalina NPP: the report notes with concern that key waste infrastructure management projects (spent fuel storage and waste repository project) have experienced serious delays that incurred additional costs with respect to original estimates. It calls on the Commission to report on the results of the reassessment of the project timeline. Furthermore, a large part of the funds was allocated to energy projects, considerable financing is still required for decommissioning and t national funds are not sufficient to cover this. The committee calls for appropriate measures to be taken in this respect, particularly by the Member State.

Bohunice NPP: some decommissioning projects, such as the reconstruction of the area’s physical protection system, the historical waste treatment project and construction of the interim storage of RAW at the Bohunice site, have experienced significant delays in their implementation, and the committee urges the Commission and the Slovakian side to take steps to prevent the delays and to avoid jeopardising the scheduled progress of decommissioning work.

Kozloduy NPP: Members note with concern a rather high share of energy projects in the distribution of allocated public funds, and they call on the Commission to monitor the implementation of the remaining energy projects. They also call for an increase in the proportion of ‘Decommissioning and Waste’ projects in the remaining period of the Kozloduy programme.