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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 27.10.2009
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2009/0172 (CNS)

Proposal for a

COUNCIL REGULATION

**on Community financial assistance with respect to the decommissioning of Units 1 to 4
of the Kozloduy Nuclear Power Plant in Bulgaria**

“Kozloduy Programme”

SEC(2009)1431

EXPLANATORY MEMORANDUM

1. Introduction

Nuclear decommissioning is the final step in the lifecycle of a nuclear installation which requires a long term financial planning. In practice, decommissioning starts with the final shutdown of a nuclear installation with the objective of releasing the installation from regulatory control and lifting the radiological protection restrictions imposed while it was in operation. Decommissioning continues until the site has been fully restored and all radioactive waste as well as spent fuel safely managed. As a consequence, decommissioning operations extend over an extremely long period.

In case of a final shutdown of a nuclear power plant before its initially foreseen end of design lifetime there is a need to address the consequences of the lost production capacity in the energy sector, such as maintaining production capacity to safeguard security of supply as well as enhancing energy efficiency in various sectors.

Financial Community assistance is provided to Lithuania, Slovakia and Bulgaria as a measure of solidarity to support the Member States' efforts in implementing their commitment of closing down first generation nuclear reactors. The support to Bulgaria ends in 2009, whereas in the case of Lithuania and Slovakia the support runs until 2013. For equal treatment the proposed extension of support for Bulgaria shall cover the period 2010 – 2013.

Bulgaria requested further funding since 2005 (European Council meeting of 16 December 2005). A strategic justification document was submitted to the Commission in 2009.

2. The situation in Bulgaria

To ensure safe decommissioning of nuclear installations and the related management of waste it is vital to have adequate financial resources transparently managed and available in time for its intended use. The Member States of the European Union which use nuclear energy to produce their electricity have put systems in place, which differ from one Member State to another, to ensure that the necessary funding for the decommissioning of nuclear installations is available.

Bulgaria put such a system in place relatively recently for its current and its inherited liabilities from the past. Other new Member States that have inherited nuclear power plants from the past continue to operate their plants and have the possibility to build up the required funds. The nuclear power plants in Bulgaria however were subject to early closure (see below). Consequently Bulgaria did not have the time to accumulate sufficient national funds to cover the full costs for decommissioning of the nuclear power plants.

This situation called for Community solidarity in response: the country has nuclear reactors for which early shutdown commitments were negotiated at the time of accession and included in the Act of Accession that entered into force on 1 January 2007.

3. Early shutdown commitments and their financial consequences

During the accession negotiations, Bulgaria committed itself to the closure of Units 1 and 2 of the Kozloduy nuclear power plant by 31 December 2002 and to the closure of Units 3 and 4 by 31 December 2006 at the latest (all VVER 440/230 type reactors). These closure and

subsequent decommissioning commitments were included in Article 30 of the Act concerning the conditions of Accession of the Republic of Bulgaria and Romania and the adjustments to the treaties on which the European Union is founded ("2005 Act of Accession").

The 2005 Act of Accession provides, inter alia, for Community support under the Kozloduy Programme of €210 million for the period 2007 – 2009. This support ensured a seamless continuation of the pre-accession PHARE support under which €340 million had been earmarked for Bulgaria up to 2006. The 2007 – 2009 support is implemented as EU contribution to the Kozloduy International Decommissioning Support Funds (KIDSF) managed by the European Bank for Reconstruction and Development (EBRD), to which the Community is the main contributor.

At present all the 4 units have been closed and all four reactors have been defueled. Initially a "deferred dismantling strategy" was chosen in 2001. Meanwhile following a strategy assessment it has been decided by the Bulgarian government to change to an "immediate dismantling strategy" in 2006. This is in line with international recommendations and allows an accelerated decommissioning process, to preserve the available know-how of the plant staff and to employ them for dismantling activities, thereby also mitigating the social consequences of the closure. The consequence of having changed the decommissioning strategy is that funding must be available much earlier. Bulgaria requested such funding since 2005.

The Bulgarian support up to now was governed by the Accession Treaty. At the time of the negotiations of the financial perspectives Bulgaria was not an EU Member State. Bulgaria's strategic decision to implement immediate dismantling was taken rather late. Therefore no provision in the financial perspective 2007-2013 has been made for the prolonged funding in Bulgaria. In 2005 Bulgaria requested further funding at the Council Meeting. It was acted that this would be dealt with in the revision of the financial perspectives. It is however vital, for an appropriate period, to have seamless financing available in order not to risk losing the on site expertise and put safe dismantling in danger.

The Community assistance provides support to the decommissioning of the nuclear power plant including projects to manage and to safely store dismantling waste and spent fuel. The Community assistance covers as well measures in the energy sector to mitigate the consequences due to the early closure of those plants. Those measures are for example the replacement of production capacity, measures related to security of supply or the increase in energy efficiency in various public and private sectors.

4. Current status of Community assistance

By the end of 2008, the total contribution agreements to KIDSF covered €25 million, out of which €190 million comes from the EU. For 2009 an additional EU contribution to the KIDSF will follow over an amount of €77.5 million. Out of the current contributions €13 million have been committed by the EBRD in grant agreements. Overall €253 million were committed to decommissioning projects, out of which €76 million for waste management projects, and €259 million were spent on energy projects. Until end of 2009 there currently remain €9.5 million for additional allocation to grant agreements of the KIDSF. Effective payments received by the KIDSF total €383 million.

The support put in place until 2009 was mainly dedicated to decommissioning preparation works. Good progress utilising the community funds was achieved. The achievements in

decommissioning can be summarised with the list of major global projects currently under implementation:

- spent fuel storage;
- laboratory and full scope radiological inventory of units 1-4 measurements;
- decommissioning infrastructure preparations including separation, security and radiological access control of the site;
- waste treatment and conditioning;
- dismantling tools, fragmentation and decontamination workshops;
- site storage facilities for decay, low level and conventional waste;
- waste transportation at the site and processing devices;
- environmental assessment of waste treatment projects;
- comprehensive free release measurements;
- safety analysis reports of decommissioning activities;
- project management.

The mitigating measures in the energy sector for the period until 2009, were focused on priorities targeting mainly improvements in industrial and residential energy efficiency and assistance in strengthening the use of renewable energy sources. The corresponding projects were quick start ones, resulting in massive energy savings and CO₂ emission reductions. Up to June 2008 the emission reductions amounted to 1.2 million tons CO₂ per year and the electricity savings were at the rate of 1.5 million MWh per year which is equivalent to 242 MW installed capacity.

5. Extension of financial support

The main objective of this proposal is to extend the support to Bulgaria to accompany and to ascertain the safe maintenance and decommissioning of the Kozloduy nuclear power plant units 1 - 4. Therein the specific objective is the advancement in the approved decommissioning plan. This includes the safe maintenance, the actual physical decommissioning and dismantling of the nuclear power plant – units 1 to 4 – as well as the waste treatment. At the same time it contributes to mitigate social/economic impacts of the early closure by continuously employing the staff from the closed nuclear power plant. This is important to maintain a sufficiently high safety standard after the closure. In the non-nuclear window, security of supply needs to be assured after the shutdown, as well as sufficient replacement capacity for the closed down capacity.

As mentioned previously, no funds for later decommissioning were set aside before Bulgaria inherited the nuclear power plant. Early closure in the Accession Treaty prevented Bulgaria from accumulating the necessary funds. The change in strategy enhancing the efficiency and effectiveness of the decommissioning programme requires funds to be available continuously after 2009.

The continuation of the financial support is vital to keep the safety up to the required standards. Safety could be compromised by losing the necessary expertise, an international best practice to use to a large extent own staff, a clear risk if no adequate funding is available over the next years to maintain this expertise and to progress with the dismantling works.

Bulgaria has demonstrated an excellent track record in the use of decommissioning funds up to 2009. To meet the above mentioned objectives and taking into consideration the absorption capacity evaluated in the light of the assistance given during the current period, a total Community contribution of additional €300 million will enable Bulgaria to progress in decommissioning and to mitigate the consequences of the early closure. The extension of financial support is of course related to the immediate dismantling of all four units.

The purpose of this proposal for a regulation is to establish the legal framework to enable Community support to be provided from 1 January 2010 to 31 December 2013.

5.1. Scope of the financial support

A strategic justification document was submitted to the Commission in 2009. It has been thoroughly analysed by the Commission services.

5.1.1. Decommissioning:

Decommissioning must be the priority of the extension of financial Community assistance to Bulgaria. The decommissioning preparation work is in good progress utilising the Community funds put in place until 2009. To finalise the preparatory stage and to commence with the actual dismantling operations further financial support is required for the period 2010 - 2013, given the extent of these activities.

The seamless continuation of decommissioning is important in order to guarantee approved safety levels, maintain the current expertise available at the plant and to avoid creating a social-economic problem due to increase of unemployment (currently 715 staff are involved in decommissioning works).

The extension of financial support will ensure the continuation of safe decommissioning. The support will be dedicated to the following items:

- (1) Project management, engineering and technical assistance for the support of the implementation of the decommissioning programme.
- (2) The provision of salaries of 715 KNPP experts (operation, maintenance, technical support, project management) at the Kozloduy site, working for the decommissioning of Units 1-4. The active involvement of the plant staff reduces the need of external organisations and highly contributes to the reduction of the costs of the decommissioning.
- (3) Contribution to the construction of the National Radioactive Waste Disposal Facility, crucial for the implementation of the decommissioning programme.
- (4) Site infrastructure and treatment of dismantled waste, including additional allocation for projects already in the tendering process.

5.1.2. Mitigation measures in the energy sector

Taking into account the developments and the real needs, the priorities in the non-nuclear sector shall be refocused to address the key issues of improvements *of the energy supply security and reliability, diversification of the energy consumption, energy efficiency and carbon dioxide emissions reduction.*

Achieving those priorities, as future measures to mitigate the early closure consequences, require strong efforts to provide the necessary reconstructions, energy efficiency measures, modernisation and diversification of the energy sectors. These priorities are reflected in the Bulgarian Energy Strategy, drafted in November 2008, following the development of the new European energy policy.

6. Implementation

The specific budget line, 060505, has been created and is used for financing the international decommissioning support programmes under the Financial Perspective 2007-2013, specifically up to 2009 for Bulgaria. Financial assistance for the period 2010-2013 for Bulgaria should also be accommodated through this budget line. Accordingly the additional €300 million should be made available for the budget line 060505.

The continuation of the current implementation route for the financial Community assistance would lead to an additional Community contribution to the KIDSF administrated by the EBRD.

Detailed procedures for the implementation of the additional support to Bulgaria for the period 2010 – 2013 will be brought in line with the procedures for the support for Lithuania and Slovakia. The Commission Decision on Procedures (C(2007)5538) will be amended accordingly.

As under the current support, the additional support will be committed through an annual Commission Decision on Financing fixing the amount of the annual contribution as well as the objectives of the use of the funds detailed in the annually updated Combined Programming Document annexed to the Commission Decision on Financing.

7. Legal basis

In the case of Bulgaria, Article 30 of the 2005 Act of Accession refers only to the period 2007-2009. The Act does not provide a specific legal basis for Bulgaria for continued support beyond 2009 as it did in the case of Lithuania. The Treaty of Accession and Article 30 of the Act of Accession can therefore not constitute an appropriate legal basis for putting further financing beyond 2009 in place. The appropriate legal basis therefore is Article 203 of the Euratom Treaty. The same basis has been used for the additional Community assistance provided to the Republic of Slovakia under the current Financial Perspective. That Article provides that "if action by the Community should prove necessary to attain one of the objectives of the Community, and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the European Parliament, take the appropriate measures".

8. Conclusion

The financing of the decommissioning of nuclear installations covered by early closure commitments was a very important subject during the Accession negotiations with Bulgaria.

Bulgaria has agreed to shut down four units of the Kozloduy plant. For its part, the European Union has expressed its solidarity by granting financial assistance to support decommissioning. The Union has already fulfilled its commitments for the period 2007-2009. However, the actual needs and the consequences of the early closure of Kozloduy units revealed recently that it is now necessary to establish the instruments to support Bulgaria for the remaining part of the present Financial Perspectives for the period 2010-2013. Bulgaria has requested this further support since 2005.

In the light of the foregoing, the Council is asked to adopt the attached proposal for a regulation.

Proposal for a

COUNCIL REGULATION

on Community financial assistance with respect to the decommissioning of Units 1 to 4 of the Kozloduy Nuclear Power Plant in Bulgaria

“Kozloduy Programme”

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Atomic Community, and in particular Article 203 thereof,

Having regard to the Bulgarian request for further funding,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas:

- (1) Bulgaria committed itself to the closure of Units 1 and 2 and Units 3 and 4 of the Kozloduy Nuclear Power Plant by 31 December 2002 and 31 December 2006, respectively and to the subsequent decommissioning of these units. The European Union expressed its willingness to continue to provide financial assistance up to 2009 as an extension of the pre-accession aid planned under the Phare programme in support of Bulgaria's decommissioning efforts.
- (2) The 2005 Treaty concerning the accession of the Republic of Bulgaria and Romania to the European Union, and in particular Article 30 of the Act concerning the conditions of accession of the Republic of Bulgaria and Romania and the adjustments to the Treaties on which the European Union is founded, established in view of Bulgaria's commitment to close Unit 3 and Unit 4 of the Kozloduy Nuclear Power Plant an assistance programme (hereinafter referred to as "Kozloduy Programme") with a budget of EUR 210 million for the period 2007 to 2009.
- (3) International decommissioning funds managed by the European Bank for Reconstruction and Development (EBRD) have been in place for a number of years. The Community is the main contributor to these funds.

- (4) The Union recognises the effort made and the good progress achieved by Bulgaria in the decommissioning preparation stage of the Kozloduy Programme utilising the community funds put in place until 2009, and the need for further financial support beyond 2009 in order to continue the progress with the actual dismantling operations.
- (5) It is equally important to use the Kozloduy Nuclear Power Plant's own resources, as this contributes to the availability of the necessary expertise and at the same time mitigates the social and economic impact of the early closure by continuously employing the staff from the closed nuclear power plant. The continued financial support is therefore important to maintain the required safety standard.
- (6) The Union recognises also the need for financial support to progress further with mitigating measures in the energy sector given the extent of the capacity loss by the closure of the nuclear units and its impact on the security of supply in the region.
- (7) Consequently, provision should be made for a sum of EUR 300 million from the general budget of the European Union to fund the decommissioning of the Kozloduy Nuclear Power Plant over the period from 2010 to 2013.
- (8) The appropriations of the general budget of the European Union for decommissioning should not lead to distortions of competition in relation to power supply companies on the energy market in the Union. These appropriations should also be used to finance measures to compensate the loss of production capacity in line with the *acquis*.
- (9) The financial assistance should continue to be made available as a Community contribution to the Kozloduy International Decommissioning Support Fund managed by the EBRD.
- (10) The tasks of the EBRD include managing the public funds allocated to the programmes for decommissioning nuclear power plants and monitoring the financial management of these programmes so as to optimise the use of public money. In addition, the EBRD carries out the budget tasks entrusted to it by the Commission in line with the requirements of Article 53quinquies of the Financial Regulation.
- (11) In order to ensure the highest possible efficiency, the decommissioning of the Kozloduy Nuclear Power Plant should be carried out with recourse to the best available technical expertise, and with due regard to the nature and technological specifications of the units to be shut down.
- (12) The decommissioning of the Kozloduy Nuclear Power Plant will be carried out in line with the legislation on the environment, particularly Council Directive 85/337/EEC of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment¹.

¹ OJ L 175, 5.7.1985, p. 40..

- (13) A financial reference amount, within the meaning of point 38 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management², should be included in this Regulation for the entire duration of the Kozloduy Programme, without thereby affecting the powers of the budgetary authority as defined by the Treaty establishing the European Community.
- (14) For the adoption of measures necessary for the implementation of this Regulation the Commission should be assisted by the Committee, established by Article 8(1) of Council Regulation (EURATOM) N° 549/2007³,

HAS ADOPTED THIS REGULATION:

Article 1

This Regulation establishes the programme laying down detailed rules for the implementation of Community's financial contribution to address the decommissioning of Units 1 to 4 of the Kozloduy Nuclear Power Plant and the consequences of their closure in Bulgaria (hereinafter referred to as "Kozloduy Programme").

Article 2

The Community contribution to the Kozloduy programme shall be granted for the purpose of providing financial support for measures connected with the decommissioning of the Kozloduy Nuclear Power Plant, measures for environmental upgrading in line with the *acquis* and for modernising conventional production capacity to replace the production capacity of the four reactors at the Kozloduy Nuclear Power Plant and other measures which stem from the decision to close and decommission this plant and which contribute to the necessary restructuring, upgrading of the environment and modernisation of the energy production, transmission and distribution sectors in Bulgaria as well as to enhancing security of supply and energy efficiency in Bulgaria.

Article 3

1. The financial reference amount necessary for the implementation of the Kozloduy programme for the period from 1 January 2010 to 31 December 2013 shall be EUR 300 million.
2. The annual appropriations shall be authorised by the budgetary authority within the limits of the financial perspectives.

² OJ C 139, 14.6.2006, p. 1.

³ OJ L 131, 23.5.2007, p. 1.

3. The amount of the appropriations allocated to the Kozloduy Programme may be reviewed in the course of the period from 1 January 2010 to 31 December 2013 to take account of the progress made with the implementation of the programme and to ensure that the programming and allocation of the resources are based on actual payment needs and absorption capacity.

Article 4

In prolongation of what has been specified in the Accession Acts, the contribution for certain measures may amount to up to 100 % of the total expenditure. Every effort shall be made to continue the co-financing practice established under the pre-accession assistance and the assistance given over the period 2007-2009 for Bulgaria's decommissioning effort as well as to attract co-financing from other sources, as appropriate.

Article 5

1. Financial assistance for measures under the Kozloduy Programme shall be made available as a Community contribution to the Kozloduy International Decommissioning Support Fund, managed by the EBRD, in line with Art. 53 quinquies of the Financial Regulation.
2. Measures under the Kozloduy Programme shall be adopted in accordance with Article 8(2).

Article 6

1. The Commission may have an audit of the use made of the assistance carried out either directly by its own staff or by any other qualified outside body of its choice. Such audits may be carried out throughout the duration of the agreement between the Community and the EBRD on making Community funds available to the Kozloduy International Decommissioning Support Fund and for a period of five years from the date of payment of the balance. Where appropriate, the audit findings may lead to recovery decisions by the Commission
2. Commission staff and outside personnel authorised by the Commission shall have appropriate right of access, particularly to the beneficiary's offices and to all the information, including information in electronic format, needed in order to conduct such audits.

The Court of Auditors shall enjoy the same rights, especially of access, as the Commission.

Furthermore, in order to protect the Community's financial interests against fraud and other irregularities, the European Anti-Fraud Office (OLAF) may carry out on-the-spot checks and inspections under the Kozloduy Programme in accordance with Council

Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities⁴.

3. For the Community action financed under this Regulation, the term 'irregularity' in Article 1(2) of Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests⁵ shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union or budgets managed by it by an unjustified item of expenditure or budgets managed by other international organisations on behalf of the Communities.
4. The agreements between the Community and the EBRD on making Community funds available to the Kozloduy International Decommissioning Support Fund shall provide for appropriate measures to protect the financial interests of the Community against fraud, corruption and other irregularities and to enable the Commission, OLAF and the Court of Auditors to carry out on-the-spot checks.

Article 7

The Commission shall ensure the implementation of this Regulation and shall report at regular intervals to the European Parliament and the Council. It shall carry out a mid-term review, as provided for in Article 3 (3).

Article 8

1. The Commission shall be assisted by the Committee established by article 8(1) of Council Regulation (Euratom) N° 549/2007.
2. Where reference is made to this paragraph, the procedure provided for in Article 8(2) of Regulation (Euratom) N° 549/2007 shall apply.

Article 9

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

⁴ (OJ L 292, 15.11.1996, p. 2.

⁵ OJ L 312, 23.12.1995, p. 1.

Done at Brussels,

For the Council
Andris PIEBALGS
Member of the Commission

LEGISLATIVE FINANCIAL STATEMENT

1. TITLE OF THE PROPOSAL:

“Kozloduy Programme” for decommissioning the Kozloduy Nuclear Power Plant (Bulgaria)

2. ABM/ABB (ACTIVITY-BASED MANAGEMENT/ACTIVITY-BASED BUDGETING) FRAMEWORK

Policy area(s) concerned and associated activity/activities:

Transport and energy

0605 Nuclear energy

3. BUDGET LINES

3.1 Budget lines (operational lines and related technical and administrative assistance lines (ex-BA lines)), including headings:

060505 Nuclear safety — Transitory measures (Decommissioning)

3.2 Duration of the action and of the financial impact:

2010-2013

3.3 Budgetary characteristics (*add rows if necessary*):

Budget line	Type of expenditure		New	EFTA participation	Participation by applicant countries	Heading in Financial Perspective
060505	NCE	DA ⁶	None	None	None	N° 1a

⁶ Differentiated appropriations.

4. SUMMARY OF RESOURCES

4.1 Financial resources

4.1.1. Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Type of expenditure	Section No		2010	2011	2012	2013	n + 4	n + 5 and subseq. yrs.	Total
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Operational expenditure⁷

Commitment appropriations (CA)	8.1	a	75	75	75	75	0	0	300
Payment appropriations (PA)		b	0	0	75	75	75	75	300

Administrative expenditure within reference amount⁸

Technical & administrative assistance (NDA)	8.2.4	c	0	0	0	0	0	0	0
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TOTAL REFERENCE AMOUNT

Commitment appropriations		a+c	75	75	75	75	0	0	300
Payment Appropriations		b+c	0	0	75	75	75	75	300

Administrative expenditure not included in reference amount⁹

Human resources and associated expenditure (NDA)	8.2.5	d	0.305	0.305	0.305	0.305	0	0	1.220
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e	0.0144	0.0144	0.0144	0.0144	0	0	0.058

⁷ Expenditure that does not fall under Chapter xx 01 of the Title xx concerned.

⁸ Expenditure within Article xx 01 04 of Title xx.

⁹ Expenditure within Chapter xx 01 other than Articles xx 01 04 or xx 01 05.

Total indicative financial cost of intervention

TOTAL CA including cost of human resources		a+c +d+ e	75.319	75.319	75.319	75.319	0	0	301.28
TOTAL PA including cost of human resources		b+c +d+ e	0.319	0.319	75.319	75.319	75	75	301.28

Co-financing details

If the proposal involves co-financing by Member States or other bodies (please specify which), an estimate of the level of this co-financing should be indicated in the table below (additional lines may be added if different bodies are foreseen for the provision of the co-financing):

EUR million (to 3 decimal places)

Co-financing body:		Year n	n + 1	n + 2	n + 3	n + 4	n+5 and later	Total
.....	f	0	0	0	0	0	0	0
TOTAL CA including co-financing	a+c+d +e+f	75.319	75.319	75.319	75.319	0	0	301.28

4.1.2. Compatibility with the financial programming

- Proposal compatible with the existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the Financial Perspective.

* Using the margin for the heading concerned. If this proves to be insufficient for 2010, the Commission will propose mobilising the flexibility instrument.

- Proposal may require application of the provisions of the Inter-institutional Agreement¹⁰ (i.e. flexibility instrument or revision of the Financial Perspective).

4.1.3. Financial impact on revenue

- Proposal has no financial impact on revenue
- Proposal has financial impact - the effect on revenue is as follows:

¹⁰ See points 19 and 24 of the Inter-institutional Agreement.

Note: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

EUR million (to one decimal place)

Budget line	Revenue	Prior to action [Year n-1]	Situation following action					
			[Year n]	[n+1]	[n+2]	[n+3]]	[n+4]	[n+5] 11
	a) Revenue in absolute terms							
	b) Change in revenue	Δ						

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2. Human resources FTE (including officials, temporary and external staff) – see details under point 8.2.1.

Annual requirements	Year n	n + 1	n + 2	n + 3	n + 4	n+5 and later
Total number of human resources	2.5	2.5	2.5	2.5	0	0

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

During the accession negotiations, Bulgaria committed itself to the closure of Units 1 and 2 of the Kozloduy Nuclear Power Plant in 2002 and Units 3 and 4 by 31 December 2006 at the latest. These closure commitments were included in the Protocol to the Act concerning the conditions of Accession of the Republic of Bulgaria and Romania to the European Union.

¹¹ Additional columns should be added if necessary, i.e. if the duration of the action exceeds 6 years.

It should be reiterated that the aid covers the decommissioning process and its non-nuclear consequences.

The study funded under Phare (carried out by the EDF/Framatome consortium and confirmed by other international studies) estimates the costs of decommissioning Units 1 to 4 of the Kozloduy Nuclear Power Plant (type VVER 440/230) at about EUR 710 million (at 2000 prices) for all operations, including waste treatment, but excluding the final disposal of spent fuel. The figures presented by the Bulgarian authorities have always been higher. The non-nuclear costs arising from decommissioning must be added (for example, for replacement of production capacity and measures related to security of supply).

Given the considerable funding needed for the decommissioning of these installations, the European Union has also accepted that, for the period covered by the next Financial Perspective, the overall appropriations should be appropriate and the programming of these resources should be based on actual payment needs and actual absorption capacity.

5.2. Added value of Community involvement and coherence of the proposal with other financial instruments and possible synergy

The financing of the decommissioning of nuclear installations covered by early closure commitments was a very important subject during the discussions for enlargement of the European Union. The States concerned have agreed to shut down certain reactors. For its part, the European Union has expressed its solidarity by granting financial assistance to support decommissioning. The EU has already fulfilled its commitments for the period 2007-09. It is now necessary to implement the necessary instruments to enable it to fulfil its obligations within the framework of the Financial Perspective for the period 2010-13.

5.3. Objectives, expected results and related indicators of the proposal in the context of the ABM framework

Objective:

To finance the decommissioning of the Kozloduy Power Plant – Units 1 to 4, and energy measures as a consequence of the closure

The credits allocated to the Kozloduy Programme will be used to fund various measures referred to under Article 30(2) of the Protocol to the Accession Treaty.

Priority will be given to the actual decommissioning work, in order to guarantee a high level of nuclear safety, to measures to modernise conventional energy production capacities, to improving energy security by connecting to trans-European networks, and to measures to help staff at the power plant to maintain a high level of operational safety at the plant in the run-up to the closure and during the decommissioning of the reactors.

Result:

The shutdown of reactors 1 to 4 and commencing the decommissioning of the power plant

Indicator:

The monitoring indicators will involve, in particular:

- The actual closure by the planned deadlines of the reactors concerned, i.e. Kozloduy 1 and 2 by 31 December 2002, Kozloduy 3 and 4 by 31 December 2006
- Availability of annual financing plans based on progress reports
- Drawing-up of grant agreements with the EBRD
- Drawing-up of detailed agreements including cost estimates
- Regular reporting
- Commencing decommissioning in line with the national decommissioning strategy

5.4. Method of implementation (indicative)

Show below the method(s)¹² chosen for the implementation of the action.

Centralised management

directly by the Commission

indirectly by delegation to:

executive agencies,

bodies set up by the Communities, as referred to in Art. 185 of the Financial Regulation,

national public bodies / bodies with a public service mission.

¹² If more than one method is indicated please provide additional details in the “Relevant comments” section of this point.

Shared or decentralised management

With Member States

With third countries

Joint management with international organisations (please specify)

Relevant comments: The credits may be made available as a Community contribution to the International Decommissioning Support Fund administered by the European Bank for Reconstruction and Development (EBRD).

6. MONITORING AND EVALUATION

6.1. Monitoring system

Monitoring twice a year

6.2 Evaluation

6.2.1. Ex-ante evaluation

An ex-ante evaluation has been carried out using own resources.

6.2.2. Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)

Following the intermediate evaluation of the Ignalina and Bohunice programmes, a strategy has been drawn up to implement the decommissioning programmes.

6.2.3. Terms and frequency of future evaluations

Mid-term intermediate evaluation and ex-post evaluation

7. ANTI-FRAUD MEASURES

The Commission may have an audit of the use made of the grant carried out either directly by its own staff or by any other qualified outside body of its choice. These audits may be carried out throughout the term of the contract and for a period of five years from the date of the payment of the balance of the grant. Where appropriate, the audit findings may lead to recovery decisions by the Commission.

Commission staff and outside persons authorised by the Commission must be granted appropriate access to the offices of the beneficiary and to all the information, including information in electronic format, needed in order to conduct such audits.

The Court of Auditors shall enjoy the same rights, including rights of access, as the Commission.

Furthermore, in order to protect the European Communities' financial interests against fraud and other irregularities, the European Anti-Fraud Office (OLAF) may carry out on-the-spot checks and inspections under this programme in accordance with Council Regulation (Euratom, EC) No 2185/96¹³.

For the Community action financed under this Regulation, the term irregularity in Article 1(2) of Regulation (EC, Euratom) No 2988/95 shall mean any infringement of a provision of Community law or any breach of a contractual obligation resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by the European Communities by an unjustified item of expenditure or budgets managed by other international organisations on behalf of the European Communities.

The agreements between the Community and the European Bank for Reconstruction and Development on making Community funds available to the International Decommissioning Support Fund shall provide for appropriate measures to protect the financial interests of the Community against fraud, corruption and other irregularities, and to enable the Commission, OLAF and the Court of Auditors to carry out on-the-spot checks.

¹³ OJ L 292, 15.11.1996, p. 2.

8. DETAILS OF RESOURCES

8.1. Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of objectives, actions and outputs should be provided)	Type of output	Average cost	Year n		Year n+1		Year n+2		Year n+3		Year n+4		Year n+5 and later		TOTAL	
			Outputs	Total cost	Outputs	Total cost	Outputs	Total cost	Outputs	Total cost	Outputs	Total cost	Outputs	Total cost	Outputs	Total cost
OPERATIONAL OBJECTIVE 1 ¹⁴				75		75		75		75		0		0		300
KOZLODUY																
Action 1....																
Output 1																
Output 2																
Action 2....																
Output 1																
Sub-total Objective 1																
OPERATIONAL OBJECTIVE 2....																
Action 1....																
Output 1																
Sub-total Objective 2																

¹⁴ As described in Section 5.3.

OPERATIONAL OBJECTIVE No.n																
Sub-total Objective n																
TOTAL COST				75		75		75		75		0		0		300

8.2. Administrative expenditure

8.2.1. Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTE)					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff ¹⁵ (XX 01 01)	A*/AD	2	2	2	2	0	0
	B*, C*/AST	0.5	0.5	0.5	0.5	0	0
Staff financed ¹⁶ by Art. XX 01 02							
Other staff financed ¹⁷ by Art. XX 01 04/05							
TOTAL		2.5	2.5	2.5	2.5	0	0

8.2.2. Description of tasks deriving from the action

Annual programming

Regular monitoring

8.2.3. Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources).

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
 - Posts to be requested in the next APS/PDB procedure

¹⁵ Cost of which is NOT covered by the reference amount.

¹⁶ Cost of which is NOT covered by the reference amount.

¹⁷ Cost of which is included within the reference amount

- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

8.2.4. Other administrative expenditure included in reference amount
(XX 01 04/05 – Expenditure on administrative management)

EUR million (to 3 decimal places)

Budget line (No and heading)	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
1. Technical and administrative assistance (including related staff costs)							
Executive agencies ¹⁸							
Other technical and administrative assistance							
- <i>intra muros</i>							
- <i>extra muros</i>							
Total technical and administrative assistance							

8.2.5. Financial cost of human resources and associated costs not included in the reference amount

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials or temporary staff (XX 01 01)	0.305	0.305	0.305	0.305	0	0
Staff financed by Art. XX 01 02 (auxiliary, SNE, contract staff, etc.) (specify budget line)						
Total cost of human resources and associated costs (NOT included in the reference amount)	0.305	0.305	0.305	0.305	0	0

¹⁸ Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

Calculation – *Officials and Temporary agents*

Reference should be made to Point 8.2.1, if applicable

$2.5 \text{ fte} * 122\,000 = 305\,000$

Calculation – *Staff financed under Article XX 01 02*

Reference should be made to Point 8.2.1, if applicable

8.2.6. Other administrative expenditure not included in reference amount

EUR million (to three decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
XX 01 02 11 01 – Missions	0.0144	0.0144	0.0144	0.0144	0	0	0.058
XX 01 02 11 02 – Meetings and conferences							
XX 01 02 11 03 - Committees ¹⁹							
XX 01 02 11 04 – Studies & consultations							
XX 01 02 11 05 - Information systems							
2. Total other management expenditure (XX 01 02 11)							
3. Other expenditure of an administrative nature (specify including reference to budget line)							
Total administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	0.0144	0.0144	0.0144	0.0144	0	0	0.058

Calculation - *Other administrative expenditure not included in reference amount*

¹⁹ Specify the type of committee and the group to which it belongs.

4 missions per year for 2 people (EUR 1 000 per mission)

2 missions per year to the EBRD for 4 people (EUR 800 per mission)

Total EUR 14 400