

The Director General

Brussels,  
Ares(2015)

CEE Bankwatch Network  
Na Rozcesti 1434/6  
190 00 Praha 9 – Liben  
Czech Republic

Att: Mr Mark Fodor - Executive director

**Subject: EBRD and Euratom funds should not back Ukraine's decision making to extend the life time of its nuclear reactors in breach of EBRD policy and EU law**

Dear Ladies and Gentlemen of the CEE Bankwatch Network,

I refer to the letters of 23 March 2015 and 30 March 2015, respectively addressed to Vice President Katainen and to Maarten Verwey as EU representatives in the governance of the EBRD, regarding the Complex (consolidated) safety upgrade program of nuclear power plants in Ukraine ("CCSUP") and the Ukrainian life time extension (LTE/LTO) program for South Ukrainian 2 and Zaporozhe 1.

In order to support the CCSUP, the EBRD and Euratom have signed loan contracts amounting to EUR 300m each with the Ukrainian electricity utility "Energoatom". The CCSUP includes several safety upgrade measures and the EBRD and Euratom loans represent 40% of the EUR 1.5bn program. It is important to note that the financing of EBRD and Euratom does not aim to support the lifetime extension of nuclear power plant units but is directed at improving nuclear safety and promoting the highest level of safety standards.

The decision to grant the loan was based on specific assessments done by the EIB, the EBRD, external consultants, European Nuclear Safety Regulators Group (ENSREG) and the Member States' experts (Committee established for the Instrument for Nuclear Safety Cooperation). The conclusions of the technical experts and the regulators was that the further completion and consequent implementation of the CCSUP will bring the Ukrainian nuclear units in compliance with the internationally recognised safety level. Independent external experts<sup>1</sup> were contracted by the EBRD to produce an ecological assessment report of "Energoatom".


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<sup>1</sup> Pöyry (Finland, France, Switzerland & Germany), UCEWP and AESCAR (Ukraine)

With regard to the Ukrainian obligations under the Espoo and the Aarhus Conventions, the compliance with these conventions is enshrined in the Environmental and Social Action Plan (ESAP)<sup>2</sup> which is part of the documentation underpinning the CCSUP. Based on the evidence provided, we consider the steps undertaken with regard to the Espoo and Aarhus Conventions sufficient as to allow for disbursing the first payment in relation to the project supported by Euratom and EBRD loans. These loans are exclusively meant to cover safety upgrades measures which are necessary irrespective of any potential subsequent and differentiated decision regarding lifetime extension projects. Further disbursements would be authorised subject to continuous satisfactory evidence of compliance.

The Commission is of the opinion that any decision by Ukraine to extend the life-span of any of its nuclear power plants will require assessments under the conventions mentioned above whether or not it involves any physical works.

Yours sincerely,



Marco Buti  
Director-General for Economic and Financial Affairs  
EU Alternate Governor of the EBRD

CC: Mr Katainen, EC Vice-president, EU Governor of the EBRD  
Mr Verwey, Deputy Director General, DG ECFIN  
Mr Reichenbach, Principal Adviser - EU member of the Board of Directors in the EBRD  
Mr Falkenberg, Director General, DG Environment  
Mr Hanley, Head of Unit, DG Environment

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<sup>2</sup> [http://www.energoatom.kiev.ua/en/actvts/integrated\\_security\\_program/](http://www.energoatom.kiev.ua/en/actvts/integrated_security_program/). Action 10 requires "for any major Energoatom's project, that could have a significant trans boundary impacts, work with authorities to ensure there are proper government to government consultations in compliance with Espoo Convention and keep accurate records of all notifications, consultation and information disclosure. Ensure that international requirements and international Law is maintained in accordance with the international agreements, in particular Espoo and Aarhus Convention".