

Hungary briefed Austria on NPP Paks expansion project

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The Government Commissioner for the upgrade of Hungary's sole nuclear power plant Paks Attila Aszodi met in Vienna with Austrian officials to brief them on the current stand of the project.

The Austrian officials were briefed first-hand on the recent approval of the project by the European Commission and the issuance of the location permit by the Hungarian Atomic Energy Authority. Aszodi also informed them that the issuance of the environmental permit is expected soon. He said that Hungary needs atomic energy in the longterm in order to ensure safe supplies in an effort to meet the country's electricity needs, which is why NPP Paks expansion project is so important, adding that the Austrian side accepted this concept.

The regular annual meetings between Hungarian and Austrian officials are held under a bilateral intergovernmental agreement concluded in 1987. Under this agreement, the two sides directly inform one another about developments in the area of atomic energy. In 2016, Austria has launched a lawsuit before the European Court over the project for NPP Paks expansion. The Chief of the Cabinet of the Hungarian Government Janos Lazar said on the occasion that Hungary accepts the Austria's decision to turn to the court, though it would prefer if both countries could resolve the matter through a joint negotiations, adding that Hungarian Government is ready to hold bilateral talks with Austria and to find the way to give it access to all data and information related to the expansion project.

In related news, the Hungarian Election Committee has rejected five referendum initiatives concerning the planned upgrade of NPP Paks. Three of the initiatives have been proposed by opposition green LMP party, which has recently warned the public that NPP Paks project comes with a lot of security risks. According to LMP, the project represents the biggest mistake of the 21st century, stating that after the expansion is completed, NPP Paks will produce over 60 % of the country's electricity and concentrating the majority of Hungarian output at just one place significantly raises the risk of potential terrorist attacks. Furthermore, the project for NPP Paks expansion increases the Hungary's dependence on Russia, especially in the energy sector, given that both the technology and the financing for the new units come from Russia.

On 14 January 2014, Hungarian Government has signed deal with Russia's atomic energy corporation – Rosatom, with a goal to increase output of the power plant, from current 2,000 MW to 4,400 MW by adding two more reactors. Under the agreement, Russia will provide 10 billion euros loan for the construction of new unit in existing NPP, which is around 80% of estimated construction cost. First unit is expected to become operational in 2023. However, In mid-January the European Commission released a report in which it states that Hungary has failed to provide sufficient information to support its argument that the agreement for

the expansion of NPP Paks will not provide the company unfair economic advantage. The PM's Office reiterated that stand of the Hungarian Government is that the project for the expansion of NPP Paks is competitive and expects that the investment will be returned through increased revenues of the company, so it does not constitute as state aid.

In March 2017, EC has granted its approval to the Hungarian state providing a subsidy for the project. According to the statement, EC concluded that Hungary's financial support for the construction of two new reactors at NPP Paks involves state aid, but it has approved this support under EU state aid rules on the basis of commitments made by Hungary to limit distortions of competition.