

The launch of the Belarusian Nuclear Power Plant in Astravyets

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On 7 November, on the anniversary of the October Revolution, Alyaksandr Lukashenka officially opened the first unit of the Belarusian Nuclear Power Plant located in Astravyets. The project was begun in 2012 by the Russian company Atomstroyexport. It is based on Russian technology and financed by a Russian credit line worth US\$10 billion, the repayment of which will start in 2022 and will last for 15 years. The recently launched block is currently operating at 40% of its capacity. It is expected to achieve its full production capacity of 1,200 MW in the first quarter of 2021. The ongoing construction and installation works on the second identical block are to be completed by 2022.

According to the Belarusian government's calculations, once both blocks of the power plant begin to operate at full capacity, it will be possible to reduce Russian gas supplies (currently around 90% of electricity in the country originates from natural gas power plants) by 4.5 billion m³ annually, i.e. nearly a quarter. In financial terms, given the current gas prices, this is expected to save around US\$500 million annually. This symbolic opening ceremony of the power plant has been used by Lukashenka to highlight its significance for the country's energy security and for strengthening the sovereignty of Belarus. He also positively assessed the co-operation with the Russian contractor and did not rule out adding a third block to the plant. Alexei Likhachev, the CEO of Rosatom (the parent company of Atomstroyexport), who was present at the ceremony, gave assurances that the Russian side was ready to participate in the implementation of further nuclear energy projects in Belarus.

On 3 November, when the power plant became connected to the Belarusian grids (which are still synchronised with the grids of the Baltic states), the Lithuanian operator Litgrid immediately stopped trading in electricity with Belarus. Only the option of physical energy flows remained, since power shortages occasionally happen in the Lithuanian system. Lithuania has not granted the new Belarusian power plant access to its emergency power reserve maintained by the Kruonis Pumped Storage Plant. The construction of the Astravyets Nuclear Power Plant, which is located 50 km from Vilnius, provoked a serious political conflict with Belarus at the very beginning. Lithuania considers the power plant dangerous, claiming that the international Espoo and Aarhus Conventions were violated during its construction, and that EU recommendations for resistance testing in line with international standards have not been implemented there.

Commentary

- While emphasising the benefits of launching a nuclear power plant (one of which is reducing dependence on Russian gas supplies), the government in Minsk is ignoring the fact that a power plant built and financed by Russians is powered by Russian nuclear fuel. Therefore, one can only speak of a change in the structure of Belarus's dependence on energy supplies from Russia rather than of improving energy security. Furthermore, the loan to be repaid within 15 years, in spite of the favourable 3.3% interest rate, is the largest financial burden in the history of independent Belarus. Furthermore, numerous controversies over the project's security will put a lot of strain on the country's relations with Lithuania.
- The decision to build the Astravyets Nuclear Power Plant was made in connection with plans to export electricity to Lithuania, Latvia and Poland. Since Poland is not interested in energy supplies from Belarus and Vilnius has staunchly opposed the project, the government in Minsk is facing a serious challenge of managing the additional energy that both blocks of the new power plant are expected to produce; this will be up to 18 TWh annually. This accounts for half of the annual domestic electricity consumption. Given the fact that the output of Belarusian power plants has satisfied the domestic demand almost entirely, a surplus of 14–15 TWh may be produced. The promising Ukrainian market has also been shut off to Belarus since May this year mainly due to Kyiv's protectionist measures. Russia seems to be the only export destination potentially available to Belarusian energy, but this opportunity may be difficult to use due to the lack of demand and economic unviability. According to calculations from Belarusian experts, the price of 1 kWh of energy generated by in the Astravyets Power Plant will range from 8 to 10 cents (and as much as 5 cents is the cost of paying off the loan), which is more than twice the current cost of energy from gas combustion. Therefore, the government in Minsk would be forced to sell energy to the Russian market below production costs. If it attempts to distribute the energy on the domestic market, tariffs for consumers may be increased, which will worsen the already low competitiveness of Belarusian industry and generate additional dissatisfaction among a majority of citizens already sceptical of the government.
- The fact that the Astravyets plant has been connected to the grid has not changed the Lithuanian government's attitude towards this project or its tactics. Vilnius is still insisting that the power plant should not be in operation, full safety tests should be implemented in line with international standards, and that the second unit should not be added to it. Lithuania believes that Lukashenka illegally holds the office of president. It no longer maintains contacts with Minsk and is asking for support from the international community to put pressure on Belarus. Astravyets is a challenge for the new Lithuanian centre-right government, which views blocking the plant's operation as one of its priorities.
- The blockade of energy trade between Lithuania and Belarus announced by Vilnius and supported by legislation does not currently fully protect the Baltic market against the inflow of energy from Belarus. It may be sold there as Russian energy, offered through, for example, the Latvia-Russia connection. What will fully block Belarusian energy in the Baltic markets would be the synchronisation of these countries' grids with those of continental Europe. The Lithuanian government is determined to prevent any delays in

the implementation of this project, in which cooperation with Poland is crucial. The synchronisation is scheduled to take place in 2025, and a quarter of the planned work has already been completed.

- Moscow views the launch of the Astravyets Power Plant as the implementation of one of the goals of the national energy policy. The nuclear projects implemented by Rosatom and its subsidiaries are instruments used by Russia to strengthen its political and economic influence in other countries. The conditions of implementing the investment compensate for the likely decline in Belarus's demand for Russian gas and will make the country even more economically dependent on Russia. Moscow will certainly use this fact to pursue its foreign policy goals, primarily in the context of plans to strengthen integration within the Union State or the Eurasian Economic Union.
- The launch of the Astravyets Nuclear Power Plant, however, also poses some challenges for Russia, mainly related to blocking the possibility of energy exports to European markets. Rosatom's declarations regarding its readiness to participate in further nuclear projects in Belarus should, then, be viewed as completely devoid of any chances of implementation. The possibilities of exporting electricity to the Russian market do not seem to be promising, either. The power system there regularly generates an electricity surplus (in 2019 at the level of 20 TWh). According to forecasts, the surplus is expected to remain at the level of approx. 15 TWh per year until 2025. Lithuania's principled stance on the Astravyets Power Plant will also affect Russian electricity exports to the Baltic markets. This has been confirmed by the note issued in October this year by Russia's Minister of Energy, Alexander Novak, to his Lithuanian counterpart, in which he appealed for Lithuania to refrain from restricting energy trade.