



## Department of Energy

Washington, DC 20585

DEC 28 2010

Mr. Henry Sokolski  
Executive Director  
The Non Proliferation Policy Education Center  
1601 North Kent Street  
Suite 802  
Arlington, VA 22209

Dear Mr. Sokolski:

Thank you for your November 15, 2010, letter to President Obama regarding the Department of Energy's (DOE) Loan Guarantee Program (LGP). In your letter you express concern regarding issuing of federal loan guarantees to foreign government-backed nuclear firms when those governments have not adopted the nonproliferation standards established in the U.S. – United Arab Emirates (UAE) civilian nuclear cooperation agreement. You specifically have mentioned two particular French companies who are involved in the loan guarantee process, Electricite de France (EDF) and AREVA. Your letter has been referred to me for reply.

For some background, the LGP was established by Title XVII of the Energy Policy Act of 2005 (EPAct), which authorizes DOE to issue loan guarantees to eligible projects that "avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases" and "employ new or significantly improved technologies as compared to technologies in service in the United States at the time the guarantee is issued". A principal purpose of the program is to encourage early commercial use of new or significantly improved technologies in energy projects in the United States. DOE believes that accelerated commercial use of new or improved technologies will help to sustain economic growth, yield environmental benefits, and produce a more stable and secure energy supply. All loan guarantees issued by DOE must comply with EPAct, and the regulations issued to implement Title XVII (the Regulations).

The Department of Energy's Loan Guarantee Program (LGP) currently requests applications by issuing technology specific solicitations. Each application goes through a thorough review process. The purpose of this review is to establish the technical, financial, environmental, and legal soundness of the proposed project as well as the project's eligibility for a loan guarantee under the terms set forth by the program and the solicitation. Each review is conducted by experts in their field, and we strive to provide project sponsors with a response in a timely fashion.

In December 2009, a US-UAE bilateral agreement for peaceful nuclear cooperation went into force, enhancing international standards of nuclear non-proliferation, safety and security. Known as a "123 Agreement," the pact establishes a required legal framework for commerce in civilian nuclear energy between the two countries.



All governmental programs must adhere to the existing policies of the Administration. President Obama places the highest priority on ensuring that the development of nuclear energy around the world proceeds in accordance with the highest nonproliferation standards. The nonproliferation provisions contained in U.S. civil nuclear cooperation agreements, including our agreement with UAE, are a reflection of the importance that the United States places on nuclear nonproliferation. The LGP will continue to ensure that any loan issued by the Department of Energy will be done so in accordance with Administration policy.

Please note that all nuclear projects that receive a conditional commitment for a federal loan guarantee through the Loan Programs Office are required to obtain a license from the Nuclear Regulatory Commission (NRC) authorizing construction and operation prior to financial closing, which ensures adherence with the Atomic Energy Act and NRC regulations. Additionally, all safety related components of any new nuclear reactor must also meet current NRC standards.

Let me assure you that the Department is committed to promoting the objectives of the Title XVII program as well as its nonproliferation policies. The LGP is dedicated to accelerating the commercial use of technologies that will help sustain economic growth, yield environmental benefits, and produce a more stable and secure energy supply, while maintaining program objectivity and protecting the interests of the American taxpayer.

If we can be of further assistance, please do not hesitate to contact Ms. Julie Offner, External Affairs for the Loan Programs Office at (202) 586-2111.

Sincerely,



*JMS* Jonathan M. Silver  
Executive Director  
Loan Programs Office