

TO:

Mr. GARRIBBA, Head of Unit - Euratom coordination, international relations,
DG Energy

Mr. JANUSZEWSKI, Policy Officer - Desk Officer for Ukraine and Central Asia,
DG Environment

CC to: Mr. VILLALONGA, Project Manager, Unit 3, DG ECFIN

Bulgaria:

Centre for Environmental
Information and Education
(CEIE)
For the Earth

Czech Republic:

Centrum pro dopravu a
energetiku (CDE)
Hnutí Duha

Estonia:

Estonian Green Movement–FoE

Georgia:

Green Alternative

Hungary:

National Society of
Conservationists – Friends of
the Earth Hungary (MTVSZ)

Latvia:

Latvian Green Movement

Lithuania:

Atgaja

Macedonia:

Eko–svest

Poland:

Polish Green Network (PGN)
Institute of Environmental
Economics (IEE)

Serbia:

Center for Ecology and
Sustainable Development
(CEKOR)

Slovakia:

Friends of the Earth – Center
for Environmental Public
Advocacy (FoE–CEPA)

Ukraine:

National Ecological Centre of
Ukraine (NECU)

CEE Bankwatch Network's
mission is to prevent
environmentally and socially
harmful impacts of
international development
finance, and to promote
alternative solutions and public
participation.

20 January 2012

Dear Mr Garribba,

Dear Mr Januszewski,

We are writing to you with regard to the **Ukraine NPP Safety Upgrade Programme (SUP)** that is now under consideration to receive loans (up to EUR 800 million total) from Euratom and the EBRD. The SUP includes upgrades to all 15 Ukrainian nuclear reactors and should be completed by 2017.

EBRD and EC had requested an environmental assessment (EA) of the programme that should be in line with the UNCE SEA protocol and the EU SEA Directiveⁱ. This EA took place between May and October 2011, with the final EA report published in October. National Ecological Center of Ukraine (NECU) took part in the public consultations and we are writing to you to express our deep concern with this programme as a whole and with the scope of its environmental assessment in particular.

Operating beyond reactor lifetime

Twelve of fifteen nuclear units currently in operation were designed to finish operations before 2020, with the first two units to be taken off the grid in 2010 and 2011. **The SUP is therefore designed for nuclear reactors that face the end of their designed lifetime.** In spite of the overwhelming safety considerations that should dictate the decommissioning of these units, the Ukrainian nuclear operating company Energoatom, that designed the SUP, and the Ukrainian Government have not presented any plans – technical or financial - for options other than keeping the old units in operation. However, strong evidence supports the idea that when operating nuclear reactors beyond their intended lifespan, the number of incidents rises sharply with the age of the unitsⁱⁱ.

From the start of the project we have pointed out that **the Ukraine NPP Safety Upgrade Program will contribute to the Ukrainian government's plan to extend the lifetime of ageing nuclear reactors.** Therefore, we insisted that the environmental assessment prepared for this project must be a strategic environmental assessment (SEA), as this would help to ensure that decision-makers both within the bank and in the EC have a full picture of the plans for development of the Ukrainian nuclear sector. From the discussions with EC representatives in March 2011, we understand that the EC expected to have an SEA prepared prior to its decision on providing financing through the Euratom Loan Facility for this programme. The EBRD has once again acknowledged its demand for an SEA in the PSD released on 15 December on the EBRD's website: "The Bank has provided TC funding to Energoatom to retain an independent consultant to undertake an Ecological Assessment (EA) in accordance with the principles of the UNCE Strategic Environmental Assessment (SEA) protocol of the planned safety improvement program".

In October 2011 the final EA report was released. Energoatom had made an attempt to address some of our comments, but this rather formal attempt did not help much to improve the depth and quality of the assessment. Below we summarize the key EA deficiencies that in our view prevent

the EA report from being a sufficient document to understand and evaluate fully the SUP role and consequences.

1) The EA is misleading regarding the SUP's objectives

Our assessment of activities within the NPP SUP reveals that more than half of the proposed activities are in fact necessary for lifetime extensions. The Priority II activities (57% of all activities) of the Energoatom's Complex (Consolidated) Nuclear Power Plants Safety Upgrade Programme "...are planned as part of the lifetime extension preparatory programme..."ⁱⁱⁱ. All these Priority II activities are part of the project proposed by Ukraine for EBRD and Euratom financing and are listed in the technical appendixes to the 'Ecological Assessment Main Report'^{iv}. In the case of the South Ukrainian NPP Units 1 and 2 that reach the end of their lifetimes in 2012 and 2015 respectively, 68 percent of SUP activities are indicated by Energoatom as a part of the lifetime extension programme.

However, the final EA report omits this objective of the SUP and downplays the pivotal role that the SUP activities will play in the process of lifetime extension. "The SUP involves safety improvements at existing NPPs, with no new construction, no capacity increase and no life extension"^v. **Thus the EA report is providing misleading information as to the objectives of the SUP.**

2) The EA lacks a number of important principles of an SEA

In the final EA report Energoatom made an attempt to address some of our comments but rather formally. Some important SEA principles were not adhered to. Specifically, there was not a full assessment of the interconnection with other plans, nor of the meaningful alternatives to the programmes and project.

An SEA should outline "the relationship with other relevant plans and programs"^{vi} and analyse the potential impacts resulting from such relationships. The linkages between the SUP and lifetime extension plans were raised throughout the whole EIA preparation process, and as a result, Energoatom concedes this relationship and acknowledges the impacts of these two programmes considered together^{vii}: "*SUP implementation will impact only the future scope of works concerning the lifecycle extension of the operating power units, but will not influence the decision of life extension*". However, the report does not provide any comprehensive assessment of the impacts and potential risks related to the reactors' operation in the extended operating period.

It is difficult to agree that implementation of SUP will not influence decision to extend life time of the plants minding that it will significantly decrease the cost of the action.

The changes in residual impacts resulting from implementation of both the SUP and lifetime extension plans are acknowledged and presented in tables in relevant chapters for each NPP separately. The footnote in chapters for the Zaporizhzhya NPP, Rivne NPP and South Ukrainian NPP says that "changes are connected to the action term of impact factors without changing their intensity and consequences". This is not fully true, as operation for extra 15-20 years means, for example, production of large amounts of additional spent nuclear fuel (SNF) and radioactive wastes (RW), and the issue of treatment and utilization of those is unsolved in Ukraine even for the amount accumulated within the reactors' designated lifetime. So the issue of additionally accumulated SNF and RW was not analyzed.

The final EA report also **does not provide any comprehensive analysis of alternatives**, including alternative designs of the programme. There is mention only of a "no-project alternative" and "*the only alternative to the SUP would have been not to include all identified measures in the SUP and subsequently to lower the level of safety improvements*" (p. 23). The option when units will be forced to stop operating having no license as a result of no SUP implementation is not discussed.

However, as a number SUP measures are necessary for lifetime extension, it is essential in this assessment to clearly describe which measures are part of the lifetime extension program, and whether or not they are necessary if reactor closure would happen at the end of designed lifetime. The most logical alternative SUP design – excluding those measures necessary solely for enabling reactors' lifetime extension – was not analyzed.

The only paragraph where Energoatom tries to describe the scope of SUP with regard to reactors' operation timeline is very unclear. The "*SUP involves introducing safety upgrade measures that are needed while the certain balance to date of all of their life cycle*"^{viii}. It is rather impossible to conclude anything from the above formulation, or to accept the conclusion drawn by authors of the report.

3) The EA lacks assessment of decommissioning plans for reactors

The EBRD's Environment and Social Policy (ESP) reads that "*Environmental and social issues and impacts will also be analysed for the relevant stages of the project cycle. These may include preconstruction, construction, operations, and decommissioning or closure and reinstatement*". In this respect, the authors of the EA of the SUP should have questioned Energoatom regarding their decommissioning plans and assess them. **The fact that to our knowledge no technical part of decommission plans for Ukraine NPPs exists is alarming and this should have been reflected in the EA report.** Omitting the issue of decommissioning in the EA firstly confirms our initial concern that the closure of the reactors at the end of designed lifetime is not on Energoatom's agenda and secondly, this is one more significant deficiency of the EA.

Deficiencies in the EA preparation process

As early as the project's scoping stage, the public was informed that EBRD and Energoatom had agreed **to an ecological assessment (EA) for the project** in line with the procedures outlined in the *European SEA Directive 2001/42/EC* regarding public participation. We are aware of Energoatom and the Ukrainian Ministry of Environment's position on this as it was mentioned at meetings and in the EA report⁴. We would however like to ask whether the EC authorities (engaged with the decision on Euratom loan) were consulted about the fact that NPP SUP assessment would be an ecological assessment only selectively complying with the UNCE SEA Protocol and *EU SEA Directive 2001/42/EC*?

At the beginning of the scoping phase Energoatom stated that the specific guideline (Standard of "Energoatom" COY HAEK 004:1011 Ecological assessment of power units of nuclear power plants. General requirements to the content and composition of the assessment materials) for this very assessment had been already developed and approved with no possibility to incorporate changes to it at the stage of what was meant to be scoping. This fact undermined the whole concept of the scoping meeting, limiting it to presenting the project and the scope of the assessment planned to the public.

Concluding points and questions

In light of the issues outlined above, we believe that the current **ecological assessment of NPP SUP is insufficient** and does not fully elaborate the objectives and consequences of the SUP. We believe that any decision to support the nuclear industry should be based on a meaningful strategic assessment of the industry and as well its further development plans, while at the same time accounting for the potential consequences of such involvement and the sponsor's ability and readiness to take responsibility and address issues like SNF treatment and reactor decommissioning.

We understand well the importance of safety issues at nuclear installations, especially in Ukraine. However we are strongly opposed to this framework through which Energoatom will finance works necessary for prolonging the lifetime of reactors that are nearly exhausted and pose higher and immeasurable risks to people and the environment.

It is also important to note **that the process of extending reactor lifetime is already underway in violation of the requirements of the ESPOO Convention.** In 2010 the Ukrainian government prolonged the lifetime of Rivne-1 and Rivne-2 NPPs without consultations with neighboring countries Poland and Belarus.

We therefore would like to ask the Commission the following:

1. What is the Commission's opinion of the quality and scope of the NPP SUP EA report?
2. Does the quality of the NPP SUP EA correspond to the Commission's initial expectations and criteria? If not, how will this be addressed?
3. At what stage of the decision-making process within the Commission is the NPP SUP?
4. What is the loan size from the Euroatom Loan Facility that is being considered for the NPP SUP?
5. What is the division of tasks between the Commission and EBRD in the appraisal process? Which EC services and bodies are involved?

6. Has the Commission discussed with Energoatom and the Ukrainian government any plans for decommissioning of expired nuclear reactors?
7. How does the Commission assess the technical and financial capacity of Energoatom and the Ukrainian government to deal with decommissioning of old and unsafe nuclear reactors and to provide safe storage of spent nuclear fuel? Are there any studies on the topic, or has any financing e.g. technical assistance in this area been discussed so far?

Thank you in advance for your positive consideration of this letter, and I look forward to your response.

Yours faithfully,

Iryna Holovko
National Campaigner for Ukraine
iryna@bankwatch.org

-
- i <http://www.devex.com/en/projects/235147/print>
 - ii Meyer,N., D.Rieck, and I.Tweer. Alterung in Kernkraftwerken. Greenpeace, Hamburg, 1996 (revised version 1998)
 - iii Complex (Consolidated) Nuclear Power Plants Safety Upgrade Programme in Ukraine, page 14.
 - iv Ecological Assessment Main Report (version 30.09.2011), p. 241-252, table 65.
 - v Ecological Assessment Main Report (version 30.09.2011), p. 9.
 - vi Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001;
 - vii Ukraine NPP SUP Ecological Assessment Main Report (version 30.09.2011), p. 20
 - viii Ecological Assessment Main Report (version 30.09.2011), p. 22
 - ix EBRD Environment and Social Policy, 2008, p. 17
 - x Ecological Assessment Main Report (version 30.09.2011), footnote # 2 p. 329