

## **A \$7.4 Billion Nuclear Build Program Submitted to the Loan Programs Office of the DOE to Bring Forth the First Batch of SMR-160s and a Massive Expansion of Holtec's Domestic Manufacturing Capacity**

On March 9, 2022, the U.S. Department of Energy (DOE) approved Part I of Holtec International's loan application for building small modular reactors (SMRs) and invited the company to apply for a federal loan to help build four SMR-160s and to expand the company's manufacturing capacity to build the first wave of nuclear reactors in large numbers. Holtec submitted the final (Part II) application on July 19th in which the Company articulated its plan to build the first mover SMR-160s as a four-unit power plant in the US, to expand the output capacity of its existing heavy manufacturing plant in Camden, NJ, and to establish a new supersize factory to manufacture SMR-160s. Our Camden and Pittsburgh based plants, both equipped to manufacture heavy capital equipment of the kind needed in SMRs, currently produce nearly 1000 pieces of heavy equipment and weldments each year. The advanced manufacturing capabilities located in Camden will be enlarged with additional machining, robotic welding, and material handling equipment to increase the throughput of SMR-160 components to help meet the projected rise in demand for the SMR-160s expected in the next decade. The new giga-manufacturing facility, to be built at a yet unidentified location, will be a much larger version of the modern heavy fabrication plant on Holtec's Camden technology headquarters that the Company commissioned in 2017. Holtec plans to build the new facility, tentatively named Holtec Heavy Industries, to materially improve America's nuclear manufacturing capacity, and to make it available to other nuclear plant suppliers with capital hardware needs.

We are pleased to report that one of America's most prominent nuclear operators, Entergy Corporation, has entered into a Memorandum of Agreement (MOA) with Holtec, under which Entergy will evaluate the feasibility of deploying one or more SMR-160s on one or more of its existing sites within the Entergy service area. Entergy's Chief Nuclear Office Mr. Chris Bakken explains thus, "Entergy will be evaluating Holtec's SMR-160 system as a means to potentially help us meet our net-zero goals because of its inherent safety, modularity, operational simplicity, small footprint, and the proven light water reactor technologies that undergird it. Holtec's established domestic manufacturing capacity, a strong balance sheet and their decades of proven performance in supporting our operating fleet also factored in our decision."

Holtec's loan application to the DOE identifies several locations for the first SMR-160 plants, as any deployment requires securing the requisite financial support for the plant's construction and a long-term purchase power agreement (PPA) from the candidate host states. In addition to Entergy's service area as a potential location, the loan application also mentions building the first SMR-160 at Holtec's own Oyster Creek plant site (purchased from Exelon in 2018) in New Jersey, where, as mentioned above, Holtec already has a functioning state-of-the-art manufacturing plant. The new high-capacity manufacturing plant will likely be located in the region where the first SMR-160s will be deployed. Inevitably, the first mover state will become the leader in the emerging industry of small modular reactors with tens of thousands of new high-paying jobs in manufacturing, reactor support services, nuclear plant operations and related areas.



# Holtec Highlights

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“We hope the stalled clean energy bill in Congress, whose passage is critical for launching the rise of unconditionally safe SMR plants in the U.S., would soon become law fulfilling Abraham Lincoln's quip, 'I walk slow but I don't walk back'. We consider a rapid expansion of the global 24/7 generation capacity of clean energy and reversing the accumulation of greenhouse gases in the atmosphere to be a matter of our planet's survival as a human habitat. The scorching heat that grips large swathes of the world this week, we believe, presages the dreadful climate change that lies in humanity's future unless we act without delay. Our government must repeat the great success story of solar energy with new nuclear which holds an even greater promise for carbon mitigation,” says Holtec's CEO, Dr. Kris Singh.

Holtec's coordination with the DOE Loan Programs Office is being led by its wholly owned subsidiary, Holtec Government Services (HGS). As the executive sponsor of the loan application, HGS President Vice Admiral Fritz Roegge, USN (retired) credited the USG's federal loan as the essential vehicle to help build and deploy SMRs to meet the demand for reliable clean energy, and he acknowledged the consistent support of Loan Programs Office personnel to the HGS proposal team throughout the demanding loan application process<sup>1</sup>.

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<sup>1</sup> The LPO invitation to Holtec to submit a Part II application for a loan guarantee reflects LPO's determination that the project satisfies the technical eligibility requirements set forth in the applicable LPO solicitation, based on the materials submitted to DOE as of the date of its determination. DOE's invitation to submit a Part II application is not, however, an assurance that DOE will invite Holtec into the due diligence and term sheet negotiations process, that DOE will offer a term sheet or that the terms and conditions of a term sheet will be consistent with terms proposed by the applicant. The foregoing matters are wholly dependent on the results of the DOE review and evaluation of a Part II application and DOE's determination whether to proceed.