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April 10, 2017

Ms. Cheryl Moss Herman  
U.S. Department of Energy  
Office of Nuclear Energy  
Mailstop NE-32  
19901 Germantown Road  
Germantown, MD 20874-1290

Subject: Excess Uranium Management: Effects of Potential DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion and Enrichment Industries; Notice of Issues for Public Comment, 82 FR 13,106 (Mar. 9, 2017)

Dear Ms. Moss Herman:

On behalf of the U.S. nuclear energy industry, the Nuclear Energy Institute (NEI<sup>1</sup>) appreciates the opportunity to provide comments on the Department of Energy's (DOE) March 9, 2017 Notice of Issues for Public Comment on the effects of potential DOE transfers of excess uranium on the domestic uranium mining, conversion, and enrichment industries. Individual NEI member companies will provide separate specific comments on this notice. We applaud DOE's initiative in issuing this notice to provide more complete and transparent information to the public for comment before the finalization of the upcoming Secretarial Determination covering potential transfers of uranium for cleanup services.

Nuclear energy has provided immense benefits to our society for more than 70 years. The nation's nuclear fleet is a vital part of our electricity infrastructure, directly employing more than 100,000 workers and contributing substantial domestic economic value in electricity sales of \$40 - \$50 billion each year. The industry expects to hire 25,000 new workers over the next several years due to pending retirements. None of this would be possible without a reliable, safe supply of nuclear fuel.

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<sup>1</sup> 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.

The domestic uranium mining industry now produces approximately six percent of the annual requirements of the U.S nuclear generating fleet. In the short term, the unanticipated shutdown of nuclear generating plants in other countries, post-Fukushima, and premature shutdown of nuclear generating capacity in the U.S., due to market issues, greatly reduced previously anticipated demand throughout the fuel supply sectors. However, the long term outlook for continued fueling of the existing fleets and ongoing global nuclear construction will require new fuel supply capacity in the coming years. Making new supply available when it will be needed will require long-term planning and the ability to establish business plans based on predictable market conditions.

As noted in our September 19, 2016 letter<sup>2</sup>, it is vital that the Department use an approach that provides long-term predictability and transparency in its inventory management program to avoid increasing market uncertainty. The information contained in the subject Federal Register notice, with its supporting reference material, assists with transparency. However, as long as funding for cleanup of the gaseous diffusion plants remains dependent on supplementing appropriated funds by uranium barter, the process will not be predictable. We also continue to recommend that DOE update its 2013 Excess Uranium Inventory Management Plan, including identification of possible future additions to the inventory that could eventually be subject to transfers into the commercial market.

We note that the subject Federal Register notice indicates that following the close of comments on the DOE July 19, 2016 Request for Information, the Secretary determined that the exchange of low enriched uranium and high enriched uranium for down-blending services serves a national security purpose and that these transfers for down-blending purposes no longer require a Secretarial Determination. However, while not required, DOE still considered the impact of these uranium transfers in the Secretarial Determination. Although the purpose of the down-blending may serve a national security objective, any resulting material that enters the commercial market contributes to the overall impact of DOE's programs and should be considered. We commend DOE's decision to include this material in the current process and encourage future Secretarial Determinations to continue to assess the impact for all DOE uranium transfers on the market.

The notice also indicates that the National Nuclear Security Administration is expected to continue to down-blend HEU to LEU in support of the Department's nonproliferation goals and to promote national security. The Department should consider advanced nuclear reactor and advanced nuclear fuel development when down-blending HEU. Several advanced reactor designs intend to use high assay LEU (greater than 5% but below 20% enrichment), which currently is not commercially available. The Department should consider foregoing down-blending HEU to 5% enrichment or below in anticipation of the demand for such material for advanced reactors until commercial sources become available.

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<sup>2</sup> September 19, 2016 letter from Suzanne R. Phelps, Director, Fuel Cycle Programs, Nuclear Energy Institute to Cheryl Moss Herman, U.S. Department of Energy, "Excess Uranium Management: Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries; Request for Information"

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The industry continues to support timely and efficient cleanup of all DOE facilities, and we recommend that cleanup be fully funded by appropriations. NEI maintains its strong opposition to any attempt to reinstate the uranium enrichment decontamination and decommissioning tax on U.S. utilities.

We appreciate the opportunity to provide these comments. We are committed to working with DOE to obtain predictable, adequate sources of funding to meet DOE program needs while promoting a strong domestic nuclear program that provides jobs, drives economic growth and maintains vital U.S. infrastructure.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in cursive script that reads "Suzanne R. Phelps".

Suzanne R. Phelps