

TO:

Riccardo Puliti, Managing Director, Energy and Natural Resources

Alistair Clark, Corporate Director, Environment and Sustainability Department

Vince Novak, Director, Nuclear Safety Department

European Bank of Reconstruction and Development

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Dear Sirs,

**Bulgaria:**

Centre for Environmental Information and Education (CEIE)

For the Earth!

**Czech Republic:**

Centrum pro dopravu a energetiku

Hnutí Duha

**Estonia:**

Estonian Green Movement-FoE

**Georgia:**

Green Alternative

**Hungary:**

Nature Protection Club of Eotvos Lorand University (ETK)

National Society of Conservationists-FoE (NSC)

**Lithuania:**

Atgaja

**Macedonia:**

Eko-vest

**Poland:**

Polish Green Network (PGN)

Institute of Environmental Economics (IEE)

**Russia:**

Sakhalin Environment Watch

**Slovakia:**

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

**Ukraine:**

National Ecological Centre of Ukraine (NECU)

We are writing to you with regard to the Ukraine NPP Safety Upgrade programme's ecological assessment, which fails to meet the criteria for a Strategic Environmental Assessment. The EBRD has stated that the assessment would be in compliance with the UNCE SEA protocol and the EU SEA Directive, however this is not the case. We would like to bring to your attention our comments and concerns with the final ecological assessment (EA) report released in October 2011.

As you may recall from our previous correspondence, from the start of the project we have pointed out that the Ukraine NPP Safety Upgrade Program is contributing 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 Ukrainian nuclear sector. We also understand that the EC expected to have an SEA prepared prior to its decision on providing financing through the Euratom Loan Facility. The Bank has once again acknowledged his demand for an SEA in the PSD released 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..."<sup>1</sup>. 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'<sup>2</sup>. In the case of the South Ukrainian NPP Units 1 and 2 that reach the end of their lifetimes in 2012 and 2015

<sup>1</sup> Complex (Consolidated) Nuclear Power Plants Safety Upgrade Programme in Ukraine, p. 14.

<sup>2</sup> Ecological Assessment Main Report (version 30.09.2011), p. 241-252, table 65.

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”<sup>3</sup>. **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”<sup>4</sup> 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<sup>5</sup>: “*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. As they were not even mentioned, it cannot be said that the issue additionally accumulated SNF and RW were analyzed.

For Khmel'nitska NPP (chapter 4.5.11.3) the footnote states that “intensiveness of all impact factors will increase approximately twice”. As the report does not provide any further elaboration, it is unclear where this conclusion was drawn from or whether this should be regarded as a mistake.

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.

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<sup>3</sup> Ecological Assessment Main Report (version 30.09.2011), p. 9.

<sup>4</sup> Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001;

<sup>5</sup> Ukraine NPP SUP Ecological Assessment Main Report (version 30.09.2011), p. 20

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*”<sup>6</sup>. 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*”<sup>7</sup>. 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 decommissioning 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. We would like to ask you what is the EBRD's explanation of the absence of any assessment of decommissioning plans?

#### **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 report<sup>8</sup>. 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.

The geographical scope of the public involvement for the study itself was rather narrow. A public meeting was organized only in Kiev and in towns that are NPP satellites, where the

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<sup>6</sup> Ecological Assessment Main Report (version 30.09.2011), p. 22

<sup>7</sup> EBRD Environment and Social Policy, 2008, p. 17

<sup>8</sup> Ecological Assessment Main Report (version 30.09.2011), footnote # 2 p. 329

majority of the population are NPP workers. At the same time, the wider population on the level of the oblasts where the NPPs are situated was not consulted.

The final EA report failed to provide in full some important supplements, such as the full minutes from the public consultation meetings. Minutes from consultation on the draft EA report does not provide information on answers given by the holders of the meetings. In particular important statements were made by Energoatom officials at the meetings in Kiev on 19 July. This inter alia concerns the issue of financial feasibility of the NPP SUP, which according to Mr Sazonov is based on the planned lifetime extension of reactors.

### **Concluding points and questions**

We evaluate current **ecological assessment of NPP SUP as being insufficient** to understand and evaluate fully the SUP's role and consequences. We believe that any decisions to provide support to the nuclear industry should be based upon a meaningful strategic assessment of the industry's current state and further development plans, taking into account all the potential consequences of such involvement, the sponsor's ability and readiness to take responsibility and address such issues as SNF treatment and reactor decommissioning.

On 15 December 2011 the project PSD appeared on the EBRD's website, stating that the project had passed concept review, thus we may assume the bank is accepting the proposed EA report as satisfactory. We would however like to ask what is the bank's more specific evaluation of the quality and the scope of NPP SUP EA report? Does it correspond with the EBRD's initial expectations from this assessment? If not, how will this be addressed?

We clearly understand the importance of safety issues for nuclear installations, especially in Ukraine. However, we are strongly opposed to Energoatom's attempt to finance under this framework the part of the works necessary for prolonging the lifetime of reactors that are nearly exhausted and pose higher but honestly immeasurable risks to people and the environment. If the EBRD evaluates the proposed SUP as satisfactory, the bank would be complicit with Energoatom in this attempt to confuse safety with life extensions.

In order to genuinely improve safety, decrease the risks and long-term effects of the Ukrainian nuclear industry, the EBRD as well as other European public institutions should:

- 1) Conduct a meaningful Environmental Strategic Assessment of the Ukrainian nuclear industry development plan prior to any support given to it.
- 2) Focus on the issues where the EBRD's support would bring really unique added-value – on the safe closure and decommissioning of old reactors. The Bank may start with providing Technical Assistance to Energoatom for the development of technical part of decommissioning plan;

Thank you for your time, and I look forward to your response.

Yours faithfully,

Iryna Holovko



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