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Fortum's 15-Percent Stake in Fennovoima Nuclear Project to Reduce Russia's Influence

By The Moscow Times

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Utility Fortum plans to take up to a 15 percent stake in the Fennovoima nuclear project in a move that would satisfy a government call for Finnish firms to own at least 60 percent of it.

The project to build a nuclear reactor in the north of Finland has suffered from the departure of investors and concerns about Russia's state-owned Rosatom owning a 34 percent stake amid the Ukraine crisis.

The government recently gave backing to the project but said local ownership must reach at least 60 percent by next summer. Currently, Finnish owners have committed to a stake of around 52 percent.

Fennovoima faces a parliament vote on Friday in which it is expected to win support although by a small margin.

"Once realized, the arrangement clearly fulfils the required domestic ownership," said Economy Minister Jan Vapaavuori in a separate statement.

Fortum, 51-percent owned by the state, in 2010 applied for a permit to build a new reactor of its own but parliament granted permits to Fennovoima and Teollisuuden Voima instead.

Fennovoima's planned 1,200 megawatt plant in Pyhajoki is scheduled to start operating in 2024. The project is estimated to cost in total around 6-7 billion euros ($7.5-8.7 billion).

Fortum said its investment would be subject to restructuring at TGC-1, a Russian hydro and thermal power company it owns with Russia's Gazprom.

TGC-1's hydro assets will be separated into a new company in which Fortum holds a 75 percent stake and Rosatom holds the other 25 percent.

"It is a win-win situation for several parties involved," Fortum spokeswoman Helena Aatinen said.

Fortum, which is in the midst of investing 4 billion euros in Russia by 2015, made 22 percent of its sales in Russia in the year to September.

TGC-1 owns 40 hydro power plants and 14 thermal plants in northwest Russia.

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