

Supporting Statement: Standby Support Program
OMB Control Number – New Collection

1. Explain the circumstances that make the collection of requested information necessary.

The Department of Energy issued interim final regulations on its Standby Support Program in the *Federal Register* on May 15, 2006 as an initial step to implement section 638 of the Energy Policy Act of 2005, which authorizes the Secretary of Energy to enter into up to six Standby Support Contracts with sponsors of advanced nuclear power facilities to provide risk insurance for certain delays attributed to the regulatory process or litigation. Such insurance is intended to reduce financial disincentives and uncertainties for sponsors that are beyond their control in order to encourage investment in the construction of new advanced nuclear facilities. By providing insurance to cover certain of these risks, the Federal government can reduce the financial risk to project sponsors that invest in advanced nuclear facilities that the Administration and Congress believe are necessary to promote a more diverse and secure supply of energy for the Nation.

The interim final rule permits sponsors to enter into Standby Support Contracts as early as practicable; however, the Department recognizes that it will take years before sponsors can enter into contracts with the Department since they must receive all the required approvals, notably the issuance of a combined license from the Nuclear Regulatory Commission (i.e., Commission). As a result, the Department will first enter into “conditional agreements” with sponsors that would commit the Department to enter into Standby Support Contracts with the first six project sponsor who have met the requirements of the conditional agreements and section 638 (including the provision of adequate budgetary resources) have been satisfied. Such a two-step implementation process: (1) conditional agreement followed by (2) standby support contract, allows the Department and potential sponsors to manage the difficult timing issues inherent in both the federal appropriations process and business concerns in planning and financing a multi-billion dollar advanced nuclear facility.

Section 950.10(b) of the interim final rule states that a sponsor may enter into a Conditional Agreement from the time the Commission docketed its combined license application but before the Commission has issued the license. The Department notes that it will likely take several years for the Commission to issue the combined license, a time period which the Department has determined is sufficient for a sponsor to decide whether it wants to participate in the Standby Support Program.

The interim final rule further requires a sponsor that plans to enter into a Conditional Agreement to provide certain information including: (1) an electronic copy of the combined license application docketed by the Commission pursuant to 10 CFR part 52; and if applicable, an electronic copy of the early site permit or environmental report referenced or included with the sponsor’s combined license application; (2) a summary schedule identifying the projected dates of construction, testing and full power operation; (3) a detailed plan of intended financing for the project including the credit structure and all sources and uses of funds for the project, and the projected cash flows for all debt obligations of the advanced nuclear facility which would be covered under the Standby Support Contract; (4) the sponsor’s estimate of the amount and timing of the Standby Support payments for debt service under covered delays, and (5) the estimated dollar amount to be allocated to the sponsor’s covered costs for principal or interest on the debt obligation of the advanced nuclear facility and for incremental costs, including whether these amounts would be different if the advanced nuclear facility is one of the initial two reactors or one of the subsequent four reactors.

The Department notes that this information is needed to determine the score under the Federal Credit Reform Act of 1990 (FCRA). This documentation requirement should pose only a nominal burden on a sponsor because the sponsor likely has this information readily available in the normal course of obtaining financing for the advanced nuclear facility and Commission approval for a combined license. The Department will not use this documentation to select among potential sponsors. Rather, the actual awarding of a Standby Support Contract is based on fulfillment of the requirements and conditions in the Conditional Agreement, including the Commission's issuing of a combined license and the sponsor's commencement of construction (i.e., the pouring of safety-related concrete for the reactor building). This documentation will allow the Department's representative, the Program Administrator, to enter into a Conditional Agreement and to monitor the progress of various competing sponsors, prior to entering into Standby Support Contracts. This relatively modest information requirement is in lieu of an application process similar to those required by the Department of Transportation's Transportation Infrastructure Finance and Innovation Act (TIFIA) program or the Overseas Private Investment Corporation (OPIC).

In Section 950.12 the Department require that all the conditions precedent to a standby support contract have been fulfilled, including that the sponsor has: (1) a conditional agreement with the Department, (2) a combined license by the Commission, (3), all Federal, State and local permits, (4) proof that construction has commenced, (5) required insurance, (6) pay any required fees in either the Program and or Grant Accounts, (7) provide the Department ninety days in advance of contract a detailed schedule for completing inspections, tests, analyses, and acceptance criteria (ITAAC), (8) provide the Department ninety day in advance of contract a detailed system level construction schedule, and (9) provide the Department ninety days in advance of contract a detailed up-to-date plan of financing for the project.

In Section 950.23 the Department has set a claims process allowing the sponsor to make a claim upon the Department for the payment of its covered costs under the standby support contract. The sponsor must first file claims report detailing information substantiating the duration of the covered delay, the cost associated with the delay, and the amount of payment for principal or interest during the covered delay.

2. Indicate how, by whom, and for what purpose the information is to be used.

As noted above, the Department will not use the conditional agreement documentation to select among potential sponsors. Rather, the actual awarding of a Standby Support Contract is based on fulfillment of the requirements and conditions in the Conditional Agreement, including the Commission's issuing of a combined license and the sponsor's commencement of construction (i.e., the pouring of safety-related concrete for the reactor building). All documentation will allow the Department's representative, the Program Administrator, to enter into a Conditional Agreement and to monitor the progress of various competing sponsors, prior to entering into Standby Support Contracts, enter in to a contract with the Department and allow the sponsor to submit claims for reimbursement of authorized costs. This relatively modest information requirement is in lieu of an application process.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.

The first three items required to enter into a conditional agreement with the Department exist in the sponsors electronically submitted combined license submission to the Nuclear Regulatory

Commission. All remaining information requested can be submitted electronically and should reduce the sponsors' information collection burden.

4. Describe efforts to identify duplication.

The majority of the information requested for a conditional agreement and standby support contract is identical to the Nuclear Regulatory Commission's application information when sponsor requests a combined license as set forth in 10 CFR, Part 52. Therefore, no duplication exists. Interested companies will submit a copy of the docketed NRC application with the NRC approval letter to DOE. Typically, these NRC-approved applications are several volumes (1000 pages or more) and DOE is requesting that each company extract from the Combined construction and Operating License (COL) their financial information and their construction schedule.

5. If the collection of information impacts small businesses or other small entities, describe any methods used to minimize burden.

The impact of the collection of information to small businesses is unlikely; however, it was considered in the development of the requirements and documents and is minimized to the extent permitted by applicable statutory requirements and other legal and management constraints.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The Secretary of Energy is authorized to sign up to six Standby Support Contracts which will indemnify up to \$2 billion sponsors of advanced nuclear power facilitates of certain delays attributed to the regulatory process or litigation. There is a requirement of one submission a year which represents the minimum frequency necessary to allow for the granting of the Conditional Agreements.

7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

None

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken in response to the comments. Specifically address comments received on cost and hour burden. Describe efforts to consult with persons outside DOE.

No comments were received on the 60-day FRN (FR 71 Vol. 141 Page 41788)

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

None

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

Where sensitive and/or confidential information is involved in an information collection, the provisions for dealing with this confidential information are set forth in the Department's interim final rule.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.

There are no collections in this package which involve such questions of a sensitive, personal, or private nature.

12. Provide estimates of the hour burden of the collection of information. The statement should indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.

The estimated burden hours are the sum of the burden reported by Departmental elements and field organizations as compiled from their respective contractors or estimated by expert personnel familiar with these collections. It is estimated that there will be 5 respondents annually and each respondent requires approximately 44 hours responding for a total burden of 220 hours. That estimate includes the time required by companies to submit a copy of the docketed NRC application with the NRC approval letter to DOE and also includes the time for companies to extract from the Combined construction and Operating License (COL) their financial information and their construction schedule for submission to DOE. Typically, these NRC-approved applications are several volumes (1000 pages or more) or submission to DOE.

13. Provide an estimate for the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

We believe that the sponsors of new advanced nuclear power facilities responding to information request for standby support coverage would be comparable to (\$250.00 an hour). We determined that this figure is consistent to what the Department is currently paying a financial services company to assess the cost of providing federal risk insurance. The Department will provide an estimated cost of risk insurance but request that sponsors provide their own estimate when requesting a conditional agreement with the Department. The base for estimating the annualized cost to the sponsor and added in a percentage for fringe benefits, overhead and fee (a loaded figure of approximately \$250.00 an hour). Therefore, the total estimated annual cost burden for these collections is \$55,000.

14. Provide estimates of annualized cost to the Federal government.

The estimated annualized cost to the Department for the data in this ICR is based on an assumed standard cost of \$42.00 per burden hour. This standard cost is based on the General Services Administration (GSA) formula in determination of Government paperwork and report costs, and is based on an estimate of \$42.00 per hour labor cost (GS-13), an additional 25-30% for employee fringe benefits and an additional 30% overhead cost. Using these standard costs, which have been rounded to the nearest dollar, the annualized cost of this package is:

Government cost, at \$67.00/burden hour for 250 hours of work equals \$16,750

15. Explain the reasons for any program changes or adjustments reported in Items 13 (or 14) of OMB Form 83-I.

This is a new collection of information.

16. For collections whose results will be published, outline the plans for tabulation and publication.

None

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.

DOE is not seeking approval to not display the OMB information collection request expiration date on the information collection if it is approved.

18. Explain each exception to the certification statement identified in Item 19 of OMB Form 83-I.

None