

TO PAY OR NOT TO PAY? The pitfalls of supporting nuclear regions

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When the Dukovany Nuclear Power Plant was being completed twenty years ago, and a discussion about building another power plant started, the Czech Republic was ruled by totalitarian communism. The Party and the government were making decisions without asking the citizens about anything – it was not their business anyway. Actually, today we do not even really know if there were any voices against building the power plant or not, if they were silenced in their beginning, and did not make it through the censorship to the public. On the contrary the public patriotism was strengthened around Czechoslovakia being one of the few countries in the world which can produce the equipment necessary to build and operate such a complicated work as a nuclear power plant.

Perhaps, to give you a better picture, I will have to go deeper into the history – the first nuclear power plant – A1, in then Czechoslovakia was put into operation in 1975 in Jaslovské Bohunice in Slovakia. Czechoslovakia then belonged to satellite countries of the Soviet Union and was relatively well industrially developed. The Soviet Union in the era of the cold war, in the fifties and sixties competed with the USA, and nuclear science and technology was one of the key disciplines. It was clear that it would not win on its own and that it would have to acquire allies for faster research and development of nuclear science and technology.

The first Czechoslovakian nuclear power plant in Jaslovské Bohunice was a prototype of a power plant being cooled by carbon dioxide and was not in operation for long – only 2 years.

The first Dukovany reactor was put in operation in 1985. Another Czech nuclear power plant – Temelin started to be built in 1987, which was one year after the catastrophe in Chernobyl. Objections from the public practically did not exist. Thanks to nuclear energy, abundance of cheap electricity was counted on, and therefore the politicians came up with such promises like cheaper electric energy for the power plant region in their speeches. The South Bohemians from the surroundings of the Temelin Nuclear Power plant remembered these promises well.

At the beginning of the construction the company, CEZ, supported the region of South Bohemia more as a builder rather than with financial gifts, mainly by improving the infrastructure – building of apartments, roads, civic amenities. Structures built, thanks to the construction of the power plant, were waste-treatment plants, building of dams on the Vltava River etc. Even the possibility of potential future heating of the households of the 100 thousands inhabitants of the capital of the region with cheap heat from the power plant was considered, and building a trolley line from this town (approximately 30 kilometers away). It had been publicly declared that during the construction of the Temelin Power Plant the region would obtain financial support – it had turned out not to be a lucky statement. The region's representatives were not interested in early completion of the construction – since they knew that "during the time of the construction" the flow of money would be

guaranteed ... The lack of interest to complete the construction quickly was not certainly the main reason for extending the period of the construction. However, it certainly played a roll.

When it became clear that the free market economy won over the centrally planned economy, after the velvet revolution in 1989, it was necessary to admit that it was not possible to give a financial advantage to the group of inhabitants living in the near vicinity of the power plant over the rest of population in the form of cheaper electricity. And finally with information liberalization the public became more aware, and the so much needed public relations departments were created. (There were not any public relations departments before 1989.) Reminders of ill-judged promises given by the previous governments haunts us in statements against Temelin. The region's representatives today claim that Temelin does not bring anything to the region, and that on the contrary it prevents tourism. This is not the case. The Temelin Information Centre is visited by approximately 25 000 people a year and based on public opinion polls from the year 2005, 47% of South Bohemian Citizens believe the exact opposite, which is that the rich South Bohemian tourist industry is not influenced by Temelin at all - or the opposite, that it is supported.

The municipalities in the vicinity of Temelin established an association in 1992 called SMOR – (The Regional Association of Towns and Municipalities) so that they could better advocate their requirements towards CEZ. The relationship with the association turned from the initial animosity and distrust into cooperation and partnership. At the time of putting Temelin into operation the association spontaneously ceased to exist (in the year of 2001). The mayors realized that the association lost its meaning, and that they could all negotiate directly with the power plant as partners.

The situation in the vicinity of the Dukovany Nuclear Power Plant is different. The power plant was put into operation during communism which means without visible resistance. Problems started to occur in the beginning of the nineties, when construction on a spent nuclear fuel storage facility had to be started. In connection with obtaining all the necessary permits from the regional administrations in order to build, the CEZ company made, even here, promises of financial support in the future.

In the 90ties the CEZ leadership promised the mayors that it would pay 100 million Crowns to the municipalities in the vicinity of the Dukovany Nuclear Power Plant in the form of sponsorships in order to compensate them for the burden caused by the construction, the operation of the power plant, and by the spent nuclear fuel storage facility. Disbursement of this sum really occurred in 1991 and in 1992. The sum always became lower in the following years and reasons were sought not to fulfill, or ideally to completely distance oneself from the promises given by the former leadership. One of the excuses was the poor economic results of the company, and then increased power supply competition, etc... In 1999 the value of the sponsorship gifts was about 40 million Czech Crowns and in 2002 it was only 3 million Czech Crowns. Despite this fact approximately 500 million Czech Crowns was divided in the 90ties among the municipalities around Dukovany, and it was very difficult for CEZ to gradually close this "generous hand".

The municipalities were still being led by the same mayors (most of them still remain in their posts) and they always remember these promises...

The situation at Temelin was different and the company was more careful when it came to support of the region. In the beginning of the 90ties, at the time when the mayors opposed the power plant, the support was completely suspended and renewed after the gradual change of opinions. In comparison to the Dukovany Power Plant the amount of money directed towards the development of infrastructure in the municipalities was considerably

lower (approximately 150 million Czech Crowns). The leadership of the company proclaimed that there would be more financial means after the construction phase turned into an operating power plant that was making a profit. However, in the end the money just kept running out. On top of that, in the year of 2002, the financial help, which was originally promised to the Temelin region, was redistributed to other regions because of the floods and a decision made by the highest leadership. We are actually still working on repairing the relationships that were insensitively disrupted.

Besides, it is very difficult to come up with arguments, which would support reasons for not fulfilling promises when the ČEZ company breaks profitability records. The mayors of the municipalities can read in the newspapers such items as four young managers came into 650 millions Czech Crowns within one year of their contract thanks to the great increase of the stock value (written by MF in August 05), and that the General Manager made, in bonuses only, one billion Czech Crowns (by MF in December 05) etc. Envy is unfortunately one the common Czech characteristics.

The money is not, however, the only thing in the municipalities around the power plants. There are a few **non-financial benefits**.

Some very positive seem to be:

- The use of employee shuttles by the inhabitants of the surrounding municipalities;
- The use of a professional fire brigade of the nuclear power plant during fires and accidents in the surrounding municipalities;
- The use of medical services (especially emergency room) in the power plant by the inhabitants from the surroundings;
- Employment of inhabitants from the surrounding municipalities at CEZ or its daughter companies.

A large industrial work, such as power plant, brings the advantage of engaging the rank and file, improving services and increasing the university educated population.

One of the former CEZ projects was aimed at supporting energy conservation. The philosophy of CEZ was: we create a product – energy - and it matters to us that people can manage our product well (that is to say that energy savings being supported by the producer of the energy, in whose interest is to sell as much of energy as possible, is unbelievable). We provided consulting and support for housing heat insulation. A test project in this area consisted of energy audits. Recordings were made with thermo-cameras following the investments in housing heat insulation in the municipality of Rouchovany in the vicinity of the Dukovany Power Plant. The largest project was to provide heating insulation in a school, then private residences. The project lasted for several years. What was the experience? The heating insulation of the school was a success, but not the private residences. Not all of the houses were insulated (the project was terminated), and the citizens whose houses were left out started to be envious of the more fortunate ones. In order not to promote even more envy, the project could not be discussed much, and therefore it did not have much of a promotional benefit in the end. Only the school was written about.

Although the sponsorships brought to the surroundings of the nuclear power plants financial means for which many things were built in the in the past 15 year, it is still perceived as a totally uncertain resource. The amount of money is uncertain, the appropriation of funds is uncertain and a considerable amount of paperwork is connected to it. Therefore mayors are trying to enforce a special law about fees based on which the municipalities in the emergency planning zone would be paid by the nuclear facility based

on the land registers' square meters of the annexed areas in individual towns and municipalities. The money would be certain every year and given by the law. Then, the sponsorship, which is often seen as something humiliating by the mayors, could cease to exist. The inspiration for this came from our Slovak brothers who already have laws regarding fees for the municipalities in the vicinity of nuclear power plants. CEZ, as an operator, is opposed to this law that does not seem to be logical. We would support it in the case that it would be valid for all industrial constructions, which means also for a chemical plant, car company or steelworks, and that the money flowing into the region would depend on the power plant's production. It would be a certain form of an industrial tax remaining in the region. However, based on the fact that our state will not be rich soon, the political consensus about redistributing taxes based on totally different rules will not change in a short period of time.

It is necessary to view the assessment of the support that we provided to the municipalities around the power plants in historical context. There are positive as well as negative sides to it.

Where we succeeded:

1. Irreconcilable permanent opposition against nuclear power plants was not created (formed)
2. We achieved exceptional support for nuclear energy in the region that we build during all activities – for example increasing capacity, extending operation etc.
3. Political opposition on the regional level was eliminated and partner, work-friendly relationships with the municipalities and their representatives were gradually created.
4. A cooperating group called OBK – Civic Safety Commission was created to help with communication and public relations of the power plant.
5. Through openness in communication we succeeded in creating good relationships with the public at home as well as with Lower Austria (crisis training, radio broadcasts, discussion programs – at Dukovany, forums and excursions at Temelin).
6. By cooperation and financial gifts we have very much helped the surroundings and its inhabitants in resolving projects important from the perspective of the daily life, and for which the budgets of the municipalities were not sufficient.
7. The low and moderately radioactive waste is transported from Temelin without any problems and it is stored in a storage facility on Dukovany premises.
8. Because of good relationships and awareness, the people from the surroundings practically, with exceptions, did not participate in protests organized by our Czech initiatives or Austrian anti-nuclear initiatives.

Where we did not succeed:

1. In giving unrealistic promises about the level of appropriations (level and duplication of inflation) - nobody had an idea in which direction matters would move at the turn of 80ties and 90ties.
2. There have been and still are pitfalls in communicating about the usage of the obtained support (only a little bang for our buck).
3. We have not been successful in managing more small scope projects personnel wise – which would require involvement of an agency and increases in overhead charges in order to present a gift.
4. Faults in communication caused by process differences of continual and discontinued development (the explanation is: CEZ makes large lapses, even people, conceptions and attitudes change in lapses – municipalities and the power plant itself are stable or go through the changes gradually, which means buildings and landscape remain the same). The municipalities had been here a long time before the power plant, and therefore it is incredibly important to maintain a long-term stable continuity in the attitudes of our partners to maintain their support and cooperation. The attitudes should change a little in

connection with internal company matters. The power plant lives with the region for several decades and mutual cooperation is based on relatively fragile foundations. Any kind of tremor caused by miscommunication or discrediting could completely shatter them (into many fragments), which are very difficult to patch together again and the result is never the same as it was.

At the end let me inform you about lessons learned:

Never promise anything for the future. You do not know how the political, economic situation or other external conditions will change and you will not be able to fulfill your promises. The citizens have a very good memory!

Keep your sponsorship strategy as transparent as possible. Have the rules for gift giving as simple as possible.

Motivate the distribution of gifts in such manner so that it will support a potential development of the power plant – for example the size of contribution depends on the installed capacity, which will make negotiations about increasing the power plant's capacity or construction of additional units easier.

Do not make fundamental decision about the power plant before elections – anything could be used in pre-election campaigns (for an example, the history of the Austrian town of Zwentendorf could serve as a deterrent).

Let the region decide what they are going use the money for. Initiate competition of projects, support participation in decision making – you will support communication opportunities and channels by this.

Come to terms with the fact (and include it into your budget) that for every thousand or million spent, you will have to spend another thousand or million in order to communicate the deed of giving.

Money is not everything. The regional public will also appreciate other forms of support. However, make sure you receive as much publicity as possible.

If your law makers want to introduce a special tax based on positioning of a nuclear facility, try to put all of your energy into making it general for every industrial facility. A nuclear power plant is not any worse than a chemical plant and an introduction of a special tax will tarnish the image and risk perception of the power plant.

Maintain one established sponsorship strategy and do not change it often. If you have a new director getting aboard try to convince him/her about it. Let the problems of ČEZ that the company encountered by not following this rule be a warning to you.

And one more verified rule – less sometimes means more.

Thank you.