

ITALY



Summary

- **Statement**
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- **Regulatory aspects**
- **Funding mechanism**
- **Present situation**



Statement

- In Italy, as it is well known, there are no more operational NPPs.

The four existing nuclear plants are definitely shutdown and ready for decommissioning:

Caorso - BWR - 860 Mwe

Garigliano - BWR - 160 Mwe

Trino - PWR - 260 MWE

Latina - GCR - 153 MWe

Considerations on decommissioning funding system have to take into account this particular situation



Strategy for decommissioning

- New inputs given to SOGIN by the Italian Government are:
 - 📖 conditioning all radioactive waste existing on the NPPs within the year 2010
 - 📖 release all nuclear sites – free of radiological constraints - by 2020
- The last task is conditioned by availability of the national waste repository by the year 2009



Strategy for decommissioning

- Key issue is prompt dismantling considering:

- No more nuclear activities in Italy
- Progressive loss of competences



Previously Existing funds (1)

- Before plant shutdown, ENEL has cumulated provisions for decommissioning, even in absence of a clear regulatory framework. These provisions were not sufficient for decommissioning, considering the early closure of the plants.
- An additional fund was granted to ENEL by the government, in the form of a "credit" to be paid by the "electric system" (CCSE).
- This fund (provisions + credit) was considered sufficient by ENEL for a decommissioning with Safe Store strategy (fund = discounted foreseen costs)



Previously Existing funds (2)

- ④ The total fund (provisions + credit) was assigned to Sogin at the incorporation date. The amount, money 1999, was about 800 M€
- ④ Considering the new context:
 - new strategy (Prompt Dismantling with site release by 2020)
 - Sogin constitution (societal costs)
 - new economic conditionsthe fund was not considered sufficient for all Sogin tasks
- ④ This conclusion was agreed upon also by the independent "Authority for electric energy and gas".
- ④ A new regulatory framework was therefore defined



Regulatory aspects (1)

- ④ The Legislative Decree 79/99 has stated that costs for the decommissioning of NPP, fuel cycle back end and *related activities* should be considered as stranded costs for the general electric system
- ④ The same Decree stated that a specific company should have been established for the management of these activities. Consequently, Sogin has been incorporated, all nuclear assets and liabilities of Enel being assigned to the Company. Sogin is responsible for decommissioning and fuel back end, under the policy indicated by the Government



Regulatory aspects (2)

- The Ministerial Decree 26.01.2000 precisely defined which costs can be considered as stranded costs. As a matter of fact, the decree confirms that all costs incurred in by Sogin for decommissioning, fuel cycle back end, wastes disposal are to be considered.
- The same Decree defines modalities for funding Sogin for the above mentioned activities.



Regulatory aspects (3)

- The same Decrees define that in the "*related activities*" the dismantling of research plants for the nuclear fuel cycle should be considered. These plants are now property of Enea and FN.
- The Decree defines modalities for funding Sogin for the above mentioned activities. Sogin is entitled to receive also the funds for the decommissioning of Enea plants, providing a Consortium with Enea.



Funding mechanism (1)

Main Criteria:

- **Costs are financed with a levy on the price of kWh for final consumers**
- **The amount of the levy, for different categories of consumers, is defined by the "Authority for electric energy and gas"**



Funding mechanism (2)

Regulatory procedure:

- **Sogin presents to the Authority, each year by Sept. 30th, a complete program with scheduled activities and cost estimates for the overall project. Present estimates consider a global cost of about 2600M€ for power plants and 630 M€ for Research plants (constant money 2002)**
- **The Authority, every three years, determines the total amount of the expenses on the basis of Sogin documentation, taking into account efficiency criteria. Annual re-considerations are possible if major events occur**
- **On this basis, the Authority defines the amount of the levy**



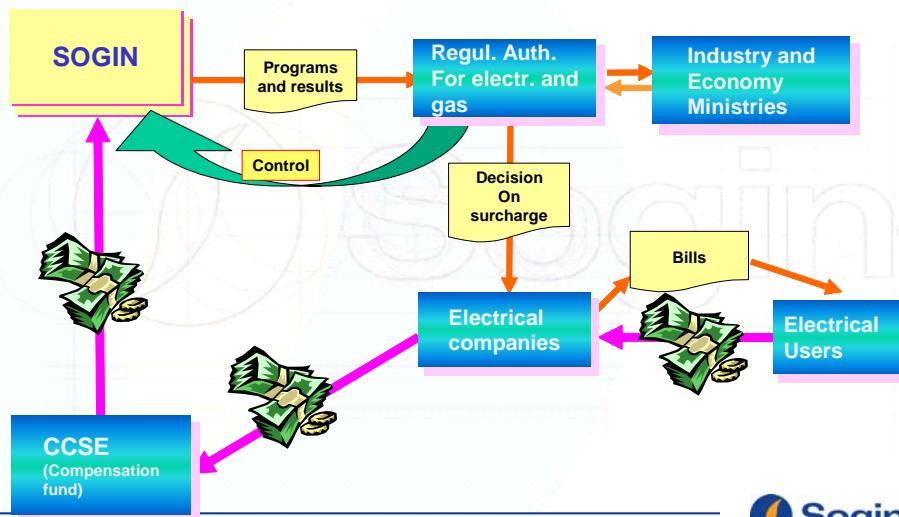
Funding mechanism (3)

Monetary flow:

- Distribution companies pay the related amount to a central Body (CCSE)
- CCSE pays, every two months, the due amount to Sogin.



Funding Mechanisms through the electrical bill



Present situation (1)

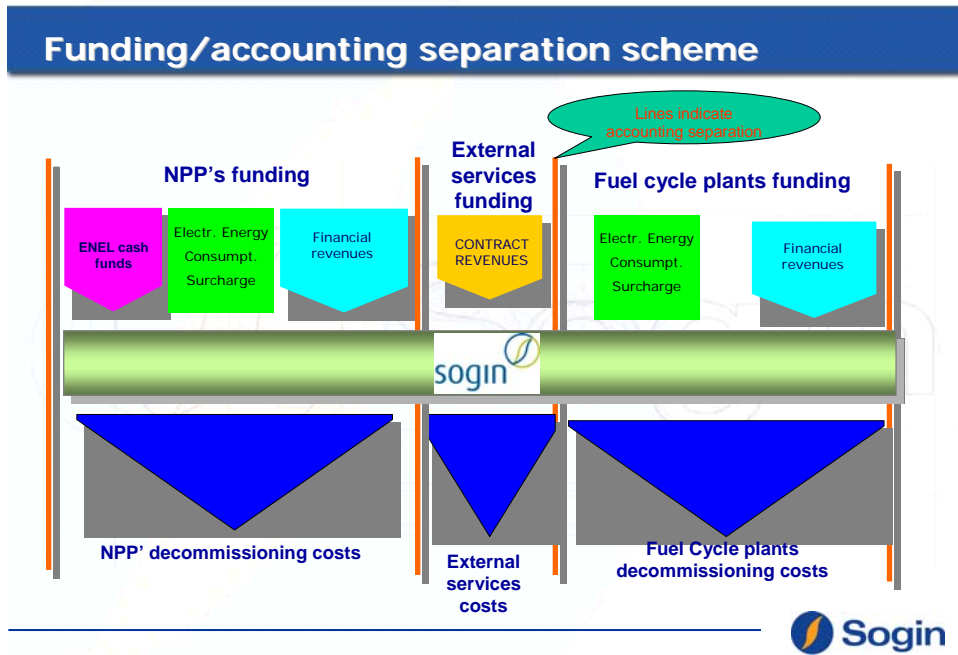
- In early 2002, the Authority issued the first resolution for the determination of decommissioning costs
- Specific reference was made to costs foreseen for 2002-2004, in the general context of the pluriannual program. The Authority endorsed the cost estimates of Sogin
- A global levy of about 0,06 eurocents/kWh is now established; the annual income for Sogin (and Enea) is about 150 M€



Present situation (2)

- In summary, Sogin has today a decommissioning fund that is built by two parts:
 - the provision (cash) assigned from Enel (about 400 M€)
 - a credit towards the “electric system”, corresponding to the expenses foreseen in next three years period (about 350 M€).This credit shall be re-determined every three year
- It is expected that in the medium term decommissioning costs shall be covered by re-determined credits for successive three year periods
- The cash part of the fund shall be used in the long term



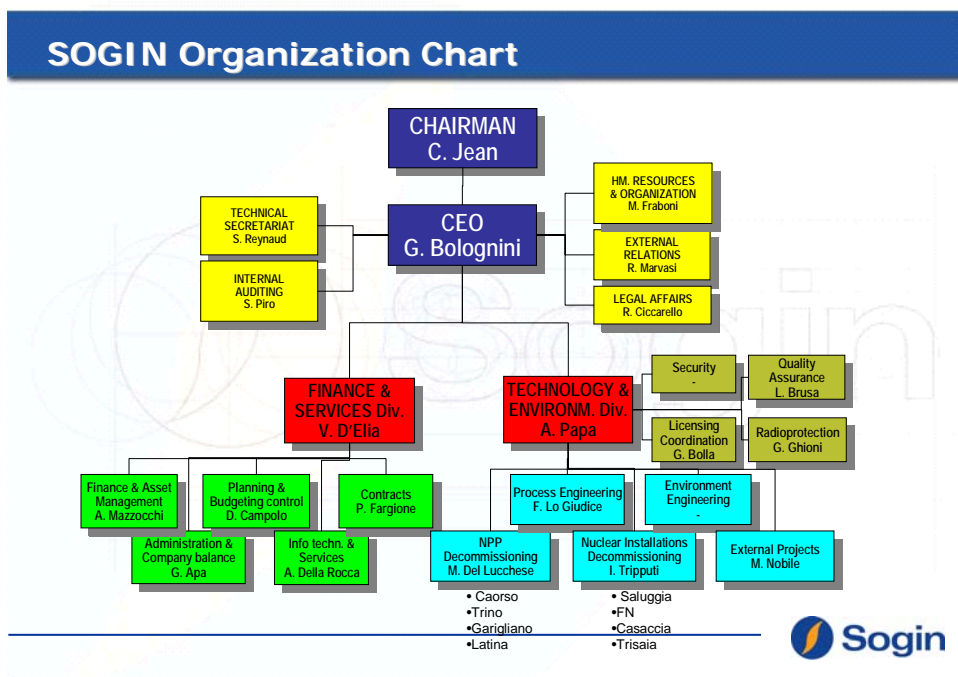
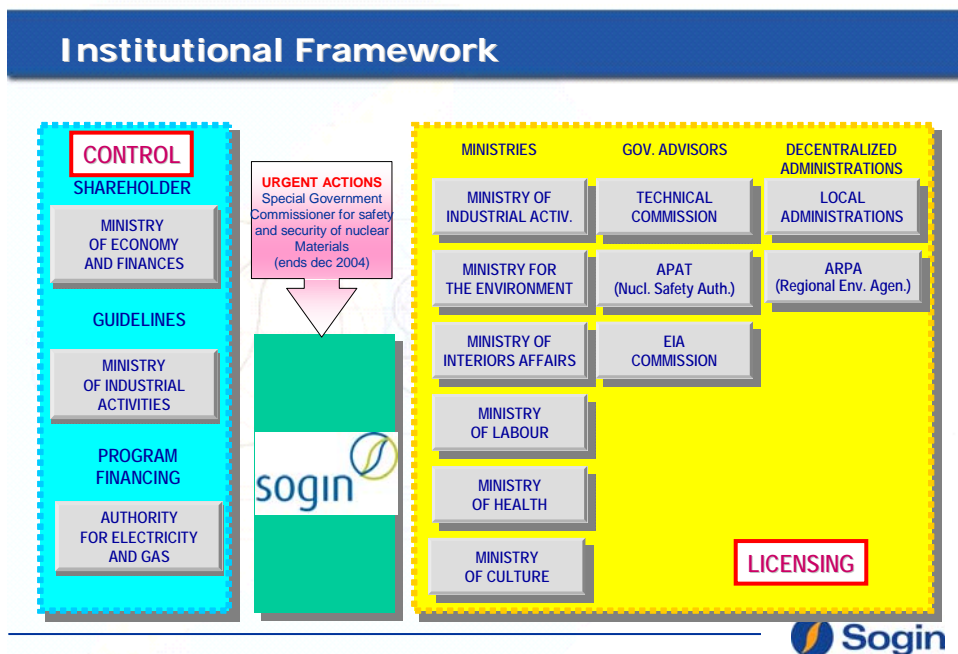


Present situation (3)

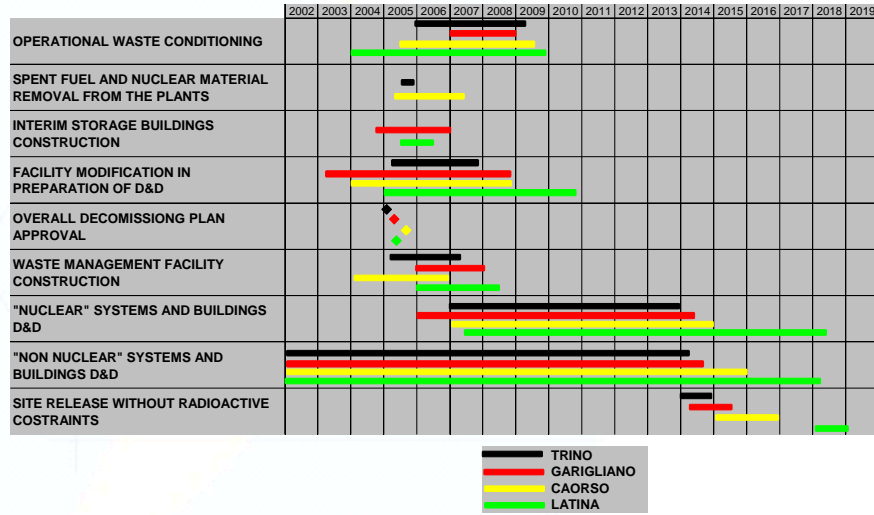
- The "cash" part of the fund is managed by Sogin according to guidelines issued by the Ministry of Economy. At the moment only low risk investment are allowed.

Sogin

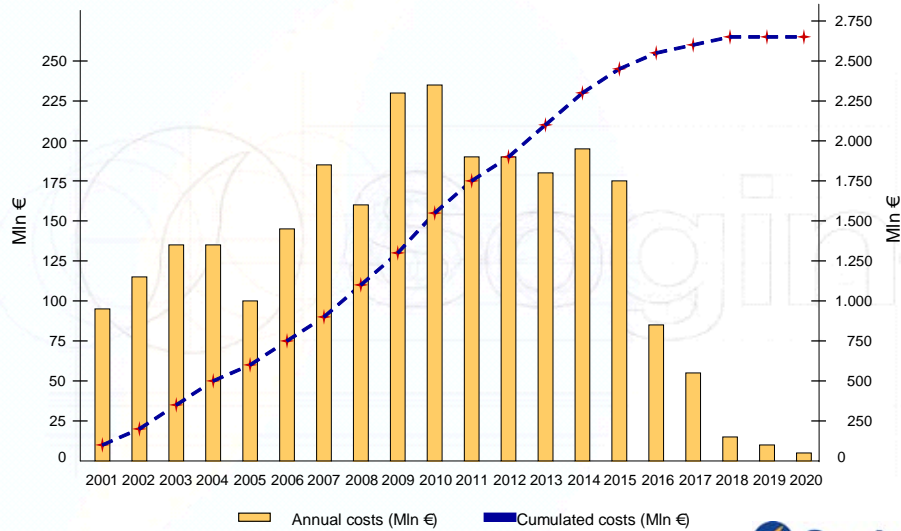
Sogin



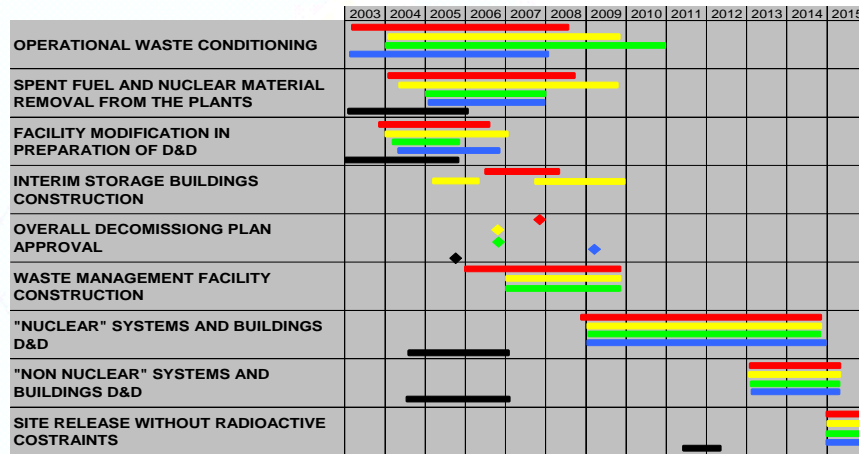
NPP's Decommissioning Programs



Power plants decommissioning costs



Fuel Cycle Plants decommissioning Program



Costs breakdown

