

Triennial revision of the Belgian nuclear provisions by the Commission for Nuclear Provisions (CPN)

DECEMBER 20, 2022

Provisions expected to increase by €3.3 billion, of which €2.9 billion for Synatom and €0.4 billion for Electrabel

ENGIE considers the increase by €2.9 billion unjustified and will submit an adapted proposal within 60 days

ENGIE has been informed that the Commission for Nuclear Provisions (CPN) reached a conclusion on December 16th on the triennial revision of the provisions for the dismantling of Belgian nuclear power plants and spent fuel management. The CPN intends to raise these provisions substantially: a €2.9 billion[1] increase of the provisions borne by Synatom, to which is added an increase of the provisions borne by Electrabel with €0.4 billion[2].

The increase of €2.9 billion as proposed by the CPN is primarily due to:

- a decrease of the discount rate for the provisions covering spent fuel management from 3.25% to 3.0%. This includes an unchanged inflation rate of 2.0%
- a revision of the industrial scenarios for the dismantling of the nuclear power plants and an increase of the operational and project costs during the decommissioning phase
- cost assumptions, particularly with regard to waste volumes and conditioning costs implicated by technical solutions that are still being defined by ONDRAF

ENGIE considers that most of these risks are already taken into account in the detailed assessment that was prepared by its subsidiaries Synatom and Electrabel. In addition, ENGIE considers that a cut in the discount rate for spent fuel management is not justified given the current trend of rising interest rates. The increase of provisions suggested by ENGIE was €0.9 billion, in comparison to the €2.9 billion proposed by the CPN.

As a consequence, ENGIE considers the increases proposed by the CPN as disproportionate. They do not take into account the European benchmark and context nor that the established provisions will likely exceed the costs for dismantling and spent fuel management.

In accordance with the Law of July 12th, Electrabel will submit an adapted proposal for discussions that should conclude no later than end of March 2023. ENGIE and its subsidiaries will then assess whether to submit an appeal to the Court of Markets within 30 days.

Based on the elements provided by the CPN, ENGIE anticipates that, for year-end 2022, provisions for dismantling would increase by €2.3 billion. A quarter of this additional provision would be invested in dedicated assets from 2023 and the rest in the 7 following years, in accordance with the law. Provisions for spent fuel management would increase by €0.7 billion, to be also invested in dedicated assets within 12 months. Investments in dedicated assets add to the financial commitments that the Group has already made, of €1.6 billion per year up to and including 2025 and €0.4 billion thereafter and until 2030.

Due to the delay by Belgian authorities in implementing solutions for nuclear waste management, including low-level radioactive waste, ENGIE incurs additional costs, which, to date, are already estimated at €1.3 billion. ENGIE is reviewing its options for legal recourse against the public authorities to get due clarification in regulation and to recover the corresponding prejudice.

Footnotes

1. ^[1]Of which +2.3 billion euros for decommissioning and +0.7 billion euros for spent fuel management
2. ^[2]Provisions for operational waste management to be re-evaluated taking into account the new costs of the Belgian National Agency for Radioactive Waste and Enriched Fissile Material (ONDRAF)