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Correction Appended
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US PROPOSES GLOBAL N-POWER 'PARTNERSHIP' ENERGY STRATEGY

By BEN BAIN

WASHINGTON

The US Energy Department yesterday proposed a broad-based nuclear power plan designed to meet surging domestic and world energy needs by encouraging the construction of nuclear power plants in the US for the first time in a generation, and setting up an international programme for the exchange of nuclear fuel.

The initiative, called the Global Nuclear Energy Partnership (GNEP), would seek a partnership with other established nuclear countries such as the UK, France, Russia, China and Japan to export nuclear fuel waste to developing countries and encourage them to use so-called fast reactors that burn plutonium and other by-products from conventional reactors.

The US and other countries would then dispose of the final waste, reducing the overall waste burden and preventing nations from acquiring weapons-grade nuclear material.

Clay Sell, US deputy secretary of energy, said he had travelled recently to capitals from London to Beijing consulting foreign officials and nuclear experts on the proposed programme. The response had been positive.

"The reason we think this can work from a non-proliferation standpoint is that we are seeking to provide commercially attractive incentives for countries to lease fuel rather than make investments in their own fuel cycle," Mr Sell said.

The GNEP proposal represented a "nuclear renaissance" that was crucial to meeting the world's growing energy needs, which were expected to double by 2050, as well as cutting the overall amount of nuclear waste.

The Energy Department announced the Dollars 250m (Euros 208m, Pounds 147m) GNEP initiative as part of President George W. Bush's Advanced Energy Initiative and included it in the administration's 2007 budget proposal, released yesterday.

The department's overall proposed budget for 2007 remains fixed at Dollars 23.6bn, but the department is requesting a Dollars 500m increase in science funding for Mr Bush's American Competitiveness Initiative.

The department is also proposing significant increases in funding for alternative energy sources, such as biomass and solar energy, that were highlighted in the president's State of the Union pledge to end America's "addiction to oil". But overall spending on energy efficiency and alternative energy would rise by just 0.2 per cent under the proposal, which calls for eliminating funding for development of hydropower and geothermal technologies and would cut funding for new vehicle technologies.

The GNEP seeks to harness new technology that can reprocess nuclear fuel without separating plutonium - technology that was not available when the US stopped reprocessing fuel more than 35 years ago due to proliferation fears. The new reactor technology reduces the threat that the transferred fuel can be used for nuclear weaponry, advocates say.

The recipient of the fuel would then use Advance Burner Reactors, or "fast reactors", capable of burning down the spent fuel for power and then return it to its country of origin.

But critics say that "fast reactors" have proved unreliable, and that the programme would make the US and its allies far less safe by making it easier for countries to acquire nuclear fuel.

"There are two proliferation concerns that you need to worry about - one is terrorists manufacturing weapons from stolen material, and the other is a state like Iran or North Korea using the technology and diverting the technology and or the material for state weapons," said Thomas Cochran, of the Natural Resources Defense Council, an environmental advocacy organisation.

CORRECTION-DATE: February 9, 2006

CORRECTION:

* An article in some editions on February 7 wrongly stated that the US would encourage developing nations to use "fast reactors" to burn down used nuclear fuel leased to them. In fact, developing countries would be encouraged to use small-scale reactors and the US and its nuclear partners would then use advanced burner reactors or "fast reactors" to burn the leased, spent fuel on its return.

* An article in the February 6 editions of the FT incorrectly named the capital of New Zealand. The capital is Wellington.