

News Release

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Pete V. Domenici

United States Senator

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DOMENICI: DOE LAB FUNDING SAVED FROM BRINK AS SENATE, HOUSE REACH FY08 FUNDING AGREEMENT

Bill Restores Weapons Funding, but Changes Still in Store for Labs

WASHINGTON - U.S. Senator Pete Domenici today said potentially devastating cuts for the nation's nuclear weapons complex will be mostly averted with a funding agreement that restores most funding for weapon programs.

Domenici, ranking member of the Senate Energy and Water Development Subcommittee, was among the negotiators who worked to reach an agreement between the House and Senate on the FY2008 Energy and Water Development Appropriations Bill. The omnibus package was filed late Sunday.

"We've been to the brink and we've backed away to come up with a budget that will allow our national laboratories to fulfill their missions. This budget isn't by any means a bed of roses for the labs. It makes tough choices and struggles to preserve important programs, such as the weapons program, the Office of Science and nuclear energy," Domenici said. "We have what amounts to a good news-bad news budget that is vastly preferable to the potentially devastating cuts that could have occurred."

The \$30.88 billion conference-which funds DOE, Bureau of Reclamation, Army Corps of Engineers and related agencies like the National Nuclear Security Administration-will be incorporated into a massive omnibus spending package that will include the 11 appropriations bills that have not been passed by Congress. The package could receive final House and Senate approval this week and then be sent to President Bush.

The overall Energy and Water package is \$415 million over the budget request and \$593 million over current year funding.

The measure provides \$24.44 billion for the Department of Energy (a \$218.4 million increase over the current year level and \$316 million below the President's budget request), \$5.58 billion for the Army Corps of Engineers (\$716 million increase above the request), \$1.15 billion for the Bureau of Reclamation (\$150 million increase above the request), and \$281 million for independent agencies (\$29 million increase).

The final package is based on an agreement reached late last week, but reflects \$493 million in additional cuts and adjustments needed to fit the bill within budgetary constraints. As such, Domenici and fellow Energy and Water negotiators reduced the size of their bill by reducing DOE programs by 0.9 percent and shaving 1.6 percent of all earmarks sought by members of Congress. Water accounts were also reduced by 1.6 percent.

Under the conference agreement, the bill has \$9.13 billion for the National Nuclear Security Administration (NNSA), of which \$6.29 billion is outlined for weapons activities (down \$213 million from the budget request, but \$22 million over FY2007 and \$418 million above the House passed level), \$1.66 billion for nonproliferation activities (\$12 million below the request), and \$774 million for Naval Reactors.

"Restoring the cuts proposed by the House to the weapons program means the labs should be able to carry out their national security missions and maintain their workforces. This bill will not reverse current plans to lay off 500-750 workers at Los Alamos, but it should help to avoid additional and future layoffs," he said.

Beyond restoring the \$418 million of the cuts approved by the House for the weapons program, Domenici said the following "good news" provisions are in the conference bill:

- **Loan Guarantees** - \$45 Billion in loan guarantees have been provided to support transition to cleaner burning energy technologies as authorized in Title 17 of EPACT.

- **Pit Production** - The conferees direct NNSA to plan up to 80 pits per year for production, while moving forward to replace the existing CMR facility that is unsafe. This bill acknowledges that pits are necessary and the country requires a production capacity, though at a smaller level, to handle evolving security and technical challenges in the future.

- **Supercomputing** - Through language proposed by Domenici, the bill establishes an Advanced Architecture and Algorithms with Centers of Excellence at Sandia and Oak Ridge national laboratories. The labs will execute a national program to sustain U.S. leadership in high performance computing. It will be jointly funded by DOE Office of Science and NNSA.

- **Global Nuclear Energy Partnership** -- \$181 million for GNEP, now known as the Advanced Fuel Cycle Initiative, to make significant investment in critical nuclear research and development. "Just two years ago, DOE only budgeted \$67 million for the Advanced Fuel Cycle Initiative. Today, the conferees have provided nearly 2.5 times that level," Domenici said.

Domenici reported that conferees addressed **Loan Guarantees** by directing the Energy Secretary to provide \$38.5 billion in loan guarantees over the next two years to a variety of technologies, including: nuclear power, \$20.5 billion (18.5 billion reactors; \$2.0 uranium enrichment); renewable energy and energy efficiency, \$10 billion; and clean coal, \$8.0 billion.

The conferees agreed to a two-year loan guarantee, following the Senate position that the DOE Secretary can make such a loan guarantee to entities that produce the required credit risk subsidy consistent with Title 17 of the Energy Policy Act of 2005.

"The two-year authorization sends a clear message to DOE, the administration, utilities and investors that the Congress is serious about diversifying our energy mix by encouraging investment in cleaner electric generation and alternative energy," Domenici said.

The bill provides \$1.7 billion, a \$486 million increase, to support renewable energy research including biomass, solar, and wind energy as well as increases for vehicle and building efficiency. These programs, along with the loan guarantee effort, will encourage the deployment of a diversified energy portfolio. Within this amount the conferees provide (*subject to 0.9 percent reduction*) \$200 million to support cellulosic biomass research, an increase of \$20 million, \$170 million (\$21 million increase) for solar; and \$110 million (\$23 million increase) for energy efficient building technologies research.

Domenici said he is pleased with the direction the bill takes advanced simulation and computing, providing \$579 million overall for this activity, including \$7.43 million to establish Advanced Architecture and Algorithms with Centers of Excellence at Sandia and Oak Ridge national laboratories, a joint high performance computing research and development program.

"Sandia pioneered the development of the leading high performance computing architecture and can continue to support long term R&D in this area," Domenici said.

The bill fully funds the High Energy Density Plasma research, providing \$24.4 million from the Office of Science and the NNSA to expand access to the National Ignition Facility in California, Z Machine at Sandia National Laboratories, and Omega Laser in New York. An additional \$13 million is provided to support experimental operations on Z machine.

"This program creates a broader science mission for the Z machine at Sandia. The Conferees recommended this program in previous bills as it strongly supports this joint program funding for high-energy density research using facilities such as Z, Omega and eventually NIF," Domenici said.

Domenici said problematic aspects, or "bad news," of the conference agreement will delay progress on environmental cleanup projects, as well as major construction projects:

- **Environmental Cleanup** - Steep reductions from the Senate bill and deep reductions to cleanup accounts from Los Alamos National Laboratory-a \$74 million cut from the Senate bill.
- **Reliable Replacement Weapon (RRW)** - The bill eliminates all RRW funding, though \$15 million was enacted in the FY2008 Defense Appropriations Bill. The conferees direct DOE to develop a new science campaign category called Advanced Certification, with a goal to prove the reliability and effectiveness of the new design solutions that would increase the security of future nuclear weapons against authorized use. The laboratories are directed to validate their assumptions using science-based approach.
- **DOE Science** -- Funding is down \$380 million below the request
- **Major Construction projects cut and delayed:**
 1. **MOX** - \$200 million reduction in construction funding and carryover balances. This will force the program to re-baseline the project, forcing a delay and cost increase for this important nonproliferation activity.
 2. **CMR-R (LANL)** - \$21 million below the budget request, but up from zero in the House bill. This gives LANL clear direction to move forward on this facility.
 3. **Yucca Mountain** - \$103 million reduction, which will result in layoffs in Nevada, and possibly New Mexico. The funding cut will force DOE to miss a June 30, 2008 license submittal to the Nuclear Regulatory Commission.
 4. **Future Gen** - A \$33 million cut below the budget request will further delay this advanced clean coal project.

Domenici also cited concerns with policy changes within the nonproliferation program, particularly the joint U.S.-Russian initiative to destroy at least 34 tons of weapons grade plutonium from each nation's stockpiles. The bill rescinds \$115 million in previously appropriated funding for this project.

DEPARTMENT OF ENERGY - \$24.44 billion for DOE, \$316 million below the budget request.

NNSA Weapons Activities -- \$6.29 billion, \$213 million below the budget request but \$22.2 million over current funding levels. Los Alamos National Laboratory, Sandia National Laboratories, Lawrence Livermore National Laboratory, the Nevada Test Site, and plants in Texas, Missouri, Tennessee and South Carolina are involved in this work, including **Science-based Stockpile Stewardship campaigns**. The bill does not fund Complex 2030 transformational activities, but provides \$1.41 billion for weapons activities, including: (*These accounts subject to 0.9 percent reduction.*)

- **Life Extension Program** - \$236 million, equivalent to the budget request.
- **Stockpile systems** -- \$343 million, equal to the budget request.
- **Stockpile services** -- \$698 million, a reduction of \$15.9 million reflecting the elimination of the Responsive Infrastructure program associated with Complex 2030 transformation activities.
- **Reliable Replacement Warhead (RRW)** - Not funded. Instead of funding RRW, the conferees provide \$15 million for a new "Certification Campaign" to fund research into solving the

challenges posed by certifying without testing many of the new features included in the RRW design.

- **Dismantlement** -- \$135 million, an increase of \$83 million reflecting a shift of \$69 million in funding the Pit Disassembly and Conversion Facility. Los Alamos will receive an estimated \$35 million in work to destroy plutonium pits that are intended for the Mixed Oxide Plant under construction in Savannah River Site, South Carolina.
- **Inertial Confinement Fusion and High Yield** -- \$474 million, up \$62 million, including: an additional \$13 million to support full shift operation on the newly refurbished **Z machine** at Sandia; \$10 million for final year of construction on the **National Ignition Facility** at Lawrence Livermore Laboratory; and \$12.4 million for a new joint program in high energy density laboratory plasmas that is matched with an additional \$12 million from the Office of Science. In FY2007, the Committee urged DOE, the Office of Science and NNSA to collaborate in this field.
- **Science Campaign** -- \$290 million, up \$17 million including advanced certification, to support research and experiments that are critical to certification of the stockpile.
- **Engineering Campaign** -- \$171 million, \$19 million over the budget request, to support engineering capability and increase engineering design activities utilizing the **MESA** facility to design and deploy state-of-the-art security and safeguards technology to protect against the unauthorized use of nuclear weapons. It also directs the NNSA to provide \$10 million to initiate construction on the **Ion Beam Lab Refurbishment** two years ahead of schedule. This facility which supports the stockpile surveillance program is badly in need of repair. The cost of this project is an estimated \$40 million. Funding was provided from the excess carryover balances for the MESA project. Sandia was able to deliver the MESA project under budget and ahead of schedule. MESA funding is provided at \$11.1 million for final phases of construction.
- **Advanced Simulation and Computing** -- \$579 million, down \$6 million. The bill fully funds the Roadrunner computer acquisition for a petaflop (a thousand trillion computations per second). This will give LANL the capability to simulate complex physics experiments to validate the reliability of the U.S. stockpile without underground testing. Funding for the Road Runner computer was eliminated in the House passed markup. The conferees included language proposed by Domenici directing the NNSA and the Office of Science to establish a joint high performance computing research and development program. This center of excellence will be located at Sandia and Oak Ridge. Sandia pioneered the development of the leading high performance computing architecture and can continue to support long term R&D in this area. The bill provides \$7.437 million to establish this capability.
- **Pit Manufacturing** - \$215 million, a \$66.0 million reduction. The Committee eliminates all fund provided for the proposed Consolidated Plutonium Center (-\$25 million). The funding cut will have a programmatic impact at Los Alamos, although the lab was ahead of schedule in pit production activities. The conference report directs NNSA to begin to assume a production capacity of 80 pits per year, which is down from current planning but consistent with NNSA's current desire to reduce pit production to accommodate a smaller stockpile. The House passed bill proposed to cut this program by \$131 million below the request.
- **Readiness** -- \$159 million, equivalent to the budget request.
- **Readiness in Technical Base and Facilities** - \$1.65 billion, down \$10 million, to provide critical funding to support operations and provide salaries to lab employees. LANL CMR- Replacement is funded at \$74.8 million, and the bill provides \$20 million to support the LANL classified vault consolidation activities, which is a new project initiated by the laboratory. The bill has \$29.45 million to support the TA-18 mission, and LANL Radioactive Liquid Waste Treatment Facility upgrade is fully funded at \$26.7 million, while the TA-55 Reinvestment project at LANL is fully funded at \$5.9 million.
- **Secure Transportation** -- \$215 million, consistent with the budget request.
- **Nuclear Weapons Incident Response** -- \$16 million, consistent with the budget request.
- **Facility and Infrastructure Recapitalization** -- \$181 million, an increase of \$12.3 million above current year levels and \$121 million below the request. The impact of this will be felt across the complex and additional maintenance is deferred. However, the Sandia TA-1 heating upgrade received \$22.3 million as requested.
- **Safeguards and Security** - \$907 million, up \$26 million to provide \$7 million in additional funding to LANL to complete the **Red Network** classified computer deployment throughout the

laboratory. The bill provides \$49 million, as requested for the **Nuclear Materials Safeguards and Security Upgrades** at Los Alamos. This project was eliminated in the House bill.

Nuclear Nonproliferation - \$1.66 billion, but includes policy changes affecting the joint U.S.-Russian initiative to destroy at least 34 tons of weapons grade plutonium from each nation's stockpiles. This bill drastically cuts the project, and shifts the management of the project to the Office of Nuclear Energy. It also rescinds \$115 million in previously appropriated funding. However, in order to boost U.S. nonproliferation operation, the conferees rescind \$207 million in previously appropriated funds earmarked for Russian participation. (*These accounts subject to 0.9 percent reduction.*)

- **Nonproliferation Detection and Verification R&D** - \$390 million, up \$125 million, to support long-term research into chemical and biological detection. The conferees recognize the lead role laboratories like Los Alamos, Sandia and Livermore play and direct the NNSA to invest in our nuclear detection research and detection capability using \$20 million of additional funding.

- **Nonproliferation and International Security** - \$151 million, a \$26 million increase to support international summit on nonproliferation and arms controls. The conferees provided up to \$10 million in funding that can be used to disable the North Korean nuclear facilities without waiting for an emergency budget request.

- **International Materials Control** - \$630 million, a \$259 million increase over the request. The Russian earmarked funding is now being put to good use in securing additional nuclear and military facilities inside Russia and the former Soviet republics. The bill provides \$50 million for the Megaports program to accelerate the deployment of nuclear detection equipment at foreign cargo ports.

- **Elimination of Weapons Grade Plutonium Production (EWGPP)** - \$181 million, consistent with the budget request.

- **Global Threat Reduction Initiative** - \$195 million, up \$76 million, to accelerate offsite recovery of radiation sources and foreign capabilities that could be used to develop weapons of mass destruction.

- **International Nuclear Fuel Bank** - \$50 million is provided to fund the establishment of an international uranium fuel bank managed by the International Atomic Energy Agency. This funding will be used to establish a uranium fuel reserve to discourage countries from developing their own enrichment capability.

Defense Environmental Cleanup - \$5.4 billion, \$135 million over the budget request. This includes: (*These accounts subject to 0.9 percent reduction.*)

- **Los Alamos** - \$153 million, up \$14 million to increase cleanup levels. The request and the House bill provided \$139 million.

- **Waste Isolation Pilot Plant (WIPP)** -- \$236.7 million, up \$17 million above the request and \$7.9 million above current year levels. This funding will enable the project to receive and safely store 21 contract handled and five remote-handled shipments per week.

Other DOE Defense Activities -- \$761 million, down \$2.7 million from the budget request:

- **Health, Safety and Security** -- \$429.3 million, the same as the budget request.

- **Legacy Management** -- \$145 million, down \$3 million, to manage site closeout activities, including site monitoring, pension and health care costs.

Non-Defense Environmental Management -- \$183 million, the same as the budget request.

Nuclear Waste Disposal/Yucca Mountain -- \$390 million, \$100 million below the budget request. This cut will have a significant impact on the license application process.

Power Marketing Administration (PMA) - \$270 million to fund the Southeast PMA, Western PMA, and provides language added to protect ratepayers from budget gimmicks that increase rates.

Independent Agencies - \$281 million, up \$28 million over the budget request:

- **Appalachian Regional Commission** - \$73 million, \$8 million over the request.
- **Delta Regional Authority** -- \$11.7 million, a \$5.7 million increase.
- **Denali Commission** -- \$28.1 million, a \$20 million increase over the budget request.
- **Nuclear Regulatory Commission** - \$146.9 million

Energy Efficiency and Renewable Energy -- \$1.7 billion, \$486 million over the budget request. This funding supports energy-related activities authorized in the Energy Policy Act of 2005, including, among other things: (*These accounts subject to 0.9 percent reduction.*)

- **Solar** -- \$170 million, a \$21 million increase over the request, which includes \$30 million concentrating solar energy research, in which Sandia National Laboratories plays a leading R&D role for the Department.
- **Biomass** -- \$200 million, a \$20 million increase above the request;
- **Geothermal** -- \$20 million restored for geothermal research and development;
- **Hydropower** -- \$10 million to support advanced hydropower;
- **Industrial Technology** -- \$65 million, \$19 million over the budget request;
- **Building Technology** -- \$110 million, a \$23 million increase, to support energy conservation demonstration projects and to implement solid state lighting like high-efficiency LED lights.
- **Weatherization Activities** -- \$224 million, \$85 million over the budget request.

Electricity Delivery and Energy Reliability -- \$138 million, up \$23 million

Nuclear Energy -- \$961 million, up \$159 million above the budget request: (*These accounts subject to 0.9 percent reduction.*)

- **Nuclear Power 2010** -- \$135 million, a \$21 million increase and consistent with the Senate level;
- **Generation IV Nuclear Energy Systems Initiative** -- \$116 million for this initiative;
- **Nuclear Hydrogen Initiative** -- \$10 million;
- **Fuel Cycle Research and Facilities** -- \$462 million, including \$181 million for the Advanced Fuel Cycle Initiative
 - o **Fissile Material Disposition (MOX)** - \$233 million in new construction funding is provided, down from \$333 million. In addition, \$47 million for MOX operations, and \$115 million in carryover balances remains available (50 percent cut);
- **Space and Defense Infrastructure** -- \$30.6 million;
- **Medical Isotopes Infrastructure** -- \$15 million.

Uranium Enrichment Plant D&D -- \$622 million, up \$48 million from the request.

Fossil Energy -- \$742 million, up \$176 million over the budget request, including: (*These accounts subject to 0.9 percent reduction.*)

- **Clean Coal Power Initiative** -- \$70 million, \$3 million below the budget request;
- **FutureGen** -- \$75 million, \$33 million below the budget request
- **Carbon Sequestration R&D** -- \$120 million, a \$41 million over the budget request;
- **Water Efficiency R&D** - \$12 million to support research of ways to increase water efficiency in electricity generation.
- **Natural Gas R&D** -- \$20 million to support R&D methane hydrates research (EPACT Sec. 968), despite the budget request to eliminate funding;
- **Oil Technology** -- \$5 million to be applied to oil shale and tar sands R&D (EPACT Sec. 369), another program targeted for elimination in the budget request.

Naval Petroleum and Oil Shale Reserves -- \$20.2 million

Energy Information Administration -- \$95.4 million.

Science -- \$4.017 billion including: (*These accounts subject to 0.9 percent reduction.*)

- **Joint Program in high energy density laboratory plasmas** -- \$24.6 million provided from funding in the Office of Science and the NNSA Inertial confinement fusion ignition and high yield campaign. The Committee has recommended this program in previous bill's as it strongly supports this joint program funding for high-energy density research using facilities such as Z, Omega and eventually NIF. This creates a broader science mission for the Z machine at Sandia.
- **High Energy Physics** -- \$695 million
- **Nuclear Physics** -- \$436 million
- **Biological Research** -- \$411 million
- **Climate Change Research** -- \$138 million (*Biological and Climate Change research have traditionally been one line, but the conferees split them and direct DOE to do the same in next year's budget request.*)
- **Basic Energy Sciences** -- \$1.18 billion
- **Fusion Energy Services** -- \$410 million
- **ITER International Contribution** - To meet additional reductions in overall bill, \$121 million is cut to the U.S. international contribution to support the ITER program.
- **Science Laboratories Infrastructure** -- \$65 million