Nuclear decommissioning assistance programmes in Bulgaria, Lithuania and Slovakia 2014-2020

2011/0363(NLE) - 24/11/2011 - Legislative proposal

PURPOSE: to provide EU support for nuclear decommissioning assistance programmes in Bulgaria, Lithuania and Slovakia.

PROPOSED ACT: Council Regulation.

BACKGROUND: in the context of their EU accession negotiations, Bulgaria, Lithuania and Slovakia made the commitment to close and subsequently decommission respectively the nuclear reactors Kozloduy units 1 to 4, Ignalina units 1 and 2 and Bohunice V1 units 1 and 2 by a commonly agreed date. This early closure represented an exceptional financial burden for the Member States concerned which was not commensurate with their economic strength.

In recognition of this fact and as an act of solidarity the European Union committed itself to continue to provide additional financial assistance for the decommissioning of these reactors, respectively the Kozloduy, Ignalina and Bohunice Programmes. The closure commitment of the three Member States as well as the commitment of the European Union to provide financial support was foreseen in the corresponding Accession Treaties.

The total financial assistance from the European Union to the three Member States until the end of 2013 foresees EUR 2 847,8 million (EUR 1 367 million for Lithuania, EUR 613 million for Slovakia and EUR 867,8 million for Bulgaria). Following the closure of all the nuclear power plants concerned, all the beneficiary countries committed to proceed with the implementation of their decommissioning plan and the first dismantling works of non-active facilities have started.

However, the updated decommissioning planning and decommissioning cost estimates provided by the Member States in early 2011 provide clear evidence that **substantial additional financial resources will be required to complete decommissioning of the Kozloduy, Ignalina and Bohunice nuclear power plants in a safe manner**. The three Member States do not have the required financial resources to ensure a seamless continuation and completion of safe decommissioning.

This is why the Commission is proposing the extension of financial support from the Union with the general objective of reaching **an irreversible state within the decommissioning process of Kozloduy units 1 to 4, Ignalina units 1 and 2 and Bohunice V1 units 1 and 2 nuclear power plants**, in accordance with their respective decommissioning plans, while keeping the highest level of safety.

IMPACT ASSESSMENT: the proposed Regulation has been the subject of an impact assessment concerning three possible policy options:

- ***the baseline option*** that would consist in no further Union support beyond 2013;
- ***the 'business as usual' option*** with Union support for decommissioning and measures in the energy sector that are consequential to the closure of the nuclear reactor units;
- ***further, but reduced Union support*** dedicated to decommissioning only.

No further Union support under the baseline option would stop the decommissioning programmes and consequently jeopardize nuclear safety. The business as usual option would result in a much higher financial Union support with reduced added value. Further support to projects in the energy sector would lead to a distortion of competition and the continuing high level of financial Union support would not be a sufficient incentive for the Member States to take over the full financial responsibility for the completion of decommissioning.

The assessment of the impacts of the three options resulted in the conclusion that **only the third option would allow the seamless continuation of decommissioning to reach an irreversible state within the decommissioning process**, while at the same time supporting the transition towards full Member State funding of the safe completion of decommissioning.

LEGAL BASIS: Article 203 of the Euratom Treaty.

CONTENT: this proposal for a Council Regulation foresees an extension of financial support from the Union with the general objective to reach an irreversible state within the decommissioning process of Kozloduy units 1 to 4, Ignalina units 1 and 2 and Bohunice V1 units 1 and 2 nuclear power plants.

Objectives for each of the nuclear plants: the specific objectives for the Kozloduy, Ignalina and Bohunice Programmes are:

Kozloduy Programme:

- performing dismantling in the turbine halls of units 1 to 4 and in auxiliary buildings;
- dismantling of large components and equipments in the reactor buildings of units 1 to 4
- safely managing the decommissioning waste in accordance with a detailed waste management plan.

Ignalina Programme:

- defueling of the reactor core of unit 2 and the unit 1 and 2 reactor fuel ponds into the dry spent fuel storage facility;
- safely maintaining the reactor units until defueling is completed;
- performing dismantling in the turbine hall and other auxiliary buildings and safely managing the decommissioning.

Bohunice Programme:

- performing dismantling in the turbine hall and auxiliary buildings of reactor V1;
- dismantling of large components and equipments in the V1 reactor buildings;
- safely managing the decommissioning waste in accordance with a detailed waste management plan.

To meet the above presented general objective, specific objectives with their respective indicators are defined for the Kolzoduy, Ignalina and Bohunice Programmes.

Conditions for the granting of funds: the proposed Regulation establishes ex ante conditionalities that Bulgaria, Lithuania and Slovakia should satisfy before the Programme's funds are disbursed:

- compliance with Union’s acquis; in particular in the area of nuclear safety the transposition into national law of the Council Directive 2009/71/Euratom on nuclear safety and the Council Directive 2011/70/Euratom on the management of spent fuel and radioactive waste;
- establishment of a national legal framework to provide adequate provisions for the timely accumulation of national financial resources for the safe completion of decommissioning;

- submission to the Commission of a revised detailed decommissioning plan.

The financial support of the Union should be linked and subject to the achievement of the expected results. Consequently, the proposed Regulation foresees the possibility to review the amount of the appropriations allocated to the Programme, as well as the distribution amongst the Kozloduy, Ignalina and Bohunice Programmes, **in the light of the outcome of an evaluation addressing the progress achieved** in decommissioning.

Co-funding by the Member States concerned: it is expected from the three Member States that they are ready to provide the required additional financing to cover the remaining financial needs in order to ensure efficient and effective use of the additional Union support as well as to ensure the transition towards full Member State funding for the completion of safe decommissioning.

Based on the current cost estimations for decommissioning, this means in the order of:

- EUR 668 million for Bulgaria,
- EUR 1140 million for Lithuania and
- EUR 321 million for Slovakia.

New commitment appropriations will be entered into the EU budget until the end of 2017 for the Bohunice and Ignalina Programme and until the end of 2020 for the Kozloduy Programme. However, on the basis of these commitments appropriations, payment appropriations will continue for several more years, **most likely at least until 2021 for Bohunice and Ignalina and until 2024 for Kozloduy**.

Implementation and work programme: the Commission will adopt annual financial commitments through one joint annual work programme for the Kozloduy, Ignalina and Bohunice Programmes. **An act setting out implementation procedures should define more operational details for the implementation of the financial Union support**, inter alia detailed reporting and monitoring requirements. This act should further contain the revised decommissioning plans for the Kozloduy, Ignalina and Bohunice Programmes that would serve as baseline for the monitoring of the progress and the timely achievement of the expected results. This would also allow potential difficulties arising in the course of the implementation of project to be addressed more efficiently and effectively.

The current proposal foresees several simplifications: a single Council Regulation is foreseen for the financial Union support to Bulgaria, Lithuania and Slovakia under the 2014 – 2020 Multiannual Financial Framework, instead of previously three separate and independent Regulations. This Regulation does not foresee any exceptions to the Financial Regulation.

Reports and review: a comprehensive review in the framework of an interim evaluation is scheduled for 2015. This will cover the efficiency of the use of resources and the results obtained.

BUDGETARY IMPACT: the programme shall cover the period 2014-2020. The overall budgetary envelope is **EUR 552 947 000** at current prices. This amount is in line with the Commission proposal for the next Multi-Annual financial framework for the period 2014-2020: "A Budget for Europe 2020".

That amount shall be distributed among the Kozloduy, Ignalina and Bohunice Programmes as follows:

- EUR 208 503 000 for the Kozloduy Programme for the period 2014 to 2020;
- EUR 229 629 000 for the Ignalina Programme for the period 2014 to 2017;
- EUR 114 815 000 for the Bohunice Programme for the period 2014 to 2017.

The split of the overall amount amongst the three individual programmes takes into account that Bulgaria has to decommission 4 units, Slovakia 2 units and Lithuania 2 units, for which no decommissioning

experience is available and type and quantity of materials to be managed are of a different order of magnitude. The duration for the support is based on the principle of equal treatment since accession.