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April 15, 2016

The Honorable James M. Inhofe
Chairman
U.S. Senate Committee on Environment & Public
Works
Washington, DC 20510

The Honorable Cory A. Booker
U.S. Senate Committee on Environment & Public
Works
Washington, DC 20510

The Honorable Sheldon Whitehouse
U.S. Senate Committee on Environment & Public
Works
Washington, DC 20510

The Honorable Mike Crapo
U.S. Senate Committee on Environment & Public
Works
Washington, DC 20510

Dear Chairman Inhofe and Senators Booker, Whitehouse, 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. 2795) introduced on April 13, 2016. This bipartisan bill appropriately recognizes the importance of nuclear energy as our nation's largest source of reliable, carbon-free electricity. NEI and its members appreciate Congress' action to ensure that nuclear energy continues to be a significant contributor to our nation's standard of living, national security, economic growth, and influence in the international arena.

Reforming the Nuclear Regulatory Commission's (NRC) fee recovery structure is well justified, timely, and reflects sound public policy as 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 do not reflect the agency's decreased workload. Additionally, because licensees are responsible for funding 90 percent of the agency's budget, licensees are obligated to pay greater fees when reactors close prematurely. All of these problems are exacerbated by a lack of transparency and predictability in the fee process. NRC estimates for the cost of licensing reviews are rarely available making it difficult, if not impossible, for licensees to anticipate overall costs or determine whether reviews are being conducted effectively. NRC invoices also typically lack detail, which limits licensees' ability to question charges invoiced for undefined project management activities.

Enactment of the Nuclear Energy Innovation and Modernization Act will markedly improve the NRC's outdated fee recovery structure making it fairer and more equitable. The Act 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 2023 and thereafter, the Act mandates more efficient NRC operations. Rebalancing corporate support as a percentage of the agency's budget also

should help eliminate wasteful government spending without dictating specific reductions, which are best 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 implement the highest standards of safety regulation while also driving the agency to achieve greater efficiency in regulation and internal operation. These reforms go to the heart of good government.

NEI also strongly 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. The Nuclear Energy Innovation and Modernization Act directs the agency to develop a staged licensing process that will allow applicants to demonstrate the ongoing 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, we support eliminating the "mandatory hearing" as an anachronism. Given the opportunity for a contested hearing, it is unnecessary for the Commission to turn its attention from other significant matters to hold an additional, separate hearing on each new plant application. This change has no effect on the public's right to request a hearing but would reduce the potential to delay startup of new nuclear plants.

In closing, on behalf of NEI and its members, I wish to thank you for introducing this bill. Passage of S. 2795 will provide environmental and economic benefits to all Americans by helping to retain the generation source responsible for 63 percent of the nation's carbon-free electricity and setting the stage for development and deployment of advanced nuclear reactor technologies.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marvin S. Fertel".

Marvin S. Fertel