

October 17, 2022

The Honorable Janet Yellen
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen:

We write to you regarding U.S. policy towards nuclear energy financing by international financial institutions (IFIs), specifically the European Bank for Reconstruction and Development (EBRD or Bank).

Demand for energy in many developing countries has risen rapidly in recent decades as both their populations and economies have grown. However, Russia's weaponization of its oil and gas sectors amid the war in Ukraine illustrates the significant vulnerabilities in the global energy security framework and the need for energy independence and an "all of the above" approach to energy that includes natural gas and nuclear. The world must look to a diverse mix of energy sources to manage the energy transition for decades to come and relying exclusively on renewables is not a sustainable energy policy, especially for developing countries. Nuclear energy will be essential for countries to meet their energy needs. It also has the benefit of releasing no carbon emissions, and innovations like modular reactors continue to minimize the waste it leaves behind.

IFIs like the EBRD could promote nuclear energy by investing in nuclear projects in developing countries like they are already doing with solar and wind projects. In the last two months, the EBRD announced a \$100 million loan to a renewable energy company in Turkey¹ and \$21.4 million in financing for a solar power plant in Azerbaijan.² However, while the EBRD "[considers] funding for safety improvements of operating plants as well as for radioactive waste management and decommissioning of nuclear facilities," current policies prevent the Bank from "[providing] funding for the construction of new nuclear power plants."³ This is a mistake. The Department of the Treasury's agreement in July to contribute \$500 million to the EBRD's Crisis Response Special Fund for Ukraine was a missed opportunity to call for a change to this misguided policy.⁴ The EBRD should follow the example of the U.S. Development Finance Corporation, which relaxed its own nuclear investment ban in 2020 with bipartisan support from Congress.⁵

¹ <https://www.ebrd.com/news/2022/ebrd-loans-us100-million-to-boost-renewables-in-turkey.html>

² <https://www.ebrd.com/news/2022/ebrd-invests-us-214-million-in-pioneering-solar-plant-in-azerbaijan.html>

³ <https://www.ebrd.com/power-and-energy/ebrd-energy-sector-strategy-comments.pdf>

⁴ <https://home.treasury.gov/news/press-releases/jy0892>

⁵ <https://www.dfc.gov/media/press-releases/dfc-modernizes-nuclear-energy-policy>

In the absence of multilateral financing for nuclear projects, China and Russia are filling the void, particularly in developing countries. According to the Atlantic Council, the two countries built more than 60 percent of new nuclear plants under construction worldwide in 2019, including in South Asia, Africa, Eastern Europe, and Latin America.⁶ That is why we worked together on legislation to require the Treasury Secretary to instruct the U.S. representatives to the IFIs to use the voice, vote, and influence of the U.S. to support financial assistance for the generation and distribution of nuclear energy.⁷

Supporting nuclear energy investments at the EBRD and other IFIs would demonstrate U.S. leadership on climate and energy issues globally, counter Russian and Chinese influence as bilateral creditors for nuclear projects, and allow developing countries to sustainably build their energy capacity and resources. Encouraging greater multilateral financing can also help attract Western investment to projects in developing countries, strengthen geopolitical ties, and present commercial opportunities to deploy American technology on the design and completion of new nuclear reactors. The U.S. is in a position to advocate for a change to the Bank's current nuclear investment ban as it is the largest shareholder of the EBRD. We urge you to support the financing of nuclear energy projects at the EBRD and other multilateral lenders where the U.S. is a top shareholder.

Sincerely,



Patrick McHenry
Ranking Member
Committee on Financial Services



French Hill
Ranking Member on the
Subcommittee on Housing,
Community Development, and
Insurance

cc: The Hon. Maxine Waters, Chairwoman, Committee on Financial Services

⁶ https://www.atlanticcouncil.org/wp-content/uploads/2019/05/US_Nuclear_Energy_Leadership-.pdf

⁷ <https://www.congress.gov/bill/117th-congress/house-bill/1646>