2016 discharge: European Joint Undertaking for ITER and the Development of Fusion Energy - Fusion for Energy Joint Undertaking (F4E)

2017/2180(DEC) - 26/03/2018 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the report by Brian HAYES (EPP, IE) on discharge in respect of the implementation of the budget of the ITER and the Development of Fusion Energy for the financial year 2016.

The committee called on the European Parliament to grant the Director of the European Joint Undertaking for ITER and the Development of Fusion Energy discharge in respect of the implementation of the Joint Undertaking's budget for the financial year 2016.

Noting that the Court of Auditors issued a statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions for the financial year 2016, Members called on Parliament to **approve the closure of the joint undertaking's accounts**.

They made, however, a number of recommendations that need to be taken into account when the discharge is granted. They may be summarised as follows:

General: Members noted that in November 2016, the Council of ITER Organisation (the "ITER Council") approved a new ITER project baseline for the scope, schedule and the costs of the project. They noted, moreover, that the overall project schedule for operations ´First Plasma ´ and ´Deuterium-Tritium´ was approved. Following the approval of the new ITER project baseline, the Joint Undertaking set the new timetable and recalculated the related cost at completion of the Joint Undertaking's contribution to the project construction phase.

Members expressed ongoing concern that the estimated completion date for the whole construction phase is currently planned with a **delay of about 15 years** compared to the original baseline. The new schedule endorsed by the ITER Council set out a four-stage approach, making **December 2025 the deadline** for achieving the first strategic milestone of the project construction phase ('First Plasma') and December 2035 the estimated completion date for the whole construction phase.

Members noted the Court's report finding that the results, which were presented to the Joint Undertaking's Governing Board in December 2016, indicated an expected additional funding requirement to that already committed of EUR 5.4 billion for the construction phase after 2020, which represents an increase of 82 % in relation to the approved EUR 6.6 billion budget. Additional funding required to complete the ITER project must involve future Multiannual Financial Framework commitments.

The report stressed that on 29 March 2017, the United Kingdom notified the European Council of its decision to withdraw from the EU and Euratom. An agreement setting out the arrangements for its withdrawal is being negotiated. However, the United Kingdom has expressed its interest in further participating in EU fusion energy activities.

Budget and financial management: the final 2016 budget available for implementation included commitment appropriations of EUR 488 000 000 and payment appropriations of EUR 724 510 000. The utilisation rates for commitment and payment appropriations were **99.8 % and 98 %** respectively. The full implementation of the 2016 budget made the level of cancelled appropriations very low for 2016. Out

of EUR 488 000 000 available for commitment appropriations, almost 100 % was implemented through direct individual commitments.

Other observations: the report also contained a series of observations on the prevention and management of conflicts of interests, personal selection and recruitment, internal control measures, operational procurements and grants.

The report also noted in particular:

- that the governing board adopted an anti-fraud strategy and corresponding action plan, of which most of the actions were implemented in 2016;
- 40 operational procurement procedures were launched and 52 procurement contracts were signed;
- concern about the worrying increase in the timeframe to contract for procurements for both amounts above and below the EUR 1 000 000 threshold.