

Romania's government and Nuclearelectrica defend €7.2bn Cernavoda nuke power expansion project

Romania's ministry of energy and the management of state-controlled nuclear energy company Nuclearelectrica rejected on November 4 concerns previously expressed by Nuclearelectrica minority shareholder Fondul Proprietatea about the planned €7.2bn expansion of the Cernavoda nuclear power plant.

Romania wants to develop two additional 700MW reactors at the Cernavoda nuclear plant under a long-term contract for difference arrangement. Plans to build the third and fourth reactors at the country's sole nuclear power plant were relaunched recently by Nuclearelectrica and the government, after the project languished for years and potential investors pulled out.

The government has lined up China General Nuclear Power Corporation as its partner for the project. It hopes to reach an agreement similar to the Hinkley Point C deal in the UK. Nuclearelectrica's CEO Daniela Lulache said in October that she expects the agreement with CGN to be ready by December 20.

The project company should be set up early next year. Nuclearelectrica will contribute the existing facilities dedicated to the two new reactors, evaluated at €1bn, to the project company, and its Chinese partner will hold the majority stake in the project.

The government wants to include the project in the country's 2016-2030 strategic plan for energy, which is currently being drawn up. However, FP fears that the expansion plans could depress Nuclearelectrica's shares. FP's criticism will not affect the government's plans for the expansion since it only holds a minority stake in Nuclearelectrica, but it points to the need for transparent management of the company and of the project, and of thorough technical evaluation of the project in the context of SNE 2016-2030.

The project "is not feasible and could be value destructive for Nuclearelectrica's shareholders", FP said in a press release on November 3. FP said the strike-price of €82 per MWh mentioned by government officials was twice the current wholesale market price and concluded that "the discrepancy clearly shows that the project is not feasible."

source: intellinews.com