
Fortum's Annual Report 2014

Fortum is an energy company highly committed to sustainability. We strive to respond to the needs of our customers by generating, selling and distributing low-carbon electricity and heat and by offering energy-sector expert services.

30 Nuclear related assets and liabilities

EUR million	2014	2013
Amounts recognised in the balance sheet		
Nuclear provisions	774	744
Share in the State Nuclear Waste Management Fund	774	744
Legal liability and actual share of the State Nuclear Waste Management Fund		
Liability for nuclear waste management according to the Nuclear Energy Act	1,084	1,059
Funding obligation target	1,074	1,039
Fortum's share of the State Nuclear Waste Management Fund	1,039	1,005

30.1 Nuclear related provisions

According to the renewed Nuclear Energy Act Fortum submitted the proposal for the nuclear waste management liability regarding the Loviisa nuclear power plant to the Ministry of Employment and the Economy at the end of June 2013. The legal liability is calculated according to the Nuclear Energy Act in Finland and is decided by the Ministry of Employment and the Economy in December every year. The liability is based on a technical plan, which is made every third year. Following the update of technical plan in 2013, the discounted liability increased due to updated cost estimates related to interim and final storage of spent fuel.

The legal liability by the end of 2014, decided by the Ministry of Employment and the Economy and calculated according to the Nuclear Energy Act, is EUR 1,084 million (2013: 1,059). The carrying value of the nuclear provisions in the balance sheet, calculated according to IAS 37, have increased by EUR 30 million compared to 31 December 2013, totaling EUR 774 million on 31 December 2014. The main reason for the difference between the carrying value of the provision and the legal liability is the fact that the legal liability is not discounted to net present value.

[See also Note 19 Property, plant and equipment.](#)

Nuclear provisions

EUR million	2014	2013
1 January	744	678
Additional provisions	11	51
Used during the year	-24	-20
Unwinding of discount	43	35
31 December	774	744
Fortum's share in the State Nuclear Waste Management Fund	774	744

30.2 Fortum's share in the State Nuclear Waste Management Fund

According to the Nuclear Energy Act, Fortum is obligated to contribute funds in full to the State Nuclear Waste Management Fund to cover the legal liability. Based on the law, Fortum applied for periodising of the payments to the fund over three years, due to proposed increase in the legal liability. The application was approved by the Ministry of the Employment and the Economy in December 2013.

The Fund is from an IFRS perspective overfunded with EUR 265 million (2013: 261), since Fortum's share of the Fund on 31 December 2014 is EUR 1,039 million (2013: 1,005) and the carrying value in the balance sheet is EUR 774 million (2013: 744).

Operating profit for 2014 includes a negative total adjustment of EUR -3 million (2013: +23). These adjustments are recognised in "Items affecting comparability" and are not included in comparable operating profit in the Power segment, see Note 5 Segment reporting and Note 6 Items affecting comparability. As long as the Fund stays overfunded from an IFRS perspective, positive accounting effects to operating profit will always occur when the nuclear provision is increasing more than the net payments to the Fund. Negative accounting effects will occur when the net payments to the Fund are higher than the increase of the provision.

30.2.1 Funding obligation target

The funding obligation target for each year is decided by the Ministry of Employment and the Economy in December each year after the legal liability has been decided. The difference between the funding obligation target for Fortum and Fortum's actual share of the State Nuclear Waste Management Fund is paid in Q1 each year.

The funding obligation target, corresponding to the new legal liability and the approved periodisation amounts to EUR 1,074 million (2013: 1,039). Real estate mortgages and other securities given also cover unexpected events according to the Nuclear Energy Act.

[See also Note 35 Pledged assets](#)

[and Note 38 Contingent liabilities.](#)

30.3 Borrowing from the Finnish State Nuclear Waste Management Fund

Finnish participants in the State Nuclear Waste Management Fund are allowed to borrow from the Fund according to certain rules. Fortum uses the right to borrow back and has pledged Kemijoki Oy shares as security for the loans. The loans are renewed yearly.

[See also Note 28 Interest-bearing liabilities](#)

[and Note 35 Pledged assets.](#)

30.4 Associated companies

Fortum has at year-end received updated cash flow information for its nuclear associated companies Teollisuuden Voima Oyj, OKG AB and Forsmarks Kraftgrupp AB. Based on the updated cost estimates, the effect in share of profits was EUR +2 million in 2014, which included EUR -1 million due to decrease of the carrying value of the State Nuclear Waste Management Fund in Finland. In 2013, the effect in share of profits was EUR +17 million, which included EUR -5 million due to decrease of the carrying value of the State Nuclear Waste Management Fund in Finland. The State Nuclear Waste Management Fund in Finland is overfunded from an IFRS perspective whereas the value of the Swedish Nuclear Waste Fund is estimated to be slightly below the value of provisions at year-end 2014.

Fortum has according to law given guarantees to the Finnish and Swedish nuclear Funds on behalf of the associated companies, to guarantee that sufficient funds exist to cover future expenses of decommissioning of the power plants and disposal of spent fuel.

Through the shareholding in TVO, Fortum uses the right to borrow from the Fund.

[See also Note 38 Contingent liabilities.](#)