

## POLICY PAPER

### *JUNCKER COMMISSION SHOULD NOT PAINT NUCLEAR FUTURE IN PINC*



**Claude Turmes**  
Member of the European Parliament



The Greens | European Free Alliance  
in the European Parliament

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Ahead of the climate conference in Paris, it very much seems that the new Commission intends to play the role nuclear industry VRP. The vehicle for this large scale pro-nuclear PR exercise is the publication of a so-called PINC ("*Programme Illustratif Nucléaire*") - a strategy for the future development of the nuclear technology.

#### **What's a PINC?**

PINC stands for "*Programme Illustratif Nucléaire*", a document based on the obsolete and never updated Euratom Treaty from 1957. The publication of a PINC, left to the appreciation of the Commission, matters because it defines the position of Commission on nuclear energy and on a set of horizontal issues like the internal market and State aid implications, environmental and safety aspects. Unfortunately the PINC has always been used as a pro-nuclear PR exercise for Europe's nuclear industry raising expectations for investors while ignoring the economic realities of nuclear (no competitiveness of new built, huge legacy). It also ignores largely the safety and security aspects of a technology which has a track record of accidents.

This rush into publishing a new PINC already in 2015 is politically questionable for its massive interference with the upcoming European Court of Justice to be launched by the Austrian government and supported by other member states and a broad range of market operators against the highly controversial Hinkley Point subsidy. The new Commission should at least wait for this important court case to be decided before deciding its pro nuclear support attitude. In addition, whereas in other places of the energy union text the Juncker Commission announces its intentions to get rid of subsidies in the internal energy market, the operational part of this commitment is completely missing for nuclear: the full liability regime for nuclear operators promised after Fukushima by former Commission is not mentioned in the energy union roadmap. A thorough state aid investigation into the financial handling of dismantling and radioactive waste management is also missing. A recent study from the Ecofys (ordered by the Commission) revealed that nuclear came as the second largest beneficiary of public support in the field of energy: what does the Commission plan to stop this?

We do not share the analysis that Europe's nuclear industry has a rosy (or pink) future. The Commission should open their eyes to the reality of the sector and take - after decades of silence - vigorous actions to investigate and put an end to the unfair pro-nuclear bias in the EU electricity market. This Policy Paper does not touch upon safety and security issues which should be dealt with in a separate way, but focuses on the internal energy market and on the issue of energy dependence on foreign sources.

***If the text of the energy union and the underlying roadmap is not substantially changed between this Monday morning and Wednesday, President Juncker will have to re-write his political declaration: instead of becoming "the world number one in renewables", Europe will become "the world number one in taxpayers-sponsored radioactive waste".***

#### ***Our proposals on nuclear in the Energy and Climate union***

Putting an end to all unjustified advantages to nuclear in the internal electricity market by:

- Proposing a full liability regime for all nuclear operators in the EU (DG ENV / DG ENER);
- Launching a nuclear sector State aid investigation embracing all aspects of societal costs not covered by nuclear operators (DG COMP);
- Postponing the adoption of the new PINC and of the revised State aid guidelines until the ECJ decision on Hinkley Point.

- ***Nuclear is not an indigenous energy source***

One of the key arguments justifying the establishment of the energy and climate union was to strengthen the resilience of the European economy to energy shocks, subsequently promoting the exploitation of so-called "indigenous" sources. Pro-nuclear forces used this opportunity to push their atomic agenda, trying to convince that nuclear energy belongs to this category. However this assertion is completely false, given the fact that the **European Union relies on 95% import for the uranium** consumed in European nuclear plants. This gross manipulation tends to hide the fact that although the fuel is assembled in Europe to a large extent, the primary source, uranium, is almost exclusively imported. Even the nuclear lobby, FORATOM, acknowledge that "*the EU's uranium supply demonstrates significant foreign dependence*".<sup>1</sup>

At this stage, we should recall the European Commission's statement from 28 May 2014 when presenting the European Energy Security Strategy: "*The European Union imports: 88% of crude oil; 66% of natural gas; 42% of solid fuels; 95% of uranium; less than 4% of renewables (mostly biomass)*". The European Commission subsequently acknowledged that "*our dependence on renewables is negligible*".<sup>2</sup> In light of these figures, how can one justify a pro-fossil and pro-nuclear strategy as a contribution to the EU's energy independence? The only solutions to our energy dependence are called energy efficiency and renewables.

When looking at the statistics from the European Commission, one can also observe the preferential treatment given to nuclear energy. **Eurostat** accounts the heat generated in European nuclear power plant as "primary energy", thus "domestically produced". However, this generation should be attributed to the uranium itself as the primary energy source, as it is for coal or gas.<sup>3</sup> **This trick allows Eurostat and some member states (such as France) to boast with very high levels of energy independence.** On the contrary, if the energy was associated to uranium (as it is the case with coal for instance), the truth would appear crystal clear: the EU is 95% dependent on imports for nuclear energy.

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<sup>1</sup> FORATOM [Position Paper](#).

<sup>2</sup> EC [press release](#).

<sup>3</sup> See [Eurostat](#).

- ***After EU's gas dependence, towards a nuclear dependence to Russia?***

The pro-nuclear agenda would result to putting even more our fate in Russia's hands and good will, exposing the EU to a **considerable geopolitical risk**. In addition to uranium (some 18% of our import come from Russia)<sup>4</sup>, the risk of technology dependence is real. The EC stated that "*utilities operating Russian design reactors in most cases purchase their fuel as integrated packages of fuel assemblies, including the uranium and related services, from the same supplier, the Russian company TVEL. In this approach, there is no diversification, nor backup in case of supply problems*". Are we really about to follow this direction? In addition to the already existing plants in Finland, Bulgaria, Czech Republic, Hungary and Slovakia, several member states consider the option of launching new nuclear programmes with Russian reactors. With the European technology leader, Areva, crumbling down and considered junk investment by rating agencies, this is the **recipe to critically increase or energy risks**, not our energy security. Areva's EPR being uncompetitive, the only option left to pro-nuclear countries is to go for Russian designs, hereby tightening a little bit more our hands to Putin's good will.

- ***Nuclear leads to energy insecurity***

Nuclear reactors - old and new - often come with the myth of contributing positively to energy security. However recent energy history shows that such a statement not backed by evidence. After **Fukushima**, although only four reactors were directly damaged, the Japanese government had to shut down all 54 nuclear reactors of the country. This winter in Europe, all energy security concerns were focused on the country with the biggest and most acute issues: **Belgium**. The decision of the nuclear safety authority to close down some of their reactors following the identification of safety flaws (cracks in the stove) subsequently put the whole electricity system at risk.

- ***The economics of nuclear energy: this is not a business case***

Nuclear energy costs a lot of money and requires public support schemes which are not in adequacy with the image of "maturity" it intends to convey. While renewable energy sources are achieving tremendous cost reductions, **nuclear energy is getting more and more expensive** every year. Initial capital investments are too heavy to be borne by the private sector. New generation reactors such as the EPR currently built in Finland and France are extremely expensive. From an initial budget of EUR 3 billion, the EPR in Flamanville increased to a price situated between EUR 8 and 10 billion. Disproportionate state aids and support mechanisms granted in many member states (some EUR 125/MWh in the UK for Hinkley Point) are simply not acceptable more than fifty years after the beginning of the exploitation of this energy source. This **huge subsidy** about to be questioned before the European Courts of Justice does not cover neither risk insurance nor full dismantling and full waste management costs. In times of constrained public resources, is it really a smart investment for governments to make? As new reactors are a technology failure which cannot compete on the EU energy market, the Commission should at least wait for ECJ court case to be settled before publishing a new PINC.

- ***Nuclear energy in the 20th century: a € 700 billion legacy for future generations***

It is acknowledged that the prices of **nuclear energy do not fully reflect the true costs associated to this energy source**.<sup>5</sup> The possible impacts on the environment and on the health of a nuclear accident are

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<sup>4</sup> EC, [European Energy Security Strategy](#)

<sup>5</sup> [Ecofys](#), 11 November 2014.

not taken into consideration in the MWh price: this reveals the absence of a strong liability regime. The nuclear accident in Fukushima left at least € 100 billion liability not at all covered by the operator. European nuclear operators are not bound by a full liability regime either. We are still awaiting the accomplishment of Oettinger's post-Fukushima commitment to propose liability obligations for European nuclear operators. The nuclear lobby seems powerful enough to prevent the Commission from acting in this direction: while every solar panel, while every wind turbine onshore or offshore can only go to market with a full liability insurance, why is nuclear which presents the highest risk to society not bound by similar obligations?

In addition to this huge market distortion, costs of dismantling old nuclear reactors and handling the nuclear waste legacy for the next centuries are only covered to a small extent by the operators. Dismantling old reactors and other nuclear installations (such as Sellafield and La Hague) will be horribly expensive. This has been proven by the actual costs of the dismantlement of some smaller (research) reactors. **This legacy of nuclear "not so cheap" electricity will be assumed one day by future generations of taxpayers.** Overall, it is estimated that the legacy bomb amounts as high as € 700 billion in the European Union, mainly made up from the French, British and former German nuclear parks. This sum is the equivalent of more than twice the total of the Greek debt! How come this uncovered nuclear debt is not at the centre of the attention of EU finance ministers' preoccupations? Here again the bias of EU commission is stunning. While the Commission is chasing in an unfair way support to renewables, where is the state aid investigation on this much larger market distortion? Is nuclear industry too big to fail?

***To conclude, let's hope the European Commission will have the courage to move ahead and concentrate its efforts to become "the world number one in renewable energies" as stated by president Juncker in his political pledge,<sup>6</sup> getting rid of its current status of the world number one in long-lasting high-level radioactive waste.***

#### Contact

Jérémie ZEITOUN  
Assistant to Claude Turmes, MEP  
Member of the Green Group in the European Parliament



European Parliament  
Rue Wiertz, 60, ASP 04 F 255/253, B-1047 Brussels  
Phone: +32 2 28 47 246 - Fax: +32 2 28 49 246

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<sup>6</sup> Jean-Claude Juncker, *A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change*, 15 July 2014, [http://ec.europa.eu/priorities/docs/pg\\_en.pdf](http://ec.europa.eu/priorities/docs/pg_en.pdf)