Analyses OSW

CENTRE FOR EASTERN STUDIES 15.02.2012 www.osw.waw.pl

Decommissioning of nuclear power plants a growing problem for the EU

Joanna Hyndle-Hussein

On 8 February, the European Court of Auditors published an audit report on the shut down nuclear power plants in Bulgaria (Kozloduy), Lithuania (Ignalina) and Slovakia (Bohunice). It revealed a significant delay in the EU-funded process of decommissioning them, as well as a rise in its cost (as assessed during the period of 1999-2010). The Court found that in accordance with the agreement, the countries concerned had closed a total of eight old Soviet reactors (which was one of the conditions for their accession to the EU), but had not carried out the work associated with decommissioning them, in accordance with the schedule for their removal; the violations included failing to complete the construction of facilities for storing the spent fuel and radioactive waste assets. The audit found that these states need a total of €2.5 billion to continue the decommissioning process. So far, €2.85 billion have been allocated to this end (half of which went to Lithuania) for the period of 1999-2013. The Tribunal laid the blame for the delays and inefficient spending of EU funds at the door of the governments of the three countries, but did not deem this to have been an act of fraud. They also criticised the lack of adequate supervision by EU institutions. Slovakia received the best evaluation, as it has already removed the nuclear material from the Bohunice plant.

Commentary

- The European Commission's audit is of great importance in view of the negotiation of a new EU financial framework for 2014-2020. Lithuania, Slovakia and Bulgaria have expressed dissatisfaction with the level of funding proposed by the European Commission to support the process of decommissioning the nuclear plants. Lithuania, which is the main beneficiary of the programme, has reacted most sharply. In its assessment, €500 million in the new financial perspective is not enough to cover the costs of work on three power plants. Meanwhile, the report showed that Lithuania was where significant delays (of 3-4 years) were occurring while the EU funds were running out. In the light of this report, Lithuania needs a further €1.5 billion to close and demolish the stations, while the Commission is only willing to grant €210 million for this purpose in the period of 2014-2020.

- The report includes a clear signal that the Commission does not intend to cover any losses caused by delays, regardless of whether it is the state governments' fault or not,

or whether – as shown by the case of Lithuania – as a result of the contractors' failure. It was noted that only Slovakia has introduced an additional financial mechanism, namely a tax on energy transfer, to fund the decommissioning process. Lithuania uses a similar mechanism, but does so in order to collect funds to finance the construction of a power link between Lithuania and Sweden, which will strengthen energy security in the region.

- In view of these reported violations, the argument which Lithuania has primarily advanced – that the European Commission is not meeting its obligations – has lost its force. The Commission's unambiguous position meant that Lithuania already revised its initial expectations in late 2010, and declared that it will make €100 million available to remove the Ignalina plant. Some Lithuanian officials are concerned that the report suggests the EC may even be willing to withhold funding for decommissioning the nuclear plants. This would shift the financial burden onto Vilnius, resulting in higher energy prices and a slowdown in regional investment in the energy sector.

- The process of decommissioning the three nuclear plants, which has absorbed EU financial assistance for years, has resulted in much bigger problems than originally anticipated. These have impinged on the EU budget, and demand greater involvement and coordination between the EU's member states and its institutions.