

CINTAC

Civil Nuclear Trade Advisory Committee

February 7, 2022

The Honorable Gina Raimondo
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, NW
Washington, DC 20230

Subject: Creation of Task Force to Address Developer and Equity Investment Issues

Dear Secretary Raimondo:

The Civil Nuclear Trade Advisory Committee (CINTAC) serves as an advisor to you on the promotion of nuclear energy exports, and we are writing regarding the need to address: (1) the absence of a “Developer”¹ role in foreign nuclear projects; and (2) the absence of U.S. “Equity Investment” as a component of foreign nuclear power projects.

The Developer Role

Currently, U.S. nuclear reactor technology developers and industry partners do not offer a project development function or full-service role to meet bid/offering requirements to succeed effectively in current international nuclear markets. This situation leads to an absence of an overarching counterparty for nuclear power plant (NPP) deployment and results in an incomplete offering. This situation puts U.S. firms at a disadvantage when compared to State Owned Enterprises (SOEs) and the leadership role taken by their governments in deal promotion and formation. Current and projected market conditions require a move away from the historical bid/response process towards more innovative approaches to develop U.S. led NPP projects and increase exports.

The Equity Investment Issue

Foreign customers wish to have U.S. equity investments in their NPP projects (noting that competitor nations include equity in their offerings); however, there does not seem to be a willingness or ability from the U.S. private sector (whether vendors, other nuclear exporters, or third-party investors) to provide meaningful equity investment, nor does the U.S. Government (USG) currently have the means to provide the requisite equity investment into these projects. Foreign customers tend to place a premium on the foreign project delivery team’s ability to provide much of the financing, while assuming as much of the project risk as possible. Unfortunately, the U.S. has limitations with its ability to provide equity funding and assume risks (like some SOEs

¹ A “Developer” here means the leading party or entity that is involved with the development and oversight of an NPP project’s planning, financing, execution, and commercial delivery.

have represented). Given the relative strengths and weaknesses involved, this area is ripe for a public/private approach leveraging the capabilities of both sectors to manage project risk more effectively.

Recommendation

CINTAC recommends that a “Task Force” (TF) under the authority of the Secretary of Commerce (preferably in coordination with the National Security Council) be convened to examine these two issues and related matters. Specifically, CINTAC recommends that the Secretary and the TF focus its efforts towards:

1. The need and options (both private and public) for a project “Developer” model to support U.S.-led international nuclear reactor projects and other nuclear export opportunities, including ways in which the USG can take both leadership and supporting roles. The TF would also (i) identify and consider lessons learned and/or factors that led to complications or challenges resulting in conditions and outcomes where U.S.-led efforts failed to win or even secure an opportunity to bid; and (ii) provide recommendations to enhance a delivery-developer model for future industry use and USG support, while taking into account current market trends and customers’ expressed needs; and
2. The potential methods and sources available (both private and public), market conditions, public policy considerations, and regulatory issues, to be considered in the promotion of U.S. equity investment in new NPP projects involving U.S. exports. The TF would also consider lessons learned from prior financing efforts of overseas projects, as well as equity financing success models from other applicable industries to support new equity strategies for these NPPs.

An expected set of outcomes from the TF would also include: (i) suggested new resources for USG institutions, to include support mechanisms for “Developer” functions; and (ii) financing incentives, structures, and products to encourage greater equity participation from private sources in foreign NPPs, including considerations on carbon reduction goals and environmental, social and governance (ESG) investment objectives.

Should the Secretary authorize the creation of a TF, CINTAC proposes that it convene for a 9-month period and be comprised of external advisors and contributors, all with specific experience on the topics involved (*i.e.*, history of developing and/or financing international nuclear power projects, large scale multi-billion dollar energy and industrial infrastructure projects, and major technology export sales). We further recommend a manageable number of participants (not more than 10 external advisors; not more than 10 from U.S. Government) and that external advisors be compensated at market rates that reflect the experience and seniority of the external advisors, as well as be reimbursed for any necessary travel. CINTAC proposes a draft final report with preliminary findings and recommendations from the TF to the Secretary within 6 months, with a final TF report to the Secretary no later than the completion of the 9-month term.

Lastly, if it may be accommodated, CINTAC suggests that any corresponding announcement of the TF by the Secretary be made in advance of the IAEA Ministerial that will be hosted by the U.S. in Washington, DC in late 2022.

Thank you for your support of CINTAC. We look forward to working with you and your team on this subject and other issues of mutual concern.

Sincerely and on behalf of the members of CINTAC,



Jeff Harper, Chair



Ralph Hunter, Vice Chair

cc: U.S. Secretary of State
U.S. Secretary of Energy
U.S. Secretary of Treasury
National Security Advisor
Chairman, U.S. Nuclear Regulatory Commission
Director, National Economic Council
Director, National Security Council
Chairman, Senate Energy and Natural Resources Committee
Chief Executive Officer, U.S. International Development Finance Corporation
Chairman, Export-Import Bank of the United States
Director, U.S. Trade and Development Agency

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