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# Managing long-term liabilities

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# Introduction

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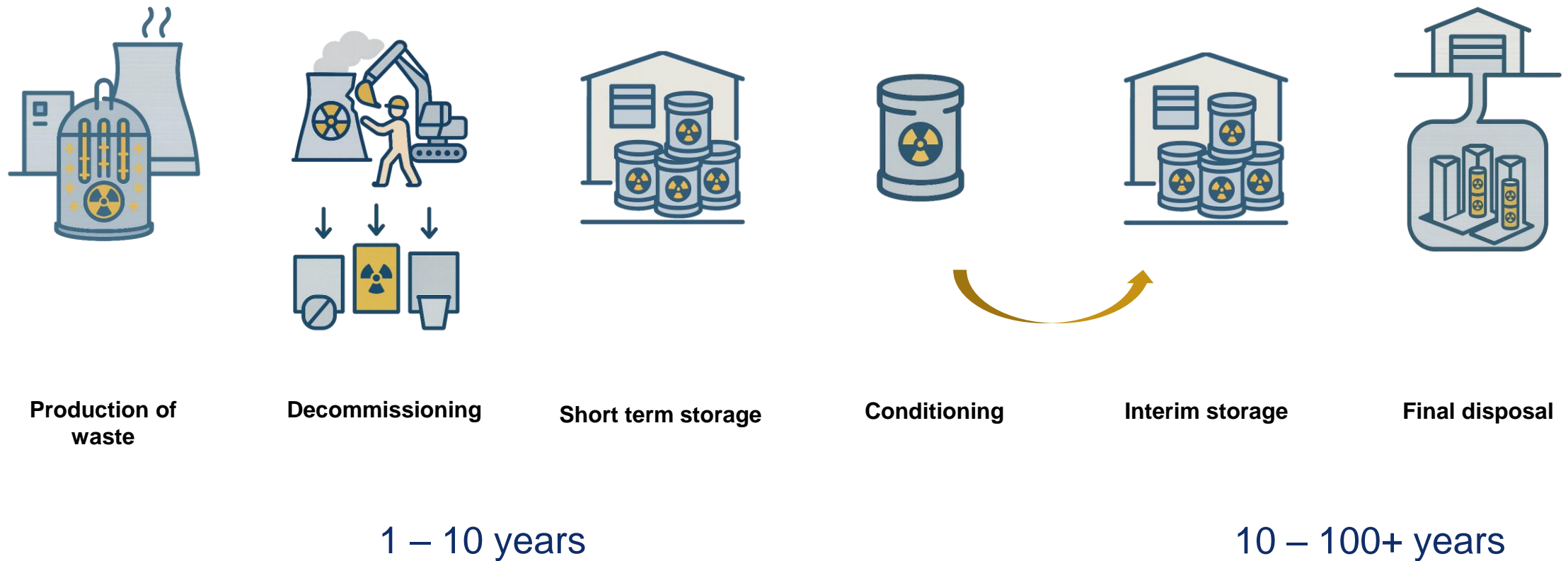
# Introduction

- “Polluter pays” principle
- Challenge: nuclear liabilities are extremely long-term (> 100 year)
- Key points of the Phoenix deal
  - Transfer of (certain) long-term nuclear waste and spent fuel liabilities against payment of a lump sum – the “CAP”
  - Creation of new ringfenced entity to manage the transferred liabilities – Hedera
  - Continuation of the existing regime for the “uncapped” liabilities – the nuclear provisions

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# The “CAP”

# Nuclear liabilities from an operational point of view



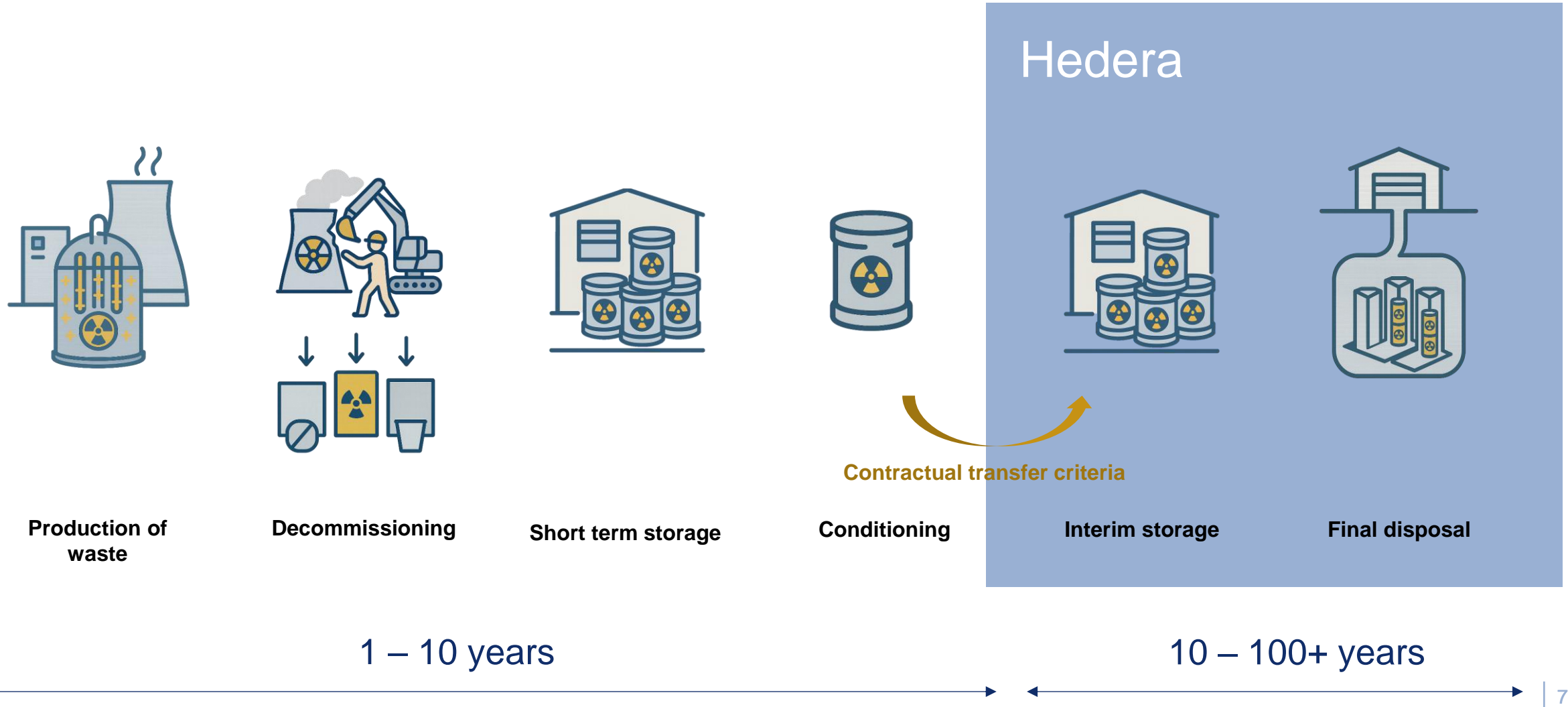
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# Pre Phoenix

- Producer is financially responsible for the whole process that could last until 2100+
  - Engie financially and operational responsible for decommissioning of the nuclear units
  - Operational and physical transfer of nuclear waste to NIRAS-ONDRAF
- Invoices NIRAS-ONDRAF
  - Nuclear provisions based on NIRAS-ONDRAF's reference scenario
  - If actual costs are higher difference will be invoiced to all producers
- Producers are responsible *ad aeternam*
  - In case of insolvency of a waste producer, Belgian State bears responsibility
  - Belgian State already manages certain nuclear liabilities (Eurochemic, SCK-CEN, IRE)



# Nuclear liabilities from an operational point of view



# Phoenix

- The “CAP” is not a cap
  - =/= a maximum amount to be paid
  - = transfer of certain liabilities to Hedera against payment of a lump sum after compliance with CTC
    - → No reimbursement if actual costs are lower
- Which liabilities?
  - The liabilities for waste packages that comply with contractual transfer criteria
  - Included NIRAS-ONDRAF Cost vs. Excluded NIRAS-ONDRAF Costs
  - For a predetermined number of waste credits
    - If higher: volume adjustment fee
- Effectiveness
  - Timing
    - Category A: at LTO Restart Date (expected 1 November 2025)
    - Category B, C and spent fuel: at closing (i.e. 14 March 2025)
  - Operational transfer to NIRAS-ONDRAF as of compliance with contractual transfer criteria



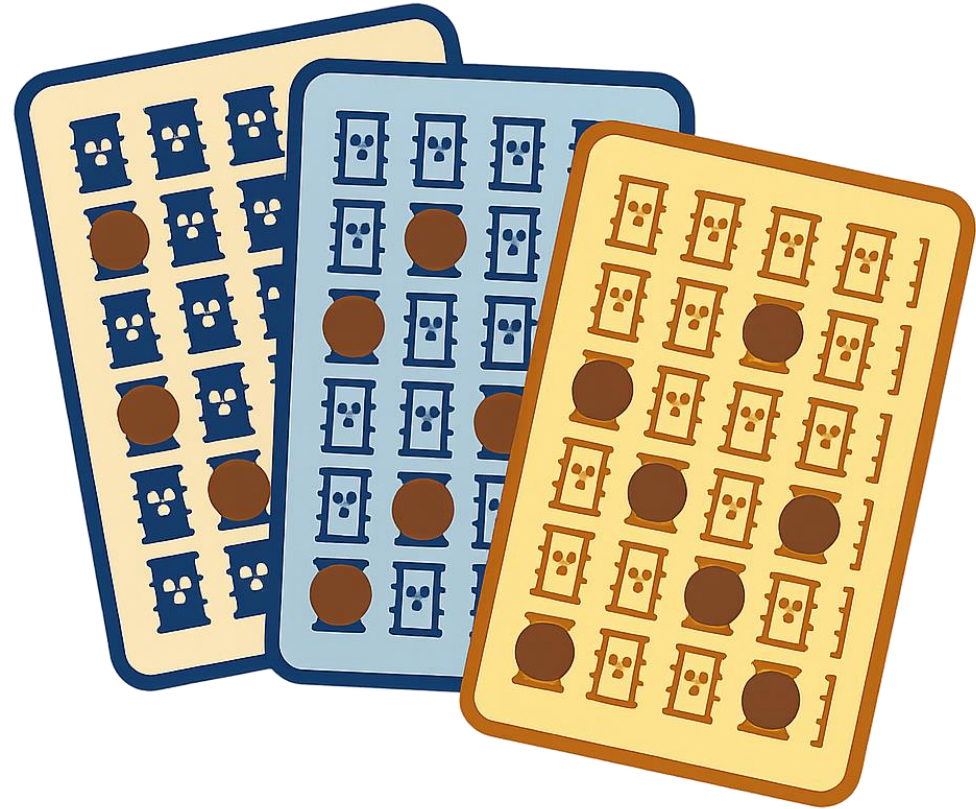
# Phoenix

- Three different caps
  - Amounts
    - Category A waste: 3,500,000,000 EUR
    - Category B waste: 1,000,000,000 EUR
    - Category C waste and spent fuel: 10,500,000,000 EUR
    - Indexation 3% *per annum*
  - Volume credits
    - Category A waste: 39,563.73 m<sup>3</sup> (historical waste), 59,666.32 m<sup>3</sup> (future waste) and 16,868.10 m<sup>3</sup> (conformity credit)
    - Category B waste: 626.68 m equivalent (historical waste) and 356 credits (future waste)
    - Category C waste and spent fuel: 789 m equivalent (historical waste) and 14,786 m equivalent (future waste)
    - Credits are not interchangeable between categories

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# Phoenix

- Principle of the “booze card”



# Phoenix

- LTO waste and spent fuel
  - = nuclear waste and spent fuel produced by the operation of the LTO Units after the initial legal phase-out date and until the end of the LTO of the LTO Unit concerned, including replaced equipment, but excluding decommissioning waste
  - LTO waste: payment of volume adjustment fee by Synatom at time of transfer
  - LTO spent fuel: payment of volume adjustment fee by contributing entities at time of delivery of the fuel at the site
- Transfer of the nuclear sites in 2050 (in any case of the SF<sup>2</sup> buildings)

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# Hedera

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# Hedera

- New *sui generis* entity under public law
  - Tasks:
    - Take-over certain financial nuclear liabilities: Phoenix and (in the future) the existing nuclear liabilities
    - Management of assets and funds to enable it to meet its obligations
    - Cost control
  - Ringfenced from the federal budget
- Organisation
  - Management committee of three members
  - Two advisory committees: investment committee and technical committee
  - Three directions: administrative direction, financial direction and technical direction
  - Management agreements with Belgian Debt Agency and SFPIM
- Supervision and prudential control by CNV/CPN

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# Nuclear provisions

# Nuclear provisions of the nuclear operator

- For “uncapped” liabilities the existing regime remains in place with additional safeguards
- Nuclear provisions of the nuclear operator remain in a separate company: Synatom
  - “More likely than not” evaluation (IAS 37)
  - Payments to Synatom
- Supervision of the CNV/CPN
  - Amount of the provisions
  - Information rights
  - Step-in rights (“*mandataire ad hoc*”)
  - Prior approval of certain capitalistic decisions
- Uncapped PCG by Engie - **NEW**
  - Decommissioning liabilities
  - Volume adjustment fees
  - Synatom loans



# Your contacts



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