

Czech energy firm scraps nuclear plant expansion

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The four cooling towers of Temelin Nuclear Power Plant are seen in the background of a grain field in the village of Temelin on July 24, 2011

Czech energy giant CEZ said Thursday it was scrapping the planned construction of two new reactors at its Temelin nuclear plant, citing "turbulent" conditions in the European energy sector.

"CEZ has cancelled the bidding process for the construction of two new

units at Temelin. This decision has been announced to all parties," the firm said.

It blamed turbulence in the European [energy](#) sector where [power](#) prices have been affected by new shale gas projects and a focus on [renewable energy](#).

The contract was estimated to be worth between eight and 12 billion euros (\$11 billion to \$17 billion).

CEZ chief executive Daniel Benes told reporters another factor was the government's decision on Wednesday to keep developing nuclear capacities but without state subsidies.

"Today, any investment in electricity sources whose revenue depends on power sales is in jeopardy," he said, adding however that CEZ was not done building nuclear sources at home.

"The danger that we won't be able to cover [energy consumption](#) in the country within 20 years is still present."

The winner of the contract was originally due to be announced last year but CEZ pushed back the date due to questions over profitability amid uncertainty in Europe's energy industry.

The tender for two new units due to come online in 2025 pitted the MIR-1200 consortium, which included Russia's Atomstroyexport, against US industrial giant Westinghouse.

The Russian firm's participation had divided Czech officials after Moscow's annexation of Crimea.

The Czech ministers for defence and human rights said they were

against CEZ awarding the contract to the Russian consortium, but the firm itself and the prime minister insisted that politics would play no part in the awarding of the tender.

French energy giant Areva also took part in the tender but was eliminated in 2012.

CEZ, which is 70-percent state-owned, also runs another [nuclear plant](#) in addition to Temelin. Together they cover a third of the country's power consumption.

The EU member exports about 20 percent of its power output.

Planned in the communist era and launched in 2000, Temelin is located near the border with Austria, which has repeatedly raised safety concerns regarding the plant.

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