AGREEMENT BETWEEN
THE DEPARTMENT OF ENERGY OF
THE UNITED STATES OF AMERICA
AND
THE MINISTRY OF THE RUSSIAN FEDERATION
FOR ATOMIC ENERGY
CONCERNING
THE CESSATION OF PLUTONIUM PRODUCTION AT THE OPERATING ADE-4 AND ADE-5 REACTORS IN SEVERSK (TOMSK REGION)
AND ADE-2 REACTOR IN
ZHELEZNOGORSK (KRASNOYARSK REGION)

The Department of Energy of the United States of America (DOE) and the Ministry of the Russian Federation for Atomic Energy (MinAtom of Russia), hereinafter referred to as the Parties,

Noting that the March 12, 2003 Amendment to the Agreement between the Government of the United States of America and the Government of the Russian Federation of September 23, 1997, Concerning Cooperation Regarding Plutonium Production Reactors (hereinafter referred to as the Amendment), expresses the intent that the Parties to that Agreement or their Executive Agents negotiate expeditiously regarding an agreement to replace the Agreement Between the Department of Defense of the United States of America and the Ministry of the Russian Federation for Atomic Energy Concerning the Modification of the Operating Seversk (Tomsk Region) and Zheleznogorsk (Krasnoyarsk Region) Plutonium Production Reactors, of September 23, 1997 (hereinafter referred to as the Core Conversion Implementing Agreement);

Noting that the U.S. Executive Agent for implementation of Article II of the Agreement between the Government of the United States of America and the Government of the Russian Federation Concerning Cooperation Regarding Plutonium Production Reactors, dated September 23, 1997, as amended March 12, 2003 (hereinafter referred to as the Agreement on Plutonium Production Reactors) was changed by the Amendment from the Department of Defense to the Department of Energy, and that the Russian Executive Agent for the Agreement on Plutonium Production Reactors is the Ministry of the Russian Federation for Atomic Energy;

Taking into account the intent of the Government of the Russian Federation to decommission three presently operating reactors that produce plutonium and that provide heat and electricity to regions where they are located, and to create alternative sources of heat and electricity;

Expressing their desire to carry out Article II, paragraph 1 of the Agreement on Plutonium Production Reactors, which as amended includes an option of creating fossil fuel energy sources for implementation;

Desiring to undertake activities to facilitate cessation of plutonium production through permanent shutdown of the ADE-2, 4 and 5 reactors as soon as they have been replaced by alternative fossil fuel energy sources created with U.S. assistance and to enhance the safety of the reactors prior to their shutdown (such activities hereinafter referred to as the Program); and

Noting that this Agreement is intended to replace the Core Conversion Implementing Agreement, which expired on September 23, 2001;

Have agreed as follows:

ARTICLE I

1. The provisions of Article II of the Agreement on Plutonium Production Reactors shall be carried out within the framework of this Agreement.

2. To support the Russian Federation in creating fossil fuel energy capacity at the city of Seversk and near the city of Zheleznogorsk, and the subsequent cessation of operations of the ADE-4 and ADE-5 (Seversk) and ADE-2 (Zheleznogorsk) reactors, no later than 2005 for the two reactors at Seversk and no later than 2006 for the reactor at Zheleznogorsk, DOE shall, as appropriate, subject to the availability of appropriated funds for this purpose, provide to the MinAtom of Russia, mutually agreed upon assistance. DOE may also, as appropriate, subject to the availability of appropriated funds for this purpose, provide mutually agreed upon assistance to enhance the safety of the ADE-4, ADE-5 and ADE-2 reactors until their permanent shutdown occurs.

3. The MinAtom of Russia, and/or organizations designated by it to implement this Agreement, shall use all assistance provided pursuant to paragraphs 2 and 3 of Article IV of this Agreement exclusively for activities related to the creation of the fossil fuel energy capacities specified in paragraphs 2 and 3 of Article IV of this Agreement.

The MinAtom of Russia, and organizations designated by it to implement this Agreement, shall use all assistance provided pursuant to paragraph 4 of Article IV of this Agreement exclusively for activities related to enhancing the safety of the ADE-2, 4 and 5 reactors until they are permanently shut down. DOE will designate whether assistance it provides is to support activities specified in either paragraph 2, 3 or 4 of Article IV of this Agreement, and assistance designated for support of activities under one paragraph of Article IV shall not be available to support activities under another paragraph of Article IV without the mutual agreement of the Parties.

4. This Agreement, and all activities undertaken in accordance with this Agreement, shall be subject to the provisions of the Agreement Between the United States of America and the Russian Federation Concerning the Safe and Secure Transportation, Storage and Destruction of Weapons and the Prevention of Weapons Proliferation of June 17, 1992, as amended and extended June 16, 1999 (hereinafter referred to as the Weapons Destruction and Non-Proliferation Agreement).

5. For assistance provided by DOE, and/or organizations it designates to implement this Agreement, in accordance with this Agreement, the MinAtom of Russia shall be responsible for ensuring the proper use of such assistance and that such assistance provides for achieving its intended goals.

ARTICLE II

1. For this Agreement, the Executive Agent for the United States shall be DOE and the Executive Agent for the Russian Federation shall be the MinAtom of Russia.

2. Each Party shall have the right, consistent with its laws and regulations, and following written notification to the other Party, to delegate responsibilities for the implementation of this Agreement to other agencies, departments, units of its respective government, and/or non-governmental organizations.

3. Each Party shall have the right, following written notification to the other Party, to designate representatives for discussing technical issues related to the design, analyses, procurement, construction, acceptance testing, startup, equipment, property, materials, personnel, training, and technical services provided pursuant to this Agreement. If DOE, and/or its designated organizations, provides materials to the MinAtom of Russia, and/or its designated organizations, pursuant to this Agreement, they shall be delivered to Moscow, unless the Parties agree otherwise. DOE, and/or its designated organizations, shall notify the MinAtom of Russia, and/or its designated organizations, of the planned date of shipment at least seven days in advance of shipment. The MinAtom of Russia, and/or its designated organizations, shall take immediate possession of the materials upon arrival, examine the materials received pursuant to this Agreement, and provide confirmation to DOE, and/or its designated organizations, within ten days of receipt, that the materials conform to the specifications established by the MinAtom of Russia, and take legal title to the materials. Any materials failing to conform to these specifications shall be returned to the United States of America through the Embassy of the United States of America at Moscow within 30 days of receipt for replacement. If the equipment or material provided by DOE or its designated contractors is to be located in areas with restricted access for foreigners, additional arrangements will be developed and agreed upon by the Parties for supply of such equipment.

ARTICLE III

The assistance to be provided by DOE for the purpose of this Agreement is up to 74 million U.S. dollars. The amount of assistance may be increased subject to written agreement of the Parties through the amendment procedures provided for in Article IX, paragraph 1 of this Agreement.

ARTICLE IV

1. Activities to achieve the specified objectives of this Agreement and Article II of the Agreement on Plutonium Production Reactors may include activities performed by DOE, and/or DOE-designated organizations, and/or by the MinAtom of Russia, and/or MinAtom-designated organizations. These organizations may exchange information as needed to plan work, sign contracts, perform contractual work, and provide objective evidence of progress or completion of work.

2. At Seversk, DOE shall, as appropriate, provide assistance to supply heat and electrical capacity for the local community of up to 1560 gigacalories per hour of steam generation, which can be used to produce up to 760 gigacalories per hour of district heat and up to 235 megawatts of electricity generation. As soon as such capacity has been completed, the ADE-4 and ADE-5 reactors shall be permanently shut down.

3. Near Zheleznogorsk, DOE shall, as appropriate, provide assistance to supply heat and electrical capacity for the local community of up to 660 gigacalories per hour of steam generation, which can be used to produce up to 478 gigacalories per hour of district heat and 117 megawatts of electricity generation. As soon as such capacity has been completed, the ADE-2 reactor shall be permanently shut down.

4. Selected safety upgrades to the ADE-2, ADE-4, and ADE–5 reactors may, by mutual agreement, be performed with U.S. assistance to maintain and enhance the safety of the reactors until the reactors can be permanently shut down. No safety improvements shall be made that prolong the life of the reactors.

5. The MinAtom of Russia is responsible for the fuel, operation, and maintenance of the fossil power plants at Seversk and near Zheleznogorsk, and for their shutdown and decommissioning when they have reached the end of their operating lives.

6. The MinAtom of Russia is responsible for operation of the ADE-2 reactor at Zheleznogorsk and the ADE-4 and ADE-5 reactors at Seversk until they are permanently shut down and shall remain responsible for their decommissioning following shutdown.

ARTICLE V

1. Assistance under this Agreement shall be provided on a step-by-step basis and only in accordance with a specific set of detailed milestones to be agreed in writing by the Parties. These detailed milestones will be developed for all phases of assistance, to include the duration and completion of the Program.

2. To facilitate the effective fulfillment of milestones of the work, which are to be developed for all phases of the Program in accordance with paragraph 1 of this Article, done under this Agreement, and taking into account the legislation of the Russian Federation, the MinAtom of Russia shall take all necessary measures to permit access for DOE and DOE-designated representatives at those locations at the facilities and sites where activities related to this Agreement are being conducted, to oversee contractor operations during implementation of the Program and to ensure satisfactory performance by any and all contractors on DOE's or DOE agent's contracts and subcontracts. DOE and MinAtom of Russia shall develop arrangements concerning such access. The visits specified in this paragraph are separate from and in addition to the audits and examinations referred to in Article VII of this Agreement.

3. Arrangements concerning access provided for in Article V, paragraph 2, shall be concluded with respect to paragraphs 2 and 3 of Article IV of this Agreement prior to the provision of any assistance under those paragraphs or any contracts thereunder, and with respect to paragraph 4 of Article IV of this Agreement prior to the provision of any assistance under that paragraph or under any contracts thereunder.

4. In the event that:

A. The MinAtom of Russia should fail to achieve an agreed project milestone or fail to provide DOE or DOE-designated representatives site access under the arrangements concerning access which are to be developed under paragraph 2 of this Article or,

B. DOE should permit contracts to lapse prior to contract completion for the activities under Article IV, or

C. Either Party should fail to provide an agreed level of assistance pursuant to either paragraph 2 or 3 of Article IV, including funding, to support an agreed project milestone pursuant to these paragraphs,

then either Party may request consultations to determine how best to achieve the objectives of this Agreement to ensure cessation of plutonium production by the specified deadlines. These consultations shall begin within 30 days of such a request. If after 180 days from the beginning of consultations, the Parties do not reach agreement, each Party shall have the right to suspend, until such agreement is achieved, implementation of this Agreement by sending the other Party appropriate written notification. The consultations specified in this paragraph shall continue until agreement or, if this is not possible, until the termination of this Agreement, using the procedures provided for in Article IX of this Agreement.

ARTICLE VI

1. To ensure achievement of the objectives and implementation of this Agreement, the Parties hereby establish a Joint Program Managers Executive Committee (JPMEC), which shall convene no later than 45 days following the request of either Party. The tasks of the JPMEC include the following:

A. To review implementation of this Agreement, to include recommendations to the Parties regarding resolution of any implementation issues;

B. To recommend to the Parties resolution of any disputes that may arise regarding compliance with the provisions of this Agreement or its Arrangements; and

C. To discuss and, if necessary, prepare recommendations to the Parties concerning any amendments to this Agreement or its Arrangements.

ARTICLE VII

1. In accordance with Article XIII of the Weapons Destruction and Non-Proliferation Agreement, upon at least 30 days advance notice, representatives of DOE shall have the right to audit and examine the use of any assistance provided for the purpose of this Agreement and shall have the right to audit and examine any and all related records or documentation, both during the period of this Agreement and for three years thereafter.

2. The Parties shall develop appropriate arrangements to support the conduct of audits and exams. The right to conduct the audits and exams referenced in paragraph 1 of this Article shall not be contingent upon the development of these arrangements. In case of any inconsistencies between this Agreement and any such arrangements, the provisions of this Agreement shall prevail.

ARTICLE VIII

Access to information transmitted in accordance with this Agreement, the handling of and protection of such information, and allocation of rights to intellectual property, shall be subject to the same terms and conditions applicable to the handling of information under Article VI of the Agreement on Plutonium Production Reactors.

ARTICLE IX

1. This Agreement shall enter into force upon signature and shall remain in force until termination of the Weapons Destruction and Non-Proliferation Agreement or until completion of the Program as agreed by the Parties, whichever occurs first. The Agreement may be amended or extended by the written agreement of the Parties and may be terminated by either Party upon one year's written notification to the other Party of its intention to do so.

2. In the event this Agreement terminates, the Parties shall handle all previously provided sensitive information in accordance with Article VIII of this Agreement unless otherwise agreed by the Parties, and all previously provided assistance will continue to be used in accordance with Article I, paragraph 3 of this Agreement.

Done at Vienna, in duplicate, this 12th day of March, 2003, in the English and Russian languages, both texts being equally authentic.

FOR THE DEPARTMENT OF ENERGY OF THE UNITED STATES OF AMERICA:

FOR THE MINISTRY OF THE RUSSIAN FEDERATION FOR ATOMIC ENERGY: