

United States Senate

WASHINGTON, DC 20510

December 12, 2018

The Honorable Rick Perry
Secretary
United States Department of Energy
1000 Independence Avenue, SW
Washington, D.C. 20585

Dear Mr. Secretary:

We are writing to express our opposition to the Department of Energy's plans to issue a \$115 million, three-year, no-bid contract to Centrus Energy to demonstrate technology to produce high-assay low-enriched uranium (HALEU) for future nuclear energy needs. We question the need for such an arrangement outside of Congressional consideration for fiscal year (FY) 2019 and outside of normal government competitive procurement practices.

First, the Department did not request any funds in its FY 2019 budget request and therefore Congress did not designate funds for this purpose. Further, we note that to fund this effort in FY 2019, the Office of Nuclear Energy is proposing to use funds designated for other purposes, including \$13.2 million from research and development on used nuclear fuel. Such a significant effort merits thoroughgoing Congressional consideration in front of the committees of jurisdiction before the Department takes further action.

Second, the Department has not provided a justification for a no-bid contract. Since 2010, Urenco USA has been operating the only uranium enrichment facility in the United States. Urenco USA is a US-registered corporation owned by URENCO Ltd., which is owned by our close allies of the Governments of the United Kingdom and the Netherlands, and two German utilities. Our understanding from Urenco USA's testimony at a House Energy and Commerce Subcommittee hearing on May 22, 2018, is that this facility in Eunice, NM can be modified to produce HALEU using its existing technology within 24 months of the Nuclear Regulatory Commission amending its current operating license. Given the absence of any apparent treaty or statutory restrictions on uranium enrichment for electricity production, we have strong reservations about the Department's refusal to engage the private sector.

Third, there is already an ongoing effort to produce HALEU at the Idaho National Laboratory. The fiscal year 2019 Energy and Water Development appropriations bill, passed by both chambers and signed into law by the President on September 21, 2018, contained \$20 million for a demonstration project that would produce up to 10 metric tons of HALEU for use by laboratories, companies, and universities developing advanced nuclear reactors. These reactors, while potentially promising, are years away from being commercially deployed, thus raising the question of the necessity of a near-term no-bid contract.

Fourth, Centrus Energy, the successor to the United States Enrichment Corporation, has tried unsuccessfully for years to commercialize its uranium enrichment technology. Between 2009 and 2014, the Department provided approximately \$500 million through liability swaps, direct

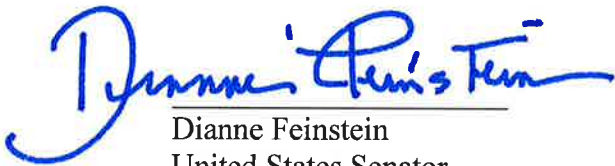
grant assistance, and in-kind support for Centrus to develop and demonstrate its uranium enrichment technology. Private investment has not been forthcoming since that time, which should be indicative of the forces in the uranium enrichment market.

Given our strong concerns and opposition, we respectfully request the Department to provide the following information before issuing any contract or cooperative agreement.

1. A full description of the proposed effort, including a line item accounting of the scope, cost, schedule and products to be produced.
2. Any documentation related to justification for a no-bid contract for Centrus Energy.
3. A list of all meetings between Centrus leadership and Department officials regarding the proposed no-bid contract, including names, dates, times, and topics discussed.
4. A list of Centrus' leadership and their background, including their ties to the current and previous Administrations.
5. The cost share that Centrus is expected to provide in the contract or cooperative agreement.
6. A full accounting of previous support provided to Centrus between 2009 and 2014, including in-kind support and liability swaps.
7. A full accounting of federal government ownership and interest in intellectual property associated with Centrus centrifuge technology.
8. An interagency policy statement on the applicability of peaceful use restrictions on the use of foreign obligated nuclear fuel to produce electricity for military bases located in the US; and the use of US obligated nuclear fuel to produce electricity for both US and non-US military bases (e.g. NATO bases) outside of the US.

Thank you for your consideration of this request. We look forward to a prompt reply.

Sincerely,



Dianne Feinstein
United States Senator



Tom Udall
United States Senator



Martin Heinrich
United States Senator