



THIRD WAY

December 4, 2024

Scott Nathan, Chief Executive Officer
Board of Directors
U.S. International Development Finance Corporation (DFC)
1100 New York Ave NW
Washington, DC 20527

Third Way Written Statement for the DFC December 4, 2024 Public Hearing

Dear Mr. Nathan and Esteemed Members of the Board:

Third Way greatly appreciates the opportunity to discuss critical competitiveness and clean energy issues with the Board of the U.S. International Development Finance Corporation (DFC).

Third Way is a national think tank that champions modern center-left ideas and policies, and one of Third Way's main goals through its Climate and Energy Program is to enable the United States and its allies to effectively meet ambitious clean energy and decarbonization goals, while competing effectively with our geopolitical rivals in the international clean energy market.

Third Way's Climate and Energy Program believes that nuclear energy is essential for the U.S. and our allies to achieve these objectives. Indeed, the global demand for nuclear energy is skyrocketing – at COP28, 22 countries jointly committed to tripling global nuclear capacity by 2050, and that number has now increased to 31 with additional signatories.¹ New and existing markets around the world are eager to deploy advanced nuclear energy technologies,² and opportunities for US nuclear exports are rapidly increasing.³

¹ U.S. Department of Energy (DOE), "At COP28, Countries Launch Declaration to Triple Nuclear Energy Capacity by 2050, Recognizing the Key Role of Nuclear Energy in Reaching Net Zero," December 1, 2023, <https://www.energy.gov/articles/cop28-countries-launch-declaration-triple-nuclear-energy-capacity-2050-recognizing-key>, last accessed November 26, 2024; OECD-NEA, "NEA at COP29: Focus on nuclear financing, new technologies and engagement with young generation," November 25, 2024, https://www.oecd-nea.org/jcms/pl_98194/nea-at-cop29-focus-on-nuclear-financing-new-technologies-and-engagement-with-young-generation, last accessed November 26, 2024.

² Alan Ahn et. al, "The Global Race for Advanced Nuclear Is On," Third Way et. al, October 24, 2024, <https://www.thirdway.org/memo/the-global-race-for-advanced-nuclear-is-on>, last accessed November 26, 2024.

³ Alan Ahn, Todd Moss, et. al, "2024 Map of the Global Market for Advanced Nuclear: Future Demand is Bigger Than Ever," Third Way and Energy for Growth Hub, October 24, 2024, <https://www.thirdway.org/memo/2024-map-of-the-global-market-for-advanced-nuclear-future-demand-is-bigger-than-ever>, last accessed November 26, 2024.

DFC will play a critical role in making a nuclear energy future, fueled by US reactors, a reality. In the face of significant competition from adversaries, robust financing resources and tools, including those offered by DFC, are essential for US relationship building, competition, and leadership abroad. State-owned competitors in Russia and China support their technology exports with integrated government backing, including attractive financing terms for client countries. In providing these and other highly competitive assurances, our adversaries create hundred-year partnerships with export destinations, leveraging these relationships for geopolitical gain. They are winning the global nuclear influence game, in a sector bred from US technological innovation.⁴

But DFC can help us regain global leadership from our authoritarian rivals and ensure that the highest US standards of safety, security, and nonproliferation become the norm. DFC's equity tools are sorely needed to compete with our competitors' comprehensive and generous financing packages. In consideration of the urgent need for nuclear energy around the world, and the geopolitical and national security stakes of failing to regain global leadership, Third Way would like to highlight the following recommendations before DFC:

- **Enhance Nuclear Energy Subject Matter Expertise at DFC:** Since DFC removed a legacy prohibition on the support of nuclear energy projects in 2020,⁵ it has been taking steps to modernize its nuclear energy policy. DFC is strongly encouraged to continue actions pursuant to this policy change, especially by taking general steps to increase nuclear subject matter expertise within the agency and more extensively engage with other experts in the US interagency.⁶ Doing so will allow DFC greater flexibility in

⁴ Alan Ahn et. al, "2023 Map: The World Wants Nuclear Energy. China and Russia are Racing Ahead," May 23, 2023, <https://www.thirdway.org/memo/2023-map-the-world-wants-nuclear-energy-china-and-russia-are-racing-ahead>, last accessed November 26, 2024.; Josh Freed and Alan Ahn, "Dawn of a Nuclear Era," Third Way, October 18, 2024, <https://www.thirdway.org/blog/dawn-of-a-nuclear-era>, last accessed November 26, 2024.

⁵ U.S. International Development Finance Corporation (DFC), "DFC Modernizes Nuclear Energy Policy," July 23, 2020, <https://www.dfc.gov/media/press-releases/dfc-modernizes-nuclear-energy-policy>, last accessed November 26, 2024.

⁶ Alan Ahn, Lindsey Walter, et al., "Nuclear Export Financing Today and Tomorrow," Third Way, October

responding to and taking action on US allies' numerous requests for support in deploying US nuclear energy technology.

- **Highlight Gaps that Congress Can Close:** As the Congressional reauthorization for DFC nears, with a deadline before the end of 2025, there are specific areas where additional authorities can help DFC more effectively carry out its statutory mandates under the BUILD Act. In particular, DFC's equity investment tool is currently constrained by accounting rules that score these investments as total losses. Moreover, DFC's current maximum contingent liability cap (\$60 billion) and single project limit (\$1 billion) present barriers to addressing the needs of large nuclear projects.⁷ Moving forward, the agency is encouraged to draw attention to such challenges that may inhibit DFC's involvement in key nuclear energy projects.
- **Co-finance Orderbooks of Advanced Nuclear Technologies:** There is growing interest in and demand for US advanced nuclear technologies overseas. DFC is encouraged to explore co-financing arrangements with its counterparts in allied countries, thereby spurring scaled deployment of specific reactor designs across international markets and accelerating the commercialization of these technologies.

We are deeply appreciative of the opportunity to address DFC's executives and Board of Directors on this pivotal issue. Third Way offers its support to DFC as it continues to work to overcome the aforementioned challenges, and affirms DFC's role in supporting US competitiveness, leadership, national security, and decarbonization goals.

Sincerely,

26, 2023, <https://www.thirdway.org/report/nuclear-export-financing-today-and-tomorrow>, last accessed November 26, 2024.

⁷ Hamna Tariq and Todd Moss, "How DFC Can More Effectively Support Nuclear Technology," Energy for Growth Hub, March 26, 2024, <https://energyforgrowth.org/article/how-dfc-can-more-effectively-support-nuclear-technology/>, last accessed November 26, 2024.

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