



The Secretary of Energy
Washington, DC 20585

May 10, 2018

Dear Mr. Chairman:

Section 3121 of the *National Defense Authorization Act for Fiscal Year 2018 (FY 2018 NDAA)* and section 309 of the *Consolidated Appropriations Act, 2018*, permits the Secretary of Energy to waive the requirement to use funds for construction and project support activities relating to the Mixed Oxide (MOX) facility. This letter constitutes my execution of that waiver authority, consistent with section 3121 of the FY 2018 NDAA and section 309 of the *Consolidated Appropriations Act, 2018*.

I confirm that the Department is committed to removing plutonium from South Carolina intended to be disposed of in the MOX facility. We are currently processing plutonium in South Carolina for shipment to the Waste Isolation Pilot Plant (WIPP) and intend to continue to do so. At the same time, we are planning to install additional equipment for processing plutonium for removal from South Carolina and to increase the rate at which this removal can be carried out. We are also exploring whether any of the plutonium currently in South Carolina can be moved elsewhere for programmatic uses. I am also committed to ensuring a sustainable future for the Savannah River Site supporting the Department's many enduring national security missions, such as tritium production or other nuclear security efforts.

I certify that an alternative option for carrying out the plutonium disposition program for the same amount of plutonium intended to be disposed of in the MOX facility exists. The Department's alternative method for carrying out the 34 metric ton plutonium disposition program, the Dilute and Dispose approach, was evaluated using the National Nuclear Security Administration's Business Operating Procedure entitled "Analysis of Alternatives" and dated March 14, 2016 (BOP-03.07) and met its requirements. Furthermore, I certify that the remaining lifecycle cost for the Dilute and Dispose approach will be less than approximately half of the estimated remaining lifecycle cost of the MOX fuel program. The Department's independent cost estimate concluded that the remaining Dilute and Dispose lifecycle cost is \$19.9 billion. The Department estimated the remaining lifecycle cost of the MOX fuel program to be \$49.4 billion. The independent cost estimate for the Dilute and Dispose lifecycle cost was determined in a manner comparable to the cost estimating and assessment best practices of the Government Accountability Office, as found in the document entitled "GAO Estimating



and Assessment Guide” (GAO-09-3SP), and the estimates used were of comparable accuracy.

Finally, I certify that the Department will work with the State of New Mexico to address the capacity issues related to the receipt of the full 34 metric tons at WIPP. This can be accomplished by more accurately calculating the volumes disposed of at WIPP. A proposed permit modification to implement this new approach was discussed with stakeholders prior to being submitted to the New Mexico Environment Department on January 31, 2018.

I appreciate the waiver authority Congress has provided me in the FY 2018 NDAA to cease MOX construction. Consistent with that authority and the certification provided in this letter, the Department will begin pursuing the Dilute and Dispose approach to plutonium disposition.

If you have any questions, please contact Ms. Bridget Forcier, Office of the Chief Financial Officer, at (202) 586-0176.

Sincerely,

RICK PERRY

Rick Perry

