Intervention by Mme De Palacio at the International Conference "Can Slovakia secure energy supply and sustainable development without nuclear?"

Bratislava, 5-6 May, 2004

Speech to be delivered by the head of the EU Delegation in Bratislava, H.E. Eric Van Der Linden.

Ladies and Gentlemen,

Introduction

It is a great honour for me to address your conference today. Due to other commitments in the European Union, Mrs De Palacio is unable to deliver the speech herself but I am pleased to do so on her behalf. I will focus on the key question of your conference and will structure my remarks along the following lines:

- 1. How can we improve our security of energy supply?
- 2. How nuclear developed in the EU?
- 3. The challenge of nuclear in Slovakia
- 4. What are Slovakia's nuclear options?

1. How can we improve our security of energy supply?

Already in November, 2000, the Commission published its Green Paper on security of energy supply, "Towards a European strategy for the security of energy supply". The paper highlighted how the EU was becoming ever more dependent on energy imported from third countries; the latest forecasts indicate that the energy dependence would rise from some 50 % today to some 70 % in 2030.

It went further to analyse the difficult choices which would have to be made to meet the target of a secure supply of energy, particularly with regard to fulfilling the environmental targets of the Kyoto protocol. The EU energy policy would have to include promotion of energy savings and efficiency; diversification of energy sources, suppliers, and supply routes; and finally promotion of renewables energy sources. It also advocated that the nuclear option should be kept open.

The publication triggered a comprehensive debate among all stakeholders. In mid 2002, the conclusions of the debate were drawn

and some areas for future action were pointed out, among them the nuclear sector. So let me now turn towards the nuclear sector in particular in the EU.

2. How nuclear developed in the EU

At its origin in 1957, the main objective of the Euratom Treaty was to encourage the development of the European nuclear industry. It was intended to promote the pooling of resources (research, knowledge, infrastructure and funding) and to safeguard security of supply within a common framework. It also set out strict control on the use of nuclear materials and safety measures to ensure the protection of the general public and workers against radiation.

Now, nuclear power in EU 25 covers some 33 % of the electricity need. Through technical development beyond the initial expectations, the nuclear energy sector has increased its competitiveness. The Euratom Supply Agency's target of diversifying supply of nuclear

materials also means that the Community does not overly depend on a single geographic region for its uranium requirements.

Out of the EU's 15 Member States before 1 May, 2004, eight have nuclear power plants. Five of these Member States have adopted or announced a moratorium: Sweden, Spain, the Netherlands, Germany, and Belgium.

As you well know, the ten new Member States take a mixed view on nuclear energy. The recent enlargement adds 7 States with nuclear power plants. Following the accession negotiations with the EU, it was decided to close down some nuclear reactors, among them Bohunice 1 and 2 in Slovakia, since it was considered that these two reactors could not be upgraded to a high-level of nuclear safety at reasonable cost.

The summary of the situation in November 2000 and today, May 2004, is pretty much unaltered. The future of nuclear energy is uncertain, particularly in Europe. It depends on several factors,

including a safe and secure operation of existing nuclear power plants, solution to the problems of managing, storage, and disposal of nuclear waste, and the economic viability of the new generation of reactors etc. Policies to combat global warming will also play a fundamental role. The latter point is of course of particular relevance just now when the EU is about to start its ambitious scheme of emissions trading. The use of nuclear energy reduces CO₂ emissions by some 300 million tonnes per year, corresponding to 7 % of EU CO₂ emissions forecast for 2010. This amount is equivalent to the CO₂ emissions produced by some 100 million cars.

At the end of the debate on the Green Paper, the Commission in June, 2002 drew the following conclusion: the range of choices available to the Member States has to be as wide as possible, without prejudice to their sovereignty in these matters. The nuclear option remains open to those EU Member States who would like it.

One major lesson drawn from the Green Paper debate was that the future of the industry depends on finding a clear and unequivocal answer to the question of the processing and transportation of radioactive waste.

On 30 January, 2003, the Commission adopted two proposals for a Council Directive as regards nuclear safety and radioactive waste management.

Firstly, the "proposal for a directive setting out the basic obligations and general principles on the safety of nuclear installations" was drafted with the main objective to ensure that health protection against ionising radiation will be assured during the whole life of nuclear installations, from design to decommissioning. The proposal sets out as Community Law, basic obligations and general principles contained in international conventions.

Secondly, the "proposal for a directive on the management of spent nuclear fuel and radioactive waste" aims at placing an obligation on the Member States to adopt national programmes for the management of radioactive waste, to adopt common deadlines for the disposal of radioactive waste and secure the corresponding financial needs and to give priority to the solution of deep geological disposal.

The two proposals for a Directive were forwarded to the Council and the European Parliament on 2 May, 2003. The opinion of the European Parliament supports an adoption of legally binding instruments under Chapter 3 of the Euratom Treaty. Discussions with Member States are ongoing in the Council.

3. The challenge of nuclear in Slovakia

At the moment, Slovakia has 2640 MW nuclear capacity installed¹. In 2003, they provided all together 17.8 TWh of electricity or some 57 % of Slovakia's total electricity needs. It is of course this great reliance on nuclear that constitutes the subject of your conference.

Of the six reactors, two of the Bohunice reactors are of the type that are considered by experts as being "non-upgradable at reasonable

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¹ two VVER 440 MW V-230 reactors in Bohunice, two VVER 440 MW V-213 reactors in Bohunice, and two 440 MW V-213 reactors in Mochovce

cost". As already said, in the framework of the accession negotiations the EU and Slovakia agreed that units 1 and 2 at Bohunice should be closed in 2006 and 2008 respectively. This agreement is now formally included in the Accession Treaty, Protocol 9. At the same time, the Slovak Nuclear Regulatory Authority has requested the operator at Bohunice to implement specified safety improvements in various steps for units 3 and 4 by the end of 2008.

As regards the Mochovce plant, safety improvement measures at units 1 and 2 were completed in 2003. The construction of units 3 and 4 was interrupted in 1994. As regards the unfinished units, the Slovak government decided in 2002 that neither state guarantees nor any form of state aid, will be provided for their completion or operation.

The closure of units 1 and 2 at Bohunice is likely to mean a reduction of the nuclear electricity production of one third or some 5.9 TWh. That is some 19 % of the total electricity production.

4. What are Slovakia's nuclear options?

The key issue for you conference is the question whether Slovakia can secure energy supply and sustainable development without nuclear. With your permission and for the further analysis, I would like to rephrase the question somewhat along the following lines.

Slovkia has decided to close down two of its six nuclear reactors. The reason for this was in no way determined by a wish from the EU to renounce nuclear power; the reasons were purely oriented towards safety and economics.

Two of the reactors are of first generation Soviet design and economically non-upgradable. This was not to say that Slovakia could not continue to produce nuclear power in the remaining reactors for the future and also to embark on building new reactors. As you all know, Finland has decided to build a fifth nuclear reactor of 1600 MW capacity to come on line before 2010. Similarly, there is no

reason why nuclear power can not be developed further in your country, should this be the wish of Slovakia.

The "Bohunice Protocol" to the Act of Accession details both the commitment of the Slovak Government to an early closure of Bohunice 1 and 2 and the financial assistance by the European Community. Taking into account the financial implications of early closure and decommissioning of Bohunice 1 and 2, the Community has agreed to provide a grant assistance package to Slovakia, amounting to 180 million € within the current Financial Perspective 2000 to 2006. The Bohunice International Decommissioning Support Fund, managed by the EBRD, will provide adequate financial resources and technical support for the decommissioning activities.

In 2003, an agreement was signed between the consultant's consortium² and the Slovak operator (SE). In co-operation with the consultant consortium, a Project Management Unit was established on site to deal with fund management.

² EdF, Empresarios Agrupados, Iberdrola and Soluziona

Considering the size of the installed capacity in the thermal power plants in Slovakia and the size of the total electricity production in these power plants, it should be possible, in the short term, to substitute thermal power production in existing power plants for the 5.9 TWh nuclear power lost in closing the two nuclear units, provided of course that the required amounts of fossil fuel can be secured. There will be environmental consequences from this that will affect Slovakia's objective to fulfil its Kyoto target of reducing greenhouse gas emissions by 8 %.

In the longer term, the theme of your conference implies the question if it is possible to close down all nuclear power in Slovakia, a country which, as mentioned, now relies on nuclear for more than 50 % of its electricity production.

Three Member States, Belgium, Germany and Sweden, believe that it is possible to forsake nuclear power, provided that the time given is long enough, say 20-25 years. Of course, there will be environmental

implications when the nuclear electricity is replaced by something else. If these countries succeed in their plans, then it would seem likely that it would be possible to renounce nuclear power also in Slovakia, if the time frame given is long enough. Is it desirable? Well, that is for Slovakia to decide on its own. But let me conclude by giving some observations on our interdependence.

Conclusion

We are on the verge of establishing an internal electricity market. We are trying to promote a further development of the electrical interconnections between Member States to promote that market and trade in electricity.

If we are successful in our efforts, the mix of power production sources will have a bearing not only nationally but also internationally in the internal market. There will be increased electricity trade between nuclear and non-nuclear countries. There will be air pollution from fossil fired power plants going from one country to another. As

the internal market for electricity truly evolves, the national borders as we know them today will have less and less meaning. The issue will be the electricity production in the EU as a whole, based on a well balanced, reasonable mix of all energy sources.

Our Union must keep the nuclear option open, for reasons of security of supply, for meeting our Kyoto commitments and for providing our citizens with affordable electricity, now and in the future. The Commission is working to set the conditions for a public acceptance or, at least, understanding of the merits of the nuclear option by reinforcing its safety and security in the short and the long term. When these conditions will be met, discussions on a particular energy source will necessarily and primarily have to be informed by economic reasons.

In the light of the above considerations, the adoption of the nuclear package would contribute to the acceptance of nuclear energy and dispassionate the debate on the future of this option. Therefore, I count on the support of Slovakia to the proposals of the Commission,

in particular on the need for binding measures and not mere recommendations which already exist at the international level.

Thank your for your attention. And I wish you a successful conference on this very important theme for your country.