Basic information

2005/2027(INI) INI - Own-initiative procedure	Procedure completed
Nuclear safety: financial resources earmarked for the decommissioning of nuclear power plants **Subject** 3.60.04 Nuclear energy, industry and safety 3.70.13 Dangerous substances, toxic and radioactive wastes (storage, transport)	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	HARMS Rebecca (Verts/ALE)	15/03/2005

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	The committee decided not to give an opinion.	
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	

Key events

Date	Event	Reference	Summary
26/10/2004	Non-legislative basic document published	COM(2004)0719	Summary
10/03/2005	Committee referral announced in Parliament		
26/09/2005	Vote in committee		Summary
29/09/2005	Committee report tabled for plenary	A6-0279/2005	
15/11/2005	Debate in Parliament		
16/11/2005	Decision by Parliament	T6-0432/2005	Summary
16/11/2005	Results of vote in Parliament		
16/11/2005	End of procedure in Parliament		

Technical information	
Procedure reference	2005/2027(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/26195

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Amendments tabled in committee		PE360.222	14/07/2005	
Committee report tabled for plenary, single reading		A6-0279/2005	29/09/2005	
Text adopted by Parliament, single reading		T6-0432/2005	16/11/2005	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2004)0719	26/10/2004	Summary
Commission response to text adopted in plenary	SP(2005)5015	15/12/2005	
Follow-up document	COM(2007)0794	12/12/2007	Summary
Follow-up document	SEC(2007)1654	12/12/2007	

Nuclear safety: financial resources earmarked for the decommissioning of nuclear power plants

2005/2027(INI) - 16/11/2005 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report by Rebecca HARMS (Greens/EFA, DE) on the use of financial resources earmarked for the decommissioning of nuclear power plants. (Please see the summary of 26/09/2005.)

The importance of decommissioning nuclear power plants: Parliament recognised that it is important, for the protection of human beings and the environment, that nuclear power plants are properly decommissioned after they are shut down. A lack of financial resources for decommissioning might in some cases delay the decommissioning of nuclear power plants and hence should be avoided. Parliament noted the Commission's intention to adopt a non-binding recommendation on this subject in the coming weeks, as well as the Commission's intention to undertake significant survey work on this subject during 2006 in order to support the formulation of Community policy and legislative initiatives.

Financial resources earmarked for decommissioning. In all Member States, all nuclear undertakings must have sufficient financial resources available when needed to cover all the costs of decommissioning, including waste management in order to uphold the polluter pays principle and avoid any recourse to State aid. Parliament called on the Commission, with due regard for the principle of subsidiarity, to draw up precise definitions concerning the use of financial resources earmarked for decommissioning in each Member State, taking into account decommissioning as well as the management, conditioning and final disposal of the resultant radioactive waste. The approach to the management of such financial resources differs from one Member State to another. Parliament stated that these financial resources to be used for fair investments fully in line with Community competition law, thereby avoiding distortions.

Safety and environmental aspects: Parliament noted that at each step in the decommissioning of nuclear power plants the safety of humans and the environment must be considered and that previous experience should be put to good use as far as possible. There are two strategies - immediate decommissioning and staged decommissioning strategies whose respective advantages and disadvantages should be weighed up in view of the location and the characteristics of the reactor. Safety issues relating to the protection of humans and the environment should be paramount in respect of the choice of decommissioning strategy. Parliament called for a review in all Member States of the practice of releasing low-level radioactive substances in particularly large quantities in areas subject to nuclear and radiation protection legislation when a plant is decommissioned.

Economic aspects: Parliament considered it acceptable for exceptions to apply, for example in the new Member States, due to safety considerations. It questioned whether the accounting provisions made so far in a number of Member States and the corresponding financial resources are equal to the real needs, but welcomed the financial support granted by the European Union to certain decommissioning projects in the new Member States. Parliament went on to state that it supported the Commission's position that the cost of nuclear decommissioning, which is to be understood as covering other external costs and subsidies for other types of electricity production, must also be taken into account in assessing the economic viability of any power plant in such a way as to avoid distortions of competition. Finally, Parliament noted that the operator of a nuclear power plant is responsible for arranging insurance to cover civil liability during the entire decommissioning period against unforeseen incidents or accidents in line with international liability conventions.

Nuclear safety: financial resources earmarked for the decommissioning of nuclear power plants

2005/2027(INI) - 12/12/2007 - Follow-up document

In October 2004, the Commission presented its first report to the European Parliament on the use of financial resources earmarked for the decommissioning of nuclear power plants.

The report was drafted partly as a result of concerns regarding potential safety implications, should adequate decommissioning funds not be available when needed, and partially because of concerns regarding the distortion of competition within the internal market. The 2004 report was well received and led to an own-initiative report from the European Parliament.

Since the adoption of its first report, the Commission has undertaken an extensive consultation process with all interested parties and stakeholders and adopted a Recommendation on decommissioning funds in 2006. This is a second report on the matter of funds that have been ring-fenced for the decommissioning of nuclear power plants. Its purpose is to compare EU nuclear operators and Member States' funding practices.

The main findings of the study are that the decommissioning of nuclear plants is set to become an increasingly important issue in the years ahead. It can be assumed that under present policies, around one third of the reactors currently operating in the EU will need to be decommissioned by 2025. In spite of specific national legislation more could be done to improve aspects of fund adequacy and management use – in particular through detailed monitoring and reporting. Differences in decommissioning strategies and fund management may lead to a distortion on the liberalised EU energy markets. Decommissioning costs, including the final disposal of waste, has to be seen as part of the electricity production costs and should be compatible with state aid rules.

The report urges the Member States to adopt a more transparent approach when reporting on the financial resources for decommissioning. Liability assessments should follow agreed accounting principles with estimates and provisions being made available to the public.

The main differences that currently exist between the Member States relate to the structure and ownership of energy utilities – a distinction that was formed before the internal market in electricity was set up. Liberalising the energy market has brought about an increased need for transparency and more harmonisation in the management of these financial resources. For its part, the Commission, urges the Member States to step up cooperation.

One of the most important objectives that needs to be factored into any future strategy is to ensure that financial resources are set aside to meet the requirements of nuclear plant decommissioning and that they will be available as and when required. Any resources that have been set aside will need to be managed in a transparent manner. Information concerning decommissioning should be made publicly available and not made confidential.

The benefits of harmonised decommissioning methodologies should be explored further at an EU level and common approaches, in the case of new constructions, rigorously pursued.

For its part, the Commission will focus attention on the adequacy of funding, its financial security and the ring fencing that is required in order to guarantee that funds are used only for the purposes for which it was intended.

Nuclear safety: financial resources earmarked for the decommissioning of nuclear power plants

2005/2027(INI) - 26/10/2004 - Non-legislative basic document

Fulfilling the undertaking it gave to the European Parliament when the Directive on the internal market in electricity was adopted, this report has been prepared by the Commission on the use of financial resources earmarked for the decommissioning of nuclear plants.

Underlining that this is set to become an increasingly important issue (of the 155 reactors currently operating in the enlarged EU, some 50 to 60 are likely to be decommissioned by 2025), the Commission believes it is vital to ensure that, when the time comes, sufficient financial resources will be

available to cover the costs of decommissioning work while guaranteeing a high level of nuclear safety. In addition, the creation of the internal market in electricity requires that these resources be managed with complete transparency and that they be used for the purpose for which they have been set aside.

Decommissioning nuclear plants is a technically complex operation requiring considerable funding. The amount needed to rehabilitate the site of a plant is currently estimated to be around 10 to 15% of the initial investment cost for each reactor to be decommissioned. Whatever means nuclear operators select for setting aside resources, that these sums should be commercially managed is not in itself open to criticism. However, it is not easy to draw a dividing line between “normal” management of these resources and practices that may lead to distortions of competition on the internal market in electricity. The Commission has compiled its report using information received from the 14 Member States that have nuclear plants. This information reveals widely differing situations, in terms both of decommissioning strategies and of the way financial resources are managed. It indicates that the majority of the Member States have chosen the option of external management, i.e. separate from the accounts of the nuclear operator, which seems to offer the greatest transparency and, probably, the best guarantee as to the ultimate use of the financial resources. In some countries, however, financial resources earmarked for decommissioning are entered in the accounts of the electricity producers in the form of provisions.

The Commission is now asking the Member States to provide it with further information which it will use first of all to come up with a common framework and, in the longer term, to harmonise the methods by which decommissioning is financed in the EU. The Union should in fact ensure that resources, once set aside, are managed in accordance with Community law.

The Commission will begin in 2005 by presenting a recommendation to the Member States on the basis of the Euratom Treaty, calling on them to take the necessary measures to ensure that financial resources are managed in a transparent manner and that, when the time comes, they are available to maintain a high level of nuclear safety during decommissioning work.