

Blue Ridge Environmental Defense League

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July 10, 2020

U.S. International Development Finance Corporation
1100 New York Ave NW
Washington, DC 20527
odp@dfc.gov

RE: DFC Lifting the Ban on Financing Risky Nuclear Projects Abroad

Dear U.S. International Development Finance Corporation,

On behalf of Blue Ridge Environmental Defense League, we submit the following comments. We are writing in opposition to the lifting of the ban to invest in advanced nuclear energy projects. These written remarks are for the 30-day public notice and comment period and will supplement any virtual or oral public hearings.

Overview

The U.S. International Development Finance Corporation (DFC) is expected to agree to lift a ban on investment into advanced nuclear energy projects for export in July. The proposed change to the agency's Environmental and Social Policy and Procedures that would enable the consideration of support of nuclear power projects and aligns the definition of renewable energy with the United States Energy Information Administration's (EIA) definition published on June 10, 2020.

Comments

Breaks Treaty Obligations and Presents Risks to International Nuclear Technology

The Nuclear Non-Proliferation Treaty specifically requires in Article I that:

Each nuclear-weapon State Party to the Treaty undertakes not to transfer to any recipient whatsoever nuclear weapons or other nuclear explosive devices or control over such weapons or explosive devices directly, or indirectly; and not in any way to assist, encourage, or induce any non-nuclear-weapon State to manufacture or otherwise acquire nuclear weapons or other nuclear explosive devices, or control over such weapons or explosive devices.¹

Esse quam videri

¹ Article I, Treaty on the Non-Proliferation of Nuclear Weapons

Lifting the ban on investments to nuclear projects would encourage and assist with furtherment of nuclear technologies. It would also target countries that may lack emergency preparedness infrastructure that can deal with terrorist threats or accidents or prevent proliferation.

Dangers of Spreading Nuclear

Expanding nuclear energy to developing countries and elsewhere there needs to be experts and professionals working alongside. “If you’re exporting nuclear energy to countries with an independent nuclear authority that has the expertise, that’s one thing, but if you’re marketing reactors to less developed nations that don’t have that experience without working with them first to make sure that they do, it’s a recipe for disaster,” says Director of Nuclear Power Safety for the Union of Concerned Scientists Edwin Lyman ³

Nuclear energy needs expertise and overview to operate as a functioning nuclear facility. Proposals for more than 30 new nuclear reactors have been submitted to the Nuclear Regulatory Commission, but nearly all of those have now been cancelled or dropped for lack of interest and/or money. Nuclear is expensive and no need to spread it further with new and better technology available now.

Small Modular Reactors and Microreactors Are Not The Future or Cost Effective

The project should not go into effect, because it relies on the usage and ‘cost effectiveness’ of SMR’s and Microreactors. “Affordable” doesn’t necessarily mean “cost-effective.” According to basic economic principles, the cost per kilowatt-hour of the electricity produced by a small reactor will be higher than that of a large reactor, all other factors being equal. That is because SMRs are penalized by the economies of scale of larger reactors—a principle that drove the past industry trend to build larger and larger plants. ⁴

While dealing with new and advanced reactors such as SMR’s and microreactors, designs are not yet finalized and cost claims made by designers are not reliable. Actual costs and maintenance would be far higher.

Esse quam videri

2. DFC Begins Public Comment Period on Proposed Change to Nuclear Energy Policy, International Development Finance Corporation,

<https://www.dfc.gov/media/press-releases/dfc-begins-public-comment-period-proposed-change-nuclear-energy-policy>

3. US nuclear investment expected to soar after DFC ban lifted, Nuclear Energy Insider,

https://analysis.nuclearenergyinsider.com/us-nuclear-investment-expected-soar-after-dfc-ban-lifted?utm_campaign=NEI%2008JUL20%20Newsletter%20%28NEI%20Database%29&utm_medium=email&utm_source=Eloqua&elqTrackId=7ce7c6160e8b4f0f90e543994bf60fed&elq=7537ee7d4f7c438e877af56c84e13705&elqaid=54640&elqat=1&elqCampaignId=35751

4. Small Isn't Always Beautiful: Safety, Security, and Cost Concerns about Small Modular Reactors, Union of Concerned Scientists, 2013 report

Along with the upfront costs of SMR's, there also has to be maintenance, operational, and labor costs in a safe and secure way. "In addition to imposing a penalty on the capital cost of SMRs, economies of scale would also negatively affect operations and maintenance (O&M) costs (excluding costs for nuclear fuel, which scale proportionately with capacity). Labor costs are a significant fraction of nuclear plant O&M costs, and they do not typically scale linearly with the capacity of the plant: after all, a minimum number of personnel are required to maintain safety and security regardless of the size." 4

Nuclear Energy is a Struggling Industry

CEO, Adam Bohler states, "Our energy work continues to be a focus, and the potential for DFC financing of nuclear power is the subject of several submissions today." While DFC continues to finance nuclear power, the nuclear industry is a struggling industry as more and more plants get shut down and retire. Since 2012, six reactors have shut down and there are plans that seven others will close. Shutting these plants down is not a short term trend, while the price of renewables gets cheaper. We believe that nuclear power should not be used at all and, in fact, should be replaced with truly renewable energy and energy efficiency.

The proposed policy change also standardizes the definition of "renewable energy" to match the U.S. Energy Information Administration's definition. This revision may allow nuclear projects that would not otherwise have been recognized as clean energy projects before, since projects involving renewable energy meet certain requirements for funding.

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What's renewable about nuclear energy? Renewable energy is energy produced from sources that do not deplete or can be replenished within a human's lifetime. The process of nuclear energy requires a lot of uranium to make the fuel, and it produces a lot of radioactive waste in the process. Building and constructing reactors requires a lot of steel, concrete, and rare earth metals; there is a large carbon emissions footprint associated with just the construction of nuclear power plants. It depletes, takes, and pollutes the Earth's resources and is not replenished.

Esse quam videri

5. Yale Environment 360, Industry Meltdown: Is the Era of Nuclear Power Coming to an End?

<https://e360.yale.edu/features/industry-meltdown-is-era-of-nuclear-power-coming-to-an-end>

6. US Government Proposes to Lift Ban on Financing Nuclear Energy Projects Overseas, Lexology,

<https://www.lexology.com/library/detail.aspx?g=7af6415f-c7d0-46eb-84d0-d3d70895cf6c>

7. Trump Administration Moves to Reverse Obama Ban on Financing Nuclear Energy Overseas, Washington Examiner,

<https://www.washingtonexaminer.com/policy/energy/trump-administration-moves-to-reverse-obama-ban-on-financing-nuclear-energy-overseas>

OPIC Banned Overseas Nuclear Investments in Accordance With The World Bank's Lending Guidelines

There was legislation at the end of 2018 that Congress should not have passed, called the Better Utilization of Investment Leading to Development Act, it implemented foundational changes which evolved into DFC.

Conclusion

Blue Ridge Environmental Defense League is in opposition to the U.S. International Development Finance Corporation lifting the ban on financing risky nuclear projects abroad for the following reasons: it breaks treaty obligations and presents risks to international nuclear technology, there are many dangers of spreading nuclear, small modular reactors and microreactors are not the future or cost effective, nuclear energy is a struggling industry, and finally OPIC banned overseas nuclear investments in accordance with the world bank's lending guidelines.

Submitted Respectfully,
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