

Sent via email on December 27, 2010 to:

Mr Novak, *EBRD* Nuclear Safety Department Director

copy to: Mr Prasek, Head of Operational Support at *EBRD's* Environment Department.

Dear Mr Novak,

National ecological centre of Ukraine (NECU) is concerned with EBRD's plans to provide loan to Ukraine's National nuclear energy generating company Energoatom. This concern has arisen after EBRD announced on November 25th 2010 an intention to provide technical assistance to Energoatom to undertake Ecological Assessment within Ukraine's NPP Safety Upgrade Program (advertised as TCS 31264 at EBRD website).

According to Ukrainian officials, Energoatom is planning to attract EUR 1 bln to finance Ukraine's NPP Safety Upgrade Program. It is expected, that loan will be provided by EBRD and EU Agency on Nuclear Energy (Euroatom).

NECU considers these EBRD's plans to be unacceptable, as this Safety upgrade program actually means the support of nuclear blocks' lifetime extension. For example, for Rivne NPP it is openly said that modernization and safety upgrade measures within Safety Upgrade Program are the part of the lifetime extension program for reactors RNPP-1 and RNPP-2. In this situation EBRD's support for NPP Safety Upgrade Program can be seen as a direct support to further development of nuclear energy in Ukraine.

In this view, we would like to request that EBRD provides us with the copies of documents which provide background and explains reasons for EBRD to regard this project as potentially suitable for financing. In particular, we would be interested to see materials of state environmental expertise of Ukraine's NPPs Safety Upgrade Programme, that should have been prepared by Energoatom and also documents that shows project's strategic necessity and economic feasibility.

We would like to stress that the government proposes a number of changes in Ukrainian legislation which will remove the need for environmental and radiological assessments for the construction, modification and decommissioning of the nuclear facilities. Those changes are proposed among measures to 'simplify' approval processes in order to boost all kind of construction. Thus preparation of the EIA documentation "in line with national legislation" might not be at the level required for the Ecological Assessment of the 'Ukrainian NPP Safety Upgrade Program'.

At the same time state governance restructuring in Ukraine has lead to the change of the Nuclear Regulator status, which is not a State Committee anymore. Decrease of the Regulator's role, which has been struggling to keep independence and to have influence even being at the State Committee status, raises deep concern over the ability of the state to control safety of the nuclear power.

Let us also remind you, that nuclear energy development is not example of sustainability as nuclear energy is not renewable. Support, provided by EBRD to nuclear energy (including financing of

NPP's lifetime extension) could have strong environmental impact on region and doesn't correlate with EBRD commitments in supporting energy efficiency and renewable energy development.

We would suggest that EBRD would rather propose Ukrainian counterpart financing of a Decommissioning fund for Ukraine. Ukraine should be closing a dozen of reactors in coming ten years and helping it with decommissioning will be the best use of EBRD experience and will improve safety in the region.

Best Regards,

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Arthur Denysenko
Energy program coordinator
National Ecological Center of Ukraine

22, Lva Tolstogo Str., app.53, Kyiv, 01032, Ukraine,

Phone: +380 44 353 78 41

arthur.denisenko AT [necu.org.ua](mailto:arthur.denisenko@necu.org.ua)

www.necu.org.ua

www.atom.org.ua