

Nuclear centrifuge project to move ahead

April 3 2012, By Gregory Korte

A giant nuclear centrifuge project in southern Ohio will move forward despite a setback in Congress this week, uranium enrichment company USEC said Friday.

Congress' failure to act on a long-term transportation bill means that a \$106 million research and development grant for the American [Centrifuge Project](#) remains in limbo. That provision was included in the Senate version, but it faces some resistance in the House, which has stricter rules on "earmarks."

The grant is a stopgap measure while the company seeks \$2 billion in Department of Energy loan guarantees to expand the project, which it says will support 2,000 jobs in Ohio and a half-dozen other states.

Other loan guarantees have come under congressional scrutiny after the bankruptcy of solar panel maker Solyndra despite \$535 million in federal loan backing. USA Today reported in March that some Republican critics of the Solyndra project had urged "immediate action" on USEC's loan guarantee even after Solyndra's failure became known.

USEC had told investors and analysts that it needed federal action on the grant by March 31, or it would be forced to start winding down operations.

The project, once completed, would provide the only domestically owned source of enriched uranium for commercial and military use when USEC's Paducah, Ky., plant - which uses 60-year-old gaseous

diffusion technology - closes.

In a regulatory filing in March, the company said it had renegotiated the terms of its credit, allowing it to borrow \$15 million a month to operate the project through May. In June, that drops to \$1 million.

That's important because the short-term transportation extension, signed by the president today, runs for 90 days- meaning Congress won't have to pass a final bill until the end of June.

"Federal funding needs to be in place in the very near term," USEC CEO John K. Welch said in a statement. Still, he said the government talks have made enough progress for its board to justify "continued limited spending" on the project.

The project is in the district of Rep. Jean Schmidt, R-Ohio, who was defeated in the Republican primary in March. She and other members of a bipartisan, multistate delegation of project supporters are pushing Energy Secretary Steven Chu to award the grant out of existing funds.

Chu has told lawmakers he wants a clear signal from Congress that he has the authority.

"We're continuing to work with Congress, and we're hopeful that the House picks up the language in the Senate transportation bill," said DOE spokeswoman Jen Stutsman. "We are, beyond that, looking at whatever potential options are available."

President Barack Obama supported the project when he campaigned in southern Ohio in 2008 and has included an additional \$150 million in research funding in his 2013 budget. Even if approved by Congress, that funding won't be available at least until the new fiscal year starts Oct. 1. All told, \$300 million in grant funding would allow USEC to update its

loan guarantee application in 2013, Welch said.

"The administration has been incredibly clear from the secretary up to the White House," Stutsman said. "We've done everything that we can to move this project forward. We are trying to take steps to make sure the U.S. has a domestic enrichment capability that is necessary for national security while protecting taxpayer dollars."

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