Legislative Priorities for FY2021

October 10, 2019

In order to supplement the considerable private investment and achieve the benefits of light-water small modular reactor (SMR) technology, Congress should authorize and appropriate sufficient funds in FY2021 and beyond to implement the following private-public partnerships and other federal government actions that are instrumental in facilitating the successful domestic commercialization and export of U.S. SMRs.

1. **Power Purchase Agreements (Authorization)** – Enact the Nuclear Energy Leadership Act (S.903 and HR.3306) provisions that enhance the Federal Power Purchase Agreement (PPA) authorities to provide Federal agencies the ability to enter into long-term Utility Service Agreements of up to 40 years, and establish a PPA pilot program. Assess the impact to the federal budget annually instead of the entire PPA value being "scored" in the year the PPA is entered, and the impact of costs to the Federal entity entering into the PPA. The PPAs should have a mechanism to allow the Department of Energy (DOE), Department of Defense (DoD) and other agencies to provide compensation to SMR plants that supply resilient, highly reliable electricity to mission critical facilities to meet national security needs, or other services, such as demonstration of process heat, hydrogen production, and desalination.

2. **Investment Tax Credits (Authorization)** – Investment Tax Credits (ITCs) can spur new infrastructure investment leading to the creation of jobs and the broader economic development. While other energy sources, such as renewables, enjoy the benefits of ITCs, there does not exist an ITC for nuclear energy. A nuclear ITC should be established to incentivize investment in the U.S. SMR supply chain, and should be an option for nuclear energy plants, including new SMRs.

3. **Clean Nuclear Energy Value Recognition (Authorization)** – Where policies targeting greenhouse gas reductions exist, they should be technology-neutral and should not undermine grid resilience. The renewable energy targets in the Energy Policy Act of 2005, Energy Independence and Security Act of 2007, and DoD's goal of 25% renewable energy by 2025 (10 U.S.C. §2911) should be changed to technology-neutral clean energy standards that include nuclear energy and level the playing field.

4. **Advanced Technology R&D Private-Public Partnerships (Appropriations)** – Private-public partnerships through cost-share agreements are needed to support technical, first-of-a-kind engineering and design and regulatory development of SMRs and other next generation advanced reactors. This DOE program would reduce the economic, technical and regulatory barriers to efficient, timely, and cost-effective deployment of new technology. Funding of $100M is needed in FY2021 for the light-water SMR portion of this program, which would be available for multi-year awards without a per-project funding cap.

5. **Innovative Supply Chain Manufacturing (Appropriations)** - DOE support to innovate the SMR supply chain is needed to reduce manufacturing risks for SMRs and other advanced reactors. This effort would support the manufacturing of innovative first-of-a-kind components during the licensing phase to demonstrate advanced manufacturing techniques and allow

fabrication of commercial units to occur at lower costs and in a compressed delivery schedule by incorporating lessons learned. This includes the demonstration of closing Inspections and Tests at the factory. This would also support the incorporation of advanced manufacturing methods in the SMR supply chain, including acceptance by the Nuclear Regulatory Commission and Codes and Standards organizations. Funding of $30M is needed in FY2021, in addition to funding already provided for advanced manufacturing under the Nuclear Energy Enabling Technologies and Transformational Challenge Reactor programs.

6. **Technology Deployment (Appropriations)** – DOE and the National Laboratories should support initial commercial plant deployments through the lease or purchase of one or more light-water SMR reactor modules that would enable joint use to demonstrate applications such as load-following, resilient micro-grids, and hybrid energy systems.

Other legislative principles from SMR Start's Policy Statement that are authorized and available are also important to SMR deployment and should be continued (e.g., Production Tax Credits, Loan Guarantees).