

"Since the Beginning, FORATOM has Advocated for the Taxonomy to Follow a Technology Neutral Approach."

Interview with Yves Desbazeille | Director General of FORATOM

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Yves Desbazeille is French and graduated in electrical engineering from the Ecole Supérieure d'Electricité ("SUPELEC") in France in 1991 and studied on an MBA program in the early 2000s. During his successful career, he has been involved in different businesses and responsibilities at EDF: nuclear engineering, hydro and thermal power projects management in France, USA as well as in Asia, where he was for 5 years. His previous position as EDF representative for energy in Brussels has provided him with an in-depth knowledge of the EU institutions and Brussels' stakeholders and of the energy and climate stakes for Europe.

FORATOM is the Brussels-based trade association for the nuclear energy industry in Europe. FORATOM acts as the voice of the European nuclear industry in energy policy discussions with EU Institutions and other key stakeholders. The membership of FORATOM is made up of 15 national nuclear associations representing nearly 3,000 firms.

The association provides information and expertise on the role of nuclear energy; produce position papers, newsfeeds, responses to public consultations, analyses of public opinion; organise regular networking events like dinner debates, workshops, one-on-one meetings, press briefings and visits to nuclear facilities.



Finance: FORATOM calls for equal treatment of all low-carbon technologies".

In terms of advocacy and outreach, FORATOM focused on two elements:

- The so-called 'Taxonomy Regulation': Together with its members, FORATOM established contacts with the Council and nuclear supportive Members of the European Parliament (MEPs). These two played a key role in the decision-making process. In this respect, we were successful in ensuring the Regulation underlines the need for the taxonomy to be technology neutral.
- The Technical Screening Criteria of the taxonomy: At the start of the process, FORATOM and its members applied to form part of the technical expert sub-groups established by the European Commission working on this. FORATOM ensured close liaison with those on the sub-groups by gathering all useful reports and studies which supported the message that nuclear is sustainable. Here the work proved very challenging as the group included anti-nuclear organisations. Due to a split position, the Technical Expert Group recommended that nuclear be assessed by a group of experts with an in-depth knowledge of the nuclear life cycle as they did not feel that they had the right expertise. As a result, nuclear was neither included nor excluded from the taxonomy, and the Commission proceeded with mandating its Joint Research Centre to conduct this assessment.

Following on from this, the JRC published its "Technical assessment of nuclear energy with respect to the 'do no significant harm' criteria of Regulation (EU) 2020/852 ('Taxonomy Regulation')" at the end of March 2021. This report was then reviewed by the following expert groups which submitted their opinions on 2 July 2021:

- Opinion of the Group of Experts referred to in Article 31 of the Euratom Treaty on the Joint Research Centre's Report
- SCHEER review of the JRC report on technical assessment of nuclear energy with respect to the 'do no significant harm' criteria of Regulation (EU) 2020/852 ('Taxonomy Regulation')

For more than two years now FORATOM and other industry associations, environmental organizations, company representations and political institutions were occupied with the EU Sustainable Finance Initiative and the pivotal taxonomy of sustainable activities. What were FORATOMs primary activities in this respect?

The first action undertaken by FORATOM was to reach out to all its members in order to draw attention to the file under development and to invite them to share their thoughts on how it could potentially impact the European nuclear sector. This enabled the industry to develop its position and desired outcome, providing FORATOM with the tools to liaise with the EU institutions. FORATOM furthermore established contact with other stakeholders (including civil society) to inform them of the European Commission's plans and to share FORATOM's position.

Since the beginning, FORATOM has advocated for the taxonomy to follow a technology neutral approach. It has constantly reiterated the message that, in order to identify whether an energy source is sustainable or not, it is important to evaluate each source on the basis of objective criteria (including CO₂ emissions, air pollution, raw material consumption and land use impacts) and using a whole life-cycle approach. More information about this can be found in our position paper "Sustainable

At the time of writing, FORATOM and its members continue to liaise with the Member States and MEPs to ensure that the Commission takes on board the conclusions of the experts and proceeds with the inclusion of nuclear under the taxonomy.

As nuclear received a special treatment with dedicated specific reports, the third of which was published in July, what were the arguments against including this obviously low carbon, low environmental impact technology both in the taxonomy process and in the political battle fields around it?

Regarding the Technical Experts Group (TEG), and as mentioned above, they made clear that they did not have the right expertise to assess nuclear. We fully respect this conclusion of the TEG, as indeed for such scientific decisions it is essential that they are taken by those with real expertise in the field. But of course, it meant that nuclear found itself in a sort of 'limbo land' as it was neither included nor excluded. What was very positive was that the TEG made it clear that nuclear contributes to climate mitigation objectives.

The two areas where the TEG were less certain related to:

- Potential data gaps in relation to the Do No Significant Harm criteria
- The long-term management of High-Level Waste (HLW)

These are valid concerns, and as a result this is what the JRC – as nuclear experts – was asked to focus on. The result of this assessment has provided a clear response to both these questions as follows:

- Based on the scientific evidence available nuclear does not cause more harm than any of the other power producing technologies currently deemed to be taxonomy-compliant
- Deep Geological Repositories provide an appropriate and safe solution for the management of HLW.

Against this backdrop there have of course been other opinions expressed against nuclear. Here, a broad range of arguments have been raised, including public opposition to nuclear, the risk of proliferation, the impact of nuclear accidents and radiation exposure. But it is our belief that the work of the JRC experts provides a robust rebuttal to these claims.

What is actually at stake for nuclear in the sustainable finance initiative and taxonomy?

There are two main issues at stake for the nuclear industry.

First of all, access to finance. The goal of this taxonomy is to encourage investors to redirect funds towards those activities classed as sustainable. Given that the nuclear industry has high upfront capital costs, access to private finance at an affordable interest rate is key. By encouraging investors to move away from 'non-compliant' activities, a political decision to exclude nuclear will severely hamper its ability to raise funds for the financing of projects. Given that companies will already be obliged to report on the share of their activities which are taxonomy-(non)compliant as of 1 January 2022, we already expect to see this lack of clarity around nuclear having a negative effect not

just on utilities, but also large companies active in the nuclear supply chain.

Secondly, it will have a broader political impact. EU legislation is already being modified to align it to the taxonomy. Take for example the recent EU recovery fund. In order to access EU funds and loans under this package, Member States have to put forward national Recovery and Resilience Plans (RRPs). According to the legislation, 37 % of the funds allocated must go towards taxonomy compliant activities, and the Commission has already confirmed to us that, as a decision on nuclear has yet to be taken, nuclear related projects cannot count towards this 37 %. For the remainder of the funds, projects must meet the Do No Significant Harm principle, again raising the question as to how nuclear is to be treated under the RRP.

It should be noted that the EU is currently reviewing its Climate, Energy and Environmental State Aid Guidelines and the proposal on the table makes a direct link to the taxonomy, suggesting that the EU is contemplating reviewing its State Aid legislation in order to align it to the taxonomy...

In the long-term, if certain policymakers are successful in getting nuclear excluded from the taxonomy for political reasons, this could mean that nuclear no longer has access to any form of finance, be it State Aid or private investment. This would essentially spell the end of the European nuclear industry.

Where are we now in the decision-making process and what will happen next, who will decide what in the end and who could block what?

The Council and the European Parliament are now being asked to vote on the first Delegated Act (DA), which covers the climate mitigation and adaptation aspects of the taxonomy. These two institutions have two options: they can either adopt or reject the DA. They cannot modify it. The process being followed is called a 'Scrutiny period', under which they have 4 months to take a decision (with the potential to extend this by a further 2 months).

Whilst this DA covers technologies under the energy sector, it does not include nuclear and natural gas. In this respect, the Commission has been waiting for the conclusion of the nuclear assessment in order to decide on whether to include it under a complementary Delegated Act (cDA). This cDA is expected to be made public anytime between September and November 2021. Like other DAs, a draft cDA will be published and subject to a one-month public consultation. After this, the cDA will be sent for 'scrutiny' following the process mentioned above.

As to who could block what, this remains an open question. First of all, because we understand that discussions are ongoing within the Commission as to what to do with nuclear. It has been suggested that some are already pushing for nuclear to be excluded from the cDA for political reasons, regardless of the fact that the experts conclude that it is sustainable (and thus taxonomy compliant). This is the first hurdle to be overcome.

We understand that discussions are ongoing within the Commission as to what to do with nuclear.

Secondly, even if nuclear is added to the cDA, it is possible that the Technical Screening Criteria are much more stringent than those proposed in the JRC's assessment, thus making it virtually impossible for any project to comply with them.

And finally, once it goes to the Council and Parliament, we expect to see those who are against nuclear strongly pushing for the cDA to be rejected.

Besides this major issue, other nuclear developments have been going on. FORATOM has signed a MoU with the Canadian Nuclear Association. What are the major goals for this cooperation?

FORATOM is in the process of signing a series of Memoranda of Understanding (MoUs) with several national nuclear associations. The overarching goal of these is to strengthen cooperation on an international level and to promote nuclear as a clean source of energy. In addition to the one signed with the Canadian Nuclear Association (CNA), FORATOM is also in discussions with the US Nuclear Energy Institute (NEI) and the Japanese Atomic Industry Forum (JAIF).

The main focus of the MoU signed with the CNA is to promote clean, innovative and advanced nuclear technologies. In this respect, it focuses on the following:

- advocating for more explicit and prominent inclusion of nuclear energy in Europe and Canada's energy and environmental policies;
- support for innovation in nuclear energy, specifically the development and deployment of small modular reactors and advanced reactors;
- Identify and implement initiatives where FORATOM and CNA could work together to promote nuclear as a clean energy source to meet climate change goals, reduce emissions and improve the quality of life.

As the European trade association, FORATOM's clear goal is to influence EU policy. But as we all know, climate change is a global issue and it is for this reason that we find it essential to work with our partners at international level. Some of the initiatives where FORATOM is playing a greater role, together with its partners, include the UN Climate Conferences (ie COP) and the Clean Energy Ministerial (CEM) Nuclear Innovation: Clean Energy Future (NICE Future).

At international level, it is also important to note that for several years FORATOM has increased relations with institutions such as the IAEA, the OECD-NEA. It is also member of the "Global leader summit" gathering together the Managing Directors of all these organizations

What are other topics on Brussels agenda that concern the nuclear industry, like e. g. the Hydrogen Strategy of the EU?

There are an increasing number of policy files which are of direct relevance to the nuclear industry. Those which are currently on the table and which FORATOM is actively engaging in can be summarised as follows:

- **Fit for 55 package:** The main focus of this package is to review existing legislation and align it with the EU's target of reducing CO2 emissions by at least 55 % by 2030 (compared to 1990 levels). It covers a broad range of legislation such as the EU's Emissions Trading Scheme and the proposal for a Carbon Boarder Adjustment Mechanism, as well as a revision of the Renewable Energy and Energy Efficiency Directives.

- **Industrial strategy:** This initiative looks at, for example, how to reduce industrial emissions, whilst at the same time maintaining industry's competitiveness including access to affordable energy. Workforce and skills are also issues dealt with under this strategy.

- **Energy System Integration and the Hydrogen Strategies:** These two strategies aim to support a more efficient and interconnected low-carbon energy sector. The goal is to ensure a constant supply and access to low-carbon energy sources.

- **Guidelines on State aid for environmental protection and energy:** As mentioned above, the EU is looking to review these guidelines, including suggestions of aligning them more closely to the Taxonomy Regulation.

There are of course many other issues which FORATOM is actively engaged in. For example, there are several Innovation, Research and Development projects which are under development and which receive EU support. Developments relating to the Espoo and Aarhus Conventions, respectively dealing with environmental impact assessments and access to Information, public participation in decision-making and access to justice in environmental matters, also require constant monitoring, because, despite not being purely nuclear, they can have a serious impact on the nuclear activities. Likewise, it is important to note that the existence of the Euratom Treaty might be threatened – indeed, in the latter instance several Member States continue to push for this Treaty to be reopened, modified and potentially revoked....

Another topic that we are actively working on, even if it is not related to one specific EU policy file, is the long-term operation of the existing nuclear fleet. Given the stringent decarbonization goals which the EU has set for 2030, FORATOM strongly believes that more attention needs to be paid to this. As LTO (Long Term Operation) remains the cheapest form of electricity across the board, prolonging the existing fleet would be the best way of achieving the 2030 targets in an affordable manner.

In national energy policies we have seen some major developments recently, such as Belgium opting for nuclear phase-out and fossil gas phase-in, the Polish nuclear program consolidating and a very interesting debate about new nuclear power in the Netherlands. Can you give us a brief overview on these and possibly other developments of this kind in the EU or in Europe?

With the UK leaving the EU, we have of course lost one of the biggest nuclear advocates at Brussels level and this has made our task a bit more challenging. But at the same time, we are seeing other Member States pick up where the UK has left off. For example, France has become much more vocal in its defence of nuclear in relevant discussions. Furthermore, several Eastern Member States have been sending a very clear message to Brussels that in order to achieve the ambitious climate targets set by the EU, nuclear must be recognized as part of the solutions. Their main argument is that they have a long way to go to decarbonize their economies and therefore they need to be allowed to use all low-carbon technologies to ensure that the transition is

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both affordable and does not lead to a shortage in energy supplies (nor increased dependence on energy and raw material imports...).

Finland has always been supportive to nuclear, and it has been very interesting to see that even the Finnish Green party is taking a more pragmatic approach to nuclear by recognizing that the fight we have today is against climate change and that nuclear may form part of the solution. Public opinion of nuclear in Sweden is also at an all-time high.

The same can be said for the Netherlands, where they are currently considering the development of a new nuclear project as they recognize that it has a role to play in terms of decarbonizing the energy sector and ensuring security of supply. But of course, there are Member States which remain staunchly anti nuclear, namely Austria, Germany and Luxembourg. Belgium and Spain are also increasingly leaning towards this more 'anti' camp.

What we can say, though, is that many are showing a great interest in Small Modular Reactors (SMRs). One example of this is Estonia, which is seriously considering SMRs as a potential solution for their energy mix which is currently very CO₂ intensive.

Quite a number of think tanks and international institutions have stressed the importance of nuclear for reaching climate policy goals, many governments agree, including recently the Biden administration in the US. Which position on nuclear will prevail in EU institutions in your opinion, that of fundamental critics aiming for phase-out sooner or later or of nuclear optimists envisioning a long term or possibly growing role in a low carbon energy system?

As indicated above, the EU remains very divided on the issue of nuclear. The Treaties make it clear that each Member State is free to choose its own energy mix, and whether that includes or excludes nuclear is a national prerogative. Of course, this does not prevent anti-nuclear Member States trying to make it as difficult as possible for other to get nuclear projects off the ground.

This discord is being felt at EU level, with some pushing for EU legislation which de facto excludes nuclear.

Examples include the Just Transition Fund and Invest EU, both of which automatically exclude nuclear projects from having access to these funds without providing any real justification for such an exclusion.

At the same time, many reputable organizations continue to highlight the importance of nuclear in the fight against climate change. Take, for instance, the latest IEA report entitled 'Net Zero by 2050'. According to this report, nuclear energy will make "a significant contribution" in the Net Zero Emission Scenario and will "provide an essential foundation for transitions" to a net-zero emissions energy system.

For us, it is essential that EU policy remain credible – and this means basing policy on science. Let's be clear: we have less than 30 years to fully decarbonize our economy and taking political decisions with no scientific justification will lead us nowhere. This is why, as FORATOM, we continue to insist that the EU adopt a technology neutral approach to policy making which is based on the advice of science and experts.

Given the opportunity, nuclear will be a help, not a hindrance. Why?

First of all, because it is low-carbon and so it helps achieve the decarbonization targets.

Secondly, it is available 24/7 and will ensure that citizens and business have access to the energy they need when they need it.

And finally: because it is affordable. Yes, nuclear project come with high upfront costs. But they also have a long lifespan of +60 years and require much lower system costs.

Societal and political acceptance are key to the application of nuclear power. But nuclear energy is also a springboard for other political interests, not power related. What are your expectations of national and European policies to break this knot?

Nuclear power is indeed at the centre of many (heated) debates at EU level. Most people are not actually aware of the other solutions provided by nuclear. Let's take, for example, medical applications. The EU is a front runner when it comes to the production of medical isotopes. And yet very little is said about this – although let's be clear, many of those who are against nuclear energy are also against its other applications....

As FORATOM, we are trying to draw more attention to these other applications with, for example, the publication of a position paper which focuses on medical uses of nuclear technology, and which aims to respond, in part, to the EU's Beating Cancer Plan. We are also increasingly highlighting the benefits which nuclear can bring in terms of low-carbon hydrogen production, industrial applications, space etc.

What people don't necessarily realize is that legislative proposals that aim to block nuclear energy could, in the long term, also negatively affect these other applications. For example, the taxonomy will in future cover other sectors, potentially even healthcare. If nuclear power is excluded, then this will potentially be used as an excuse to also leave out all medical uses as well.

What we need is for the Member States to continue to fly the flag for nuclear. They play a key role in the EU decision-making process. And in this respect, FORATOM and its members stand ready to support the Member States in any which we can.

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