The status of construction of Akkuyu Nuclear Power Plant in Turkey

NUCLEAR POWER ASIA
January 21, 2014
Hanoi, Vietnam
Akkuyu Nuclear Power Plant is the First Rosatom BOO Construction Project Outside Russia

Akkuyu Project Features

- First Nuclear Power Plant in Turkey
- First Rosatom BOO (build-own-operate) project. Under the IGA, Rosatom is responsible for engineering, construction, operation and maintenance of the plant.
- Legal basis: Intergovernmental Agreement, May 12, 2010
- Project design: AES-2006 (VVER-1200)
- Total capacity: 4,800 MW. (4 x 1200 MW)
- Implementation period: 2011-2023
- Total cost ~ $20 bln
- Power Purchase Agreement for 15 years, fixed price terms
- Support of the Russian and Turkish Governments
- Maximization of Turkish personnel involvement in construction and operation of the plant.
- Job creation potential – up to 10,000 for the construction only
Major Milestones of the Project

1 stage
- Preparation
  - 13.12.2010
  - Akkuyu JSC registration
  - 03/2011
  - Start site survey
- 01/2014
  - EIA report
- 2015
  - Construction permit
- 2016
  - Electricity generation license
  - NPP construction license
  - First concrete

2 stage
- Construction
  - 04/2016
  - 1 unit
  - 2 unit
  - 3 unit
  - 4 unit

3 stage
- Commissioning
- 2020

4 stage
- Operation and maintenance
- 2080

- Decommissioning
- 2021
- 2022
- 2023
### Akkuyu Chronology

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>An Agreement on peaceful use of the atom signed with the U.S.</td>
</tr>
<tr>
<td>1956</td>
<td>Atomic Energy Committee begins its work</td>
</tr>
<tr>
<td>1965</td>
<td>Studies on the construction of the NPP begin</td>
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<tr>
<td>1972</td>
<td>The Department of Atomic Energy created</td>
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<tr>
<td>1974-1975</td>
<td>Study on the first NPP site location conducted</td>
</tr>
<tr>
<td>1976</td>
<td>License for the Akkuyu site on the Mediterranean coast issued</td>
</tr>
<tr>
<td>1981</td>
<td>Cooperation Agreement with the IAEA signed</td>
</tr>
<tr>
<td>1977-2009</td>
<td>Tender for building 4 NPP units in Turkey held</td>
</tr>
<tr>
<td>May 2010</td>
<td>Signing the Intergovernmental Agreement between the RF and the TR</td>
</tr>
<tr>
<td>July 2010</td>
<td>The Law ratifying the IGA enters into force in Turkey</td>
</tr>
<tr>
<td>December</td>
<td>“Akkuyu” NPP Power Generation JSC (AKKUYU NGS ELEKTRIK URETIM ANONIM SIRKETI) is registered in Turkey</td>
</tr>
<tr>
<td>March 2011</td>
<td>Preliminary engineering survey; start of the front-end engineering design, licensing and Environmental Impact Assessment process, generation license application</td>
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<tr>
<td>March 2012</td>
<td>EIA public hearings took place</td>
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<tr>
<td>August 2013</td>
<td>EIA Report filed with the Ministry of Environment</td>
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</table>
### Project Cooperation Between Russia and Turkey
Covers a Wide Range of NPP Related Construction, Operation and Infrastructure Issues

<table>
<thead>
<tr>
<th>Russian / PC responsibilities</th>
<th>Joint responsibilities</th>
<th>Turkish responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NPP engineering, design field supervision</strong></td>
<td>Nuclear energy regulation and legislation development</td>
<td>Site allocation</td>
</tr>
<tr>
<td><strong>Construction management/Supervision/Startup and Commissioning</strong></td>
<td>Construction and assembly works</td>
<td>Infrastructure development, grid connection</td>
</tr>
<tr>
<td><strong>Design documentation</strong></td>
<td>Physical protection</td>
<td>Site infrastructure</td>
</tr>
<tr>
<td><strong>Nuclear island and other special equipment and materials</strong></td>
<td>Emergency planning</td>
<td></td>
</tr>
<tr>
<td><strong>Fuel supply</strong></td>
<td>Public outreach</td>
<td></td>
</tr>
<tr>
<td><strong>Ownership of NPP until decommission</strong></td>
<td>Spent fuel management (subject to a separate IGA to be concluded)</td>
<td></td>
</tr>
<tr>
<td><strong>Operation, maintenance and upgrade</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wholesale of electricity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Decommissioning and decontamination</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financing</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Nuclear liability insurance</strong></td>
<td></td>
<td></td>
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<tr>
<td><strong>Radioactive waste disposal treatment</strong></td>
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</tbody>
</table>
Project organization structure

Rosatom State Corporation

- Project sponsor
- General responsibility for Project implementation

Akkuyu NPP JSC

- Tailor-made JSC incorporated in Turkey. Carries functions of customer, license applicant, NPP owner and GR coordinator in Turkey

Owner of the NPP and electricity produced

Rosenergoatom Concern OJSC

- Technical customer
- Development of technical assignment for the design documentation
- Technical acceptance of equipment and services at all stages of project commissioning, NPP operation

OJSC «INTERRAO Worley Parsons»

- Licensing consultant
- Owner’s Engineer*
  - Technical expertise
  - Cost control
  - Schedule control
  - Quality control

 Atomstroyexport – NIAEP

- Prime contractor
- Engineering surveys
- Construction and assembly works
- Equipment and materials supply
- NPP design

Rosatom Overseas CJSC

- Shareholder/developer

VNIPIET OJSC

- Designer of construction and assembly technologies
- System integrator
- Automatic process control system principal designer
- Scientific advisor

Alstom-Atomenergomash OJSC

- Turbine-generator designer, including turbine building auxiliary equipment

Protection Bureau

- Nuclear Island principal designer

Kurchatov institute

- Principal Designer

Atomenergoproject OJSC

- Tender will be tentatively run in 2014

Worley Parsons

- Owner’s Engineer*
- Licensing consultant

* Tender will be tentatively run in 2014
Project financial indicators and equity structure

**Akkuyu Equity Structure (as of 26.12.2013)**

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>Atomstroyexport CJSC</td>
<td>4.8%</td>
</tr>
<tr>
<td>Interra OJSC</td>
<td>1.7%</td>
</tr>
<tr>
<td>Rosenergoatom OJSC</td>
<td>46.9%</td>
</tr>
<tr>
<td>Rusatom Overseas OJSC</td>
<td>46.4%</td>
</tr>
<tr>
<td>Atomtekhenergo OJSC</td>
<td>0.05%</td>
</tr>
<tr>
<td>Atomenergo-remont OJSC</td>
<td>0.05%</td>
</tr>
</tbody>
</table>

100% Akkuyu NPP JSC

Site license holder, owner of the NPP and the power generated

The Russian side provides Initial funding. Later, up to 49% of shares may be sold to investors

- Project execution period: 12 years total; 5 years from first concrete to Unit 1 commissioning
- Operational lifetime: 60 years
- Generation output: 35.2 bln. kWh/year (for four units)
- IRR > 10%
- Targeted D/E Ratio – 70/30
- CAPEX: estimated <= $20 bln
- Payback period: 18 years
- Interest coverage ratio: 4.6

**Akkuyu CAPEX**

- Construction and Assembly Work (CAW)
- Equipment
- Commissioning
- Design and Engineering
- Project Management
- Misc

**Akkuyu CAPEX structure, %**

- 43%
- 36%
- 6%
- 6%
- 5%
- 4%
- 0.05%
### Current Status

- The Project Company has received the NPP construction site with effective site license and renewed licensing conditions.
- Engineering surveys have been completed in order to get an independent assessment of the Akkuyu NPP site seismicity.
- Updated “Basic Site Selection Report” has been prepared and submitted to TAEK.
- EIA Public Hearings have been held. The EIA Application Dossier and the EIA Report have been filed and sent to the Ministry of Environment and City Planning.
- Pre-construction work (groundwork) has started.
- Power Generation License application filed in 2011.
- Consolidated report on “Reference NPP Selection Justification” has been developed and submitted to TAEK. Novovoronezh-2 NPP is approved as reference NPP.
- NPP design development is underway and close to completion.
- Negotiations with TETAS on Power Purchase Agreement (PPA) are in progress.
- Negotiations with TEIAS on power distribution scheme are in progress.
- The Information Centers were opened in Büyükeceili and Mersin.
# Plans for 2014

## Plans for 2014

<table>
<thead>
<tr>
<th>Plan</th>
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<tbody>
<tr>
<td>Launch of the site preparation works. Start of site infrastructure construction.</td>
</tr>
<tr>
<td>Issuance to Project Company of the EIA Report Approval (expected in Q1 2014)</td>
</tr>
<tr>
<td>Completion of the engineering design development</td>
</tr>
<tr>
<td>Completion of Akkuyu site seismic hazard assessment consolidated report</td>
</tr>
<tr>
<td>Approval of power distribution scheme and NPP grid connection to Turkey energy system.</td>
</tr>
<tr>
<td>Setting up an Information Center in Istanbul</td>
</tr>
<tr>
<td>Submission of the “Site Parameters Report” to TAEK</td>
</tr>
<tr>
<td>Completion of designing of five priority civil construction facilities of the preliminary construction period</td>
</tr>
<tr>
<td>Updated “Basic Site Selection Report” to be approved by TAEK</td>
</tr>
<tr>
<td>Work with TAEK in the WGs for organization of Project licensing and permissive activities on Turkey territory</td>
</tr>
<tr>
<td>Organization and conducting of the engineering surveys for “working documents” stage</td>
</tr>
<tr>
<td>Application to TAEK for the construction license</td>
</tr>
<tr>
<td>Obtaining a limited construction permit from TAEK</td>
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</table>
Social Effect of NPP Construction

Jobs creation and infrastructure development

Infrastructure development of the nearby cities will lead to construction of new roads, hospitals, schools, sport facilities and will result in establishing of about 15,000 new positions for infrastructure facilities, including medicine, trade, transport.

The Turkish Party will be involved in construction and assembly work, as well as supplies of non-specialized equipment and NPP operation.

It is feasible that up to 95% of construction and up to 40% of installation work will be performed by the Turkish companies; 20% of equipment and materials will be provided by the Turkish companies.

In addition to construction personnel (in the “peak years” more than 10,000 people will work on the construction site only), more than 2000 operational personnel will work at the NPP and around 1200 will be involved during the planned outages.

190 Turkish students at MEPhI currently; total 600 planned.
Equipment and services estimated cost breakdown
Opportunities for localization during Akkuyu NPP construction
/share of the total cost/

- Assembly Work (Turkey and other states)
- Assembly work (Russia)
- Construction (Turkey and other states)
- Construction (Russia)
- Equipment (Russia)
- Equipment (Turkey and other states)
- Design and Engineering
- Project management
- Misc
ATMEA AREVA-MITSUBISHI project selected for second NPP construction at Sinop

- Akkuyu Project Company hopes to work jointly with AREVA-MHI consortium to develop nuclear industry in Turkey
  - Regulatory framework development
  - Personnel education and training
  - Infrastructure development
  - Interface with IAEA
  - Public opinion development

New Electricity Market Law enacted in March 2013

- Changes in the licensing procedure
  - Preliminary license for the period up to 36 months
  - Permanent generation license after issuing construction permit
  - An applicant is required to obtain and submit all relevant permits, consents, approval and documents within a period of preliminary license
  - An applicant is prohibited to change shareholder structure during the period of holding a preliminary license (not applicable to companies established under IGA, e.g. Akkuyu NPP JSC).
### Lessons learned

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Solutions</th>
</tr>
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<tbody>
<tr>
<td>• No experience of the Turkish Party in regulating and licensing NPP. No local nuclear infrastructure. No system of radioactive waste treatment/management; radiation control; emergency planning and emergency response, decommissioning etc.</td>
<td>• Established effective system of consultations and government bodies and relevant agencies</td>
</tr>
<tr>
<td>• Challenges in understanding of local regulations and their interpretation. Some Turkish and technical market regulations are not applicable to an NPP. Need to work with local government bodies, local consultants from the very beginning</td>
<td>• Working groups on the key issues of project implementation and NPP operation, including regulatory issues and establishing nuclear infrastructure system</td>
</tr>
<tr>
<td>• The comprehensive Nuclear Energy Law and the Law of civil liability for nuclear damage need to be adopted</td>
<td>• INIR mission to Turkey (November 2013)</td>
</tr>
<tr>
<td>• The structure of the operating organization should be clearly defined</td>
<td>• Assistance in development of regulatory basis and regulatory agency expertise</td>
</tr>
<tr>
<td>• Lack of understanding of &quot;nuclear&quot; by the government agencies and companies and relevant concerns restrains the project implementation.</td>
<td>• Students’ education; training for officials, regulatory bodies’ personnel</td>
</tr>
<tr>
<td>• Limited personnel with relevant competencies and knowledge</td>
<td>• Public outreach; work with public opinion</td>
</tr>
<tr>
<td>• Possibility of changes in regulations without consent of the NPP owner. Regulation changes could impact the owner’s costs</td>
<td></td>
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</tbody>
</table>
How AES-2006 Safety is Ensured?

- Defense-in-depth
- Self-defense of the reactor
- Safety barriers
- Multiple duplication of the safety channels
- Active and passive safety systems
- Safety concept, including not only accidents prevention but beyond design basis accidents consequences prevention, ensuring localization of the radioactive instances within the containment vessel
- Safety culture for all the lifecycle stages: from selecting the site up to decommissioning

The NPP site is selected based on more than 20 parameters. Areas made up of karstic rocks with cavities, landslide areas, and areas flooded during reservoir inundation can not be considered for a potential NPP site. The seismotectonic situation of the NPP location is considered first and foremost.
Investment highlights

**Attractive geographical location**
- Turkey is at the cross-roads of Europe, Russia and the Middle East, the bridge between the oil and gas hungry Europe and oil and gas rich Russia and the Middle East
- Turkey is one of the fastest growing economies with strong growth potential

**Strong political support of the Project by the Governments of Turkey and the RF**
- The project is supported by the governments of Turkey and the RF
- It is based on the Intergovernmental Agreement (IGA) between the Turkey and the RF
- Strong political priority for the project in Russia.

**Substantial and growing demand for energy in Turkey**
- Annual electricity demand in Turkey – 6% annual growth in 2000-2010, 8% annual growth is expected until 2023
- Electricity shortage is expected already in 2014, rolling blackouts currently occur in Turkey.

**Interconnections with the EU and neighboring states (Middle East, Caucasus)**
- Turkey joined ENTSO-E European synchronized zone
- Opportunity to export electricity to neighboring states in Europe and the Middle East

**Proven, safe, reliable and environment-friendly reactor technology**
- Generation 3+ NPP meeting advanced safety requirements. Passive and active safety systems
- Experience of the reference NPP operation in Russia, India, China
- NPP design complies with the Russian norms, is in the process of obtaining all the required licenses and permissions in Turkey. The reactor refers to the evolutionary family VVER that meets all standards of the IAEA, the certificate EUR, will pass various international licensing procedures (Czech Republic, Great Britain), etc.

**Attractive value creation potential**
- Payback period: 18 years, IRR > 10%
- 15 years fixed term PPA (power purchase agreement) with fixed price and assured return of investments
- Favorable investment climate in Turkey. Electricity market liberalization and growing electricity prices

**Diversified sources of funding**
- Partners are invited to take part in Akkuyu NPP construction as equity investors (up to 49%), equipment suppliers (with credit agencies support), off-takers and providers of debt financing

**Proven nuclear expertise and established legal framework**
- Russia is one of the world leaders in the nuclear industry: 10 NPPs (33 units) in operation in Russia with total capacity of 25.2 GW/9 units in construction in Russia/20 units are in order backlog overseas. Well-developed legal framework and reference NPP experience
Project information

Welcome to the site of Akkuyu NPP JSC!
The Akkuyu nuclear power plant (Akkuyu NPP) will be built in Turkey, at Mersin Province on the Mediterranean coast. An agreement on this was signed between the governments of Russia and Turkey in Ankara on May 12, 2010. The NPP will have four power units of 1200 MW each. After construction, Akkuyu NPP is expected to produce about 35 billion kilowatt-hours per year. Akkuyu NPP is a serial project of the NPP-2006 nuclear power plant based on Novovoronezh NPP-2 (Russia, Voronezh Oblast). The life cycle of Akkuyu NPP is 60 years.

On this site, you will find complete information about implementation of the Akkuyu NPP project in the Republic of Turkey.

Nuclear industry news

28.11.2012 Young specialists are interested in...

Frequently Asked Questions

Why is electrical energy needed?

Photogallery


Visit of the power corporation of Republic of

Two Public Information Centers
In 2013, Mersin PIC informed ca. 5,000 visitors including 1,700 students from secondary schools, high schools and universities.
İlginiz için çok teşekkür ederim!

Thank you for your attention!

www.akkunpp.com