

Removal of US agency financing ban to help advanced reactors, analysts say

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The International Development Finance Corporation, a **US** federal agency, is proposing ending its prohibition on financing **nuclear** projects, a policy change which “will enable **US** advanced **nuclear** developers to compete in a wide variety of markets, including in fast growing emerging and frontier markets,” Todd **Moss**, executive director of the Energy for Growth Hub, said June 12.

Energy for Growth Hub is a nonprofit research network covering development finance, energy policy and energy economics issues; it is funded by **US** foundations including the Rockefeller Foundation and has partnerships with **Chevron, Engie** and **General Electric, Moss** said.

DFC proposed June 10 to revise its policy so that it “would enable the consideration of support of **nuclear** power projects,” beginning a 30-day public notice and comment period.

Financing **nuclear** projects “supports the agency’s development mandate, bolsters U.S. foreign policy, and recognizes advances in technology which could make **nuclear** energy particularly impactful in emerging markets,” including small modular reactors and microreactors, which have “significantly lower costs than traditional **nuclear** power plants and may be well suited for developing countries,” DFC added.

The agency was created in 2019 through the consolidation of Overseas Private Investment Corp. and the **US** Agency for International Development’s Development Credit Authority. DFC has a total investment limit of \$60 billion.

OPIC and USAID both had bans in place prohibiting them from supporting **nuclear** reactor projects. The **US** Export-Import Bank, which finances a much larger number of projects, already

can finance **nuclear** energy related work and has done so in the past. That federal agency is the official export credit agency of the **US**.

A **White House** working group, formed in July to identify ways to revive and expand the **US nuclear** energy sector, recommended the removal of a financing ban on **US nuclear** energy technologies in its April 23 report. DFC said the proposed change would implement the working group's recommendations.

Amy Roma, a lawyer at Hogan Lovells specializing in international **nuclear** trade, said in an email June 15, "While advanced reactors are a nascent industry, they could have suffered a similar fate as their large-scale cousins in foreign bids if the DFC's ban on investments in **nuclear** projects had not been lifted." She added, "For advanced reactors, lifting the ban could be an important step to ensuring the U.S. does not fall behind in the first place."

DFC's proposed change could "influence other foreign development finance institutions and the **World Bank** to follow suit, which would open the door even wider for these promising new technologies," Roma said. But she added, "It does not commit the DFC to financing such projects."

Moss said, "In places where energy demand is expanding rapidly, the potential for advanced **nuclear** [reactors] is significant. Countries as diverse as **Brazil, India, Ghana, Egypt, Thailand, Vietnam, Indonesia, Jordan,** and **Kenya** are all ready, or soon will be ready, for advanced **nuclear** technology."

"Lifting the DFC ban could be a game changer for SMRs or advanced and micro reactor projects, since many of the countries where the **US** is interested in exporting advanced technologies, and smaller **nuclear** reactors for smaller grids, are countries that would likely be eligible for DFC funding," Jennifer Gordon, senior fellow of the **Global Energy** Center at **Atlantic** Council with oversight over **nuclear** power issues, said in an email June 16.

Luke Bolar, a spokesman for think tank ClearPath, said in an email June 15 that **US** companies could currently export **nuclear** technologies to **Ukraine, Romania, Egypt** and **Morocco** since those countries have **nuclear** cooperation agreements with the **US**, allowing them to receive such exports. ClearPath is a "conservative, clean energy" group, according to its website.

“This change could also offer an alternative to the financing of authoritarian regimes while advancing U.S. nonproliferation safeguards and supporting U.S. **nuclear** competitiveness,” DFC said.

The **Nuclear** Fuel Working Group report noted the **US** has not sold reactors overseas recently and “is missing out on a **nuclear** reactor market” the **US** Department of Commerce estimates is valued at \$500 billion-\$740 billion over the next 10 years.

Financing **nuclear** projects

Carol Berrigan, senior director of federal programs at **NEI**, said in a June 16 email. “Financing plays a decisive role in global **nuclear** energy procurement decisions. **Russia** and **China** bring a full financing package to support their companies, with generous terms — large loans, affordable rates and extended loan tenors.”

“As for timing, **nuclear** projects are long-term endeavors,” and “it is unclear when the first project to utilize DFC products would come to fruition,” Berrigan added.

DFC spokeswoman Laura Allen said June 11, “**We**’ll need to receive a proposal from the private sector and DFC would review it using our rigorous evaluation process.”

“Utilities, manufacturers, and countries around the world are beginning to look for the zero-carbon assets they will deploy for the next 20 years and beyond. Advanced **nuclear** is one of the only technologies that can help developing countries meet the energy demand of a growing economy, and still remain committed to their climate goals,” Jackie Kempfer, a **nuclear** energy policy advisor at Third Way, said in a statement June 10. “DFC can have a giant impact on **American** leadership in this growing global market,” she added.

NuScale Power spokeswoman Diane Hughes said June 15 NuScale has memoranda of understanding “with companies in many countries” and “**we** continue to field significant interest from countries worldwide.” NuScale has MOUs with **Ukraine**, **Jordan** and **Romania**, and X-energy has an MOU with **Jordan**.

“The ability for the U.S. government to offer financing for international projects based on U.S. commercial **nuclear** technologies is very significant, since many foreign **nuclear** plant suppliers, like those from **China** and **Russia**, are backed by their respective country’s

government and these foreign suppliers can provide the full financing needed for the deployment of their power plants,” Hughes said.

‘Not a game changer’

However, Allison Macfarlane, director of the Institute for International Science and Technology Policy at George **Washington** University and former **NRC** chairman, said in an interview June 15, “This is not a game changer,” as SMR technologies are not yet available. “Licensing for one kind of small modular reactor is ongoing,” but nobody has constructed an SMR, she added. This is putting “the cart ahead of the horse” since SMR designs must be certified before **nuclear** technologies can be built and exported, let alone financed, Macfarlane said.

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