

Chris Andrews

U.S. NUCLEAR REGULATORY COMMISSION

From: Chris Chater [crc@urengo.com]
 Sent: Friday, January 10, 2003 7:27 AM
 To: chris.andrews@lgprojects.com; c.andrews@dial.pipex.com
 Cc: Elliott JM
 Subject: Comments on the ERI No Need Analysis
 Importance: High

In the Matter of LOWE STAN ENERGY SERVICES, LP
 Docket No. 70-3103-M2 Official Exhibit No. 81
 OFFERED by: Applicant/Licensee Intervenor URS/PC
 NRC Staff Other _____
 IDENTIFIED on _____ Witness/Panel M. Sheehan
 Action Taken: ADMITTED REJECTED WITHDRAWN
 Reporter/Clerk _____

Chris

As promised here are my comments on the ERI paper Market for Uranium Enrichment Services which is to be referenced in the LES licence application. I believe the intention is to have an independent report and as such the ERI fulfils that requirement. The report should remain an ERI report, and therefore include their views however as it will be included in the licence application we do imply some "ownership" to it and therefore I have the following specific comments/observations:

General - National Security

One of the important issues we believe is the National Security Interest and that really only gets highlighted in the last few sections of the report, it may be appropriate to mention that earlier.

Page 4 Table 3 Related to Table 1 US SWU demand

There is a considerable SWU efficiency shown in table 3 relating to generating capacity in table 1 for example on average in 2002 1MSWU powered 9.56GWE worldwide, and in 2020 this is expected to be 1MSWU=9.96GWE. This is to some extent predictable in Japan as the use of Mox and reprocessing will save some swus hence the efficiency gain there, however the gain in the US is of a similar value, what is the explanation for this? (the increase in 1MSWU powering GWe rises from 8.25GWe in 2002 to 9.11GWe in 2020 a 10% efficiency gain), this has an important effect on the US demand in the latter years by reducing the demand to 10MSWU.

Page 6 and 7: Tables 4, 6, 7 Urenco capacity

Urenco's capacity reduces from 5.4 to 3.5 in 14 years over 35% reduction or 2.5% reduction on an annual basis, what is the basis for this? This is further expanded upon in the text to say Urenco reaches 5.9 in 2005 falling to 3.5 in 2016, a >40% reduction in 11 years.

"I would suggest it is better to show the total Urenco position in one line rather than splitting into Urenco existing and Urenco expansion. Thereby restating their table Urenco would be shown to be 5.4MSWU in 2002 and 7.0 MSWU in 2016 with no discussion of capacity failure. This would also mean deleting the last line of the 2nd paragraph on page 7 "As the older.... per year in 2016".

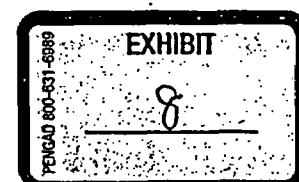
I assume that you do not need any further input re tails disposition.

Kindest regards
 Chris Chater

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