



November 30, 2010

Via E-mail and Fed Ex

Sophia Angelini, Esq.
Attorney Advisor
Office of the General Counsel for
Civilian Nuclear Programs GC-52
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: Comments to Section 934 Rulemaking

Dear Ms. Angelini:

Enclosed please find an original and three copies of ConverDyn's comments to assist the Department of Energy's development of regulations pertaining to Section 934 of the Energy Independence and Security Act of 2007. ConverDyn appreciates the opportunity to provide these comments and welcomes any questions you may have.

Best Regards,

A handwritten signature in blue ink that reads "Ganpat Mani".

Mr. Ganpat Mani
President & CEO

Introduction

In addition to filing joint comments with the Contractors International Group on Nuclear Liability (CIGNL), the Uranium Producers of America (UPA), and the Nuclear Energy Institute (NEI), ConverDyn is submitting its own comments in response to the Department of Energy's (DOE) Notice of Inquiry requesting comments to assist in its development of regulations pertaining to Section 934 of the Energy Independence and Security Act of 2007. As the only domestic uranium converter of natural uranium ore concentrates to uranium hexafluoride (UF₆), ConverDyn believes that uranium conversion should be excluded from the definition of "nuclear supplier" in subsection 934(b)(7) and not included in the "Risk Informed Assessment Formula" in subsection 934(e)(2)(C)(i) for the reasons set forth herein.

Discussion

ConverDyn should be excluded from the definition of "nuclear supplier."

Section 934(b)(7) defines the term "nuclear supplier" as a covered person or successor that either (a) provides goods or services to a covered installation, or (b) transports nuclear materials that could result in a covered incident. Because conversion services are not directly supplied or shipped to a covered installation, ConverDyn does not contribute to the risk at a covered installation and should be excluded from the definition of "nuclear supplier."

Natural uranium presents low risk and does not warrant inclusion in the risk informed assessment formula.

The Price Anderson Act, Paris Convention, and Vienna Convention all recognize the low risk presented by natural uranium. As mentioned above, conversion is a chemical process that converts natural uranium into UF₆ which must be further enriched and fabricated in order to fuel a reactor. Because conversion is a service, it does not create any risk of liability until after further substantial transformation.

As a raw material, UF₆ is substantially transformed and loses its separate identity as it moves through the fuel cycle.

During conversion, fluorine molecules are added to uranium concentrates. When enriched UF₆ is converted to enriched uranium oxide (UO₂) during fabrication, the fluorine molecules added by ConverDyn during conversion are removed. Furthermore, conversion is treated as a consumable commingled and fungible commodity that is untraceable once it is used as feed in the nuclear fuel cycle. ConverDyn does not control the further processing and fabrication of the UF₆ once it leaves the conversion facility. Because conversion is substantially transformed and loses its identity during fabrication, ConverDyn should be excluded as a fuel supplier because it does not contribute to the risk at a covered installation.

Conclusion

It is impossible for ConverDyn to contribute to a nuclear incident because conversion represents low risk, is substantially transformed during the fuel cycle, and is not directly shipped or supplied to a covered installation. For these reasons, ConverDyn respectfully requests that the DOE exclude converters from the definition of "nuclear supplier" and the risk informed assessment formula.