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U.S. NUCLEAR REGULATORY COMMISSION
 In the Matter of Louisiana Energy Services LP
 Docket No. 70-3103 Official Exhibit No. LES 32
 OFFERED by Applicant/Licensee Intervenor _____
 NRC Staff _____
 IDENTIFIED on Alkins and Schwartz/Krich
 Action Taken: ADMITTED REJECTED WITHDRAWN
 Reporter/Clerk Patricia Pugh

**ENERGY AND WATER DEVELOPMENT
 APPROPRIATIONS FOR FISCAL YEAR 2004**

WEDNESDAY, MARCH 12, 2003

U.S. SENATE,
 SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
 Washington, DC.

The subcommittee met at 2:32 p.m., in room SD-124, Dirksen
 Senate Office Building, Hon. Pete V. Domenici (chairman) pre-
 siding.

Present: Senators Domenici, Craig, and Dorgan.

DEPARTMENT OF ENERGY
 OFFICE OF SCIENCE

STATEMENT OF DR. RAYMOND L. ORBACH, DIRECTOR

OPENING STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. The Senator from Nevada will probably be
 along shortly. Senator Craig, nice to have you here.

Today the subcommittee is going to review the Department of
 Energy's fiscal year 2004 budget request for, one, the Office of En-
 ergy Efficiency and Renewables, and the Office of Science and the
 Office of Nuclear Energy. In that regard, we will hear from Dr.
 David Garman, Assistant Secretary for Energy Efficiency and Re-
 newable Energy. We will hear from Dr. Ray Orbach, Director of the
 Office of Science, and Mr. Bill Magwood, the Director of the Office
 of Nuclear Energy and Science Technology.

All of these witnesses have appeared before the subcommittee be-
 fore and are well known to us. We look forward to your testimony
 today.

Let me summarize just a moment. It will not take me very long,
 Senator Craig, and then we will go right to the witnesses.

The budget request for renewable energy under Mr. Garman is
 \$444 million, an increase of \$24 million, about 6 percent over the
 current year. However, more than all of the increases put toward
 the President's initiative, an initiative that may displace much of
 our dependence on foreign oil in years to come, the so-called hydro-
 gen research for the hydrogen car.

Under this subcommittee, we would more than double the
 amount spent for that endeavor to \$88 million. Unfortunately,
 many of the traditional areas of renewable research, such as bio-
 mass, renewable research, geothermal and wind, are proposed to be
 cut. And that is below current levels in order to fund this initiative.

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actors, and providing research grants to university nuclear engineering departments.

The Department continues to award numerous fellowships and scholarships to students pursuing a nuclear engineering or a health physics degree and assisting students at minority universities to achieve a degree in nuclear engineering by partnering with a majority nuclear engineering institution; helping to reinvigorate the radiochemistry educational program through assistance to graduates, post-doctorates, and faculty; and conducting outreach to college freshman and secondary school students and teachers through the American Nuclear Society by providing teacher workshops in the basics of nuclear energy and engineering.

Lastly, the Innovations in Nuclear Infrastructure and Education (INIE) initiative continues to maintain the Nation's university research reactor infrastructure by awarding the fifth INIE grant. The INIE program focus is to help strengthen the nuclear engineering infrastructure which is vital to producing the nuclear engineers the Nation requires for operation of its nuclear facilities, national laboratories, and universities.

Question. Will this budget request allow the Department to expand its support to the regional reactor consortiums?

Answer. The fiscal year 2004 budget request will enable the Department to continue support for five regional reactor consortiums. Four awards were made in fiscal year 2002, with the additional funds appropriated in fiscal year 2003; one additional award will be made. Two additional consortia have been selected for future award.

URANIUM-233

Question. The Congress has urged the Department to proceed with a Request for Proposal on a project to extract medically valuable isotopes from the excess uranium-233 stored at Oak Ridge National Laboratory. This is potentially a very exciting effort. Can you provide an update on this effort and tell when you expect the RFP will be out?

Answer. The Department's project to treat its inventory of U233 will greatly reduce the high cost associated with the storage of this material and demonstrate the Nation's leadership in the effective and responsible management of fissile materials. Perhaps more importantly, this project will provide researchers all over the country with ready access to isotopes that have shown considerable promise in treatment of various forms of cancer.

The RFP was issued on June 13, 2002, and proposals were received on September 26, 2002. On February 14, 2003, the Department notified the bidders that were found to be in the competitive range required for the contract that their proposals would be evaluated for final selection. The evaluation process continues and we anticipate an award this summer.

LES

Question. Mr. Magwood, the Department has previously commented on the need for new domestic enrichment capacity as a means of maintaining a reliable and economical U.S. enrichment industry. One of the ventures to accomplish this is led by the European consortium Urenco, a company with proven centrifuge technology. I know you are quite familiar with the company and their technology. Do you have any concern on your part that the efforts of Urenco to build a new facility in the United States would in any way pose a national security concern?

Answer. The Administration places a high priority on ensuring nuclear non-proliferation safeguards are in place and that access to sensitive technology is controlled. The information available to the Department indicates that URENCO has acted responsibly with regard to the control of sensitive technology and the employment of non-proliferation safeguards.

The Department of Energy believes that LES's plans for the deployment of centrifuge technology in the United States are of considerable national benefit. Deployment of an LES plant will help assure the important energy security objective of maintaining a reliable and economical U.S. uranium enrichment industry.

Question. Do you believe that the development of new enrichment capacity is sufficiently important to U.S. energy security objectives that the development of a domestic facility by Urenco should therefore be encouraged and facilitated in some manner by DOE? If so, how?

Answer. The Department believes there is sufficient domestic demand to support multiple commercial uranium enrichment plant operators in the United States and that competition is important to maintain a viable, competitive domestic uranium enrichment industry for the foreseeable future. The U.S. Government has encouraged the three Allied government partners in Urenco (Great Britain, the Nether-