SRS WATCH

Savannah River Site Watch

Savannah River Site Watch
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FOIA Documents Reveal Savannah River Site (SRS) Forced by Office of Management and Budget (OMB) to Halt Promotion of "Small Modular Reactors" (SMRs) with Improperly Diverted Clean-Up Funds

Failure of SRS and Contractors to Secure SMR Funding Doomed "Enterprise SRS" as a "Vision" for Future of SRS

Columbia, SC – Documents obtained under the Freedom of Information Act (FOIA) reveal that the U.S. Department of Energy's Savannah River Site (SRS) was halted from diverting clean-up funds into promotion of "small modular reactors" (SMRs). The improper use of clean-up funds was the beginning of the demise of "Enterprise SRS," the project which had based future of SRS on highly speculative "small modular reactors," according to the public interest group Savannah River Site Watch (SRS Watch).

The documents confirm that the Office of Management and Budget (OMB) directed SRS in September 2012 to stop the main site contractor, Savannah River Nuclear Solutions (SRNS), from improperly spending clean-up funds on SMR promotion. The action resulted in almost $750,000 of clean-up funding via DOE's Office of Environmental Management (EM) being identified as being improperly used on SMRs from the "General and Administrative" (GA) account administered by SRNS.

SRS had no SMR promotion funds from the DOE's Office of Nuclear Energy (NE) so apparently implemented some creative bookkeeping in order to create its own unofficial SMR program, according to SRS Watch. The diversion of funds from EM programs to an unfunded NE-type program collapsed when OMB auditors discovered it.

The restrictions on use of clean-up funds for SMR promotion was a sound defeat for Dr. Dave Moody, SRS site manager, who had stated many times at public meetings in 2011 and 2012 that SMRs were the future of SRS. SMRs played a key role in DOE-contractor promotional project known as "Enterprise SRS," which advocated a future vision of SRS, including a key role for SMRs. With the loss of any SRS connection to SMRs, "Enterprise SRS" has now become a hodgepodge of ongoing site activities and beyond the troubled plutonium fuel (MOX) is devoid of any substantive new missions. Due to budget

restrictions and growing pressure on the DOE budget for new missions, it is becoming clearer that SRS will remain a clean-up site, which continues to dominate site funding, and that employment will continue its downward trend.

"Improper spending on promotion of small modular reactors by SRS backfired and ended up being one reason that such reactors are no longer being actively pursued by SRS," according to Tom Clements, director of SRS Watch. "With small modular reactors being essentially eliminated from the future missions of the site, the Enterprise SRS project has not only failed to garner new missions but has been reduced to an ineffectual public relations program."

On November 20, 2012, DOE announced a grant to Babcock & Wilcox, an SMR promotion company that was not affiliated with any SRS entity, to pursue design and licensing of its SMR model. (B&W news release: http://www.babcock.com/news-room/Pages/BW-Selected-As-Winner-Of-DOEs-Small-Modular-Reactor-Program.aspx) SRS has been affiliated via formal "memoranda of understanding" with three companies promoting their own SMR designs - Holtec, Westinghouse and NuScale – and thus lost out on the first SMR grant.

The obtained documents indicate surprise by SRS officials at the failure of any of their SMR partners to secure the first DOE grant made for pursuit of SMRs. An email on November 21, 2012 by the Savannah River National Laboratory's director of nuclear programs indicate that he believed that the decision against SRS partners would "result in a difficult time on being on any team for the next round."

Subsequent to the grant to Babock & Wilcox (which has now virtually pulled out of pursuing its SMR design), NuScale, based in Corvallis, Oregon, won a grant in December 2013 (http://www.nuscalepower.com/news20131212.aspx) in the second round of DOE grants for SMRs. SRS was not a proposed site by NuScale in that second round of grants and thus lost out in the two SMR grants allocated by DOE. The grants were worth up to $226 million in matching DOE funds.

While Fluor Corporation, a major investor in the NuScale SMR project, is also parent company of Savannah River Nuclear Solutions, the award to NuScale meant that the project would be pursued in the northwestern U.S. and not at SRS. Thus, the brief flirtation of SRS with "small modular reactors" via diversion of clean-up funds has come to an end at least for the foreseeable future.

As many documents requested in the initial FOIA request were not released due to an array of claims of confidentiality, it is unknown if SRNS was forced to repay the diverted funds or if disciplinary action was taken. Though SRS management was well aware of the promotional activities concerning small modular reactors and actively engaged in it, it is unknown who in SRS management is directly responsible for the improper transfer of funds.

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Notes:

FOIA documents on SRS being ordered by the Office of Management and Budget (OMB) to halt improper spending of clean-up funds on promotion of "small modular reactors" (SMRs), released September 25, 2014

http://www.srswatch.org/uploads/2/7/5/8/27584045/foia_docs_on_srs_smr_project_crack_up_september_25_2014.pdf

SRS presentation of December 8, 2014 - note that mention of SMRs has been removed from what remains of the "Enterprise SRS" scheme: "Enterprise SRS Initiatives Progress Updates"

http://www.srs.gov/general/outreach/srs-cab/library/meetings/2014/slm/Doug%20Hintze%20Enterprise%20SRS%20Initiatives%20Progress%20Updates.pdf

Earlier Documents Highlighting Speculative Role of SMRs in Future of SRS:

SRS presentation of October 25, 2011, which includes a graphic of the future of SRS which includes a "Small Modular Reactor Farm" and a bullet of the "Strategic initiative" to "Accelerate Deployment of Small Modular Reactors"

http://www.srs.gov/general/outreach/srs-cab/library/meetings/2011/slm/20111025_strategy.pdf

Fact sheet of 2013 on "Enterprise SRS" which lists as a main goal: "Accelerate deployment of small modular nuclear reactor technology"

http://energy.gov/sites/prod/files/2013/04/f0/ESRS_future_initiatives.pdf

SRS site manager Dave Moody talk to SRS Community Reuse Organization, January 2012

http://www.srscro.org/wp-content/uploads/2012/01/Thurs-David-Moody-Enterprise-SRS.pdf

"SRS will also be at the forefront of supporting innovative new clean energy sources that can help reduce our dependence on foreign oil and fossil fuels. One example is the Small Modular Reactor (SMR), part of a generation of new nuclear power plants that can provide a flexible, cost-effective energy alternative.
SRS is engaging multiple SMR manufacturers in both conventional light water and advanced designs. These reactors are designed to provide a sustainable power source that is safe, clean, and cost-efficient. DOE, Savannah River Nuclear Solutions, our management and operations contractor, and SRNL are building new partnerships that will accelerate deployment of small modular reactors to advance clean energy technologies, a key initiative of the Enterprise SRS strategic vision.

The SMR initiative focuses on the development, NRC licensing, construction and operation of first of a kind reactors at SRS. The Site provides the opportunity for various SMRs to utilize SRS assets, to include utilities, support systems and services, and, most notably, the Site's nuclear trained workforce."

SRS 2011 "Strategic Plan," including SMRs:

http://www.srs.gov/general/pubs/srs_2011strategic_plan.pdf

"The SRS SMR initiative seeks to facilitate the advancement of SMRs by assisting in the development, licensing, construction and testing of prototype reactors at SRS. The Site provides the opportunity for various SMRs to share utilities, support systems and services, while also having access to unique Site nuclear facilities, a nuclear trained workforce and the potential use of specialty nuclear fuels—plutonium and highly-enriched uranium (HEU)—stored onsite. SRNL, the Site's applied research and development facility, has more than 50 years of technical experience in aspects of nuclear research. SRS's unique combination of laboratory expertise, infrastructure, safety culture, location and other factors make this a natural fit.

Another facet of this initiative has been labeled the Southeast Energy Initiative. This initiative capitalizes on a suite of technology choices including the capabilities of the SMRs mentioned above."

Two Memoranda of Understanding - between SRNS and Holtec (dated December 2011) and SRNS and NuScale (dated March 2012) – are available on request. The MOA of May 2012 between SRNS and Westinghouse is in the FOIA documents linked in note #1 above.

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