



European Bank
for Reconstruction and Development

Arthur Denysenko
Energy program coordinator
National Ecological Center of Ukraine
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Kyiv 01032
Ukraine

10 January 2011

Dear Mr Denysenko

Thank you for your e-mail addressed to Mr Vince Novak and your interest in the EBRD's potential involvement in providing financial support for safety upgrades to the Ukrainian power plants. Let me stress that at this stage, the EBRD has not made any decision on providing a loan. A key aspect to be reviewed before a decision can be made is compliance with nuclear safety and environmental requirements.

According to the EBRD's Energy Operations Policy the Bank "...may provide financing to an operating facility in relation to nuclear safety improvements, or for the safe and secure management of radioactive waste and spent nuclear fuel, as well as for decommissioning, without a direct link to the closure of high risk reactors (www.ebrd.com/pages/sector/powerenergy/policy.shtml). This allows the Bank to address the pressing concern with safety at the numerous nuclear power plants that will continue to operate in the Region."

Therefore, the Bank will only consider the financing of measures developed as part of a generic assessment of safety requirements for VVER 1000 and VVER 440/213, as for instance those undertaken by the IAEA. These measures, rectifying known safety deficiencies, apply equally to all units of these types independently of their age. If the operator considers applying for extension of licences beyond their current deadlines he will have to do so in line with Ukrainian rules and procedures. The Bank will not support any activities in this process.

The Ecological Assessment will be done in line with Ukrainian requirements but will have to satisfy the provisions under the EBRD's Environmental and Social Policy as well. The consultancy to which you refer shall help achieve this objective. An important element in the Bank's process will be the engagement of stakeholders to make sure that any concern can be expressed and considered.

As to the status of the regulator, an independent, competent and well resourced nuclear regulatory body is an important function in any country operating nuclear power plants, as also recognized by the Nuclear Safety Convention to which Ukraine is a party. It was a



prerequisite for the Bank's loan for the safety upgrade of Khmelnytsky 2 and Rovno 4 and it will certainly be one should the Bank decide to provide a loan for the upgrade program.

Information on this potential project will be provided to the public in line with the relevant provisions of the EBRD's Public Information Policy (www.ebrd.com/pages/about/policies/pip.shtml)

Finally, it is important to stress that the Bank's approach to nuclear safety does not impede or distract it from its policy to improve energy efficiency and develop renewable energy. As you may be aware, the Bank remains heavily involved in promoting both of these in Ukraine through projects and grant-funded assistance.

Please contact Louis Borgo (BorgoL@ebrd.com) in the Power and Energy team or Balthasar Lindauer (LindaueB@ebrd.com) in the Nuclear Safety team should you need further information.

Kind regards.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Vince Novak', with a long horizontal flourish extending to the right.

Vince Novak
Director
Nuclear Safety

A handwritten signature in black ink, appearing to read 'Nandita Parshad', with a long horizontal flourish extending to the right.

Nandita Parshad
Director
Power & Energy Utilities