

Jump in Uranium Prices Provides \$7.6 billion potential windfall to Energy Department

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GAO report recommends further work to develop a strategy to secure value for taxpayers

Washington, DC — The House Committee on Energy and Commerce and the Senate Committee on Energy and Natural Resources released a GAO report today titled, "Nuclear Material: DOE Has Several Potential Options for Dealing with Depleted Uranium." The report describes an increase in uranium prices from \$21/kg to \$200/kg over the past eight years. This tenfold price jump has transformed a portion of the Department of Energy's (DOE) depleted uranium inventory from an environmental liability into a potential \$7.6 billion asset.

Depleted uranium can be re-enriched and used as feed material for nuclear reactor fuel.

Key findings of GAO's report include the following:

- DOE owns approximately 700,000 metric tons of depleted uranium tails in 63,000 metal cylinders which have been designated as a waste. These cylinders are stored in Paducah, Kentucky and Portsmouth, Ohio.
- A ten-fold jump in uranium prices has transformed approximately one-third of the depleted uranium inventory into an asset worth \$7.6 billion, assuming DOE re-enriches the tails. This estimate is based on February 2008 market price for uranium and enrichment services, and DOE's access to sufficient uranium enrichment capacity.
- Officials from 8 of 10 U.S. nuclear utilities indicated tentative interest in purchasing depleted uranium tails as a source of extractable uranium-235 to make nuclear fuel.
- DOE has two basic options to monetize the value: it can contract commercially to re-enrich the depleted uranium into natural uranium and then sell it; or DOE can auction the tails to utilities, enrichers or other industry participants and they can contract to re-enrich the tails.
- DOE faces several challenges to realizing this value: there is only one uranium enrichment plant in the United States; excess capacity in the next four to five years is limited and during this time only 14 percent of the economically valuable tails could be enriched; and the plant has high costs. As firms build new uranium enrichment plants, there will be more capacity available. It will take at least a decade to realize the value from this waste, and during this time uranium prices will fluctuate so the future value is uncertain.
- DOE has not completed a comprehensive assessment of its options with sufficient speed to take advantage of current market conditions.
- Under existing law, DOE has the authority to re-enrich the depleted uranium and sell the resulting natural uranium, however, the USEC Privatization Act of 1996 needs to be clarified to provide DOE with explicit authority to sell or transfer depleted uranium tails. Presently, the law only provides explicit authority for DOE to sell or transfer natural uranium and enriched uranium.

GAO recommendations:

- 1) Congress should clarify DOE's statutory authority on whether and how DOE may sell the depleted uranium tails.
- 2) DOE should complete its uranium sales strategy "as soon as possible," and identify what material it plans to potentially enrich, sell or store, and it should identify the impacts of its proposal on the domestic uranium industry.

"DOE needs a concrete strategy to take advantage of the current market conditions so that taxpayers can benefit from the sale of this asset," said Rep. John D. Dingell (D-MI), Chairman of the House Committee on Energy and Commerce. "It does not make sense to allow this potential asset to sit in storage yards while the agency simply studies the matter. I plan to work with my colleagues on a bipartisan basis if additional legislative authority is needed."

"I don't want big government undercutting the uranium market, but I agree with GAO that it's worth taking a look at whether the Energy Department can actually do the taxpayers a rare favor by getting rid of some of its unused and unwanted inventory," said Rep. Joe Barton (R-TX), ranking member of the Committee on Energy and Commerce.

"It is clear that there is enormous potential in our depleted uranium stores, but no single solution to address this resource. Clearly, Congress should develop a legislative strategy that will allow the federal government to utilize this material in a transparent, cost-effective manner that will not undermine domestic markets, but add value for taxpayers and improve our immediate and long-term domestic energy security," said Sen. Pete Domenici, ranking member of the Senate Energy and Natural Resources Committee.

"The Department of Energy is in a unique position to turn what was once considered a waste product into billions of dollars in revenue for the U.S. Treasury," said Rep. Bart Stupak (D-MI), Chairman of the House Energy and Commerce Committee's Oversight and Investigations Subcommittee. "We intend to motivate DOE to take action for American taxpayers instead of pushing off decisions to the next Administration."

The GAO report was requested by Reps. Dingell, Barton, and Stupak, and Sen. Domenici.

[View the GAO Report](#)

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Prepared by the Committee on Energy and Commerce

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