



February 27, 2013

**Statement of Ryan Alexander, president, Taxpayers for Common Sense  
on the Golden Fleece Award presented to  
Department of Energy for Taxpayer Subsidies Provided for Small Modular Reactors**

*Washington, DC* - Today Taxpayers for Common Senses presents the Golden Fleece Award to the Department of Energy for providing federal subsidies for small modular reactors or SMRs. With the nation two days away from the across-the-board budget cuts known as sequestration, it is outrageous that we are hearing the Department of Energy (DOE) and the nuclear industry evangelizing about the benefits of small modular reactors and the need for increased federal support. The reality is we absolutely cannot afford to pile more market-distorting subsidies for profitable companies on top of the billions of dollars we have already given away—including those for recently touted SMRs.

The vision the industry and DOE seem to be peddling is a chicken in every pot, a car in every garage, and a reactor in every backyard. A fraction of the size of conventional-scale reactors, SMRs would be manufactured by assembly line and transported by truck, ship, or rail to their destinations. With designs ranging in size from one-third the size of a large-scale plant to the size of a hot tub,<sup>i</sup> SMRs will also produce significantly less power: 300 megawatts electrical (MWe) or less compared to 1,000 MWe for a typical commercial-scale reactor.

But it's hard to see the large-scale viability. No one is clamoring to buy an SMR because there is no assurance that the electricity will be remotely competitive with power from other sources. New nuclear power today is uncompetitive by a very wide margin. At today's natural gas prices, SMRs would have to produce electricity at half the projected cost of conventional reactors to compete. There is not the slightest indication that they can do so.

The Administration has committed to providing more than \$500 million dollars for licensing support and research and development for these downsized nuclear reactors. Subsidies for SMRs will come through the Department of Energy's Small Modular Reactor Program and the private-public partnership at the Savannah River site in South Carolina. So far, nearly \$100 million in federal funds have been provided for SMRs through the program. Congress approved more than \$95 million for DOE's SMR program in FY2012, the President's FY2013 budget proposal included \$83 million for SMRs, and we expect the President's budget request for FY14 will continue to ask for SMR funding.

Late last year, DOE announced Babcock & Wilcox (B&W) could receive any portion of the \$452 million to commercialize its 180 MWe reactor through the SMR Program. The actual amount B&W will receive has yet to be determined. DOE also announced that there will be additional funding opportunities in the future.<sup>iii</sup> We expect other international and highly profitable companies will be next in line to receive funding.

The needless giveaway of federal dollars must stop. SMRs will likely never be a good investment, but in the current fiscal climate taxpayers must be extremely concerned with any dollars DOE doles out. High-risk, high-cost, and highly questionable, small modular reactors don't just look like a bad investment, they are a ridiculous waste and that is the very definition of a Golden Fleece.

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<sup>i</sup> Gen4 Energy's SMR design is the smallest of all applicants and has been described as "about the size of a typical backyard hot tub," generating only 25 MWe.

<sup>iii</sup> *Department of Energy*. "Energy Department Announces New Investment in U.S. Small Modular Reactor Design and Commercialization." November 2012. <http://energy.gov/articles/energy-department-announces-new-investment-us-small-modular-reactor-design-and>