

ITER

SPEAKING POINTS

- I would like to thank the Presidency for including this point on today's agenda. As I said at the Competiveness Council in December last year, the Commission wants to ensure full transparency on this important issue.
- We have taken very seriously your recommendation of December 2008 to examine every possible way of containing costs, with due regard for ITER's scientific objectives. Since then, the Commission has been:
 - Pushing for defining and launching a management assessment of the ITER Organization. A sound management is essential for the success of the project itself and necessary for containing the cost. The formal decision on the launching the management assessment is

expected to be taken by the next ITER Council in few weeks time [by mid-June (2009)]

- Demanding analyses of technical specifications of buildings and some other major components of ITER are being undertaken in view of containing or indeed reducing their costs as much as possible.
- Engaged in discussions with ITER-Parties to optimise the sharing of procurement allocations (i.e swapping of components) in order to contain costs, minimise risks and increase the overall efficiency of the project.
- So some progress has been made since December and we have now a better understanding of the challenges and how to go about addressing them.
- My intention today is to broadly outline the approach forward. I hope we can agree that it is discussed in more

detail in a structured process at technical level in the next few months.

- The guiding objective for the proposed actions is to ensure the success of the ITER project at a reasonable cost to the European taxpayer and with acceptable risks.
- I am proposing that we first identify and implement a number of conditions that the Commission believes need to be met in order to have ensure the success of the project at reasonable cost. What do I mean with conditions necessary for success at reasonable cost:

Firstly, credible cost assessment - I am still not satisfied that the estimates and their review are robust or credible enough. That is why I want a step up in the work intended to asses both ITER and Fusion for Energy estimates. But I do acknowledge that in any case very substantial increase is likely.

That is why, secondly, I propose that we demand that all possibilities of reduction and cost containment at reasonably acceptable risks have been demonstrated. This will also have to take into account the time projection of the costs and cash flows.;

Thirdly, the necessary improvements to ITER organization and the way it interacts with domestic agencies – these are important both for technological success and for cost containment;

Finally, we also need to take a serious look into whether the European contribution is managed in an efficient, cost increase sensitive, financially sound and transparent manner. Fusion for Energy is responsible for the large public procurement contracts to be placed with industry to provide the EU share of the ITER buildings and components. This is where the bulk of our cost lays. Here, the Commission will

especially need a strong support of the Member States.

- If the Presidency agrees, I would propose that the Commission works with the Member States at technical level to define these requirements in detail and to explore best ways of implementing them. Meanwhile the Commission will continue to implement those measures that it can alone.

This joint work should allow the Council in September to revisit the situation and have a proper discussion on steps forward.

What are those steps?

- The most immediate challenge will be to find an agreement among the ITER-Parties on the inter-related elements of scope, schedule and cost for ITER construction. This agreement on the so called "Baseline" will represent a vital milestone for the project.

- It will constitute a key step for both the ITER Organization and the Domestic Agencies to start the construction and work based on a credible plan of activities. At its meeting of November 2008 (IC-3), the ITER Council targeted the decision on this issue by November 2009.

- Let me briefly present where we are on the elements of the baseline:

- The scope, that is the general scientific and technological characteristics of the machine, is almost fixed among the Parties and the European position on this point is clear and firm. No major changes have occurred on this area.

- On the schedule, that is when ITER will be built and will operate to demonstrate its scientific objectives, there is no consensus among the Parties so far. Most of the parties formally insist on keeping the deadline of 2018 for finishing the construction. This schedule seems unrealistic in

the light of current projections, especially in terms of increased risks and costs that it entails. The EU should be especially sensitive to this, since we are responsible for providing components, including buildings, in the so called "critical path" that are needed at early stages of the process. We believe that none of the parties has interest in embarking on heavy spending without a realistic schedule that is crucial to ensure a sound management of the project. The EU should convince other Parties and push for a realistic schedule to be adopted.

- With regard the third element of the baseline, the cost, as already announced in December new estimates indicate a substantial increase in the resources needed as compared to the initial ones. The estimates show a twofold increase for the EU contribution. I have mentioned before that I think that work in refinement of these costs should continue.

- In case we will have sufficiently advanced cost estimates and cost containment measures available, ITER Council in November 2009 will have to discuss ITER Baseline. That implies negotiations with likely additional financial consequences for the future as well as very likely delays in construction compared to original schedule. The Commission will therefore need a political guidance from the Council.
- To conclude, I would like to ask you for your close collaboration in the coming months and for your support fixing the conditions necessary for success of this project and for maintaining the EU leadership.
- I continue to believe that it is in the EU interest to prove the viability of fusion as an energy source for the future. I also believe that this project is visionary and probably remains as important as ever. And that is why I think this is the only responsible way to proceed if we want to preserve a chance of success.