

# **Round Table on Nuclear Provisions**

upon the initiative of the Minister of Climate and Energy

28–29 March 2011, Brussels

## **Conclusions by the two rapporteurs**

Professor Stef Proost (KULeuven) Counsellor  
Guy Block (Janson Baugniet)

Organised by the FPS Economy and ONDRAF/NIRAS



# The law can be improved 1

---

---

---

- The Law of 11 April 2003 has functioned
- Synatom as Nuclear Provision Company (NPCy) can be qualified as an **internalized system with segregated funds** within a group
- Return of experience after 8 years:
  - Existence: satisfactory
  - Sufficiency: relatively satisfactory
  - Availability: to be improved
- Evolution of the context:
  - Liberalization rather than regulated system
  - Financial crisis
  - Nuclear debate
  - Take-over of Electrabel by GDF-Suez (2003)
  - Mergers & Acquisitions, divestments

# The law can be improved 2

---

---

---

We need to cover both the ongoing concern and exceptional circumstances

- “Ongoing circumstances”: lifetime as foreseen – already covered by the law of 11 April 2003
- Need for continuity of the convention of 1985/2004 (expires in 2015)
- “Exceptional circumstances”: premature closure – not addressed by the current law. Premature closure can occur for different reasons:
  - Technical and economical reasons
  - Others

# Need for a comprehensive system

---

---

---

Internal or external model in any case must be designed in a comprehensive way (complete and coherent).

- No dogmatism
- No ideal scenario: countries have chosen different systems
- EC position: subsidiarity provided conformity with Recommendation of 24 October 2006 on the management of financial resources for the decommissioning of nuclear installations, spent fuel and radioactive waste
  - Adequate funds
  - Audited by the Member States
  - Available for the intended purpose
  - Transparently managed

# Four components for an improved and comprehensive system

---

---

---

1. Liability
2. Control
3. Securisation
4. Transparency

Overall constraint: availability of sufficient funds in due time



# 1. Liability A

---

---

---

- Clearly identifiable responsible party/parties
  - Financial responsible (nuclear operator)
  - Fund manager / provisioning company (Synatom)
  - Cost estimation
    - For dismantling (nuclear operator)
    - For spent fuel (Synatom)
    - For waste (ONDRAF / NIRAS)
- Continuity of liability beyond nuclear operator lifetime
- Preference for an adequate (unique) liable entity in the group structure (cf. Germany)
- Territoriality

# 1. Liability B

---

---

---

- Separate funds for dismantling and waste/fuel management
    - Different technical issue
    - Different time scale
  - Temporal aspect: continuity and valuation scenarios
    - shortened lifetime
      - For technical or economic reasons
      - Political decision (not addressed by actual law)
    - Extended lifetime
  - Avoid premature transfer to the State
- 
- 
-

## 2. Control

---

---

---

- Independent from any stakeholder, including the State
- External (cf. Spain and France)
- Efficient: coordination between Nuclear Provisions Commission and Golden Share holder
- Trustworthy expertise in the field (technical and/or financial)
- Sufficient power of control and investigation

### 3. Securisation

---

---

---

- Separate companies for decommissioning and spent fuel provisions and the other nuclear activities
- Internal governance rules
- Legal management framework i.e. economic parameters
  - Discount rate at short and long term (robust against inflation) (cf. France)
  - Prudency rules: portfolio diversification, limited by dispersion ratio (French law), and/or list of authorized investments (Cf. Spain), no preferential loans for particular projects
  - Risk to risk investment? (not in other nuclear assets)
  - Evolution: Internalisation / externalisation in function of time scales, strategic decisions (reprocessing) and efficiency considerations
- Assets liability management (ALM)
- Earmarking (cf. France)
- Tractability/Traceability or dedicated assets
- Highest rank State privilege / Full Security on back loan (cf. Finland)

# 4. Transparency

---

---

---

- Framework established by Law and regulations rather than by conventions
  - equal treatment of all actors – EU benchmarking
- Governance rules
- External reporting covering
  - Provisioning method
  - Costs estimation
  - ALM (Asset allocation, asset valuation, scenarios,...)
  - ...
- Public reporting
  - Important also for the credibility of the electricity producers

# Overall constraint: Availability in due time

---

Implementation of the ALM

- Sufficient, tractable and attachable funds
- In due time according to real and committed expenditure scenarios

# To promote: EU Harmonization

---

---

---

- Waste Directive
  - funding in coherence with national programmes
- Level playing field for Competition
  - Discount rate
  - Cost breakdown evaluation
- Rules for transboundary liability
  - Similar to nuclear civil liability (Paris, Brussels conventions)