

Hungary: NPP Paks 2 loan to be repaid thru electricity sales

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The environment groups in Hungary are hoping that the European Commission will stop the Hungarian-Russian project worth 12.5 billion euros for the construction of two new reactors of 1.200 MW within the nuclear power plant Paks 2.

They claim that the new NPP Unit will generate expensive energy, at a price which is far above the market price, that they would lead Hungary to debt and deepen the dependence on Russia.

Viktor Orban administration insists that the reactors are necessary for covering the increasing demand of energy and that they will in fact increase the country's energy independence. The Government is also defending its decision to conclude the agreements on the construction of reactors, which will remain secret in the following 30 years.

The existing 4 reactors of the NPP Paks generate 1.900 MW of electricity and they cover 40 percent of domestic needs. The Prime Minister Orban based his 2014 election victory on the promises that the prices of utilities would remain low.

Months before, Orban concluded an agreement with the Russian President, Vladimir Putin, about a Russian loan amounting to 80 percent of the estimated project value. Hungary will repay the debt by selling electricity.

The decision to sign the agreement with Russia is a surprise even for Orban's party Fidesz.

The four reactors of the NPP Paks were built by the Soviet Union in the 1980's and they should be decommissioned within the period from 2032 to 2037.

This means that the decision on replacing the old reactors needs to be adopted not earlier than in 2020.

Experts are concerned that there will be an overlapping in the operation of reactors, i.e. that the old and the new reactors will be operating simultaneously, which will overstrain the Hungarian network, and remove the producers from renewable and conventional energy resources from the market, distorted by what they see as a hyper production of nuclear energy.

"Hungary is denying itself the opportunity to take into account at least six years of science development, opting for nuclear expansion now", the University Student Committee established to discuss the NPP Paks concluded.

A decline in the price of renewable energy resources could make the costs of solar energy comparable to the costs of nuclear and fossil fuels very quickly.

“In 2030’s, the Hungarian energy needs can be covered without the Paks 2 reactors“, says Zsuzsanna Koritar from the expert team Energiaklub, seated in Budapest.

Attila Aszodi, the nuclear “emperor“ appointed by the Viktor Orban administration, comments that the expansion decision is reasonable and timely.

He says that an increase in the electricity demand of 1 percent per year can be expected in Hungary. Of 9.000 MW of capacity in the country, 7.300 MW will need to be replaced by 2030.

His data shows that the electricity from Paks 2 should be 10 to 15 percent cheaper than the solar.

Balazs Felsmann from the research center of Corvinus University says that the electricity prices on the European market should be tripled for the reactor to be economically feasible.

In addition, there is concern that the project deadline could be exceeded, which means that Hungary would have to pay Russia loan interests of 10 billion euros as of 2025, while the project is still in the construction phase.

Aszodi claims that the agreements will prevent this scenario and he dismisses the claims that the decision on expanding the power plant was made in secret.

“The expansion of the power plant Paks was debated and harmonized a large number of times in the Hungarian Parliament“, says he.

His opponents are hoping that the European Commission will decide that the participation of 20 percent in the construction costs is a direct subsidy, which is illegal according to the European competition rules.

The decision is expected to be adopted in September. , transmits Serbia-energy.eu