



ROSATOM

THE STATE ATOMIC ENERGY CORPORATION "ROSATOM"

Legal and Financial characteristics of the Paks 2 project

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Hungarian „Model”: Legal Structure

WE SPEAK ABOUT MAINTAINING OF NUCLEAR CAPACITY

Before IGA 2014 Russia and Hungary had already had successful cooperation under IGA on NPP construction dated back 1966.

The project of Paks II serves as TECHNOLOGICAL AFFINITY, CONTINUITY AND CONNECTION of the new NPP construction with the NPP UNITS ALREADY IN OPERATION in Hungary and constructed based on the RUSSIAN DESIGN.

RUSSIA AND HUNGARY COOPERATE PURSUANT TO AN INTERGOVERNMENTAL AGREEMENTS(IGA) AND IMPLEMENTATION AGREEMENTS (AS WELL AS FURTHER SUB AGREEMENTS)

Cooperation IGA

Agreement between the governments of Russia and Hungary on cooperation in peaceful use of nuclear energy. The IGA sets out the framework for cooperation in

MAINTAINING CAPACITIES OF THE NPP PAKS (IN PARTICULAR CONSTRUCTION OF NEW NUCLEAR POWER UNITS)

- decommissioning of existing power units
- supply of nuclear fuel

Financial IGA

Financing of the Project

Implementation Agreements

The state owned and controlled Project Companies of Russia and Hungary entered in particular into the following Implementation Agreements:

- (i) Engineering, Procurement and Construction Contract (EPC Contract)
- (ii) Operation and Maintenance Support Contract (O&M Support Contract) and
- (iii) Nuclear Fuel Supply Contract (NFSC)

Sub Agreements

The Russian Project Companies award Sub Agreements to sub-contractors pursuant to the specific public procurement regime as defined in the IGA



Hungary – as EU member state shall comply with EC norms and tender requirements, BUT Article 22 of the Utilities Directive 2004/17/EC (Utilities Directive) EXEMPTS CONTRACTS FROM THE APPLICATION OF THE UTILITIES DIRECTIVE AND ITS TENDER REQUIREMENTS provided that they are

- 1** covered by an international agreement between an EU Member State and one or more third countries on projects intended for joint implementation or exploitation and
- 2** governed by procedural rules provided in the international agreement that are different from the requirements of the Utilities Directive and
- 3** the IGA is concluded in conformity with the EURATOM Treaty (Art. 37,41-44, 55, 62, 66, 73)

Compliance of the model with EU regulations (procedures of EC):

- Approval of IGA format
- Project notification – Paks II Project compliance with EU technical and environmental regulations (Article 41 of the Euratom Treaty)
- Approval of NFS Contract by the Euratom Supply Agency
- DG COMP decision related to state support – SA.38454
- DG GROW approved 45% procurement without competition (exemption is considered to be reasonable due to exclusive technical compliance of Russian technology to the initial principal conditions of Paks II NPP expansion)



HUNGARIAN CASE SETS A PRECEDENT FOR FUTURE NPP PROJECTS AND PROVES THAT EC PUBLIC PROCUREMENT LAW COULD BE AVOIDED IF THE PROJECT MEETS EU REGULATIONS

EU APPROVAL OF THE PROJECT CONFIRMS THAT MODEL CAN BE IMPLEMENTED IN OTHER EU COUNTRIES

EPC & OMC notification (Art. 41-44)

EPC and O&M contracts shall be notified to the Commission not later than THREE MONTHS BEFORE the first contracts are concluded with the suppliers. The Commission gives an opinion on compliance with the EURATOM Treaty.


SFC notification (Art. 55, 62, 66, 73)

In case of SFC information shall be communicated to the Agency under which the Agency exercises its right of option. Pursuant to Art. 62 of EURATOM Treaty it is a duty of the Agency. Although in special cases the users may conclude contracts directly; such a right is granted by the Commission for a period of ONE YEAR which may be extended. Such contracts shall be notified to the Commission which may object to the conclusion thereof within ONE MONTH. In addition Art. 73 of EURATOM Treaty prescribes directly that the prior consent of the Commission is required to conclude such contracts.

Radioactive waste information (Art. 37)

Each Member State shall provide the Commission with GENERAL DATA RELATING TO ANY PLAN FOR THE DISPOSAL OF RADIOACTIVE WASTE. The Commission shall deliver its opinion within SIX MONTHS.

Potential consequences of non-compliance:



The lack of notification and/or the prior consent of the Commission may affect the validity of the contracts (Art. 103 of EURATOM Treaty). In addition Art. 258 of TFEU may be applied and AN INFRINGEMENT PROCEDURE MAY BE INITIATED BY THE COMMISSION.

Its all about CONTINUITY

Before IGA 2014 Russia and Hungary already had successful cooperation under IGA on NPP construction as of 1966.

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Its all about MEETING EU GOALS (Art. 1)

New units will replace the existing ones, continuously fulfilling the EU aims of energy:

- Climate protection, reduced level of CO2 emission;
- Electricity supply security at reasonable price level

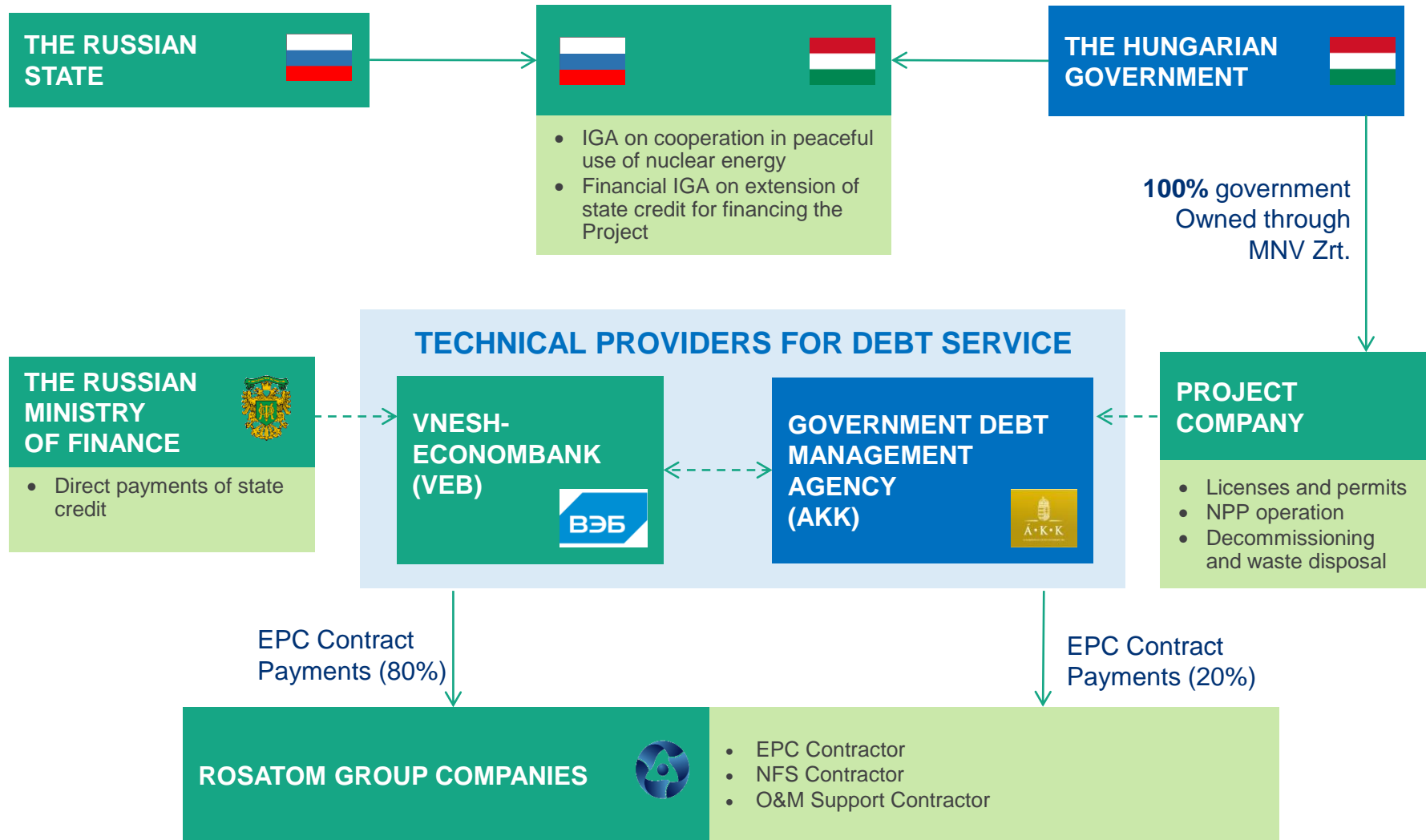
Its all about MEETING EU SAFETY STANDARDS (Art. 11)

AES 2006 is a Gen 3+, improved design of AES92 (EUR Rev. C qualified) satisfies the international and Hungarian Nuclear Safety Requirements including the following:

- Revised Hungarian Nuclear Safety Codes;
- IAEA Safety Standards;
- WENRA Statement on Safety Objectives for new Nuclear Power Plants;
- European Utility Requirements;

Increased attention was paid to severe accident management and the LESSONS LEARNED FROM FUKUSHIMA ACCIDENT

Financing Structure



**THANK YOU FOR YOUR
ATTENTION!**

