

Congress of the United States
Washington, DC 20510

January 23, 2012

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585

Dear Secretary Chu:

We are writing to express serious concern with the Department of Energy's (DOE) recent decision to make a single award under the Small Modular Reactor (SMR) Program DE-FOA-000371. This decision is at odds with DOE's justification for the program, and could jeopardize the development of a viable SMR industry in the United States.

In justifying this program to Congress, DOE, in its FY 2013 Congressional Budget Request, explicitly sought funds to provide support for "[t]wo specific reactor technology vendors . . . [and] [t]wo specific utilities or consortia" to facilitate NRC approval of design certification and operating licenses for those entities and to encourage "new competition in the marketplace"¹ with the goal of expeditious deployment of SMR plants by 2022. By issuing a single award DOE is contradicting its own rationale and justification for the program. Moreover, it is counter to the President's goals for supporting SMR technology to strengthen our competitive edge in the global clean energy race. It also ignores Congressional intent that two awards ensure the benefits of competition in the U.S., which has been shown to increase safety, control costs, and spur innovation in the industry.

It is our understanding that a Westinghouse/Ameren proposal to the SMR Program met or exceeded all of DOE's criteria to be a successful applicant for SMR funding. However, it did not receive funding. We have yet to be provided a reasonable explanation regarding why DOE did not select the Westinghouse/Ameren proposal, which is perplexing in light of the program's goal of SMR commercialization.

Westinghouse was the most experienced applicant in the areas of design, development, licensing and deployment of commercial nuclear power plants. Moreover, Ameren Missouri was the only established nuclear utility customer committed to filing a COLA with the NRC. The Westinghouse / Ameren alliance planned to source one hundred percent of SMR components from U.S. suppliers. Further, construction of just one unit would support more than 9,500 direct jobs, and another 9,000 indirect jobs in the

¹ See Department of Energy, FY 2013 Congressional Budget Request, Volume 3 at pages 299, 302.

United States, with a goal to construct many more and the make the U.S. the world's manufacturing hub for SMRs.

We have recently been advised that senior DOE officials have stated that a second SMR Funding Opportunity Announcement (FOA) will be forthcoming and that it will focus on SMR innovation. As you are well aware, the history of the nuclear industry is cluttered with “innovative” designs that never came close to successfully licensing, let alone providing power to meet the nation’s needs. Given the extreme budget pressure we face as a nation, we are troubled that DOE is intending to fund exploratory technologies, which contradicts the initial SMR program goals of supporting rapid domestic SMR deployment, fostering competition between the manufacturers of SMRs, and commercialization.

Therefore, we request that you please address the following question so that we may understand how you arrived at the decision to make a single award and how a second SMR FOA supports the needs of the public.

1. Why did the Department make the decision to issue a single award?
2. How does the Department expect a single award to foster the competition necessary to increase safety, spur innovation, control cost, and mitigate risk?
3. What is the justification for a second round FOA when all of the selection criteria from the President’s SMR program priorities are identified in the first FOA? What possible new criteria have been identified that warrants a 2nd FOA? Why wasn’t this new criteria included in the original FOA?
4. Instead of issuing a second FOA, why did the DOE not modify the original FOA selection criteria to allow all applicants to consider and respond appropriately to ensure its inclusion in the funding decision?

We know you share our view that government can play a careful and constructive role in working with industry to support the emergence of new energy technologies and foster a pro-growth environment that creates jobs in America. However, we firmly believe that competition more often than not will result in a better use of taxpayer dollars. A single award will only distort the market and put the future of SMR technology at risk. In light of these concerns, we request DOE consider issuing a second award under the original FOA. However, should DOE proceed with a second FOA, such an award should be made to a qualified applicant that at minimum meets or exceeds all criteria established under the original FOA. Such a result will ensure program goals of deploying SMR technology domestically are met, while also enhancing competition and protecting U.S. taxpayer resources.

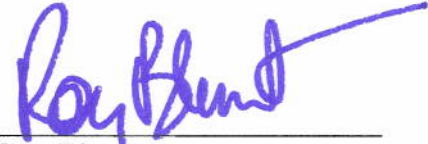
Given the serious questions the single award situation raises, we would hope that you will address our concerns prior to any disbursement of funds under the existing award and prior to any forward movement with a second FOA. We request a written

reply to this letter no later than February 15, 2012. Thank you for your prompt attention to this matter.

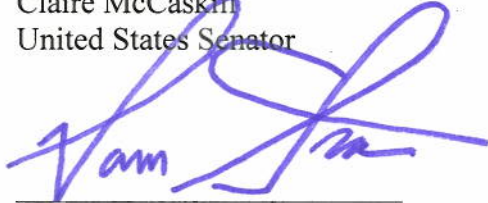
Sincerely,



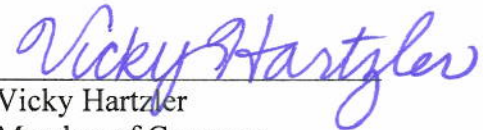
Claire McCaskill
United States Senator



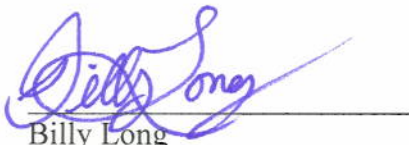
Roy Blunt
United States Senator



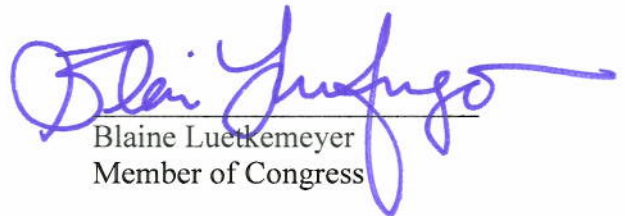
Sam Graves
Member of Congress



Vicky Hartzler
Member of Congress



Billy Long
Member of Congress



Blaine Luetkemeyer
Member of Congress



Ann Wagner
Member of Congress

Cc: Daniel Poneman, Deputy Secretary of Energy, Department of Energy
Peter B. Lyons, Assistant Secretary for Nuclear Energy, Department of Energy