

Russians may replace CEZ in the Slovak nuclear programme

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On 15 January, Slovakia's state-owned nuclear company JAVYS and the Czech state-owned energy corporation CEZ signed a memorandum with Russia's Rosatom, which envisages Rosatom being granted access to complete documentation concerning the construction of two new reactors at the nuclear power plant in Jaslovske Bohunice in Slovakia. Access to this documentation will allow Rosatom to decide whether it wishes to participate in this project.

Two nuclear reactors are currently in operation in Jaslovske Bohunice. The other two were decommissioned in 2006 and 2008 pursuant to guarantees Slovakia made during the EU accession process. The Slovak government established the JESS company in 2009 with the intention of building two new reactors in Jaslovske Bohunice. Its shareholders are JAVYS, Slovakia's state-owned company, (51%), and a Czech company named CEZ (49%), which is currently holding a tender for the construction of new reactors at the Temelin nuclear power plant in the Czech Republic. The other Slovakian nuclear power plant in Mochovce has two reactors in operation and two more under construction (with Russian technology being applied); they are to be launched in late 2013/early 2014. Italy's Enel is the majority shareholder of all the operating reactors at Jaslovske Bohunice and Mochovce (they all run on Russian fuel).

Commentary

- The memorandum with Rosatom confirms that CEZ wishes to withdraw from the Slovak nuclear project. Initially, the aim of the contract with Slovakia was to add to the appeal of the Czech tender for the development of Temelin (the winner was also to build new reactors in Jaslovske Bohunice and in Dukovany in the Czech Republic). Due to uncertainty about the way the energy market will develop and, especially, about the ratio of construction expenses and expected energy prices, the managers of CEZ are likely to scale back their plans to Temelin, which is a strategic project in the Czech energy sector.
- The prospect of building a power plant in Slovakia is appealing for Russians, who have been making active endeavours to sign nuclear contracts all over the world. A potential strengthening of the Russian nuclear sector's position in Slovakia will add credibility to Russian companies since they will be seen as entities capable of meeting the EU's very high security standards. Thus, Rosatom's participation in the Slovak project is also

important for Russians in the context of their efforts to win nuclear tenders in other countries.

- For the Slovak government, it is convenient to involve Rosatom in the construction of new nuclear reactors in Jaslovske Bohunice. It sees Russians as reliable and proven partners in this area. Furthermore, the government in Bratislava intends to fund the construction of the new reactors with money from external investors, without public funds being engaged. Since Russians have offered this funding model in the case of Temelin in the Czech Republic, they are also likely to make a similar offer in the case of Jaslovske Bohunice. Nevertheless, Rosatom's participation in this project is not a foregone conclusion as yet, and lengthy Slovak-Russian negotiations should be expected in this case. The construction of the new reactors in Jaslovske Bohunice is likely to be discussed as part of one package containing other planned Slovak-Russian projects, such as: the extension of the Druzhba oil pipeline from Bratislava to the Schwechat refinery in Austria, and the extension of the broad-gauge railway from Kosice to Vienna.