

Republic of Lithuania

Law on the Nuclear Power Plant

28 June 2007 No X-1231

Vilnius

PREAMBLE

The Seimas of the Republic of Lithuania,

IMPLEMENTING the National Energy Strategy and having regard to the energy policy strategy of the European Union;

SEEKING to secure supplies of energy from diverse, secure, sustainable energy sources which do not emit greenhouse gases, and to promote future economic growth;

SEEKING to protect the vital interests and national security of the Republic of Lithuania;

EMPHASISING the importance of implementing the principles of European and transatlantic integration when developing energy sectors of Lithuania and ensuring the country's energy security;

CONSIDERING the experience accumulated through secure and reliable operation of the Ignalina Nuclear Power Plant for many years;

EVALUATING the initiative of private legal entities which may form a basis for preparing, developing and implementing a regional nuclear power plant project in Lithuania;

AIMING at substituting for the electricity generating capacities to be lost as a result of the decommissioning of the Ignalina Nuclear Power Plant and creating legal preconditions for the construction of a new nuclear power plant in Lithuania with the capacity to be established in the light of the results of environmental impact assessment and investors' agreements;

TAKING into account the favourable economic environment for the construction of a nuclear power plant;

TAKING into consideration nuclear safety requirements and Lithuania's obligations under international treaties;

PASSES this Law on the Nuclear Power Plant.

CHAPTER 1

General Provisions

Article 1. Purpose and Objective of the Law

The purpose and objective of this law shall be to lay down provisions and to create legal, financial and organisational preconditions for the implementation of a new nuclear power plant project.

Article 2. Decision on a New Nuclear Power Plant

The Seimas shall give its approval for the construction of a new nuclear power plant in the Republic of Lithuania.

Article 3. Definitions for the Purposes of this Law

Nuclear power plant shall mean a complex of equipment and buildings intended for generating electricity or electricity and heat by using nuclear fuel.

Investors shall mean the national investor and strategic partners.

National investor shall mean the private legal entity referred to in Chapter Four of this Law.

Project shall mean a new nuclear power plant project being developed and implemented, involving the preparation of a feasibility study on a new nuclear power plant, as well as its design, construction, financing, operation, decommissioning and radioactive waste management.

Project implementing company shall mean a private legal entity established for implementing the project.

Reserve capacity shall mean the potential of electricity capacity and power generation necessary for regulating frequency and power flows and generating electricity in cases of unexpected decrease in generation or increase in consumption.

Strategic partners shall mean legal entities that satisfy the criteria laid down in paragraph 2 of Article 6 and have entered into agreements with the national investor on participation in the project.

Article 4. Establishment of Special Security Measures

- (1) Special security measures for ensuring the national security interests (hereinafter referred to as special security measures) in respect of the project shall be established by laws and other legal acts.
- (2) The Government of the Republic of Lithuania shall establish the procedure for implementing special security measures.

CHAPTER 2

Implementation of the Project

Article 5. Project Implementing Company

- (1) A project implementing company shall be established, registered and operated in accordance with the procedure laid down by laws of the Republic of Lithuania. Its registered office shall be situated in the Republic of Lithuania.
- (2) The project implementing company shall be responsible for carrying out project implementation activities in compliance with the safety requirements imposed on nuclear activities. Having fulfilled the requirements laid down in legal acts and having received authorisations and licences, the project implementing company shall become the operator of the nuclear power plant and expand electricity generating capacities in accordance with the procedure laid down by legal acts.
- (3) The project implementing company and the new nuclear power plant shall have particular strategic importance to the national security of Lithuania and its vital national interests.
- (4) The project implementing company shall be subject to the special security measures established by laws and other legal acts of the Republic of Lithuania.

Article 6. Participants in the Project Implementing Company

- (1) The project implementing company may be established on the initiative of the national investor, with the opportunity being provided for strategic partners to participate in it.
- (2) Investors shall be entities satisfying the following criteria:
 - 1) complying with the special security measures established by laws and other legal acts;
 - 2) having financial, legal and technical capabilities to discharge all their obligations during the period of the design, construction, operation and final decommissioning of the nuclear power plant;
 - 3) having their liability secured by guarantees and obligations the conditions whereof are acceptable to the Government of the Republic of Lithuania;
 - 4) undertaking obligations, by concluding respective agreements with the Lithuanian transmission system operator, to provide reserve capacity acceptable to the Lithuanian electricity transmission system operator and enabling the latter to guarantee the stability and security of electricity transmission, or undertaking obligations to cover the costs of reserve capacity.
- (3) Investors shall participate in the implementation of the project on equal terms: their contribution, rights and obligations in implementing the project must be proportionate to the future participation of each investor in the capital of the project implementing company. The stakes of investors in the capital of the project implementing company shall be established by mutual agreements, subject to the requirements laid down in this Law.
- (4) Each investor shall finance or ensure financing of that portion of the project costs (including costs associated with the project implementation, the operation of the project implementing company, the decommissioning of the nuclear power plant and radioactive waste management) which is proportionate to its stake in the capital of the project implementing company.

- (5) The rights and duties of the national investor in the management of the project implementing company shall be established by taking into account the vital national interests.
- (6) The state control and supervision of compliance with the criteria laid down in paragraph 2 of this Article shall be ensured through the licensing of the activities of the future operator of the nuclear power plant.

***Article 7. Procurement of Goods, Services and Works Required for
the Implementation of the Project***

The procurement of goods, services and works required for the implementation of the project shall be carried out in accordance with the procedure laid down by laws and other legal acts, subject to the national security criteria, vital national interests and special security measures established by the Republic of Lithuania.

CHAPTER 3

Management

Article 8. Management

- (1) The rights attached to the shares owned by the State in the national investor company shall be exercised in accordance with the procedure established by the Government of the Republic of Lithuania. The manager of the State-owned shares or persons authorised by the manager shall exercise the property and non-property rights of the State as a shareholder in the national investor company in accordance with the said procedure. The manager of the State-owned shares or persons authorised by the manager may vote in the bodies of the national investor company on the agreement of shareholders in the project implementing company only pursuant to resolutions of the Government of the Republic of Lithuania, with the approval of the Seimas of the Republic of Lithuania to the material terms and conditions of this agreement.
- (2) The national investor shall own a block of at least 34% of shares in the project implementing company carrying at least 34% of votes at the general shareholders' meeting of the project implementing company.

Article 9. Emergency Situation

Upon the declaration of a state of emergency in the energy sector in accordance with the provisions of the Law on Energy, in the event or under threat of a nuclear accident, under threat of damage to the environment or in the event of imminent danger to human health or safety, the operator of the nuclear power plant must carry out the instructions issued by the Government of the Republic of Lithuania or institutions authorised by it. Where, in the event of an emergency in the energy sector, in the event or under threat of a nuclear accident, under threat of damage to the environment or in the event of imminent danger to human health or safety, the operator of the nuclear power plant fails to carry out such instructions, the Government of the Republic of Lithuania or an institution authorised by it shall have the right, for the duration of the emergency in the energy sector or until the threat or consequences of the nuclear accident are eliminated, the threat of environmental damage or the danger to human health or safety is averted, to take over the management of the project implementing company, suspend or revoke its licence or take other necessary measures to ensure nuclear safety, radiation protection and the operation of

the project implementing company; these measures, however, shall be applied only to the extent necessary to overcome the difficulties encountered. The takeover of the management of the project implementing company, the suspension or revocation of licences shall not exempt the project implementing company from liability.

CHAPTER 4

National Investor

Article 10. National Investor

- (1) The national investor shall be an independent private legal entity registered in the Republic of Lithuania, established and operated for an indefinite period of time under laws of the Republic of Lithuania, with the aim of gaining benefits for itself and all shareholders in a socially responsible manner. The registered office of the national investor shall be situated in the Republic of Lithuania. The national investor shall be the public company Lietuvos Energija which has shown a private initiative to invest in the project and fulfils the requirements laid down in this law.
- (2) The Republic of Lithuania shall own a block of more than 1/2 of shares in the national investor carrying more than 1/2 of votes at the general shareholders' meeting of the national investor. Other entities may participate in the authorised capital of the national investor, manage, use and dispose of the shares of the national investor and the rights attached to these shares in accordance with the conditions and procedure laid down by the Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises Important for Ensuring National Security, as well as other laws and legal acts of the Republic of Lithuania.
- (3) The national investor and its subsidiaries shall make a group of companies of the national investor. The major activity of the national investor must be that of the parent company of the group of companies of the national investor. The national investor may also engage in other activities that do not contradict the purpose of activities of the national investor.
- (4) Companies from the group of companies of the national investor shall carry out the activities of electricity generation, transmission, distribution, supply, market operator and other activities unbundled in accordance with the procedure laid down by legal acts. A company from the group of companies of the national investor may also engage in other activities that do not contradict the purpose of activities of that company.
- (5) The bodies of the national investor shall be the general shareholders' meeting, the supervisory board, the board and the manager.
- (6) Decisions taken by the Government of the Republic of Lithuania or an institution authorised by it concerning the voting at the general shareholders' meeting of the national investor must create the necessary preconditions for public trading in the shares of the national investor on the regulated market as defined in the Law on Markets in Financial Instruments. This provision shall not bind the Government of the Republic of Lithuania or an institution authorised by it to take any decision on the sale or other transfer of the shares of the national investor.
- (7) Agreements providing for the rights, obligations and liability of members of the board shall be concluded with the members of the board of the national investor. The terms and conditions of agreements with each member of the board shall be established and the person authorised to sign these agreements on behalf of the national investor shall be appointed by the supervisory board.

**Article 11. Increase of the Authorised Capital
of the National Investor**

- (1) The Government of the Republic of Lithuania and the shareholder of the controlling stake in the public company VST shall have the right to invest the shares held in the public company Rytų Skirstomieji Tinklai (Eastern Distribution Networks) or in the public company VST respectively, amounting to more than 1/2 of shares of each company and carrying more than 1/2 of votes at the general shareholders' meeting, in the authorised capital of the national investor, the public company Lietuvos Energija, in accordance with the procedure laid down by this law and other laws.
- (2) The Government of the Republic of Lithuania shall have the right to:
 - 1) negotiate with the shareholder of the controlling stake in the public company VST on the investment of all the shares owned by that shareholder in the public company VST, or part thereof amounting to more than 1/2 of the shares of the public company VST and carrying more than 1/2 of votes at the general shareholders' meeting, as well as on the acquisition of newly issued shares of the public company Lietuvos Energija in the manner set forth in paragraph 3 of this Article and, having agreed to that effect, make respective decisions provided for in this law and other laws and conclude respective transactions;
 - 2) make respective decisions on the investment of all the shares owned by the State in the public company Rytų Skirstomieji Tinklai, or part thereof amounting to more than 1/2 of the shares of the public company Rytų Skirstomieji Tinklai and carrying more than 1/2 of votes at the general shareholders' meeting in the manner set forth in paragraph 3 of this Article.
- (3) Upon reaching the agreement referred to in subparagraph 1 of paragraph 2 of this Article, the Government of the Republic of Lithuania shall have the right to take decisions on the voting at the general shareholders' meeting of the public company Lietuvos Energija that are necessary for implementing the provisions of this Article, as well as on the increase of the authorised capital of the public company Lietuvos Energija by additional contributions under the following terms and conditions:
 - 1) the issue price of the part of newly issued shares of the public company Lietuvos Energija proportionate to the nominal value of the shares owned by the State on the day of the general shareholders' meeting shall be paid for by non-pecuniary contributions – shares in the public company Rytų Skirstomieji Tinklai amounting to more than 1/2 of the shares of the public company Rytų Skirstomieji Tinklai and carrying more than 1/2 of votes at the general shareholders' meeting, as well as shares in the public company VST amounting to more than 1/2 of the shares of the public company VST and carrying more than 1/2 of votes at the general shareholders' meeting;
 - 2) the right to acquire the remaining newly issued shares of the public company Lietuvos Energija shall be granted to other shareholders of the public company Lietuvos Energija in proportion to the nominal value of the shares owned by them on the day of the general shareholders' meeting, by paying the issue price in cash.
- (4) When newly issued shares of the public company Lietuvos Energija are paid for by non-pecuniary contribution, the shares of the public company Lietuvos Energija, the public company Rytų Skirstomieji Tinklai and the public company VST, respectively, must be evaluated by an independent property assessor in accordance with the procedure laid down by legal acts, as well as an opinion on the valuation of shares must be received from a financial institution having the long-

term borrowing rating not lower than “A-” according to the rating assigned by the international rating Agency Fitch Ratings, or “A3” according to the rating assigned by the international rating Agency Moody’s, or “A-” according to the rating assigned by the international rating Agency Standard & Poor’s. The procurement of services relating to the valuation of shares, the expression of an opinion on the valuation of shares and other expert services shall be carried out by the Government of the Republic of Lithuania or an institution authorised by it in accordance with the procedure laid down by legal acts, using financial resources of the Privatisation Fund for payment.

- (5) The Government of the Republic of Lithuania shall have the right to take a decision on the sale of the State-owned shares in the national investor to other persons or on the assignment or waiver for the benefit of other persons of the pre-emption right of the State to acquire newly issued shares of the national investor, in all cases ensuring that the Republic of Lithuania shall own a block of more than 1/2 of shares in the national investor carrying more than 1/2 of votes at the general shareholders’ meeting of the national investor.
- (6) Should the Government of the Republic of Lithuania decide to sell a part of the State-owned shares in the national investor following the increase of the authorised capital of the public company Lietuvos Energija provided for in Article 11 of this law, such sale must be carried out publicly, providing non-discriminatory conditions for nationals and legal entities of the Republic of Lithuania to acquire them, in all cases ensuring that the Republic of Lithuania shall own a block of more than 1/2 of shares in the national investor carrying more than 1/2 of votes at the general shareholders’ meeting of the national investor. With the view of ensuring wider and adequate representation of the Republic of Lithuania and other shareholders of the national investor in the bodies of the national investor, the number of members of the supervisory board may be higher than specified in the Law on Companies, but not more than 25.
- (7) The Government of the Republic of Lithuania or an institution authorised by it shall inform the Seimas about the progress and results of negotiations referred to in subparagraph 1 of paragraph 2 of this Article. The agreements referred to in subparagraph 1 of paragraph 2 of this Article shall not be confidential (they shall be public). The Government of the Republic of Lithuania or an institution authorised by it shall publish the text of the agreements referred to in this paragraph on the website of the Government.

CHAPTER 5

Site of Construction

Article 12. Designating the Construction Site

The construction site for the nuclear power plant shall be designated in accordance with the procedure laid down by the Law on Territorial Planning, the Law on Environmental Impact Assessment of Planned Economic Activities, the Law on Nuclear Energy, this Law and other legal acts, taking into account the recommendations of the International Atomic Energy Agency.

***Article 13. Allotment of Land for the Construction of
the New Nuclear Power Plant***

- (1) The project shall be an economic project of national significance responding to the public needs.
- (2) The land needed for the construction of the new nuclear power plant shall, in accordance with the procedure laid down by laws and other legal acts, be transferred, leased or allotted for use on other grounds specified in legal acts to the project implementing company or the national investor.
- (3) The land required for the implementation of the project may be taken for public needs from private land owners or contracts for the use or lease of State-owned land may be terminated for this purpose before their expiry in accordance with the procedure laid down by the Law on Land and other legal acts.

CHAPTER 6

Final Provisions

Article 14. Decommissioning Fund

Resources to guarantee the decommissioning of the new nuclear power plant shall be accumulated in the nuclear power plant decommissioning fund. Such decommissioning fund shall be established by law.

***Article 15. Financing of Control and
Supervisory Authorities***

The activities of nuclear energy regulatory, control and supervisory authorities shall be financed from the sources specified in laws and other legal acts, as well as from sources of financing provided for in international treaties.

Article 16. Protection of Investments

Investors shall be ensured the investment protection measures established by the Law on Investments, international treaties and other legal acts.

***Article 17. Separation of the Ignalina Nuclear
Power Plant from the Project***

- (1) The decommissioning works of the State Enterprise Ignalina Nuclear Power Plant shall be carried out separately and independently from the project. The State Enterprise Ignalina Nuclear Power Plant shall not participate in the nuclear power plant project.
- (2) Without prejudice to the security of the Ignalina Nuclear Power Plant, the infrastructure of the State Enterprise Ignalina Nuclear Power Plant and other assets necessary for implementing the project may be leased or provided on other grounds specified in legal acts to the project implementing company without tendering in accordance with the procedure laid down by laws of the Republic of Lithuania.

Article 18. Provision of Information to the Public

The project implementing company and the Government of the Republic of Lithuania or an institution authorised by it shall provide regular information to the public regarding the progress of the implementation of the project, the measures ensuring the nuclear power plant safety, and the benefits brought by the nuclear power plant to Lithuania and the entire Baltic region.

Article 19. Implementation of the Law

When implementing the provisions of Chapter Four of this law, the provisions of the Law on the Privatisation of State-Owned and Municipal Property shall not apply.

Article 20. Proposals to the Government

- (1) To propose to the Government of the Republic of Lithuania to:
 - 1) approve a procedure for exercising the rights attached to the State-owned shares in the national investor company during the implementation of the project;
 - 2) approve a procedure for implementing special security measures;
 - 3) draft and approve a national programme for the training of nuclear energy specialists intended to ensure the preparation of necessary nuclear energy specialists, as well as establish measures for the implementation of this programme;
 - 4) no later than within three months from the entry into force of this law, draw up and submit to the Seimas a draft Law Amending the Law on Nuclear Energy, a draft Law Amending the Law on Enterprises and Facilities of Strategic Importance to National Security and Other Enterprises Important for Ensuring National Security and other draft laws required for the implementation of this law;
 - 5) seek to ensure that investors in choosing power plant parameters take into account the conditions for the stable synchronous operation of the Lithuanian electricity transmission system with the Union for the Co-ordination of Transmission of Electricity – UCTE system.
- (2) To propose to the Government of the Republic of Lithuania or an institution authorised by it to draw up and approve other legal acts required for the implementation of the provisions of this law.

I promulgate this law passed by the Seimas of the Republic of Lithuania.

President of the Republic

Valdas Adamkus