

1 **Northwest Public Power Association**
2 **Resolution 2019-10**
3 **In Support of Small Modular Reactors**
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5 **Background**
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7 Small modular reactors (SMRs) – nuclear generators under 300 MW that can be scaled to meet
8 local needs – are an important addition to the Nation’s energy mix. SMRs can provide
9 emissions-free baseload power and numerous other benefits and applications.
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11 The U.S. Department of Energy has provided funding for the accelerated development and
12 commercialization of SMRs. An SMR project is moving through the licensing process at the
13 Nuclear Regulatory Commission, for a reactor to be located at the Idaho National Laboratory
14 site near Idaho Falls. The project is scheduled to connect to the grid in 2026.
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16 The Energy Policy Act of 2005 created the Internal Revenue Code §45J (26 U.S.C. § 45J)
17 advanced nuclear production tax credit (“PTC”) to spur up to 6,000 megawatts of new nuclear
18 generating capacity built after 2005 but placed in service prior to 2021. However, no projects
19 currently in development are likely to meet the placed in-service deadline. Additionally, credits
20 were nontransferable to public entities that were non-taxable entities and therefore entities
21 such as cooperative and municipal utilities were disadvantaged and ineligible for the PTC.
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23 To this end, H.R. 1892 - Bipartisan Budget Act of 2018 addressed these two issues. First, it
24 amended 26 U.S.C. § 45J to permit reactors entering service after December 31, 2020 to qualify
25 for the tax credits and enabled the US Energy Secretary to allocate credits for up to 6000 MWe
26 of new nuclear capacity which enters service after January 1, 2021. Second, it permitted public
27 entity partners like municipal utilities and cooperatives to transfer their credits to other credit
28 partners including financial institutions.

29 SMRs can be used by the Department of Energy, Department of Defense and other agencies to
30 provide highly resilient power to national security and mission critical activities. Unfortunately,
31 the existing authorities for Federal power purchase agreements (PPAs) and government policies
32 for energy procurement do not support a fair and level playing field for advanced reactors. The
33 duration of PPAs are typically limited to 10 years or less, far too short to justify the investment
34 in a generation asset that will be commissioned to operate for 40 years or more. The
35 government also has complex budgeting rules that often require the agency to fund the entire
36 PPA in the first year, a significant constraint for a power purchase contract that would extend
37 beyond 10 years. The Senate introduced legislation, S. 3422, the Nuclear Energy Leadership
38 Act, that would modify Federal PPA authorities.

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Finally, government policies that establish goals for greenhouse gas (GHG) emissions such as the Energy Policy Act of 2005, promote renewable energy sources exclusively. Nuclear energy should be included as a clean energy source resource in meeting any GHG emissions targets.

NWPPA’s Position

- NWPPA supports legislation, programs, incentives, and initiatives that help facilitate accelerated SMR development and commercialization.
- NWPPA supports passage of the Nuclear Energy Leadership Act (NELA) that will modify power purchase parameters in support of long-term contracts beyond 10 years.

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