Baltic nuclear power plant- Kaliningrad
Russian Federation

Sectors: Nuclear Electric Power Generation

**On record**

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By: BankTrack
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Contact:
climate@banktrack.org

Project website

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About Baltic nuclear power plant- Kaliningrad

In 2008 the local government in Russian Kaliningrad region and the Russian state-owned nuclear power corporation "Rosatom" announced a plan to build two nuclear reactors of VVER-1200 design. Construction site is located approximately 10 km from the border with Lithuania. It is projected that the first unit will be connected to the grid by 2016 and second by 2018. While proponents of the project say that electricity is needed locally, local environmentalists revealed in 2009 a confidential report by the nuclear industry suggesting that electricity will be exported to neighboring countries and expensive infrastructure will be built to transport electricity. Costs of two reactors estimated at Euro 5-6 billion and additional infrastructure may cost up to Euro 3 billion. That includes powerlines to Lithuania, Poland, Sweden, Germany and Belarus, also some other related facilities/equipment.

Local public opinion is negative about the nuclear plant since 2007 when it was first initiated. In 2011 environmental campaigners tried to organize a local referendum to ban the nuclear plant but local parliament did not permit it. There are concerns over nuclear accidents which, according to the designers, has small probability, but still possible. Another concern is nuclear waste which will be stored in the region. In the Environmental Impact Assessment, the project designers said the waste will be transported to the facility in Siberia which still doesn’t exist and there is no official plans to build it.

According to local press reports, the region has enough energy for local needs and actually doesn’t need additional sources of power. As of 2009, local government investment program included construction of various non-nuclear energy facilities which would be compensating projected growth in energy demand.

**What must happen**

Societe Generale and Coface should, like its predecessors BNP Paribas and HypoVereinsbank already have, distance them self from any involvement with this project.

**Issues**

**Human rights and social issues**

Although the nuclear industry promises to provide some thousands of jobs, the majority of it is for well-trained and experienced in nuclear power industry professionals. There is no such professionals living in the area. Only very small number of jobs will be left for thousands of jobless local residents. At the same time, there is big lack of trained nuclear professionals in Russia in general.

The region is agricultural and will be strongly affected by the project. There are companies that produce milk products and other a/c types of food.
Most of them, if not all, will have to leave the area around the plant. There is no other type of business developed in the area. Therefore, this project is likely to have more of a negative impact on the local economy rather than a positive impact.

Local residents in Kaliningrad have been denied the right to vote whether they want this nuclear plant to be built or not. There have been a total of 4 applications requesting a local referendum so far, but all of them were rejected by local authorities for various formal reasons.

According to independent public opinion polls, the majority of local citizens oppose the Baltic NPP and prefer non-nuclear options of development. Their voice has, however, been ignored. A large number of local citizens were not allowed to participate in the official public hearings of this project and "Rosatom", the company which is implementing the project, has refused to hold additional public hearings, even in areas which will be directly affected by the project. There have also been numerous public protests in the region since the construction of the Baltic NPP started.

Environmental issues

The Environmental Impact Assessment does not comply with Russian legal norms. There is serious lack of information about: future pollution from nuclear plant, radioactive waste management (it is not even clear how different types of waste will be disposed), there is also a lack of data about pollution caused by uranium mining, production, decommissioning and radioactive waste. The analysis of the possible nuclear accidents is not adequate - it is said that radiation release may only affect the territory of the nuclear plant itself but not any other territories. At the same time, there is absolutely no scientific or technical arguments on why radiation would stop on the border of the facility and not go further. The design of the nuclear plant (pressurized water reactor) has serious flaws - there are scenarios which includes explosion of the reactor (as a result of losing external power supply, big loss of coolant, etc). At the same time, no protective measures for local population is included in the project. That may lead to larger damage for local population in case of a more serious accident.

Arrival of the nuclear power industry to Kaliningrad region sidelines the development of alternatives - renewable sources of energy, the most environmental friendly among existing power alternatives. Before the nuclear industry arrived to the region, it was planned that a 50 MWt windpower plant will be built on the coast of Baltic Sea. But this plan was cancelled after the decision to build reactors was made. According to local reports, all research in the field of renewables development in Kaliningrad region was halted.

Nuclear safety norms in Russia are so low that the country still operates 11 Chernobyl-type reactors (RBMKs), thus exposing Europe to the risk of a new nuclear catastrophe. In Lithuania, reactors of this type were shut down due to concerns of the European Commission regarding their safety. Many corruption scandals in "Rosatom" over the past two years clearly demonstrated that the Russian nuclear industry cannot be trusted to produce quality equipment for nuclear plants.

Although the site of the Baltic NPP falls within the international airway zone to Kaliningrad, the reactor design has never been tested for the case of a large airplane crash. According to the Lithuanian government, the Baltic NPP project has not been subjected to safety testing based on the methodology agreed by the EU and third countries.

Other issues

There is no need for electricity in Kaliningrad Oblast, no need to Germany, Poland and Lithuania. This project is being implemented in a region where no new energy capacity is needed. The latest study of the Baltic NPP has indicated that the local energy system is not capable of transferring the large amounts of energy the Baltic NPP is slated to produce. It also concluded that the project is too expensive and that the price of energy from this plant will be higher than from other market suppliers in the Baltic region. And there is also a strong opposition in Lithuania, which voted against nuclear power in a national referendum in 2012.

Underground water at the construction site is very close to the surface and sometimes right on the surface. At the same time, according to Russian construction norms, it must not be higher than 40 meters down from surface. According to a source in the local government of Kaliningrad region, geological research on the site chosen for nuclear plant was done with many flaws, nuclear plant designers and constructors did not follow necessary procedures. An evaluation of seismic risks at the site has never been performed.

According to research commissioned in 2010 by Russian branch of Transparency International and Ecodefense, corruption risks in the Russian nuclear industry are very high. Up to 40% of trade deals (involving buying of construction materials for new reactors) are characterized with corruption risk. In the past two years, there was at least two cases when wrong construction materials were used for the construction of new reactors. At Novovoronezh-2 nuclear plant, approx 600 km south of Moscow, cracks were found in the concrete foundation of the reactor which may lead to an accident when the reactor is put into operation. Also, at Leningrad-2 nuclear plant, the frame built of steel armature for the new reactor was completely falling apart last summer. In both cases, the root of the problem was the use of wrong (cheaper) type of construction materials for new reactors.

WER-1200 design is new, such reactors have never been put in operation yet.

Next to Mochovce and Temelin, the Kaliningrad nuclear project is set to become one of the next focal targets of the European anti-nuclear movement. The potential funders of this project run the clear risk of being exposed publicly across Europe for their financial support.

Governance

Other applicable regulations

The following investment policies and international norms and standards are relevant for this deal:
Updates

Aug 26 2011
Construction started in 2010. In November Rosatom announced that concrete foundation of the first reactor unit can be laid in April 2011.

In 2009, Rosatom said that, unlike with other projects, it will not need additional funds from Russian government for the construction of Baltic NPP. Corporation announced it will use money which they already extracted from Russian state budget from the nuclear power development program. It is also said that foreign investors will be involved - Rosatom will allow foreign companies to buy 49% stake in the project.

Jul 1 2011
On July 1, 2011 it was announced that Rosatom proposed to Germany to import electricity from the Baltic NPP when it's built. That announcement came a day after Berlin confirmed plans to stop using atomic power by 2022.

At the same time, more opposition is growing locally against Baltic NPP. In the beginning of 2011, group of public organizations announced it will demand a referendum on nuclear plant to be held in Kaliningrad region. They applied to local authorities with several proposals to hold referendum on nuclear plant, but proposals were officially rejected 4 times already. In August, a court case started by activists against local authorities over rejection of referendum proposals.

Another referendum may be organized in city of Baltiysk, located in Kaliningrad region. Local citizens alarmed with news that radioactive waste will be transported through this city and wants to ban it by local referendum.

Lithuanian authorities are strongly opposed this project. Current president of Lithuania repeatedly criticized Baltic NPP project and promised to initiate European legislation which will prevent the EU from buying electricity from dangerous nuclear reactors (Baltic NPP near Kaliningrad and Ostroves NPP in Belorussia - both started by Russian Rosatom). It is believed that without possibility to sell electricity in Europe, Rosatom would not need new reactors in Kaliningrad because the Russian region itself doesn't need that much of electricity and has good capabilities to generate enough non-nuclear power.

May 23 2011
On May 23, "Rosatom" official said France's EDF and Italy's Enel are among companies in talks on a stake in its planned nuclear power plant in Kaliningrad. At its 2011 annual meeting, ENEL board of directors confirmed that it's planning to analyze the proposal to buy a stake in the project, but so far feasibility study is not yet prepared and so decision can not be taken. No company across the world confirmed so far its participation in the project.

In June, Reuters reported that Russian company "Inter Rao UES" ("Rosatom" agent in charge of finding foreign investment) did hire the Société Générale as "responsible for the development of a banking feasibility study of the Baltic NPP in order to secure the foreign investments to NPP. It wads reported that SC will approach EDF and ENEL.

Related companies

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