Complementary support to the Rovno-4 and Khmelnitsky-2 NPP owner(s) for the completion and upgrading of the plants - Ukraine

Description

1) Background
Ukrainian government was always considering completion and upgrading of 2 VVER units: Rovno-4 and Khmelnitsky-2 (R4K2), whose construction was stopped in the late 80’s. As a compensation of closure of all Chernobyl units, G7 and EU decided to support Ukrainian nuclear sector on technical and financial matters, in order to ensure that the completed R4K2 units will reach an adequate level of safety and investment feedback.

The present contract NUCUK 9401 is the continuation of EDF-TRACTEBEL-FORTUM activity performed in the frame of TACIS contract 98.0091 (ended on 23rd April 1999), which was the continuation of 97.0262 (started on 22nd May 1997 and ended on 22nd April 1998). This latter contract was itself the continuation of the former TACIS contract 95-1295 (see relevant PRS).

2) Objectives

Overall objective: this project aims at assisting Energoatom in adequate project management for completion and upgrading of Rovno 4 and Khmelnitsky 2 NPPs.

Short-term objective: it aims at providing assistance to Energoatom with the support of the financial advisor (NRG-BDO) and of the legal advisor (Deloitte & Touche) funded by TACIS, in order to manage:

- The preparation and the negotiation of the contract of the General Contractor (GC), namely consortium Framatome (France) – Siemens (Germany) – Atomstroyexport (Russia),
- The preparation and the negotiation of the contract of the General Designer (GD), namely KiEP (Ukraine),
- The definition of the financing plan,
- The negotiation with IFIs Euratom and EBRD (International Financing Institutions) of the subsequent loan and guarantee agreements and associated documents,
- The validation of the PMT (Project Management Team at realisation phase) charter, and the PMT set-up.

3) Project results-achievements
The work was performed by PMG (Project Management Group), which gathered consortium and Energoatom experts and managers. The project was jointly managed by the consortium and Energoatom.
Contract implementation has been split into a number of activities:

Project management:
PMG managed the whole project, with relevant tasks: progress reporting, relations with current and future actors of the K2R4 completion/upgrading project, management of subcontractor KiEP, supervision of tasks and deliverables, relations with EC.

Quality assurance:
QA plan was written and implemented during the whole project.

Financing and legal activities:
• Preparation of a synthesis dossier for launching last round of negotiations with IFIs (October 1999 and February 2000),
• Preparation of the organisation of and participation to meeting with "creditors" in November 1999 in order to specify the project financing plan,
• Agreement between Ukrainian government and EU on the terms of Euratom loan (October 2000),
• Several meetings with GC and GD in order to discuss terms of respective contracts.

Public consultation process, licensing:
PMG made a CD with all the documentation resulting from the project public consultation including questions/answers. This CD was transmitted to all governmental and non governmental organisations and to individuals involved in the public consultation process performed before.
The certification process of foreign equipment suppliers and supplier qualification was updated and approved by Energoatom. PMG updated the main licensing procedure, with approval from Energoatom.

Scheduling:
Project implementation scheduled was negotiated between PMG, GD, GC, Rovno and Khmelnitsky NPP and Energoatom. An agreed schedule was issued in November 2000.

Procurement and insurance:
GC and GD tender documentation packages and procurement management procedures were updated taking into account EBRD comments.
GC transmitted its preliminary proposal in December 1999, and GD in January 2000. They were analysed by PMG, and several rounds of negotiations were held for discussing all topics of these proposals.
Latest version of GC proposal in the frame of the present NUCUK 9401 was made in March 2001. There is no information about the latest version of GD proposal.
PMG was also involved in the negotiation and validation of insurance memoranda presenting the way how the risks of the project will be covered. PMG received 8 competitive international re-insurers offers. Then, scope of insurance covering could be optimised, according to identified financial margins, with participation of Energoatom.

Engineering:
PMG signed with KiEP a subcontract in February 2000 in order to provide technical assistance
to PMG and Energoatom during the GC contract negotiation phase. KiEP issued several technical documents necessary for the implementation of K2R4 project.

Site:
PMT organised and participated to several clarifications missions with GC consortium, to visit of EBRD board of directors (June 2000), and to missions related to I&C review.

PMT set-up:
Energoatom issued a PMT charter, which was reviewed and commented by IFIs and PMG. Updated PMT charter was officially submitted to IFIs for their "no objection" in March 2001.
Energoatom requested from PSS consortium (Project Support and Services - support to future PMT) a technical proposal for its contract (not financed by TACIS). Then, commercial proposal was sent in October 2000. After several negotiations meeting, PSS contract was initialled in February 2001.
Energoatom and PMG discussed also on the creation and the financing of the PMT set-up in the framework of another contract. Draft contract was sent to IFIs in March 2001.

Further Information
Further information on the project results could be sought from Energoatom.

The Project Final report is available at the JRC-IE archive.
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<thead>
<tr>
<th><strong>Duration (months):</strong></th>
<th>28</th>
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<td><strong>Contracting authority:</strong></td>
<td>European Commission</td>
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<tr>
<td><strong>Partner (Beneficiary):</strong></td>
<td>Government of Ukraine</td>
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<tr>
<td><strong>Contractors:</strong></td>
<td>EDF (Electricité de France)</td>
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