

Translation of a letter of 10 January 2006 from Pieter van Geel, State Secretary for Housing, Spatial Planning and the Environment, to the President of the House of Representatives of the States General concerning Borssele Nuclear Power Plant (KCB)

The Minister of Economic Affairs joins me in notifying you as follows in connection with the decision-making on the operating life of Borssele Nuclear Power Plant (KCB).

It is my opinion that all elements are now in place to allow a final decision to be made on whether or not to close Borssele Nuclear Power Plant at the end of 2013. I shall start by discussing a number of relevant points in the following order:

- Introduction: the events leading up to the present situation
- Detailed analysis: the effects of the power plant's continued operation
- The draft covenant with the power plant's owners
- The sustainability package: transition to sustainable energy management
- Nuclear safety and decommissioning: supplementary agreements
- Ageing and nuclear safety
- Legal and financial considerations

Introduction

On 29 April 2005 I sent you a letter (House of Representatives 2004–2005, 30 000, no. 5) relating to the operating life of Borssele Nuclear Power Plant. On 22 June 2005 I met with the Permanent Parliamentary Committee on Housing, Spatial Planning and the Environment (House of Representatives 2004–2005, 30 000, no. 14) for further consultations on this matter.

In my letter of 9 August 2005 (House of Representatives 2004–2005, 30 000, no. 15), I provided you with further information on the legalities involved in the closure of KCB in relation to a total statutory ban on new nuclear power plants, international aspects of the OSPAR Convention in relation to reprocessing, and the return of plutonium to the Netherlands.

At the aforementioned meeting of 22 June 2005 (30 000, no. 14), I promised to send you, at the end of 2005, a detailed analysis of the effects of KCB's closure at the end of 2013 as compared with its continued operation beyond that point. I commissioned the said analysis, which was carried out by ECN and NRG under the supervision of a committee of experts chaired by Mr M.E.E. Enthoven. The study, entitled 'Kerncentrale Borssele na 2013: Gevolgen van

beëindiging of voortzetting van de bedrijfsvoering' ('Borssele Nuclear Power Plant after 2013: Consequences of closure or continued operation'), is appended to this letter along with the supervisory committee's advisory report.¹

The results of this analysis broadly confirm the findings as presented earlier in the memorandum appended to the aforementioned letter of 29 April 2005 (30 000, no. 5). I can endorse the study's findings.

In addition, in response to the comments submitted by Greenpeace and Profundo² regarding the legal and financial aspects of enforced closure, I investigated whether their comments necessitated any modification to the conclusions reached previously. I also studied the question of whether the Profundo Report could lead to further conclusions in relation to ageing and nuclear safety.

As I informed you by letter of 9 September 2005 (House of Representatives 2004–2005, 30 000 no. 16), I have held further consultations with the companies EPZ, Delta and Essent (KCB's owner and its shareholders) in recent months with a view to reaching agreement on a package of extra investments for a transition to sustainable energy management.

These consultations bore fruit. Agreements were concluded in principle which have been laid down in the form of the draft covenant appended to this letter. Depending on the subsequent decision-making after the consultations with the House of Representatives, the final version of the covenant will be drawn up and signed.

In the first place, it was agreed to close KCB at the end of 2033, unless safety considerations require its earlier closure. The draft covenant also includes terms concerning substantial investments on the part of EPZ, Delta and Essent to promote the transition to more sustainable energy management ('sustainability package'). Finally, supplementary agreements have been made in relation to the reactor's safety and the decommissioning of KCB.

¹ Deposited for inspection at the House of Representatives Information Centre.

² Van den Biesen Advocaten, legal advisory report to the Ministry of Housing, Spatial Planning and the Environment, 27 April 2005, and *Rapport Verlengde Opening Borssele: Risico's en Kosten* (Report on Extended Operation of Borssele: Risks and Costs), Profundo, 26 April 2005. Published on the website of Greenpeace Netherlands.

In addition, separately from the covenant, the government has set aside €250 million to accelerate the energy transition.

The promised Bill to amend the Nuclear Energy Act has also now been drafted. This Bill will be presented to you shortly for your scrutiny. It broadly covers the following matters:

1. The introduction of an obligation for the license holder to provide financial security to ensure that sufficient funds are available to cover the costs of decommissioning nuclear reactors.
2. Limiting to 40 years the period of validity of any license for a new nuclear reactor.
3. The obligation to obtain a license for the discharge of irradiated fissile materials with a view to their reprocessing.
4. Limiting to one the government ministers involved in granting licenses: namely, the Minister of Housing, Spatial Planning and the Environment.
5. Placing on record that Borssele Nuclear Power Plant will close by 31 December 2033 at the latest.

For further information regarding these amendments I would refer you to the Bill itself and the accompanying Explanatory Memorandum.

Detailed analysis of the effects of the closure of KCB at the end of 2013 or its continued operation

The purpose of this analysis is to examine the consequences of KCB's closure in 2033 as compared with its closure at the end of 2013 pursuant to the political [Balkenende II] Coalition Agreement. The original intention, the closure of KCB, hence serves as the baseline situation. The study looked in the first place at the consequences for the electricity supply, the environmental impact, including radioactive contamination and certain additional effects such as safety and risk, non-proliferation, spatial planning and employment. In addition, a number of nuclear aspects were examined, such as ageing and lifetime, as well as decommissioning.

The comparison of the two situations relied on existing future scenarios for the electricity supply that are known as Strong Europe (SE) and Global Economy (GE). These scenarios were drawn up by ECN in partnership with the Netherlands Bureau for Economic Policy Analysis (CPB) and the National Institute for Public Health and the Environment (RIVM)/National Environmental

Policy Plan (NMP) and are used as a baseline scenario for Dutch energy and environmental policy.

In general, I can endorse the conclusions of this analysis. The study broadly confirms the conclusions previously drawn in my letter of 29 April 2005. For a detailed exposition of the results, I would refer, for brevity's sake, to the study conducted by ECN and NRG.

The supervisory committee that oversaw this study informed me that it believes that the analysis was performed expertly and with the necessary depth. The results may play a useful role in political decision-making and for this purpose the committee believes that they provide a clear picture of the consequences of KCB's closure or its continued operation.

The supervisory committee made several additional comments. It noted that the analysis is not a social cost-benefit analysis, as is frequently used nowadays in justification of policy decisions. The supervisory committee appreciates that in the present situation this would scarcely have been feasible and takes the view that the analysis itself, together with the information already provided to the House of Representatives, contains a great deal of relevant information to assist decision-making.

The supervisory committee also notes that it has primarily judged the methods, system and principles of the analysis, without checking all the calculations in detail. Nonetheless, the committee has the impression that the consequences have been calculated correctly.

The supervisory committee also makes a number of other observations.

In the first place, it notes that there does not appear to be any reason to assume that the plant's technical safety will pose an obstacle to continued operation after 2013. This will need to be confirmed, however, in the next 10-yearly safety evaluation.

The committee also points out that in order to gain a clear understanding of the differences between the options of closure and continued operation, it would have been desirable to present a picture of the consequences of the possible sustainability package. This was unfortunately impossible since the precise details of such a package were not yet known.

In conclusion, the supervisory committee expresses its concern about the gradual weakening of expertise on nuclear energy within government. It recommends that if it is decided that KCB should remain in operation, this issue should be taken into account when working out the details of the policy proposal to maintain the nuclear infrastructure as announced in the 2005 Energy Report.

Conclusion

The detailed analysis focused on those aspects that are relevant to the effects that may ensue from the closure of KCB at the end of 2013 or its continued operation beyond that point. The picture it presents, in brief, is that the differences in the consequences for the electricity market and the environment are limited or minimal. The consequences for the environment of implementing the sustainability package have been left out of consideration here, but the package will clearly have a positive impact on the environment.

I would further note that the study concluded that there are no insurmountable objections to the plant continuing in operation until 2033. I agree with the supervisory committee that the results provide a clear picture of the consequences, making it possible to move forward with political decision-making regarding the closure or otherwise of KCB. I can therefore endorse the supervisory committee's conclusions and will take its recommendations to heart.

The covenant

In recent months, I held consultations with EPZ, Delta and Essent, to see whether further agreements could be made if it was decided not to close KCB at the end of 2013, but instead to continue its operation.

The consultations focused on a package of extra efforts to achieve the transition to sustainable energy management, the safety of KCB, and the plant's decommissioning. I noted previously in my letter of 29 April 2005 that those concerned expressed their willingness to discuss these matters further.

The consultations made it clear to me that it will be possible to adopt a substantial package of agreements.

Given the total package of agreements and measures that was agreed, I believe that the continued operation of KCB can now be considered. It would provide an extra impetus to the necessary transition to sustainable energy management, while enabling the government to deploy the resources that would otherwise have been needed to pay compensation in the event of enforced closure at the end of 2013 for this purpose instead. In this connection, I believe that the agreements relating to maintaining safety levels furnish added guarantees for the safety of KCB. I also see the willingness to decommission the nuclear power plant immediately after its closure as a positive step.

The agreements that resulted from the consultations have been laid down in a draft covenant that is appended to this letter as an annexe.¹ If the forthcoming decision-making on KCB's continued operation gives cause to do so, the final version of this covenant between central government, EPZ, Delta and Essent will be signed.

In the following pages, I shall discuss in more depth the sustainability package and the extra efforts to be made in relation to nuclear safety and decommissioning.

The sustainability package

The government has also developed the contours of a sustainability package, linked to the decision-making on whether or not KCB is to remain open. This package of measures is designed to give a strong impetus to the transition to sustainable energy management, and seeks to achieve a specific annual reduction of 1.4 Mton in CO₂ emissions besides innovations in energy management. This reduction roughly corresponds to the emissions from conventional power plants, were these required to take over KCB's capacity (i.e. a net capacity of 485 MWe from the autumn of 2006 onwards). This will double the climate-related benefits of KCB.

The sustainability package focuses especially on energy saving, clean fossil fuel technologies (CO₂ storage) and renewable energy sources (including innovative biofuels).

The package has two components. The government has made a total of €250 million available as its own contribution, in the budget for 2006 and subsequent years, from additional funds from the Economic Structure Enhancing Fund (FES). It was agreed at the consultations with EPZ,

¹ Deposited for inspection at the House of Representatives Information Centre.

Delta and Essent that their financial contribution will match the government's, producing a total sum of €500 million.

It was agreed with the companies that their efforts will produce one-third of the annual emissions reduction of 1.4 Mton CO₂. The government's use of FES resources must achieve the remaining two-thirds of the proposed annual emissions reduction. The reasons for the inequality in emission-reduction responsibilities are as follows:

- a. the government, which subsidises up to 40% of the additional costs of the projects, can achieve a greater multiplier effect with its resources than companies that must bear at least 60% of the investment costs themselves;
- b. the companies, as clarified below under the heading of 'The contributions of EPZ, Delta, and Essent to the sustainability package', have €50 million less than the government available for investment goals that they can influence themselves because of allocations to the fund referred to below.

Some have suggested that the emissions trading system means that KCB's continued operation will not lead to any extra reduction of CO₂ emissions. After all, the ceiling has already been fixed, and it is this that determines maximum CO₂ emission rates. As a result, whatever emissions are saved by KCB will be emitted elsewhere. This observation has no relevance when it comes to the period up to and including 2012, since KCB would in any case be open in that period. For the period after that, if the European emissions trading system remains in place, a new allocation plan will be made, in which the ceiling is set while taking account of existing power plants, including KCB.

Allocation of FES resources

Given the goal of the aforementioned reduction of CO₂ emissions, the following broad principles will apply to the allocation of the FES resources:

- The energy transition policy (at the heart of which are technological and institutional energy innovations) will provide the guidelines for the further elaboration of proposals. This is a fertile route, because the abundance of knowledge within government, industry and NGOs that comes together in the so-called transitional platforms offers good points of departure.¹

¹ At present the energy transition has six policy themes: efficient and green gas, efficiency in the energy production and supply chain, plant-derived materials and by-products, sustainable mobility, green construction and renewable electricity.

- The instruments put in place to achieve the sustainability package will encourage private investments as much as possible. At the same time, a maximum effort will be made to meet market needs concerning the accessibility and clarity of regulations and the modernisation of the Ministry of Economic Affairs' set of innovation instruments.
- The resources will be spent in the period 2006–2012, divided roughly equally among the areas of energy saving, clean fossil fuel technologies and renewable energy sources.
- As was detailed in the budget for 2006, €60 million out of the €250 million is earmarked for a programme that is geared towards the development and deployment of innovative biofuels.
- Besides the reduction of CO₂ emissions, the goal is to stimulate innovations and technological development in all three areas.
- To achieve the set objectives, the government is currently investigating a range of options.

These include:

- a capital market instrument that links up, if possible, with the existing Seed Facility, in which a special tender can be issued for energy transition projects with government co-financing of up to 50% in venture funds;
 - an EU tender for CO₂ capture and storage (CCS). The government can then commission one or several large-scale projects;
 - an extra tender under an existing scheme, whether or not modified, such as the CO₂ reductions plan and/or the Unique Opportunities Scheme (UKR);
 - should modification of the existing set of instruments be inadequate, the introduction of new regulations will also be considered.
- Economic efficiency and cost effectiveness will be important criteria in the modification or drafting of instruments. The Energy Transition Task Force will play a role in setting criteria and the CPB will assess the proposed instruments.

For the use of additional FES resources, the government sees the following specific paths to sustainability:

- *Energy saving:*

As indicated in the Energy Report, the government is seeking to give new impetus to energy saving. The funds from this sustainability package are primarily intended to boost innovation, in the phase before large-scale cost-effective implementation can be introduced and precisely to bring such implementation closer. In the built environment, efforts are being made to design zero-energy new housing estates and redevelopment areas. These efforts involve the use of

external heat sources (industrial heat), geothermal heat and/or heat pumps. There is also systematic innovation involving the use of micro-CHP. Greenhouse farmers aspire to make their sector independent of fossil fuels ('closed greenhouses' and 'greenhouses as energy sources'). Efforts are being made, together with the industry, to make efficiency investments more attractive. Finally, in the transport sector, system changes can promote both accessibility and the environment ('sustainable mobility').

- *Clean fossil fuel technology:*

Interest in, and support for, clean fossil fuel technologies are rapidly growing. The IPCC recently published a Special Report on CO₂ capture and storage.¹ The UK and Norway have made mutual agreements about storage in combination with extra oil extraction in the North Sea. In addition, electricity producers are seriously studying this technology in relation to investment plans for new housing development. The government wishes to support the demonstration of the capture, transport and underground storage of CO₂ using FES funds. This relates to CO₂ capture in existing or new point sources such as industrial point sources and installations for energy production, whether based on pre-combustion, post-combustion, or oxy-fuel technology. Where CO₂ storage is concerned, demonstration is geared towards the feasibility of permanent storage in suitable underground reservoirs, possibly in combination with Enhanced Oil or Gas Recovery (EOR/EGR) and Enhanced Coalbed Methane Recovery (ECBM). Demonstration projects are the building blocks in the learning pathway for the Netherlands and provide the necessary insight into the technological and economic conditions of this new technology. In this way, parties can better assess the right moment to introduce CO₂ capture and storage and the point at which it becomes technologically and financially possible, in relation to both existing and new industrial installations and energy generating capacity.

- *Renewable energy sources:*

Concrete steps on the way to a 'biobased economy' by using organic residual and byproducts, such as manure (co-digestion) and industrial waste, and above all by exploiting the Netherlands' logistical position for the import, processing and distribution of (sustainable) biomass. One of the first areas in which this can be applied is the transport sector, where a programme is being established for the second generation of biofuels.

¹ IPCC Special Report on Carbon Dioxide Capture and Storage, November 2005.

The government will present more detailed proposals before the summer of 2006. Proposals are currently being prepared to draft regulations making it possible to link the reserved €250 million in FES funds to private proposals. Existing regulations are naturally preferred in this regard, but new instruments may possibly need to be created. Certainly in the latter case, these would need to be presented to Brussels. All this means that it will be some considerable time before any definite decisions can be taken about the allocation of funds to specific projects.

The contributions of EPZ, Delta and Essent to the sustainability package

Since KCB's continued operation will have a beneficial impact on the future financial results of EPZ, Delta and Essent, Delta and Essent are also willing to contribute €250 million to the transition to sustainable energy management. Of this sum, €200 million is earmarked for investments in additional innovative projects: by 2014 at the latest, Essent and Delta will each invest €100 million in projects that will be explored from 2006 onwards and prepared for implementation in the period 2009–2011. These projects should display entrepreneurial boldness and be perceived as innovative.

Delta and Essent will also make up to €50 million available for an innovation fund to finance innovative projects by third parties in the years up to 2033. These will be projects that can make a long-term contribution to the transition to more sustainable energy management. The CO₂ emissions reduction achieved by the projects financed by this fund falls outside the one-third of 1.4 Mton CO₂ mentioned above, that the companies must achieve themselves, through additional innovative investments.

A committee appointed jointly by central government and EPZ, Delta and Essent will determine whether investment projects can be classified as additional and innovative in relation to existing technologies. The committee will also set the annual CO₂ emissions reduction to be assigned to each individual investment project.

The innovation fund will be set up by Delta and Essent before 31 December 2006. Its board will be independent, without any direct relationship with the two companies. It will be set up as a 'revolving fund'. This means that agreements will be made to ensure that the proceeds of the projects financed will gradually flow back into the fund to make new projects possible. If the fund leads to profit-making projects, this will yield a larger sum for projects in the years up to 2033

than the €50 million that Delta and Essent are jointly making available. In order to qualify for financing from this fund, a project must in any case fulfil a number of minimum conditions:

- the project must make a demonstrable contribution to the efforts to attain a sustainable energy supply;
- the project must meet certain set efficiency requirements; and
- the project should preferably be carried out in the Netherlands; in any case, it must be possible to assign the environmental credits to the Netherlands.

Nuclear safety and decommissioning

As I promised at the meeting I held on this matter on 22 June 2005 with the Permanent Parliamentary Committee on Housing, Spatial Planning and the Environment, efforts were also made in the talks with EPZ, Delta and Essent to explore the scope for concluding extra agreements on reactor safety and the decommissioning of KCB, if the plant continues its operation.

Safety for human beings and for the environment is always the primary consideration when KCB is being assessed. Certain significant aspects that play a role in this regard, such as ageing, are discussed in the annexe to this letter, especially in point a.¹ Not in the last place, the annexe refers to the applicable license under the Nuclear Energy Act and the conditions attached to it. This constitutes the basis for safety-relevant decisions, whether by the operators or by myself as supervisory authority. In the first place, therefore, it is consistent and responsible compliance with the license's provisions that guarantees that safety is properly assured.

However, when one is looking over 20 years into the future, it is not simple to predict developments in the realm of nuclear safety. Under the terms of the license, EPZ is obliged to do everything that could reasonably be expected to keep safety at the highest possible level. In the future, however, it cannot be ruled out that technological advances may make it possible to build nuclear power plants that are clearly safer than KCB.

The question then arises of where KCB would stand in comparison to such a modern nuclear power plant, and whether it might yet fail the test of acceptability, in spite of all the measures that have been introduced, and that may reasonably yet be taken, to increase safety.

¹ Deposited for inspection at the House of Representatives Information Centre.

There was an exchange of views with EPZ on this problem, culminating in a proposal to conduct a benchmark study at regular intervals – every five years. The intention is to set KCB's safety level against that of other comparable, water-cooled nuclear power plants that are operating in the Western world (in the EU, US and Canada) in terms of design, maintenance, and operation – including safety management. KCB must be able to hold its own with the best; in other words, KCB must remain among the safest 25% of nuclear power plants in the Western world. Since no simple quantitative standards are yet available to set the necessary criteria, central government, EPZ, Delta and Essent will jointly appoint a committee, which will arrange for this benchmark study to be conducted and report on its findings to the competent authorities. In arriving at its judgment, the committee will rely in part on external review missions that can shed light on KCB's safety level. The committee will determine its own working methods and the studies essential to its remit in consultation with the license holder and the competent authorities. The committee's final verdict on the benchmark will be made public.

It is my view that this benchmarking will constitute a valuable addition to the regular safety inspections. Benchmarking will provide a clear picture of KCB's safety in an international context and may prompt supplementary measures that will enhance the safety of us all. It will provide an extra guarantee for KCB's continued operational safety.

Talks were also held with EPZ, Delta and Essent on decommissioning KCB after its closure. Until now, EPZ proceeded on the assumption that after closure, the nuclear power plant would first be placed in protective storage (an operation that takes about five years) after which a period of 40 years would elapse before embarking on the decommissioning procedure (which also takes about five years). The main reason for such a long delay is to cut costs, since the decommissioning fund could grow over this period by accruing interest. From the viewpoint of environmental and industrial hygiene, there is no definite advantage to be gained by either immediate or delayed decommissioning. However, because of the uncertainties that cling to that long waiting period, recent years have witnessed a growing worldwide preference for immediate decommissioning. Doubts have also been raised as to whether delayed decommissioning is indeed so much cheaper as to be worthwhile. My preference is therefore for immediate decommissioning, which both eliminates all such doubts and ensures that the location can be made available for another use as soon as possible.

Over the years of the plant's operation since 1973, EPZ has built up a financial provision that is in any case sufficient for delayed decommissioning, even if this were to follow after closure in 2013. EPZ has now pledged to ensure, if KCB continues in operation after 2013, that the plant is completely decommissioned immediately after closure. EPZ will adjust the financial provision for decommissioning, on the assumption that this will take place immediately after the plant's closure.

Other pledges

As I observed at the beginning of this letter, I also studied the question of whether the comments submitted by Greenpeace and Profundo in relation to ageing and nuclear safety and in relation to the legal and financial aspects of enforced closure necessitated any modification to the conclusions reached previously.

In the first place, I would refer you to the annexe to this letter, which discusses these matters in detail. I shall confine myself here to the following comments.

Ageing and nuclear safety

Ageing is a subject that certainly merits careful attention. The incident that occurred at the Davis-Besse nuclear power plant in the United States in 2002 has been analysed in this connection. This analysis revealed that the incident concerned is of no immediate relevance to KCB. For the rest, ageing is closely monitored at KCB. The last 10-year safety evaluation revealed that there is no evidence to suggest that the plant cannot continue to operate safely after 2013. The report on this safety evaluation and the verdict of the Nuclear Safety Service (KFD) on this count were previously sent to you by letter of 30 August 2004 (VI/KFD/5202.00457) and 26 April 2005 (VROM050548), respectively. As I noted in the memorandum appended to my letter of 29 April 2005, the KFD commissioned an IAEA-led AMAT mission,¹ which assessed and confirmed the results of the ageing study that was conducted at the time.

It may be concluded that ageing is a subject that will gradually require more attention with the passage of time and as ageing progresses. However, ageing is monitored as part of existing operational programmes to see if it causes any problems. Should any such problems arise,

¹ An AMAT (Ageing Management Assessment Team) mission is an international mission of experts put together by the IAEA whose remit is to evaluate the ageing management system and its implementation, as well as to give advice in this area with a view to safe operation in the years ahead.

which has not yet been the case at KCB, supplementary measures will be taken if necessary, and if such measures were eventually to prove impossible, the nuclear power plant would have to be closed for safety reasons.

Legal and financial considerations

Greenpeace stated in a letter (see note 1 above) that KCB could be closed without the need to pay any appreciable compensation, and put forward arguments in support of this position. These arguments are based in part on alleged obligations arising from the OSPAR Convention or on account of new grounds justifying such a decision. Greenpeace also cites the acute threat of a terrorist attack as a reason for closure. The arguments given here are not new, and I have given due consideration to them before. For the sake of clarity, I would observe that under the terms of the Nuclear Energy Act, the threat of terrorism does not constitute grounds for closing the power plant.

The same letter also argues that there is little chance that the court would award compensation to EPZ if the plant were forced to close, certainly not if it were decided to achieve this closure by amending the Nuclear Energy Act. It is my view that this argument is unsound. A statutory ban on nuclear energy would make KCB assets worthless, and this would lead to compensation to be determined in due course.

Renewed consideration of these points does not therefore lead me to alter the positions I expressed before, in my letter of 29 April 2005 and the appended memorandum. My conclusions are unchanged: that is, that the only legal route to enforced closure of KCB at the end of 2013 would be closure by law at the same time as enacting a total ban on the commercial production of nuclear energy, and that the payment of compensation, in that case, would be unavoidable.

As regards the calculation of the possible compensation that would be payable, Profundo carried out a study for Greenpeace in which it argues that the compensation could be less than the sum that is mentioned in the ECN study on which I have based my conclusions. Having subjected the documents to further scrutiny, I conclude that in view of differences in the underlying principles and research methods, Profundo's cost analysis cannot easily be compared with the ECN study, nor does this analysis lead to any significant modification of the sum calculated by ECN. In my subsequent policy considerations, I shall therefore continue to

proceed on the basis of my earlier conclusions regarding the possible compensation that would be payable, that is, a sum of between several hundred million euros and over 1 billion euros, in the event of enforced closure.

For the other financial aspects (the waiving of compensation by EPZ and damage liability insurance) I would refer to the annexe appended to this letter.

Considerations and conclusions

The above-mentioned considerations may be summarised as follows:

- The picture that emerges from the detailed analyses of the effects of KCB's closure at the end of 2013 or its continued operation beyond that point is that the differences between the two options for the electricity supply, the environment and safety are minimal, where the nuclear power plant is concerned. The analyses also demonstrate that there are no insurmountable objections to the plant's continued operation until 2033.
- The most recent 10-yearly safety evaluation concludes that KCB is in good technical condition and that its primary components will amply fulfil the existing safety criteria in 2013. There are no indications at present to suggest that the plant's continued operation will lead to an unsafe situation. The ageing management system is adequate to ensure the timely detection of any degradation of safety-related components and to enable the necessary measures to be taken.
- There are no developments that cast doubt on my previous conclusion that it would be legally impossible to proceed to the enforced closure of KCB at the end of 2013 without the need to pay a substantial amount in compensation.
- As I informed you earlier, the amount that would be payable in compensation could range from several hundred million euros to over 1 billion euros.
- In talks with EPZ, Delta and Essent, it emerged that these companies are willing to contribute a substantial additional sum of €250 million to the transition to a more sustainable energy supply in exchange for central government abandoning its attempt to close KCB before the end of 2033. In this case EPZ will close down KCB at the end of 2033 at the latest, without central government being under any obligation to pay compensation for the plant's closure.
- In addition, EPZ is willing, in this case, to ensure that KCB remains among the safest 25% of nuclear power plants in the Western world and that it is decommissioned as soon as possible after closure.

- The sustainability package also includes a willingness on the government's part to make a comparable contribution to speed up transition. The government has since decided to make €250 million available from the FES fund for this purpose.

As I informed you earlier, the government is willing to reconsider the provision in the political [Balkenende II] Coalition Agreement that KCB will be closed at the end of 2013. It is now up to you to decide on this matter.

In the preceding pages, I have outlined to you the scope for, and consequences of, both options. It is the government's view that it would be entirely responsible and acceptable not to force the closure of KCB at the end of 2013 after all, provided the package of measures agreed with EPZ, Delta and Essent described above is implemented. This decision would be the best way to serve the environment and to promote the necessary transition to a more sustainable energy supply, besides permitting the most effective use of public funds to this end.

In the event that the House decides to implement the political [Balkenende II] Coalition Agreement as it stands, I shall initiate legislation to this end, to achieve the enforced closure of KCB at the end of 2013. As I set forth in my letter of 29 April 2005, this will also necessarily mean legislating to impose a blanket ban on the operation of nuclear power plants, as well as implying a willingness to pay the necessary compensation for the enforced closure.