

Market Considerations and Projections for SMRs

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Overview of Investors' Views

- Although existing nuclear is valued for fuel diversity and environmental advantages, it is economically challenged in many markets
- Completion of new nuclear units under construction is critical to test the new NRC licensing regime

Overview of Investors' Views (Cont'd)

- Rate base treatment or long-term power agreements required to finance new nuclear construction
- Competitive markets do not support development of new nuclear power generating facilities

Financing Implications for SMRs

- Investors will focus on total production cost including operating cost and risk-adjusted return on capital costs in appraising economic viability
- SMRs are considered a new technology with technological risk
- Construction and regulatory risks will need to be addressed

Financing Implications for SMRs (Cont'd)

- Investors will require protection against potential disallowances or write offs
- Mechanisms like DOE Loan Guarantee required to assure debt financing
- Incentives for Equity Investors would also be necessary since loan guarantees only addresses debt financing