

ČEZ's costly mistake

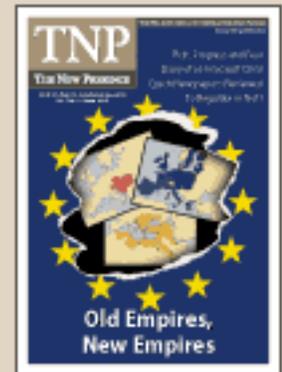


ČEZ is on a roll, and the resignation of Jiří Borovec as chief production officer comes at a time when nothing seems to be stopping it. There is one storm brewing, though, and Borovec was in the thick of it. He and CEO Martin Roman, so we are told, overruled their technical staff last year in deciding to replace Westinghouse with state-owned Tvel of Russia as supplier of nuclear fuel to Temelín. Now, the concerns foreseen by the technicians are materializing, and the Russians will likely need more time to tweak their assembly design, just as Westinghouse had worked out its own kinks. The result is that ČEZ will probably need to go begging to Westinghouse for unplanned reloads of its fuel to bridge the gap in actual Russian delivery dates. Westinghouse will have ČEZ over the barrel and could conceivably raise the price by tens of millions of dollars. Without Borovec around, Roman alone will get to explain what the interest was in overruling the experts.

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