

FORATOM position paper on the financing of decommissioning of nuclear installations

Introduction

This position statement presents the views of the nuclear industry on the financing of decommissioning in the European Commission Draft Proposal for an EU Council Directive on nuclear safety in the enlarged EU, presented on 6 November 2002.

The safe management of nuclear facilities from start-up to completion of decommissioning is an absolute priority for the European nuclear industry. In the next 20 years or so, a significant number of nuclear facilities will be shut down in the EU and candidate countries as these plants reach the end of their operating lifetimes.

In order to meet the requirements of sustainability, decommissioning financing systems have already been set up in each and every EU member state with a nuclear programme. Decommissioning operations are being successfully carried out in several countries, thus demonstrating the practical implementation of existing arrangements.

Whatever their differences in terms of constitution and management practices, notably due to the size and nature of the nuclear programmes and different decommissioning strategies involved, the purpose of these financing systems is the same, namely to ensure that adequate financial resources are available to cover decommissioning costs at the appropriate time.

The European nuclear industry sees the availability and transparency of such funding arrangements as a responsible answer to a legitimate concern about provisions for liabilities management. Indeed, these arrangements have been in place for many years.

The industry recognises the overall objectives of the Commission to ensure that across the EU, funding will be available to meet all future financial decommissioning obligations, as and when they fall due, such that safety is maintained. Indeed, the industry acknowledges that only by maintaining an open and transparent system, and taking funding responsibilities seriously, would it be able to maintain the sustainability of the nuclear energy sector in a competitive environment.

Position of the European nuclear industry

We would like to draw attention to the following points.

- * Financial arrangements for nuclear plant decommissioning should be established and managed in such a way as to ensure liquidity of adequate resources at the time of need for the decommissioning of nuclear facilities only. The industry regards this as being the fundamental principle.
- * Different member states and companies should have the ability to develop their own ways of achieving this goal, taking into account the considerable variations in national circumstances. There are important historical factors to be accounted for when assessing the fair and reasonable methods for funding liability management. It is therefore unlikely that a single arrangement could be applied to all situations. The proposed Directive should allow an appropriate degree of freedom for member state governments and nuclear companies to reach national agreements concerning the creation and management of adequate financial arrangements for decommissioning. However, the decommissioning objectives, the methods used to collect the funds and the level of security of financial resources should be equivalent.
- * The financial resources accumulated under the funding arrangements, including the earnings from any investment of funds, should normally be the responsibility of the organisation legally responsible for the decommissioning, whatever the chosen type of funding or technical arrangements. It must also be made crystal-clear legally, and stated that the ownership of the resources (internal or external) accumulated for decommissioning at any time is with the organisation responsible and paying for its decommissioning commitments. This applies to excess financial resources at any time, including the point in time when the organisation has finalised its decommissioning commitments and to shortfalls in the financing arrangements.
- * The operator/owner and the member state concerned should come to an agreement on the following:
 - the overall strategy for decommissioning (immediate decontamination and dismantling, safe storage or entombment); and
 - the division of responsibilities between the different parties involved.Such an agreement should lead to the definition of the financial resources required in pursuing the chosen strategy.

- * After the asset has ceased generating a revenue stream, decommissioning funds should be sufficient to ensure that cash is available as decommissioning expenditure falls due. In ensuring this, it may be beneficial to allow time between decommissioning activities for safety and technical reasons and decreases in radioactivity levels. During these periods, interest could continue to be collected on financial resources put aside for decommissioning and added to the fund.
- * Particular consideration should be allowed for certain candidate countries (Bulgaria, Slovakia and Lithuania) that face early closure decisions and whose financing arrangements for decommissioning are either non-existent or not sufficient to cover decommissioning costs.
- * There should be agreement between the member states and their respective industries on investment rules for financing arrangements, so that the importance of safe management of the funds and the requirement for adequate funding at point of need are ensured.

Conclusion

The European nuclear industry supports the general principle set out by the Commission, i.e. *“sufficient funds will be available to carry out decommissioning operations under conditions protecting the general public and the environment from ionising radiations¹”*.

Ongoing financing arrangements have been put in place across the EU, yet the systems vary because of national differences, in terms of nuclear programmes, decommissioning requirements, financial, legal and commercial arrangements etc.

However, we believe that any initiative should give member states the freedom to establish comparable financing systems that would be the most appropriate for the countries concerned, taking into account their own current needs and existing regulations.

¹ Towards a Community approach to nuclear safety, European Commission, Brussels, 6 November 2002, doc n°IP/02/1616