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March 16, 2017

The Honorable John Barrasso
Chairman
Committee on Environment and Public Works
U.S. Senate
410 Dirksen Senate Building
Washington, DC 20510

The Honorable James Inhofe
Committee on Environment and Public Works
U.S. Senate
410 Dirksen Senate Building
Washington, DC 20510

The Honorable Sheldon Whitehouse
Committee on Environment and Public Works
U.S. Senate
410 Dirksen Senate Building
Washington, DC 20510

The Honorable Cory Booker
Committee on Environment and Public Works
U.S. Senate
410 Dirksen Senate Building
Washington, DC 20510

The Honorable Michael Crapo
U.S. Senate
239 Dirksen Senate Building
Washington, DC 20510

Dear Chairman Barrasso and Senators Inhofe, Whitehouse, Booker, and Crapo:

On behalf of the commercial nuclear energy industry, the Nuclear Energy Institute (NEI) expresses its support for the Nuclear Energy Innovation and Modernization Act (S. 512), of which I testified in support on March 8, 2017, before the Committee on Environment and Public Works.

This bipartisan bill appropriately recognizes the value of nuclear energy as our nation's largest source of reliable, carbon-free electricity. Given nuclear's contributions to our standard of living, national security, economic growth, and U.S. influence abroad, NEI and its members appreciate Congress's action to ensure that nuclear energy continues to supply a significant portion of the nation's energy.

Reforming the Nuclear Regulatory Commission's (NRC) fee recovery structure is well justified, timely, and reflects sound public policy, for the situation has become untenable for licensees. Despite the NRC's recent efforts to reduce its budget as part of Project Aim, licensee fees continue to be excessive and, even now, do not reflect the agency's decreased workload. Additionally, because licensees are responsible for funding 90 percent of the agency's budget, licensees of the operating plants are obligated to pay higher fees when

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reactors close prematurely. All of these problems are exacerbated by a lack of transparency and predictability in the fee process. For example, the Government Accountability Office recently concluded that NRC's fee regulation "did not define key terms, did not use terms consistently, did not provide a key calculation, and contained errors, all of which obscured fee calculations and limited stakeholders' ability to understand them."

If enacted, S. 512 would markedly improve the NRC's outdated fee recovery structure, making it fairer and more equitable. The bill directs the NRC to identify anticipated expenditures for licensing actions and to use those funds only for the purposes specified. That change means amounts set aside for licensee services cannot be diverted to pay for overhead and other costs to which they were not originally allocated. By limiting corporate support to a maximum of 28 percent of the agency's budget by 2024 and thereafter, the bill mandates more efficient NRC operations in the near term, and should lead to an allocation lower than 28 percent in the longer term. Rebalancing corporate support as a percentage of the agency's budget also should help eliminate wasteful government spending without dictating specific reductions, which are appropriately left to the agency. The bill's establishment of a more rational fee recovery process would ensure that the NRC is sufficiently funded to continue to maintain the highest standards of safety while also driving the agency to achieve greater operational and regulatory efficiency. These reforms go to the heart of good government.

NEI also believes there must be a Congressional mandate to accelerate the licensing and commercialization of new reactor technologies. Developers of advanced technologies do not have infinite resources or unlimited time to bring their designs to market. Therefore, the NRC must carry out its licensing responsibilities more efficiently and without imposing excessive, unjustified costs. S. 512 directs the agency to develop a staged licensing process that will allow applicants to demonstrate the viability of these first-of-a-kind projects to potential investors and other project participants. Further, the bill recognizes that other aspects of NRC regulation must continue to evolve to remain current with scientific and technological advancements. By mandating the increased use of risk-informed, performance-based approaches for advanced reactor licensing, the bill will help to focus licensing reviews on issues most important to safety.

Finally, NEI supports your effort to ensure the viability of the uranium mining industry in the United States. Extending uranium recovery licenses from 10 to 20 years, increasing transparency of license reviews, and initiating a pilot program to establish a flat-fee structure for uranium recovery are welcome steps. NEI also believes it is essential to address the uncertainties in DOE's current practice of bartering of uranium tails. It is imperative that Congress appropriate funding for the environmental cleanup yet to be completed at the gaseous diffusion plants and not further burden the nuclear utility industry, which has already paid twice for gaseous diffusion plant cleanup.

On behalf of NEI and its members, I thank you for writing and introducing this important legislation. Its passage will provide environmental and economic benefits to all Americans by helping to retain the

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generation source responsible for 63 percent of the nation's carbon-free electricity, and setting the stage for development and deployment of advanced nuclear technologies.

Sincerely,

A handwritten signature in cursive script that reads "Maria Korsnick". The signature is written in black ink and is positioned above the printed name.

Maria Korsnick