

Lithuania's main mistake

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Europe nowadays experiences the major energy crisis. Energy costs for households across Europe nearly doubled compared to a year ago, new data has revealed.

The research, published by Energie-Control Austria, the Hungarian Energy and Public Utility Regulatory Authority (MEKH) and VaasaETT, highlights the bruising impact of the Ukraine conflict on Europe, which has triggered a cost of living crisis and plunged many economies into recession.

Gas bills have soared 111% and electricity ones 69%, according to the latest figures from the Household Energy Price Index.

Averaged, these two figures mean an energy bill increase of 90% – or nearly double – compared to October 2021.

According to the recent announcement of the Lithuanian Energy Institute (LEI), the energy crisis continues to impact the Baltic states of Lithuania, Latvia and Estonia, day-ahead power prices recently hit the price ceiling of €4,000/MWh per peak hour as demand outstripped supply.

Europe could face a shortage of as much as 30 billion cubic meters (bcm) of natural gas when the continent refills gas storage sites during the key summer period next year, the International Energy Agency (IEA) said in a new analysis.

The analysis, “Never Too Early to Prepare For Next Winter: Europe’s Gas Balance for 2023-24,” highlighted the need for urgent action by governments to reduce consumption amid the global energy crisis.

Although EU gas storage sites are now 95% full – putting them 5% above the five-year average fill level, the report cautioned that the cushion provided by current levels, as well

as recent lower gas prices and unusually mild temperatures, should not lead to overly optimistic conclusions about the future.

The IEA warned that the process of filling storage sites this year benefitted from key factors that may not be repeated in 2023, including Russian pipeline gas deliveries that, although cut sharply during 2022, were close to “normal” levels for much of the first half of the year.

Total pipeline supply from Russia to the EU in 2022 is likely to amount to around 60 bcm, but it is highly unlikely that Russia will deliver another 60 bcm of pipeline gas in 2023 – and Russian deliveries to Europe could halt completely, according to the analysis.

Europe has secured enough gas to get through the winter months, however, consumer prices have soared, and questions remain on how Europe will fill its stores next year, and for the impact of the ongoing energy crisis on poorer countries that have largely been shut out of the natural gas market due to the increased demand of western nations.

Many developing nations are thus unable to meet current demand and face potential factory shutdowns, as well as more frequent and longer-lasting power shortages.

As solar and wind will not fill the gap on their own, discussions about nuclear power plants have been conducted for several years.

The more so, it turned out that European countries could survive only as independent states and not as a European Union. Every European government should make its own decision how to cope with this energy crisis. Many states continue to develop their nuclear energy and feel more or less comfortable with the future. Other countries that once refused to develop national nuclear power plants feel themselves fooled and angry.

Europe is divided on nuclear energy. Though nuclear energy recognized as an affordable, stable, clean and independent energy source that could provide Europe with greater energy security, Lithuania feels being thrown overboard the European nuclear power industry.

The matter is Lithuania agreed to close the plant as part of its accession agreement to the European Union. Ignalina NPP decommissioning project includes decommissioning of Unit 1 and 2 and auxiliary facilities.

The decommissioning program was financed by the European Union, the Ignalina International Decommissioning Support Fund, and the SE Ignalina NPP National Decommissioning Fund. About 95% of the funds were provided by the international community, while 5% provided by the Lithuanian state.

On 18 May 2010, Lithuanian energy minister Arvydas Sekmokas announced that although 60% of the funds have been spent, no single project has been completed. As of 2011, phase 1 of decommissioning was three to four years behind schedule. There is a dispute between the Government of Lithuania and the EBRD about the administration of the Ignalina International Decommissioning Support Fund. There is also a dispute between the Lithuanian authorities and Gesellschaft für Nuklear-Service over safety of radioactive waste transportation and storage casks. The project faces a financing gap of €1.5 billion for the second phase after 2014.

So, Lithuania was left without its nuclear power station and without money to complete the process of decommissioning.

At the same time other European countries do not blindly follow European Union's outdated recommendations.

Thus, French President Emmanuel Macron repeated his desire to further develop the French nuclear fleet.

German energy company, Uniper, is looking to build a power

plant in Sweden, media recently reported.

As for Lithuania's neighbours, they do their best to develop national nuclear energy capabilities.

Estonia may get a nuclear power plant by 2035 according to a new report by a government working group. But politicians need to sign off on the plans and a final draft will be ready until 2023. The report, which includes a construction time frame, will be completed next year and a final decision made in 2024. It is estimated the plant will be completed by 2035. Chairman of the Riigikogu's Economic Committee Kristen Michal (Reform) said it may be even possible to speed up the process by two years, bringing the completion time to between 2032-2033.

Latvian Minister of Defense Artis Pabriks said that Latvia should build a nuclear power plant together with Estonia.

In the future, Latvia will have to combine three energy resources – wind and solar power, as well as energy produced at a nuclear power plant, plus limited gas supplies, Pabriks points out.

He believes that the nuclear power plant should be built together with the Estonians, in Estonia, using the latest technology from Sweden and Canada.

The minister points out that if planning begins already now, the first section of the nuclear power plant can be built by 2028 or 2029.

After years of small steps towards a decision to build new full size nuclear reactors in the past two weeks Polish government inked an MOU with Westinghouse for two power stations composed of three reactors each. If financing is secured for all 10 nuclear reactors, and the project is completed, probably by the mid 2030s, it would become one of the biggest commitments to nuclear power in Europe.

“Every Country for Itself” – is a new slogan for Europe. Lithuania failed in the strategic planning of its energy politics. Blindly following others’ recommendations and the lack of the authorities’ will to defend the national interests led to the most important mistake and to such serious consequence – the major energy crisis.

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