

EVERETT L. REDMOND II
Senior Director, Policy Development

1201 F Street, NW, Suite 1100
Washington, DC 20004
P: 202.739.8122
elr@nei.org
nei.org



January 22, 2015

Mr. David Henderson
U.S. Department of Energy
Office of Nuclear Energy
Mailstop NE-52
19901 Germantown Road
Germantown, MD 20874-1290

Subject: Excess Uranium Management: Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries;
Request for Information, 79 FR 72,661 (December 8, 2014)

Dear Mr. Henderson:

On behalf of the U.S. nuclear energy industry, the Nuclear Energy Institute (NEI¹) appreciates the opportunity to provide comments on the Department of Energy's December 8, 2014, Request for Information on the effects of DOE transfers of excess uranium on the domestic uranium mining, conversion, and enrichment industries. We note that this is the first time that the DOE has extended the opportunity for industry-wide input to the Secretarial Determination process, and we commend the DOE for taking this action.

Over the past 70 years, applications of nuclear fission – including research, medical and industrial uses, naval propulsion and power production – have produced immeasurable benefits for our society. Nuclear power plants aid compliance with the Clean Air Act of 1970, which set standards to improve the nation's air quality. Using more nuclear energy gives states additional flexibility in complying with clean-air requirements. Nuclear energy provides more than 60 percent of America's clean-air, carbon-free electricity, producing no greenhouse gases or air pollutants. Further, nuclear energy is a key element in maintaining the fuel and technology diversity of the electric generation sector that has served the nation so well over the years.

¹ NEI is responsible for establishing unified nuclear industry policy on matters affecting the nuclear energy industry, including regulatory, financial, technical and legislative issues. NEI members include all companies licensed to operate commercial nuclear power plants in the United States, nuclear plant designers, major architect/engineering firms, fuel cycle facilities, materials licensees, and other organizations and individuals involved in the nuclear energy industry.

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NEI and its members depend on reliable, safe production of uranium as the critical first step in producing fuel for nuclear generation. The domestic uranium mining industry currently produces less than ten percent of the annual requirements of the U.S nuclear generating fleet. As the Department considers future steps in disposition of its excess uranium inventory, we urge the Department to utilize an approach that provides long-term predictability and certainty in its inventory management program.

Under the terms of the USEC Privatization Act, no sale or transfer of natural or low-enriched uranium is to be made unless "the Secretary determines that the sale of the material will not have an adverse material impact on the domestic uranium mining, conversion, or enrichment industry". We recognize that DOE is committed to discharging that statutory obligation. The manner in which new material is introduced into the market can either mitigate or exacerbate the real or perceived impact on the domestic industry. The industry believes that establishing the annual amounts to be transferred, adhering to the established quantities and, where possible, entering into long-term contracts will help DOE to fulfill its commitment.

In 2007, NEI and its members, including all sectors of the domestic uranium fuel supply industry as well as the utility fuel purchasers, devoted extensive time and efforts to define a paradigm that would allow the DOE to capture the value of its excess uranium while minimizing the impact on the domestic industry. Among other recommendations, the industry advocated that DOE sales or transfers should be phased in over several years, ultimately reaching an agreed upon target. Any sales explicitly for use in initial cores for new reactors were considered outside of the target. The subsequent DOE Excess Uranium Inventory Management Plan released in December 2008 (the 2008 Plan) incorporated a target for sales, noting that in some years sales might exceed that amount for specific purposes, such as sales for initial cores of new reactors. The industry considered the 2008 Plan as a positive step to help establish predictability.

The subsequent 2012 DOE Secretarial Determination, in recognition of the 2013 expiration of the Russian HEU imports, escalated sales and transfers beyond the 2008 target to support varying programmatic funding requirements. The resultant lack of predictability was underscored when DOE's 2013 revision to the Excess Uranium Inventory Management Plan stated DOE's belief that, based on the Department's experience and market analysis, an established guideline was unnecessary and would no longer be used.

In a May 5, 2014, letter to Secretary Moniz, NEI noted that the industry supports the timely and efficient clean-up of all of the Department's facilities, including the gaseous diffusion plants (GDPs). We recommended that the clean-up efforts be fully funded through Congressional appropriations rather than a combination of Congressional appropriations and bartering of excess uranium

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inventory, and urged the Department to request sufficient funding annually for the clean-up efforts to proceed on the Department's desired schedule, thereby mitigating the need to barter excess inventory if the requested appropriations are provided. We continue to believe that appropriated funds should be pursued.

As for the D&D fund for the clean-up of the GDP facilities, NEI will continue to oppose strongly any plan to reinstate the uranium enrichment decontamination and decommissioning tax. The industry has twice paid its share of the funds necessary to clean-up the GDP facilities – payment was received as part of the price for DOE uranium enrichment services from the facilities, then again under the Energy Policy Act of 1992. Customers of U.S. nuclear energy should not be singled out yet again to pay a tax for clean-up of Energy Department facilities developed for nuclear weapons and national defense programs.

The nuclear industry is committed to working with DOE to help ensure that clean-up efforts can be accomplished effectively with appropriate funding. A carefully managed, predictable regime for inventory transfers can support DOE's objectives and help ensure that the domestic nuclear fuel supply industry continues to supply the operating reactors and is poised to support the growth of commercial nuclear power in the United States that will be instrumental in meeting our nation's electricity needs reliably and the Administration's climate change goals.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Everett L. Redmond II". The signature is written in a cursive, flowing style.

Everett L. Redmond II