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Rosatom Clinches Milestone U.S. Deal

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Rosatom announced a landmark deal Tuesday to supply U.S. companies with enriched uranium fuel, in what is the first commercial nuclear energy contract between Russian and U.S. corporations.

The agreement will see state uranium-trader Tekhsnabexport, a unit of Rosatom, provide enriched uranium to U.S. electricity companies Pacific Gas & Electric Company, AmerenUE and Luminant, officials announced at the Atomexport 2009 forum, which showcased Russia's efforts to become a world leader in atomic energy.

The contract with the three companies will run from 2014 to 2020 and is worth more than \$1 billion.

"This is a revolutionary breakthrough," Rosatom chief Sergei Kiriyenko told reporters.

Russia, one of the world's biggest uranium suppliers, already provides fuel for half of the power plants in the United States under the so-called "megatons for megawatts" program, part of a 1993 nonproliferation agreement under which uranium from dismantled Russian nuclear weapons is converted into low-enriched uranium fuel.

Tuesday's deal, however, represents the first time that Russia will directly provide U.S. companies with nuclear fuel from virgin uranium, enriched at home.

The way for Tuesday's deal was paved by a February 2008 agreement between Russia and the United States that lifted prohibitive anti-dumping levies against Russian nuclear fuel. Under the previous agreement, Russia was permitted to sell its uranium only to a monopoly importer rather than -directly to U.S. utilities.

The megatons for megawatts program expires at the end of 2013.

International cooperation and the virtues of nuclear power were the predominant topics at the forum, as state officials rattled off statistics to show that Russia's nuclear energy program was running full steam ahead despite the financial crisis.

"Our goal is not to simply advance atomic energy in Russia. We want to be a global leader in the field," Kiriyenko said.

More than 162 billion kilowatts were produced last year by the country's nuclear reactors, more than has ever been produced in a single year in either Russia or the Soviet Union, Kiriyenko said.

The country's uranium reserves total well over 1 million tons, enough to power both existing and planned nuclear reactors for the next 60 years, he said.

Kiriyenko did say, however, that Rosatom would postpone until 2014 a program to build two reactors per year because of a drop in Russian demand for electricity.

"The program should be completed by 2023," he said.

Meanwhile, Deputy Prime Minister Sergei Sobyenin said the crisis would not affect plans to build 26 new power plants and raise the percentage of power plants using atomic energy from 16 percent to 25-30 percent.

Atomic energy is a "top priority" for the government, which has allocated \$4.5 billion to the development of the atomic energy sector in 2009, Sobyenin said.

But the real emphasis at the forum was on Russia's plans to be a global leader in atomic energy.

"We're opening up our market and are ready to participate in the international market on an equal footing," Kiriyenko said. "We think that's the right path."

Plans for building nuclear fuel production facilities in Ukraine and Europe, as well as uranium enrichment plants in Asia, Europe and the Americas, were under discussion, Kiriyenko said.

Rosatom is waiting for a decision on an \$18 billion contract to build a power plant in Turkey, Kiriyenko said.

He also said Russia is in talks with Vietnam to build the Asian country's first nuclear power plant for \$15 billion, and potential projects are being discussed with Jordan, Ukraine and Belarus, as well as various corporations, including Siemens, Alstom and Toshiba.

Meanwhile, Anatoly Grigoryev, the CEO of Tekhsnabexport, or Tenex, said his company had signed a 10-year, \$100 million contract to supply low-enriched uranium to Japan's Chubu Electric Power Company.

Tenex is aiming for a 30 percent share of the world's uranium-enrichment market, Grigoryev said, noting that the company's share was currently 23 percent not including its U.S. contract.

At the conference's opening ceremony, Energy Minister Sergei Shmatko praised nuclear energy as a worthy alternative to renewable energy — which is generated from naturally replenished sources such as wind, sunlight and geothermal heat.

"Much has been made about renewable energy lately," Shmatko said. "But in 2009, worldwide investments into renewable energy will fall by 40 percent.

"Renewable energy cannot compete with nuclear energy," he said.

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