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CENTRE FOR EASTERN STUDIES 14.09.2011 www.osw.waw.pl

Lithuania: Problems with decommissioning of the Ignalina Nuclear Power Plant

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Romas Svedas resigned from his post of deputy minister for energy on 6 September. The resignation of the official in charge of the implementation of key energy projects in the country, namely the decommissioning of the Ignalina Nuclear Power Plant (INPP), the construction of a new power plant in Visaginas and of an LNG terminal, gave rise to an upsurge in speculations. Osvaldas Čiukšys, who was the INPP's director for one year (he was dismissed on 14 September), said that Svedas's resignation was partly caused by increasing problems with the implementation of the decommissioning of the old nuclear power plant in Ignalina (INPP), the operation of which was stopped in December 2009. Although Lithuania obtained significant funds from the EU for a complete decommissioning and disassembly of the power plant by 2029, none of the projects of key significance for this process has been implemented and most are 3–4 years behind schedule. The INPP's director says that the construction of the temporary storage facility for used nuclear fuel (B1) and a complex for storage and treatment of solid nuclear waste (B2/3/4) are delayed due to the main contractor, NUKEM Technologies, which is controlled by Russia's Atomstroyexport. Due to the delays, additional costs of fuel storage have reached 2.5 million litas (724,000 euros) monthly. The situation is additionally complicated by the fact that Lithuania may not count on the EU's support for the decommissioning of the plant at the previous level in the new financial perspective for 2014–2020.

Commentary

- In 2005, Lithuania concluded a contract with a German company, which was later taken over by Russian capital. Although the company has failed to build the commissioned facilities, the losses generated by the delays in the project have been incurred by Lithuania, which consumes most of the funds offered by the EU as support for the process to decommission Ignalina. This gives rise to suspicions of corruption in the process of concluding the contract with NUKEM. Investigations aimed at identifying those guilty of this situation have failed to produce any results thus far.

- A further delay in the implementation of the key projects and increase in their costs is beneficial for the Russian company. It is still not implementing the projects and is pressing for the cost estimate of the INPP's decommissioning to be increased, expecting that the Lithuanian government will apply to the EU for as much funding as possible for

the decommissioning of the plant. Meanwhile, the EU's draft new financial perspective presented by the European Commission provides for – instead of 870 million euros as requested by Lithuania – 700 million euros for the decommissioning of three plants (Lithuanian, Bulgarian and Slovakian). According to the Lithuanian government, even half of this amount would be unsatisfactory for Lithuania.

- The growing costs entailed in decommissioning Ignalina is undermining Lithuania's negotiating position in its efforts to obtain EU funds for supporting this process. Lithuania will find it difficult to convince its partners in the EU to take the losses caused by delay into account in the new financial perspective for 2014–2020, which consequently may impose a heavy burden on the country's budget. This may reduce Lithuania's financial capacity and undermine its credibility in the implementation of other major energy projects, such as the construction of a new nuclear power plant or an LNG terminal.