



Savannah River Site Watch

Savannah River Site Watch (SRS Watch)

www.srswatch.org

Media Alert

February 2, 2015

Contact: Tom Clements, Director, SRS Watch, tel. 803-834-3084, srswatch@gmail.com

**SRS Watch has Learned MOX Funding Flat in Fiscal Year 2016 Budget Request to Congress,
Fate of Project Remains Subject to Plutonium Disposition Review Now Under Way**

***Budget Request of Feb. 2 States MOX Plant Most Current Cost Estimate is \$12.7 Billion, with
Completion in 2027-2031, Project Not Demonstrated to be Financially Sustainable or Technically Viable***

--- see below for Alliance for Nuclear Accountability (ANA) media advisory on DOE budget release ---

Columbia, SC – The U.S. Department of Energy (DOE) Fiscal Year 2016 budget request for the plutonium fuel (MOX) project at the Savannah River Site (SRS) will keep funding for the project at a level that barely allows it to continue but does not terminate it, according to Savannah River Site Watch (SRS Watch). The MOX funding level is the same the project received in December 2014 for Fiscal Year 2015.

The DOE budget request confirms that the mismanaged MOX project is not financially viable over the medium term, according to what SRS Watch has learned, and its fate depends on the outcome of a congressionally required plutonium disposition alternatives analysis now under way. That alternatives study is due to Congress in mid-April 2015.

The DOE budget request for Fiscal Year 2016 includes \$335 million for MOX plant construction and another \$10 million for “other project costs,” for a total of \$345 million. Out-year funding levels - from FY 2017 to FY 2020 - are at place-holder levels of \$221 million, a level not enough to keep the project viable. [According to the Fiscal Year 2015 budget request (of April 2014), the MOX plant’s operating cost alone was estimated to be \$543 million per year, an amount far above current funding commitments.]

DOE affirms in the budget request that the cost of the MOX approach is significantly more than anticipated and presents a “total project cost” of a stunning \$12.7 billion for the MOX plant construction, with \$4.1 billion already having been spent on construction. The request goes on to reveal that the U.S. Army Corps of Engineers conducted an independent assessment of MOX plant construction and determined that it “would cost approximately \$10 to \$13 billion to complete in the 2027-2031 timeframe with annual funding profile of \$500 million” (far more than the current or projected funding level). The budget document says that the cost estimate is not validated but is the best current estimate of the MOX plant cost at this time.

“The request keeps the mismanaged MOX project on life support but the budget totally fails to explain how the remaining \$8 billion for MOX plant construction and another \$10 billion in MOX plant operating costs could be funded, underscoring that it is not sustainable,” said Tom Clements, director of SRS

Watch. "The budget affirms that the MOX project is slowly bleeding to death but the decision to terminate the project will depend on the on-going analysis of the cost of disposing of plutonium as waste."

SRS Watch has learned that the review of plutonium disposition options, as required by Congress in the appropriations legislation passed into law in December 2014, is moving forward and the review team was recently at SRS. The review team visited the K-Area, where plutonium is stored and could be packaged for disposal as waste, and the Mixed Oxide Fuel Fabrication Facility (MFFF).

The budget request affirms that a company called Aerospace Corporation has been contracted by DOE to assist with the review, which is looking into full cost of both MOX and various methods of disposal of plutonium as waste. Aerospace is to provide independent cost and schedule estimates for plutonium disposition alternatives but it is unknown if the company has the expertise needed to review complex, costly plutonium programs. The analysis is due to Congress in mid-April but may be ready for internal agency review well before that date.

According to the funding legislation signed into law in December 2014, "The agreement includes statutory language that prohibits the NNSA from using funds to place the project in cold standby in fiscal year 2015. Instead of the reporting requirements in the House report, the NNSA is directed to submit to the Committees on Appropriations of the House of Representatives and the Senate not later than 120 days after enactment of this Act an independently-verified lifecycle cost estimate for the option to complete construction and operate the MOX facility and the option to downblend and dispose of the material in a repository." (see page 49 – 94 pdf – in funding language:
<http://rules.house.gov/sites/republicans.rules.house.gov/files/113-1/PDF/113-HR83sa-ES-D.pdf>)

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Notes:

The general numbers for DOE budget request to be released on Monday, February 2, are often first posted on the Office of Management and Budget (OMB) website and more details are later posted on the DOE website. In the past, the full budget has been posted in the mid-afternoon.

White House's Office of Management and Budget (OMB): <http://www.whitehouse.gov/omb>

OMB budget site: <http://www.whitehouse.gov/omb/budget>

DOE Chief Financial Officer (CFO): <http://energy.gov/cfo/office-chief-financial-officer>

DOE CFO budget justifications from previous years:

<http://energy.gov/cfo/reports/budget-justification-supporting-documents>

Possible URL for FY 2016 budget request: <http://energy.gov/cfo/downloads/fy-2016-budget-justification>

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Alliance for Nuclear Accountability (ANA) advisory on DOE budget release on February 2 – ANA is a coalition of public interest groups around DOE sites – SRS Watch is an ANA member and the key public interest group monitoring issue at the Savannah River Site – see end of advisory for public interest contacts on various aspects of the DOE budget request:

Alliance for Nuclear Accountability

A national network of organizations working to address issues of nuclear weapons production and waste cleanup



for further information, contact:

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-- for use related to the Monday, February 2, 2015 DOE budget release --

QUESTIONS FOR THE U.S. DEPARTMENT OF ENERGY (DOE) FY 2016 NUCLEAR WEAPONS AND CLEANUP BUDGET REQUEST

The US nuclear weapons budget continues to spiral out of control. Look for double-digit increases in Department of Energy (DOE) weapons activities. Core nonproliferation programs will be cut because of funding for mixed-oxide fuel. Cleanup of radioactive and toxic pollution from weapons research, testing, production and waste disposal will fall further behind. The DOE budget for FY 2016 will illuminate the Obama Administration's misplaced nuclear priorities.

The Alliance for Nuclear Accountability (ANA), a 28-year-old network of groups from communities downwind and downstream of U.S. nuclear sites, will be looking at the following issues. For details, contact the ANA leaders listed at the end of this Advisory.

-- Does the budget request boost funding for "modernization" programs that indefinitely maintain nuclear warheads? Such funding is contrary to the Obama Administration's previously declared goal of a future world free of nuclear weapons.

-- Does the budget reflect the Administration's commitment to reduce funding (currently \$335 million) on the multi-billion dollar Uranium Processing Facility at Oak Ridge by downsizing it to the capacity needed to support stockpile surveillance, maintenance and limited life extension?

-- Does the budget increase funds for nuclear weapons dismantlement capacity? Will cooperative programs with Russia be maintained?

-- Is there increased funding for expanded production of plutonium bomb cores? Why is expanded production needed when expert studies find that existing plutonium pits are durable?

-- Is more than \$300 million provided for the National Ignition Facility (NIF) at Livermore Lab that has repeatedly failed to achieve "ignition"? What is the funding level for uncontained plutonium shots although they will taint the NIF target chamber and optics with alpha radiation?

-- Does the budget seek an increase for the B61 Life Extension Program (currently \$643 million)?

-- As DOE affirms that the \$30-billion plutonium fuel (MOX) project at the Savannah River Site is financially unsustainable, is the MOX plant construction again proposed for "cold standby" (~\$200 million) or a level to barely allow it to survive (~300+ million)? Does the budget include the current validated base-line cost of MOX plant, a validated construction and operation schedule and names of nuclear utilities willing to use experimental MOX fuel?

-- Does the budget include \$0 for Yucca Mountain? No funding is consistent with past requests that terminate this technically flawed site that is strongly opposed by Nevada state officials and the public.

-- Does the budget provide additional Environmental Management (EM) funding (currently \$5 billion) to meet all legally mandated cleanup milestones? States say cleanup agreements at a dozen major sites are underfunded by hundreds of million dollars.

– How will DOE and its contractors pay fines for missing milestones? In the past three months, New Mexico, Idaho, and Washington state have issued fines of tens of millions of dollars, and fines loom in South Carolina. In which other states does DOE face fines and lawsuits for missing milestones?

-- What is the high range for total life-cycle clean-up costs (LCC) for EM sites? Because of funding shortfalls, High Range LCC costs have increased from \$308.5 billion in the FY 2013 Budget Request, to \$330.9 billion in the FY 2014 Request, and were \$328.4 billion in the FY 2015 Request.

-- How much does the budget include for the shut down Waste Isolation Pilot Plant (WIPP)? How much is for recovery and how much for waste emplacement (previously \$220 million a year) even though no waste is being emplaced? How much additional funding is requested for the Idaho National Lab, Los Alamos, Savannah River, and Oak Ridge because of the shutdown?

-- Does the budget for Hanford (more than \$2 billion) protect workers from toxic chemical exposures, provide an Operational Readiness Review of the nuclear safety of the Waste Treatment Plant, and fund construction of new double-shell tanks to replace the leaking ones?

-- Does the budget increase funding (currently \$28.5 million) for the Defense Nuclear Facilities Safety Board (DNFSB) to provide independent oversight of DOE projects because of the many cost over-runs, schedule delays, safety culture issues and technical problems?

-- Is the funding for design and licensing of Small Modular Reactors (SMRs) enough to make them viable? As private financing is lacking, will DOE reaffirm that it will not finance SMR construction?

For information about specific DOE nuclear weapons sites and programs, contact:

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