



# Fabrication Market Outlook



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# Table of Contents

<b>Executive Summary</b>	<b>i</b>
<i>Essay: Recent Fabrication Market Highlights and Trends</i>	i
<i>Reactor Developments and LWR Fuel Demand Forecasts</i>	i
<i>UxC Utility Fabrication Market Survey</i>	ii
<i>The World's LWR Nuclear Fuel Fabricators</i>	ii
<i>Supply and Demand in the LWR Fuel Fabrication Markets</i>	iii
<i>LWR Nuclear Fuel Fabrication Markets</i>	iii
<i>LWR Nuclear Fuel Fabrication Prices</i>	iv
<i>Non-LWR Nuclear Fuel Fabrication Markets</i>	iv
<b>Introduction and Overview</b>	<b>10</b>
What's New in the 2023 Report?	11
• FMO Reference Document	12
Structure of Report	13
<b>1 – Essay: Recent Fabrication Market Highlights and Trends</b>	<b>15</b>
Improving Demand Underpinning Positive Outlook for Fabricators	15
Western Fabricators Take Europe's VVER Fuel Market	17
New Fuel Designs Going Mainstream	18
ATF, HBF, and LEU+: A Match Made in Heaven?	19
Other Important Developments	22
• Additive Manufacturing Becoming Reality	22
• SAMR Fuel Fabrication Preparations Proceed	22
• Recycled Fuel Coming Back into Vogue?	23
• Cobalt-60 Production on the Horizon?	23
<b>2 – Reactor Developments and Demand Outlook</b>	<b>24</b>
UxC Nuclear Power Regions	25
Reactor Capacities Anticipated by Country by 2040	26
Alternative UxC Reactor Forecast Scenarios	29
Current and Future Reactor Types	30
• Currently Operating Reactors	30
• New Reactors	31
New Reactor Types	32
New Reactor Vendors	32
Fuel Fabrication Demand Forecasts	34
• UxC Fabrication Market Demand Modeling	34
UxC Requirements Model (URM)	34
Use of URM Fabrication Demand Forecasts	34
• UxC Fabrication Demand Forecasts	35
Global LWR Fuel Fabrication Requirements	35
Regional LWR Fuel Fabrication Requirements	36
LWR Fabrication Requirements by Fuel Type	37
Conclusions from Demand Analysis	38
<b>3 – Results from UxC Utility Fabrication Market Survey</b>	<b>39</b>
State of the Market	39
Cycle Length	40
New Contract Scope	40
Procurement Lead Time	41
Procurement Approach	41
Vendor Qualification	42
Adequacy of Competition	42
Vendors Declining to Bid	43
Fuel Delivery Schedules and Inventories	43

Scope of Services Under Fuel Supply Contracts .....	44
Consistency of Supply .....	44
Fuel Contracting Criteria .....	45
Changes to Fabrication Procurement.....	45
Accident Tolerant Fuels.....	45
• Interest in ATFs.....	45
• Drivers Promoting ATF Deployment .....	46
• Timeframe for ATF Commercialization .....	46
High Burnup Fuels, Extended Fuel Cycles, and LEU+ .....	47
Geopolitics and Security of Supply.....	47
Westinghouse Sale Impacts.....	48
Major Industry Trends .....	48
Conclusions from Utility Survey.....	49
Appreciation for our Survey Respondents.....	50
<b>4 – The World’s Nuclear Fuel Fabricators .....</b>	<b>51</b>
The Mega-Vendors.....	53
• Framatome.....	53
Ownership and Organization.....	53
Ownership.....	54
Current Organization.....	54
Fuel Business Unit Overview .....	54
European Fuel Fabrication Operations .....	54
Production Facilities.....	54
Markets and Products.....	55
• TVEL Fuel Company Subcontract.....	57
• TVEL Joint Venture in Lingen and VVER Fuel Licensing.....	57
Framatome’s Fuel Assembly Designs.....	58
U.S. Fuel Fabrication Operations .....	61
Production Facilities.....	61
Markets and Products.....	62
ATF, HBF, and Advanced Fuel Developments .....	62
Japanese Fuel Fabrication Operations .....	64
Chinese Fuel Fabrication Operations.....	64
Kazakh Fuel Fabrication Operations .....	65
Comprehensive Fuel Offerings.....	65
SAMR Fuel Activities.....	65
Possible Future Developments .....	66
• Global Nuclear Fuel (GNF) .....	68
Ownership and Organization.....	68
U.S. and European Fuel Fabrication Operations.....	69
Production Facilities.....	69
Markets and Products .....	69
• Strategic Alliance with TVEL .....	70
GNF’s Fuel Assembly Designs .....	71
ATF, HBF, and Advanced Fuel Developments .....	73
Natrium Fuel Fabrication Facility.....	74
Japanese Fuel Fabrication Operations .....	74
Production Facilities.....	74
Markets and Products .....	75
Comprehensive Fuel Offerings.....	76
Possible Future Developments .....	76
• Westinghouse Electric Company .....	78
Ownership and Organization.....	78
Ownership.....	78
Organization.....	79
• Regional Organizations.....	79
• Westinghouse Nuclear Fuel Division Overview.....	80
• Agreements and Joint Ventures with Foreign Suppliers.....	81
European Fuel Fabrication Operations .....	82
Westinghouse Electric Sweden, Västerås Nuclear Fuel Factory .....	82
Springfields Fuels Ltd. ....	83

Markets and Products .....	84
U.S. Fuel Fabrication Operations .....	84
Columbia Fuel Fabrication Facility .....	84
• Operational Incidents.....	85
• License Renewal and Upgrades.....	86
Markets and Products .....	87
Westinghouse Fuel Assembly Designs .....	88
ATF, HBF, and Advanced Fuel Developments.....	90
VVER Fuel Fabrication Operations.....	92
VVER-1000 .....	92
VVER-440 .....	94
Potential Fuel Fabrication JV with Ukraine.....	96
Chinese Fuel Fabrication Operations .....	97
Comprehensive Fuel Offerings .....	97
SAMR Fuel Activities .....	98
Possible Future Developments.....	98
International Suppliers .....	100
• TVEL Fuel Company (TVEL) .....	100
Ownership and Organization .....	100
Production Facilities .....	103
MSZ – Elektrostal .....	103
• Production Capacity.....	103
• MSZ Fuel Designs .....	104
• Modernization Program .....	106
NCCP – Novosibirsk.....	106
Plans for Expanding Fabrication Capability .....	107
TVEL – Framatome .....	108
Consolidation of TVEL Fabrication Activities .....	109
Technical and Engineering Support.....	110
Past, Present, and Future Markets.....	110
VVER Fuel Markets.....	110
• VVER-1000 Market.....	111
• VVER-440 Market.....	113
• VVER-1200 and VVER-TOI Market.....	115
BWR and PWR Fuel Markets .....	116
• Framatome Subcontract .....	116
• TVS-KVADRAT – TVEL’s PWR Reload Fuel Initiative .....	117
PHWR Fuel Market .....	118
UO <sub>2</sub> Powder Market.....	118
TVEL Technology and Fuel Designs .....	118
VVER-440 Fuel Assemblies .....	119
VVER-1000 Fuel Assemblies .....	121
VVER-1200 / VVER-TOI Fuel Assemblies .....	124
Western PWR Fuel Assemblies .....	125
ATF and Advanced Fuel Developments.....	126
Possible Future Developments.....	127
• KEPCO Nuclear Fuel (KNF) .....	129
Ownership and Organization .....	129
Fuel Fabrication Operations .....	129
Current and Future Markets.....	132
Domestic Market .....	132
Foreign Markets .....	132
KNF Fuel Designs .....	134
Comprehensive Fuel Offerings .....	136
Possible Future Developments.....	136
Regional and National Fuel Suppliers.....	139
• ENUSA Industrias Avanzadas, S.A. (ENUSA) – Spain .....	140
Ownership and Organization .....	140
Fuel Fabrication Operations – Juzbado Nuclear Fuel Factory.....	141
Current and Future Markets.....	142
European Fuel Group .....	142
GENUSA .....	142
VVER Fuel.....	142
Spanish Market .....	143

Foreign Markets .....	143
ENUSA Fuel Assembly Designs .....	144
Accident Tolerant Fuel Developments .....	145
Comprehensive Fuel Offerings.....	145
Possible Future Developments .....	145
• Editor's Note on Japan.....	147
Potential Consolidation .....	147
• Mitsubishi Nuclear Fuel (MNF) – Japan.....	148
Ownership and Organization.....	148
Fuel Fabrication Operations .....	149
Japanese Operations – Tokai Works .....	149
Foreign Operations .....	150
Current and Future Markets .....	151
Japanese Market .....	151
Foreign Markets .....	151
MNF Fuel Designs .....	152
Domestic Designs .....	152
US-APWR Fuel Assembly.....	152
New Fuel Designs.....	153
Possible Future Developments .....	153
• Nuclear Fuel Industries (NFI) – Japan .....	154
Ownership and Organization.....	154
Fuel Fabrication Operations .....	154
Current and Future Markets .....	155
Japanese Market .....	155
Foreign Markets .....	156
NFI Fuel Designs .....	156
Possible Future Developments .....	157
• China National Nuclear Corporation (CNNC) .....	158
Corporate Structure and Manufacturing Facilities .....	158
Fuel Fabrication Operations .....	159
Yibin Fabrication Plant .....	159
Baotou Fabrication Plant.....	161
Fuel Assembly Research & Development.....	163
New Fabrication Facilities .....	164
Other Fabrication-Related Ventures .....	164
Current and Future Markets .....	165
Domestic Market.....	165
Foreign Markets .....	165
China's PWR Fuel Assembly Designs .....	166
ATF and Advanced Fuel Developments .....	168
Comprehensive Fuel Offerings.....	169
Competition from CGN.....	169
Possible Future Developments .....	169
• Industrias Nucleares do Brasil (INB).....	171
Ownership and Organization.....	171
Uranium Mining.....	171
Uranium Enrichment .....	171
Fuel Fabrication Operations .....	171
Resende Nuclear Fuel Factory .....	172
Current and Future Markets .....	172
INB Fuel Assembly Designs.....	173
Possible Future Developments .....	174
• Nuclear Fuel Complex – India.....	175
Ownership and Organization.....	175
Fuel Fabrication Operations .....	176
Possible Future Developments .....	178
• Kazatomprom – Kazakhstan.....	180
Ownership and Organization.....	180
Fuel Fabrication Operations – Ulba Metallurgical Plant .....	180
Historical Background.....	180
Production Capacity.....	181
Fabrication Joint Ventures .....	182
• China General Nuclear Power Corporation (CGN).....	183

• Past Partnership Initiatives .....	184
Current and Future Markets.....	185
Russia .....	185
Western Fuel Fabricators .....	185
Japan.....	185
China.....	186
Possible Future Developments.....	187
• Atomenergomash / Energoatom – Ukraine.....	188
Ownership and Organization .....	188
Joint Venture with TVEL .....	188
Partnership with Westinghouse .....	190
Other Initiatives.....	191
• Fuel Manufacturing Plant – Iran.....	192
Possible Future Developments.....	192
Mixed Oxide (MOX) Fuel Fabrication.....	193
• France.....	193
• United Kingdom .....	196
• Japan .....	198
• United States .....	200
• China.....	201
• Russia .....	203
REMIX Fuel .....	204
Dual-Component Nuclear Power System .....	205
<b>5 – Supply and Demand Analysis .....</b>	<b>207</b>
Forecast of Supply Capability .....	207
Worldwide Supply and Demand.....	209
Western European Supply and Demand.....	212
North America/Taiwan Supply and Demand.....	214
Asian Supply and Demand.....	215
Supply and Demand for VVER Reactors .....	217
Other Supply Considerations .....	218
Conclusions.....	219
<b>6 – Global and Regional Market Analysis .....</b>	<b>220</b>
BWR Fuel Markets .....	221
• Western European BWR Fabrication Market.....	221
• North American BWR Fabrication Market.....	224
• Asian BWR Fabrication Market.....	225
Japan.....	225
Taiwan.....	226
PWR Fuel Markets .....	227
• Western European PWR Fabrication Market.....	227
French PWR Fuel Market .....	228
PWR Fuel Market in the Balance of Western Europe.....	229
Framatome Units.....	230
Siemens/KWU Units.....	230
Westinghouse Units.....	230
• U.S. PWR Fabrication Market.....	232
Babcock & Wilcox Units.....	232
Combustion Engineering Units .....	233
Westinghouse Units.....	233
• Asian and Other PWR Fabrication Markets .....	235
Japan.....	235
Taiwan.....	235
South Korea.....	235
China.....	236
Others.....	236
• VVER Fabrication Market .....	237

<b>7 – Nuclear Fuel Fabrication Prices</b>	<b>239</b>
Fuel Fabrication Price Background .....	239
• Utility Views on Fabrication Costs Within Total Fuel Expenditures .....	241
Fuel Fabrication Price Formation .....	242
History of Fuel Fabrication Prices .....	244
Initial Core and Reload Batch Prices.....	245
Current and Future Fabrication Prices .....	246
• Utility Survey Responses .....	246
Current Fabrication Prices .....	246
Future Price Trends .....	247
• UxC Fabrication Price Forecast .....	248
Current Prices .....	248
Factors Affecting Future Prices .....	249
Developments Retarding Price Increases .....	250
Developments Driving Price Increases .....	250
Future Path of Fabrication Prices .....	252
• U.S. Fabrication Price Projections .....	253
• Prices Outside the U.S.....	255
Western Europe .....	255
Japan .....	255
China and South Korea.....	255
VVER Fuel .....	256
<b>8 – Non-LWR Fuel Fabrication Markets</b>	<b>257</b>
Pressurized Heavy Water Reactor Fuel .....	257
• PHWR Overview .....	257
• PHWR Fuel Overview .....	258
• PHWR Fuel Fabricators .....	259
Cameco Fuel Manufacturing (Canada) .....	260
Description of Fabrication Facilities .....	260
Domestic and Foreign Markets Served .....	261
Fuel Assembly Designs and Services .....	261
BWXT Nuclear Energy Canada (Canada).....	262
Description of Fabrication Facilities .....	262
Domestic and Foreign Markets Served .....	262
Fuel Assembly Designs and Services .....	263
KEPCO Nuclear Fuel (South Korea) .....	264
Description of Fabrication Facilities .....	264
Domestic and Foreign Markets Served .....	264
Fuel Assembly Designs and Services .....	264
China National Nuclear Corporation (China) .....	265
Description of Fabrication Facilities .....	265
Domestic and Foreign Markets Served .....	265
Fuel Assembly Designs and Services .....	265
Fabrica de Combustibil Nuclear (Romania) .....	266
Description of Fabrication Facilities .....	266
Domestic and Foreign Markets Served .....	266
Fuel Assembly Designs and Services .....	266
CONUAR S.A. (Argentina) .....	267
Description of Fabrication Facilities .....	267
Domestic and Foreign Markets Served .....	267
Fuel Assembly Designs and Services .....	267
Nuclear Fuel Complex (India).....	268
Description of Fabrication Facilities .....	268
Domestic and Foreign Markets Served .....	269
Fuel Assembly Designs and Services .....	269
Additional PHWR Fuel Related Companies .....	270
SNC-Lavalin (Canada) .....	270
Canadian Nuclear Laboratories (Canada).....	270
TVEL Fuel Company (Russia).....	271
Kazatomprom (Kazakhstan).....	271
• PHWR Fuel Supply and Demand Analysis .....	272



• PHWR Fuel Market Analysis.....	273
Gas Cooled Reactor Fuel.....	274
• GCR Overview .....	274
• Springfields Fuels Ltd. (AGR) .....	274
• AGR Fuel Supply and Demand.....	275
Light Water Cooled, Graphite Moderated Reactor Fuel.....	276
• LGR Overview.....	276
• LGR Fuel Overview.....	276
• LGR Fuel Supply and Demand Analysis.....	278
Small Modular and Advanced Reactor Fuel.....	280
• SMR Fuel Fabrication Overview .....	281
• Unique Advanced Reactor Fuel Designs.....	282
• Summary.....	284
<b>Appendix A – UxC 2023 Fuel Fabrication Market Survey Sample</b> .....	<b>285</b>
<b>Appendix B – Fuel Fabricator Contact Information</b> .....	<b>291</b>
The Mega-Vendors .....	291
National and Regional Fuel Fabrication Suppliers.....	292
<b>Glossary</b> .....	<b>293</b>

## List of Figures

Figure 1. Moving PWRs from 18-Month to 24-Month Fuel Cycles.....	19
Figure 2. Latest Status of ATF/LEU+/HBF Testing in the U.S. ....	20
Figure 3. Map of UxC Nuclear Regions.....	25
Figure 4. UxC Nuclear Generating Capacity Forecast, 2008-2040.....	27
Figure 5. UxC Base, High, and Low Case Nuclear Capacity Forecasts, 2008-2040.....	29
Figure 6. Percentages of Different Operating Reactor Types .....	30
Figure 7. New Reactor Startups and Total MWe Added, 2023-2030.....	31
Figure 8. Percentages of New Reactor Types, 2023-2030 .....	32
Figure 9. Percentages of New Reactor Vendors, 2023-2030.....	33
Figure 10. UxC Global LWR Fabrication Demand Forecast Cases, 2008-2040.....	35
Figure 11. UxC Regional LWR Base Case Fabrication Demand Forecast, 2008-2040.....	36
Figure 12. UxC Fabrication Demand Forecast by Fuel Type, 2008-2040.....	37
Figure 13. Utility Responses to Question on “Services Under Contract” .....	44
Figure 14. Responses to Question on Timing of ATF Commercialization .....	46
Figure 15. Framatome ATRIUM 10XM Fuel Assembly .....	58
Figure 16. Framatome ATRIUM 11 Fuel Assembly Photo (left) and Graphic (right).....	59
Figure 17. Framatome AGORA H (left), HTP (center) and GAIA (right) Fuel Assemblies.....	60
Figure 18. GNF Joint Venture Structure .....	68
Figure 19. GNF-A Fuel Loading Experience, 1999-2023 .....	71
Figure 20. GNF-A GNF2.02 Fuel Assembly .....	72
Figure 21. GNF-A GNF3 Fuel Assembly .....	72
Figure 22. Westinghouse SVEA Optima 2, Optima 3, and TRITON11 BWR Fuel Assemblies .....	88
Figure 23. Westinghouse RFA-2, CE16NGF, and AP1000 PWR Fuel Assemblies.....	89
Figure 24. Westinghouse VVER-1000 RWFA Fuel Assembly .....	92
Figure 25. Technical Parameters of RWFA and Temelin LTA .....	93
Figure 26. Fuel Division Within Rosatom’s Structure .....	101
Figure 27. MSZ’s VVER-1000 Fuel Fabrication Line .....	104
Figure 28. Evolution of TVEL’s VVER-440 Fuel Designs.....	119
Figure 29. TVEL VVER-440 RK-2 and RK-3 Fuel Designs.....	120

Figure 30. Evolution of TVEL’s VVER-1000 Fuel Designs.....	121
Figure 31. TVEL VVER-1000 TVS-2M and TSA-12PLUS Fuel Designs .....	122
Figure 32. TVEL TVSA-12 and TVS-4A Fuel Assemblies .....	124
Figure 33. TVEL TVS-KVADRAT Fuel Assembly .....	125
Figure 34. KNF PLUS7 (left) and ACE7 (right) Fuel Assemblies .....	134
Figure 35. KNF HIPER16 (left) and HIPER17 (right) Fuel Assemblies.....	135
Figure 36. ENUSA 17x17 MAEF Fuel Assembly .....	145
Figure 37. MNF 17x17 Fuel Assembly .....	152
Figure 38. NFI 9x9 BWR Fuel Assembly.....	156
Figure 39. NFI 17x 17 PWR Fuel Assembly.....	157
Figure 40. Workers at Yibin Plant Preparing TVS-2M Equipment .....	160
Figure 41. First AP1000 Fuel Assemblies Produced in China .....	161
Figure 42. CF3 Fuel Assembly .....	162
Figure 43. CNNC’s CF3 Fuel Assembly Design.....	167
Figure 44. CAP1400 Prototype Fuel Assembly.....	168
Figure 45. INB Fuel Assemblies at the Resende Plant .....	173
Figure 46. Orano’s Recycling of Spent Fuel.....	194
Figure 47. Russia’s Dual-Component Nuclear Power System.....	205
Figure 48. Projected Worldwide LWR Supply, 2008-2040.....	207
Figure 49. Worldwide LWR Fabrication Supply and Demand, 2008-2040 .....	210
Figure 50. Western Europe LWR Fabrication Supply and Demand, 2008-2040 .....	212
Figure 51. North American/Taiwan LWR Fabrication Supply and Demand.....	214
Figure 52. Asian LWR Fabrication Supply and Demand, 2008-2040 .....	215
Figure 53. VVER Fabrication Supply and Demand, 2008-2040.....	217
Figure 54. Western European BWR Fabrication Market Shares .....	222
Figure 55. North American BWR Fabrication Market Shares .....	224
Figure 56. Western European PWR Fabrication Market Shares .....	227
Figure 57. U.S. PWR Fabrication Market Shares.....	232
Figure 58. Total LWR Nuclear Fuel Price Breakdown .....	240
Figure 59. Responses to Question on Fabrication as Percent of Fuel Costs .....	241
Figure 60. Responses to Question on Fabrication Cost Percent in Next 5 Years .....	242
Figure 61. Utility Responses to Question on “Future Fabrication Price Trends” .....	247
Figure 62. BWR Fabrication Price Forecast, 2023-2040 .....	253
Figure 63. PWR Fabrication Price Forecast, 2023-2040 .....	254
Figure 64. PHWR Fuel Fabrication Manufacturing Process .....	258
Figure 65. Typical PHWR Fuel Bundle.....	258
Figure 66. NFC’s PHWR Fuel Assembly Designs.....	269
Figure 67. PHWR Fuel Fabrication Supply and Demand, 2008-2040 .....	272
Figure 68. AGR Fuel Bundle .....	274
Figure 69. AGR Fuel Fabrication Supply and Demand, 2008-2040.....	275
Figure 70. RBMK-1000 Fuel Assembly .....	277
Figure 71. LGR Fuel Fabrication Supply and Demand, 2008-2040 .....	279
Figure 72. TRISO Coated Particles and Fuel Spheres .....	282
Figure 73. China’s Pilot HTR Fuel Production Line.....	283

## List of Tables

Table 1. List of NPO Countries by Region.....	25
Table 2. Reactor Units & Nuclear Capacities Anticipated by Country by 2040.....	27
Table 3. UxC Base, High, and Low Case Nuclear Reactor and Capacity Forecasts, 2022-2040.....	29
Table 4. Operating Reactor Types.....	30
Table 5. New Reactor Startups by Year, 2023-2030.....	31
Table 6. New Reactor Types, 2023-2030.....	32
Table 7. New Reactor Vendors, 2023-2030.....	33
Table 8. UxC Global LWR Fabrication Demand Forecast Cases, 2022-2040.....	35
Table 9. UxC Regional LWR Fabrication Demand Forecasts, 2022-2040.....	36
Table 10. UxC Fabrication Demand Forecast by Fuel Type, 2022-2040.....	37
Table 11. Survey Responses to Question on “State of the Market”.....	39
Table 12. Worldwide LWR Fuel Fabrication Capacity in 2023.....	52
Table 13. Base Case UxC Fabrication Supply Capacity Forecast, 2022-2040.....	209
Table 14. Number of European BWR Plants Supplied.....	222
Table 15. Number of Western European PWR Plants Supplied*.....	229
Table 16. Number of U.S. PWR Plants Supplied.....	232
Table 17. Historical Fabrication Prices, 2008-2022.....	245
Table 18. Fabrication Price Projection, 2023-2040.....	254
Table 19. Current Worldwide PHWR Fuel Fabrication Capacity.....	259
Table 20. Comparative Data for Selected SMR and Advanced Reactor Designs.....	281
Table B-1. Mega-Vendor Fabrication Supplier Contacts.....	291
Table B-2. National and Regional Fuel Fabrication Supplier Contacts.....	292
Table C-1. Glossary of Terms.....	293

## Introduction and Overview

UxC, LLC (UxC) is pleased to present the 2023 *Fabrication Market Outlook* (FMO) report, which is the 17<sup>th</sup> annual edition in this series. This year's report builds upon the significant enhancements made in previous editions as part of our ongoing effort to improve information exchange and understanding in the all-important global nuclear fuel fabrication marketplace.

The global nuclear power industry has clearly turned a corner and the negative impacts of the 2011 Fukushima accident are now mostly behind us. Globally, trends are quickly shifting back to supporting life extensions of existing reactors and adding new units to deal with the rising challenges of energy security and climate change. While the fuel fabrication industry is still being affected by the previous premature reactor retirements in certain regions, especially in key markets in North America, Western Europe, and Japan, there have continued to be ongoing expansions of nuclear power in other key markets, such as China, Russia, South Korea, India, and parts of the Middle East. Thus, the markets for fuel fabrication are adapting to these important shifts in nuclear power around the world.

Globally, demand for nuclear fuel is now showing signs of improving growth trends over the next few decades. Many nations are pushing forward on reactor expansions, which means that the world needs substantial amounts of nuclear fuel fabrication, especially in the more rapid growth regions, and thus the industry will need to respond to various competing trends on the demand side.

On the supply side, there have been numerous events affecting the future outlooks and operating structures for key fabrication vendors. In France, Framatome's fuel fabrication division is now fully integrated with the reactor construction and services divisions under EDF's ownership. Westinghouse has new owners this year comprised of Brookfield Renewable Partners and Cameco Corporation, which could lead to additional changes to the way the storied PWR reactor and fuel vendor will operate going forward. Meanwhile, the Global Nuclear Fuel (GNF) partnership is now owned by just GE and Hitachi, allowing the partners to fold the fuel fabrication business into their existing GE-Hitachi Nuclear Energy joint venture.

Russian vendor TVEL, which is still the dominant VVER fuel supplier, continues to face additional headwinds as Russia's military invasion of Ukraine has fundamentally reshaped the entire global nuclear fuel markets. Thus, despite winning a PWR fuel reload order from Sweden's Vattenfall a few years ago, the war has now fully halted TVEL's ambitions to become a supplier of western-designed PWR fuel in both Europe and the U.S. Instead, TVEL is now dealing with encroachment of both Westinghouse and Framatome in the VVER fuel market in Eastern Europe.

These collective market developments, coupled with various other issues in the nuclear industry, in general, and the fuel fabrication industry have suggested that there

could be big changes in worldwide fabrication markets. The interactions between buyers and sellers in the years ahead and our assessment of such changes are addressed throughout this FMO report.

As with previous editions, the primary focus of this report is fuel fabrication for large light water reactors (LWRs) – boiling water reactors (BWRs) and pressurized water reactors (PWRs), including VVER-type PWRs – as these comprise the vast majority of the nuclear plants currently in operation around the world and those planned for the future.

There are also several pressurized heavy water reactors (PHWRs) operating in Canada and other nations, advanced gas-cooled reactors (AGRs) in the United Kingdom, and several light water-cooled, graphite-moderated reactors (LGRs) in Russia (RBMK and EGP reactors). However, these regions/reactors represent unique fuel fabrication markets, which are covered at the end of this report.

In the chapters that follow, we address many of the diverse commercial, institutional, economic, and technical aspects of nuclear fuel, fuel fabrication, and the international fuel fabrication market. The report is intended to serve a variety of purposes:

- For those with little knowledge of nuclear fuel fabrication and its markets, the FMO serves as a primer, providing a solid background in various aspects of the industry and an understanding of how its markets function.
- For those knowledgeable in the fundamentals of fabrication, the FMO offers analyses of a variety of its aspects based on several decades of participation in the fabrication industry.
- Finally, for those who are actively involved in the industry as buyers or sellers of nuclear fuel assemblies, the FMO supplies additional up-to-date insights to assist in the improvement of existing nuclear fuel programs and in the development of new fabrication-related initiatives.

## What's New in the 2023 Report?

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In the 2023 FMO, we have updated all sections of the report and continued with the organization and format of the report from previous years. This includes our *FMO Reference Document*, which incorporates fabrication market discussion that are considered reference materials and do not change from year to year very much.

The FMO presents market data and analysis consistent with the style of UxC's other *Market Outlook* reports, and all the discussions and analyses have been updated to reflect the events of the past year. As part of the lead-up to this report, we have again conducted a survey of international utility attitudes toward the fabrication market.

This year's essay, titled "Recent Fabrication Market Highlights and Trends," reviews all the major new and exciting developments shaping the global fuel fabrication markets these days. This includes analysis of shifts in demand, the evolving situation in

Europe's VVER market, the latest status of new fuel designs, efforts to deploy Accident Tolerant Fuels (ATFs), High Burnup Fuels (HBFs), and LEU+ fuel, as well as various other interesting developments.

We have classified the world's fabricators into three categories: the Mega-Vendors, very large and diversified suppliers active in multiple markets; International Suppliers, larger suppliers with both large domestic and international fuel sales; and the smaller regional and national suppliers. Analysis of each vendor's current situation and potential future developments in terms of market access and technical developments are presented in detail.

All data and forecasts in the new 2023 FMO again extend all the way to 2040. This year's fuel fabrication demand projection is drawn from our proprietary *UxC Requirements Model* (URM), which, starting with UxC's own internal forecasts for nuclear power capacities, calculates demand on a reactor-by-reactor, cycle-by-cycle basis. We continue to refine and improve our reactor forecasts and the URM and believe the current version of the URM produces more accurate forecasts than in prior years. UxC's nuclear growth forecasts are updated quarterly, and the fabrication demand projections used in this report reflect our latest analyses in this regard. In this 2023 edition, we present extended supply and demand as well as price forecasts through 2040.

The FMO provides analyses of the current and future markets for fuel for LWRs, i.e., BWRs and PWRs; however, we also include an updated and expanded discussion of the fabrication markets for non-LWR fuel (e.g., PHWRs, AGRs, and LGRs). Special efforts have been made to enhance our analysis of the PHWR fuel fabrication market, which represents about 11% of the world's reactors today. In addition, we include a brief review of the potential fuel fabrication market for small modular reactors (SMRs) and other advanced reactors, although the future of SMRs and other advanced reactor designs remains in flux at this time.

Finally, as part of our continuing efforts to improve and enhance the analysis of the fuel fabrication markets, UxC made efforts to engage with global fuel fabricators, as well as their customers, to obtain the most accurate and up-to-date information possible. For this year's Utility Fabrication Market Survey, we received many excellent responses from utilities around the world.

- **FMO Reference Document**

The FMO report is split into two documents. The first is this main FMO report, which includes all the chapters described in the following **Structure of Report** section. Second, to make the FMO more user-friendly, and to reduce the total volume of the main report, we have extracted sections of previous FMOs that have remained relatively constant over the years and put them into a separate *FMO Reference Document*. This reference document is available to all FMO subscribers and can be accessed as a PDF file downloadable from the UxC Client Site (note that subscriber

login credentials are required).<sup>1</sup> The *FMO Reference Document* includes the following sections:

- Nuclear Fuel Fabrication Market Primer
- History of the Nuclear Fuel Fabrication Industry
- Utility Procurement Approaches and Contracting Issues
- Typical Fuel Fabrication Service Contracts
- Fuel Assembly Design and Manufacture
- Nuclear Fuel Performance

## Structure of Report

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This year's edition of the FMO continues our efforts to create a user-friendly text with each chapter containing clear and distinct information. The reader is encouraged to begin at **Chapter 1**, as there is intended to be a continuous and logical flow to the report; however, each individual chapter provides unique topical coverage that can also be considered independently from the rest of the report's contents. The report is structured as follows:

This year's in-depth topical essay in **Chapter 1 – Essay: Recent Fabrication Market Highlights and Trends** examines numerous key developments and trends that have been shaping the fabrication market over the past year. These trends affect both supply and demand of fabrication as well as the products offered in the market and the overall market structure.

**Chapter 2 – Reactor Developments and Demand Outlook** begins our review of the fabrication market fundamentals with a look at current and future demand. This chapter presents UxC forecasts for nuclear power growth through 2040 from our *Nuclear Power Outlook* (NPO) and the resulting fabrication demand projection through 2040 using our *UxC Requirements Model* (URM).

**Chapter 3 – Results from UxC Utility Fabrication Market Survey** presents the results of our latest utility market survey and analyzes the latest trends in utility views on the fabrication market.

The supply side of the equation is addressed in **Chapter 4 – The World's Nuclear Fuel Fabricators**. This chapter includes in-depth profiles of each of the world's LWR fuel suppliers, their production facilities, their products, the markets they serve, and additional items of interest.

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<sup>1</sup> Access to the FMO subscriber website is at: <https://www.uxc.com/c/MktRptEssays.aspx?rpt=fmo>

**Chapter 5 – Supply and Demand Analysis** combines all the preceding discussions with a comparison of supply and demand for LWR fuel through 2040 on a global level as well as in each of the principal geographic market segments.

Since the market for fabricated LWR fuel is segmented both geographically and technically, each of these individual market segments is discussed and analyzed in **Chapter 6 – Global and Regional Market Analysis**.

**Chapter 7 – Nuclear Fuel Fabrication Prices** discusses the factors affecting current and future LWR fuel prices and presents UxC’s latest projections for both PWR and BWR fuel fabrication prices in different regional markets through 2040.

Finally, in **Chapter 8 – Non-LWR Fuel Fabrication Markets**, we present a discussion of the unique fuel fabrication markets for PHWRs, GCRs, and LGRs. Fuel developments for SMRs and advanced reactors are also addressed at the end of this chapter.

The report also contains a series of appendices and a glossary, which provide background information and other useful items on the fabrication market. The following are found at the end of this report:

**Appendix A – UxC 2023 Fuel Fabrication Market Survey Sample**

**Appendix B – Fuel Fabricator Contact Information**

**Glossary**