

NDEP News

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Nuclear Operating Committee meeting (9 April 2010)



NOC meeting – 9 April 2010 in London

The ninth meeting of the Nuclear Operating Committee (NOC) was held on 9 April 2010 at the EBRD offices in London. The meeting was attended by the representatives of the following Contributors: Canada, Denmark, the European Union, Finland, France, Germany, the Netherlands, Norway, Russia, and the United Kingdom.



Mr Mario Pain, Special Advisor from the French Ministry of Ecology, Energy, Sustainable Development and the Sea was elected as the new Chair of the Committee.



NOC meeting (from left) Mr Mario Pain, the new NOC Chair and Mr Vince Novak, EBRD Director, Nuclear Safety Department

Mr Vince Novak, EBRD Director of the Nuclear Safety Department, was pleased to acknowledge on behalf of EBRD as the NDEP Fund Manager, the recent UK contribution of nearly GBP 8.7 million to the NDEP nuclear window. The UK's focus in north-west Russia is to improve the safety and security of nuclear material. The UK has funded projects at Andreeva Bay to support the removal of the SNF from the dry-storage tanks since 2002.

On behalf of Russia, Mr Evgeny Evstratov, Deputy Director General of Rosatom informed that most of the work is now being managed by the Federal Centre for Nuclear and Radiation Safety (FCNRS). This entity was nominated by Rosatom in March 2008 to carry out all international co-operation on complex projects funded by several different donors in the north-west Russia. As a result, FCNRS is now responsible for all of the active projects funded by NDEP except for the Archangelsk project.

The administrative process associated with the transfer of responsibilities from SevRAO to FCNRS has unfortunately contributed to a slower pace of progress than anticipated in the nuclear window. However, the hand-over is now completed and FCNRS is gradually building up its management organization assisted by training provided by bilateral donors and the EBRD procurement specialists. In addition, Rosatom and the EBRD set up in January 2010 a joint permanent

monitoring body to ensure that there is no departure from agreed milestones set by the Strategic Master Plan.

The EBRD presented a progress report on the eight signed grant agreements. Three projects: Strategic Master Plan - Phase 2 (Grant 001 for €7million), Urgent Projects in Gremikha (Grant 002 for €7million) and Radiation Monitoring and Emergency Response System of the Murmansk Region (Grant 003 for €5.1 million) – are completed and grants are fully disbursed.

Regarding the on-going projects, the appointment of the international consultants for Lepse (Grant 005), Papa class Submarine de-fuelling (Grant 006) and two projects in Andreeva Bay (Building No.5 – Grant 004 and SNF transportation – Grant 007) is crucially important and will be carried out soon. Finally, the project for Radiation Monitoring and Emergency Response System for the Archangelsk Region (Grant 008) is progressing well and within budget.

The NOC supported a new grant proposal for construction of cask storage facility for the reactor cores of Alfa-class submarines in the context of the Russian-French strategy for Gremikha. As a result of this co-operation, two Alfa-class submarines have been de-fuelled and the spent reactor cores are stored in the storage facilities in Gremikha already upgraded with the support of NDEP funds. The new grant is to support removal of spent reactor cores from Gremikha and their transportation to JSC “State Scientific Centre – Research Institute of Atomic Reactors” (NIIAR) in Dimitrovgrad in Ulyanovsk region where the cores will be disassembled and reprocessed.

The NOC also positively considered a proposal to finance support for the regulatory and supervision bodies during dismantlement of FTB “Lepse”. The main objective of the project, which is to run for two years, is to facilitate a comprehensive dismantlement of the “Lepse” ship through support to the Russian authorities to assess the compliance of documents and technical decisions with the Russian Federal standards taking into account the international experience in implementation of such projects. The proposed recipient of the NDEP grant is the Federal Medical Biological Agency (FMBA of Russia).

So far total grant allocations in the NDEP nuclear window amount to €95 million, out of which about €24.5 million have been contracted and €18.4 million disbursed.

Interview with the new EBRD Nuclear Safety Senior Programme Manager



Ms Jane Smith-Briggs joined the EBRD Nuclear Safety Department in April 2010 as Senior Programme Manager – a short interview with her follows.

- **You have recently travelled to Murmansk to meet with the new Russian counterpart for cooperation with NDEP, the FCNRS. Now that this new entity has been established, will project implementation pick up speed?**

FCNRS were nominated by Rosatom in March 2008 to be the recipient of NDEP nuclear window funds for “Lepse” ship decommissioning, de-fuelling of Papa class Submarine and SNF transportation in Andreeva Bay. The Grant Implementing Agreements (GIA) for these projects were signed in the summer of 2008 and the transfer of the existing GIA for Building No 5 decommissioning planning at Andreeva Bay was novated to FCNRS in 2009. There have been delays in establishing contracts in all of these GIAs. However, a joint Rosatom/EBRD secretariat was established in January 2010 to regularly review progress and some five contracts have been agreed since then. All of the work for Building No.5 decommissioning should be completed this calendar year and we expect to see improved progress in the other projects as well.

- **What is the latest news on the crucial appointment of the international consultants for Lepse Decommissioning, Papa class submarine de-fuelling and SNF handling projects in Andreeva Bay? How is the cooperation between the consultants and FCNRS shaping up?**

The contracts to appoint the International Consultants for all of these contracts have been concluded and non-objected by the EBRD as recently as April 2010. The teams had their project kick-off meetings in Moscow in May. The International Consultant is in all cases Nuvia Limited from the UK. Nuvia have had a lot of experience in supporting donor-funded nuclear legacy projects in north-west Russia and their experience will prove very valuable to these technically complex projects. The Project Management Units (both FCNRS and Nuvia staff) for the projects will operate out of the Nuvia offices in Moscow.

- **The NOC welcomed the new contribution from the UK to the nuclear window. What are the UK’s priorities in the north-west of Russia?**

The UK’s focus in north-west Russia is to improve the safety and security of nuclear material. The UK has been actively supporting the safe management of spent nuclear fuel (SNF) at Andreeva Bay since 2002 and this work is coming to fulfillment with the completion and approvals of the design and the construction of the infrastructure to support the safe removal of the SNF and its repacking for transport to a reprocessing centre at Mayak in the Urals. The NDEP nuclear window project for providing the SNF transport infrastructure at Andreeva Bay will be very closely correlated with the UK-funded projects for the design and construction of the main SNF retrieval facility.

- **France is one of the donors greatly involved in Gremikha on a bilateral basis. The recent new project proposal for cask storage facility stems from the French-Russian cooperation. What are the next steps?**

The next stages in this work are to draft a Grant Implementing Agreement with accurate cost estimates

and detailed technical specifications for the various components of the work. The siting and construction of the cask storage pad at NIIAR (Dmitrovgrad) is relatively straightforward but the required upgrading of the railway infrastructure needs a very careful cost analysis. France is supporting the development of the technical scope of work and cost estimates through their bilateral projects. Canadian experience for the railway infrastructure upgrade is also being used.

- **We note the new proposal to support for the regulatory and supervision bodies during dismantlement of FTB “Lepse”. What is the current time-frame for decommissioning of the ship?**

The timeframe suggested in the GIA for this project implied that Lepse decommissioning would be completed in 2013. Although there has been a delay in establishing this work, the Russian Federation has proceeded with work to improve the condition of the Lepse for the transfer to Nerpa shipyard for dismantling. It is possible therefore that the delay might not have had too much impact on the end-point. Much of the hard work on the project has already been done; the development of the dismantling concepts for example and the infrastructure requirements for this to be achieved, have also been identified and key decisions made.

One of the first activities of the newly established PMU will be to prepare a detailed programme of the work required to deliver the objectives. Therefore we can expect a more robust estimation of the likely end date relatively soon.

- **What are the challenges of the NDEP nuclear window up to the next Assembly of Contributors in December 2010?**

The key challenges are to make substantial progress on the Lepse, Papa class submarine and Andreeva Bay projects. The first objective for each of these projects is to develop a detailed work programme and a procurement plan to deliver the planned work.

The tendering for a contractor to build an accumulation pad at Andreeva Bay should be completed on this timescale. All of the technical documentation for this has been prepared under the UK-funded projects. Another early procurement activity will be for the development of the formal design documents required under Russian legislation for the Lepse dismantling process. The repair work to Building No. 5, additional surveys to support the decommissioning planning and the decommissioning plan should be nearing completion in December 2010. The Archangelsk radiation monitoring and emergency response project is currently making good progress according to the schedule and we expect this to continue.

Vologda receives extra funds from NDEP to upgrade its wastewater treatment facilities (14 April 2010)



(from left) Mr Jaakko Henttonen, NDEP Manager, Mr Mikhail Elyukov, General Director of VologdaGorVodokanal, and Mr Evgeny Shulepv, Head of Vologda City

Following the decision of the NDEP Assembly, the grant funds for this project were increased by €1.5 million to fully finance the rehabilitation of the wastewater treatment plant. An amendment to the NDEP Grant Agreement was signed on 14 April with the client, VologdaGorVodokanal in the presence of the City Administration. “We hope that within two years from now with the help of the grant funds, we can improve the capacity of our wastewater network and bring it to the level of international standards”, said Mr Elyukov, General Director of VologdaGorVodokanal.

The NDEP grant now totaling €5.18 million will finance the wastewater treatment plant rehabilitation as well as the design and supervision of contracts. The works have already commenced after a consortium of two Russian companies: "VSK-Center" LLC and "Ecopolymer-M" CJSC won the tender for the main contractor and the target date for completion has been set as 29 January 2012.

The works are targeted at increasing current efficiency of the plant, introduction of de-nitrification and nitrification processes in the biological treatment in order to reduce nitrogen in effluents, upgrading of air blowing equipment, higher level of automation and reduction of maintenance time. The main technical challenge is rearranging the existing six primary sedimentation tanks into denitrification reservoirs.



One of the six primary sedimentation tanks at Vologda Wastewater Treatment plant

Construction works on the EBRD loan funded water component are also underway to include a fully modernized water treatment plant with new pumping stations and installation of water meters. Despite heavy winter, the construction continued and the completion is still scheduled for early 2011.



Construction of the aeration and UV-disinfection building at the Vologda Water Treatment plant – funded by EBRD loan

NDEP Steering Group meets in Luxembourg (15 April 2010)

The European Commission, the IFIs (EBRD, EIB, NIB, NEFCO), Russia, Belarus, Finland and Sweden took part in the NDEP Steering Group meeting held in the EIB offices in Luxembourg on 15 April 2010. Ms Eva Srejber, the EIB Vice President chaired the discussions.

The IFIs reported on the status of projects under implementation. The EBRD led St Petersburg Northern Incinerator plant, St Petersburg Flood Protection Barrier, Komi Syktyvkar Water Services Improvements and the NIB's Leningrad Oblast Environmental Investment Programme are all substantially completed. Other signed projects in Archangelsk, Vologda, Novgorod, Kaliningrad and St Petersburg are progressing well. The major project in St Petersburg, the Neva Programme, is at the stage of assigning three major consultancy contracts for design works, Project Engineer and Project Monitoring and the first disbursements of the IFI loans and NDEP/Sida grants are envisaged towards to the end of this year.

Two NEFCO's projects for water and wastewater improvements in Sosnovy Bor and for PIU for Poultry Farms in Leningrad Oblast are yet to be signed with the first one now scheduled for 3 August 2010.

The Steering Group welcomed four new project proposals by the IFIs. The EBRD and NEFCO proposed a €27.6 million programme for water and wastewater improvements for the city of Murmansk. Currently only about 23% of total wastewater is treated in the city and the remaining 77% flows directly into the Kola Bay and further into the Barents Sea without any treatment. The proposal was for €6 million NDEP grant supported by €2 million grant from the EBRD Shareholder Special Fund. It is estimated that the investment will cut nitrogen load by 191 tonnes/year and phosphorous by 19 tonnes/year.

NEFCO presented a project to construct and rehabilitate key wastewater treatment facilities at ten small

wastewater treatment plants in St Petersburg to raise their standards in line with HELCOM recommendations. The proposal was for a €3.75 million NDEP grant. Feasibility studies estimate that as a result of this €16 million investment, the phosphorous will be cut by 40.4 tonnes/year and nitrogen by 167.5 tonnes/year.

NEFCO also proposed a €8.5 million solid waste management project for Petrozavodsk requiring a €1.5 million NDEP grant. If approved, this would be the first municipal solid waste project for NDEP thus paving way for more projects in this sector. There is a strong commitment from the city of Petrozavodsk for this project and substantial local funding.

The NIB presented Phase 2 for Leningrad Oblast to include 4 new cities: Vyborg, Volosovo, Tosno and Mga. In addition Gatchina and Tikhvin requested to be included in Phase 2 to further improve their wastewater treatment facilities. The project scope is for €29 million and the NDEP grant sought is €6.9 million. Environmental benefits are in the region of 84 tonnes of phosphorous reduction per year and substantial energy savings as new pumps will be installed.

The new proposals come up to €18.15 million out of the €31 million still available in the environmental window. Out of the €127.4 million pledged, over €96.3 million has been already allocated for project co-financing by the Assembly. There is still €4 million remaining from the EBRD Shareholder Special Fund however the grant funds are becoming scarce. The IFIs continue to actively seek new investment opportunities to maximise NDEP impact in terms of environmental benefits to the region. Some municipalities have recently approached the NDEP directly with their needs and investment plans.

The NDEP Steering Group positively considered the new project proposals which will be further discussed at the next meeting planned to take place in Minsk on 8 October 2010.

Update on the NDEP projects in Kaliningrad

The Programme Steering Committee meeting took place on 4 March 2010 in Kaliningrad to check on the progress of the three NDEP funded projects.

Regarding the **Wastewater Treatment Plant** funded by the NDEP/Sida grants and Russian Federal Target Programme, an amendment to the contract between Kaliningrad Vodokanal and the General Contractor (OAO "Mostostroitelnyi Trest no 6") is currently being finalised to ensure that the performance parameters are incorporated into the contractual agreement and that they will become one of the conditions for the grant funds to disburse. From the site visit made in March, the overall construction progress seemed good with civil works underway to prepare the site using the existing foundations. The Contractor has sub-contracted the technical designs and procurement assignments to Lenvodokanal, a company affiliated to Sweco. The crucial part of the project will start May/June 2010 with the procurement of the NDEP/Sida funded equipment. This procurement process will be supported by Sida funded contract between Kaliningrad Vodokanal and Sweco.



Kaliningrad Wastewater Treatment Plant in March 2010 – the civil works on the site have started

There is also good progress on the loan funded **Water component**. On 19 May 2010 the Kaliningrad Government confirmed the use of funds from the Federal Target Programme to finance the Moskovskaya Pumping Station. Tender procedures will start in July, contracts are to be signed by October for completion in 2011.

Finally regarding **the District Heating project**, the EBRD loan effectiveness is pending on signing of a subsidiary loan agreement between the Ministry of Finance and Teploset (the client), which should be finalised by June 2010. Also, following an update of the feasibility study financed by Sida, both the EBRD loan and NDEP grant agreements need to be revised. Sida also agreed to finance design works for the rehabilitation of the district heating network.

The next opportunity to discuss the progress of these projects with the Kaliningrad authorities and clients will be at the next Programme Steering Committee meeting planned for 1 July 2010 in Kaliningrad.

Major NDEP funded contract for Syktyvkar is signed (28 May 2010)

Most of the investments needed to upgrade the water and wastewater infrastructure in Syktyvkar, which started in 2004, have now been completed. The EBRD loan financed components - supply and installation of water meters, pipe bursting equipment, construction of a water main, and a sludge pressure sewer – have all been completed and are now in operation. The NDEP grant funds were used to pay for the leak detection equipment, construction of a sludge wastewater pumping station and for a water disinfection system.

On 28 May 2010 the final major contract was signed to fully utilise the NDEP grant allocation of €6.035 million. The client, MUE "Syktyvkarskiy Vodokanal" contracted a Russian company LLC Institute "Grazhdanproekt" for the supply and installation of wastewater pumping stations required to direct the flow of discharges to the main sewer collector. The value of the investment is close to €1.95 million and is scheduled to be completed by the end of 2010. If there are any grant funds left, Vodokanal is planning to use it for additional SCADA equipment.



NDEP funded water disinfection system – hypochlorite production station in Syktyvkar

"We are very pleased today to be able to sign these contracts. This is only possible thanks to NDEP and its contributors. Based on our excellent cooperation we hope to develop further new investments to benefit the environment in the region with the help of NDEP," said Mr Nikolai Kursakov, the Director of MUE "Syktyvkarskiy Vodokanal".

HELCOM Ministerial Meeting in Moscow (18-20 May 2010)

HELCOM's pledge to restore the good ecological status of the Baltic marine environment by 2021 depends entirely on the commitment of all the stakeholder countries in the Baltic Sea region. HELCOM's Baltic Sea Action Plan has listed the hotspots and necessary actions required which helped to draw up country specific priority programmes.

The purpose of the HELCOM's Ministerial-level meeting on 20 May was for the Member States (Germany, Denmark, Russia, Sweden, Poland, Finland, Lithuania, Latvia and Estonia) to present and approve their National Implementation Programmes, including cost estimates, to deliver the required results by 2021. According to HELCOM standards, phosphorus in treated wastewater should be below 0.5 mg/l and nitrogen 8 mg/l.

The Russian Minister of Natural Resources and Ecology, Mr Yuri Trutnev announced at the meeting that Russia will pledge up to 200 billion rubles to implement its National Implementation Programme in the territories of St Petersburg, Leningrad, Novgorod, Kaliningrad, Karelia, Pskov and Vologda regions to improve wastewater treatment, municipal solid waste and hazardous waste management.

In connection with the Ministerial Meeting, HELCOM also held Baltic Cities Summit on "Reaching Good Environmental Status of the Baltic through local actions". The NDEP Manager made a presentation on possible ways of financing of municipal infrastructure projects based on the success of NDEP funded projects in St Petersburg.

The Moscow meeting marked the end of Russia's two year Chairmanship of HELCOM which will now pass on to Sweden.

NDEP Projects in brief

Project	Lead IFI	Total cost	NDEP grant	Progress
1. St. Petersburg Southwest Wastewater Treatment Plant	NIB	€193.6 million	€5.8 million	Project completed - plant in operation
2. St. Petersburg Flood Protection Barrier	EBRD	€2000 million	€1 million	Substantially completed
3. St. Petersburg Northern Wastewater Treatment Plant Incinerator	EBRD	€90.4 million	€6.35 million	Project completed - plant in operation
4. Municipal Environment Investment Programme Leningrad Oblast, Phase 1	NIB	€23.2 million	€4 million	Approaching completion
5. Komi Syktyvkar Municipal Services	EBRD	€31.8 million	€6.035 million	Under construction
6. Kaliningrad District Heating Rehabilitation	EBRD	€21.8 million	€7.3 million	Grant signed Implementation started
7. Archangelsk Municipal Water Services Project	EBRD	€25.5 million	€8.2 million	Under construction
8. Murmansk District Heating Project	NIB	€29.6 million	€5 million	Approved by Assembly Grant yet to be signed
9. Novgorod Water and Wastewater Rehabilitation	NIB	€23 million	€3 million	Grant signed Implementation started
10. St. Petersburg Neva Closure of Direct Discharges of Untreated Wastewater	NIB	€546.4 million	€24 million	Grant signed Implementation started
11. Kaliningrad Water and Environmental Services	EBRD	€110 million	€10 million	Grant signed Implementation started
12. Vologda Municipal Water Services	EBRD	€20 million	€5.18 million	Grant signed Implementation started
13. Kaliningrad Project Implementation Unit	EBRD	€3.8 million	€3 million	Grant signed - Under implementation
14. Sosnovyi Bor Municipal Water Services	NEFCO	€3.3 million	€0.5 million	Approved by Assembly Grant yet to be signed
15. Project Implementation Unit for Poultry Farms in Leningrad Oblast	NEFCO	€3.5 million	€2 million	Approved by Assembly Grant yet to be signed
16. Petrozavodsk Waster and Wastewater Rehabilitation	NEFCO	€32 million	€5 million	Approved by Assembly Grant yet to be signed

Also note...

- 21 June 2010 - Northern Dimension Steering Group meeting in Iceland
- 1 July 2010 - NEFCO takes over the Chairmanship of the NDEP Steering Group
- 1 July 2010 - Project Steering Committee meeting in Kaliningrad
- 3 August 2010 - signing of NDEP Grant Agreement for NEFCO's water/wastewater treatment project in Sosnovy Bor
- 13 August 2010 - EBRD Project Working Group meeting in Minsk
- 8 October 2010 - NDEP Steering Group meeting in Minsk
- The NDEP brochure is available on request. Write to info@ndep.org to receive a copy.

The **Northern Dimension Environmental Partnership (NDEP)** was developed in response to calls from the Russian Federation and the international community for a concerted effort to address environmental problems in Northern Dimension Area (NDA). The most pressing actions relate to water, waste-water, solid waste, energy efficiency and nuclear waste.

NDEP evolved from this initial idea into a fully established partnership whose Support Fund, managed by the EBRD, provides grant co-financing to key investments in environmental and nuclear safety projects in the NDA. NDEP projects are implemented by the EBRD, the NIB, NEFCO, the EIB and the World Bank.

The European Union, the Russian Federation, Belarus, Belgium, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden and the United Kingdom are the sponsors of the NDEP Support Fund, which currently stands at close to €276 million.

For more information, visit www.ndep.org, or contact:

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