



# Nuclear Industry Value Chain



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# Table of Contents

<b>Introduction &amp; Overview</b>	<b>14</b>
Purpose of Report	14
Key Questions in the Nuclear Markets Today	15
What's New in the 2018 Report?	16
Structure of Report	17
<b>Part I – Nuclear Power in the World Today</b>	<b>19</b>
Brief History of Nuclear Power	19
Nuclear Power's Share of Global Energy	23
• Energy Demand and Supply	23
• Electricity Sector Outlook	24
• Analysis	28
Current State of Nuclear Power	29
Why Nuclear Energy?	30
• Challenges to Nuclear Energy	30
Major Trends in Nuclear Power	31
• Influence of Governments	31
• Need for More Electricity	32
• High Capital Costs	32
• Reactor Shutdowns: Electricity Prices and Oversupply	33
• Life Extensions Instead of New Construction	33
Profiles of Leading Nuclear Power Countries	33
• United States	34
• France	36
• Japan	38
• Russia	40
• China	42
• South Korea	43
• India	44
Nuclear Reactor Technologies	47
• Basic Reactor Designs	47
• Evolution of Reactor Technologies	51
• Generation III and III+ Reactors	52
• Current Reactor Offerings	53
• UxC Expertise in Reactor Technology Analysis	55
UxC Forecasts for Nuclear Power	56
• UxC Base Case Nuclear Power Forecast	57
• Alternative UxC Reactor Forecasts	59
Third Party Forecasts for Nuclear Power	60
• International Atomic Energy Agency (IAEA)	60
• U.S. Energy Information Administration	61
• BP Energy Outlook	62
<b>Part II – Front-End Market Overview</b>	<b>63</b>
Front-End Market Size Overview	64
Current and Future Market Trends	65
• Future Demand Uncertainty	65
• Accelerating Supply Responses	65
• Shifting Nature of China's Approach to Fuel Supply	66
• Continued Prominence of Inventories and Secondary Supplies	66
• Maturing Nature of the Mid-Term Market	66
• Utility Focus on Fuel Cycle Cost Optimization	66
<b>1 – Uranium Mining and Milling</b>	<b>67</b>
Introduction to Sector	67
• Uranium Mining Methods	67
Market Overview	70
• History of Uranium Prices	71

Price Movements and Market Activity .....	74
• Spot Price Movements .....	74
• Spot Market Activity .....	75
• Long-Term Price Movement.....	75
• Long-Term Market Activity .....	75
Recent Developments .....	75
• Uranium Production Rationalization.....	76
• Producer Purchasing to Cover Sales Commitments.....	76
• Re-emergence of Investor Interest.....	76
• Shift in U.S. Government Inventory Management Policy .....	77
• Return of Uranium Trade Wars .....	77
• Continued Prominence of Spot and Mid-Term Market.....	77
• Utility Long-Term Contracting Remains Limited .....	78
Key Players .....	78
• Kazatomprom.....	78
• Orano .....	79
• Cameco Corporation .....	79
• Uranium One.....	80
• ARMZ.....	80
• Rio Tinto Uranium .....	80
• CNNC / CGN.....	81
• BHP Billiton .....	81
• Navoi Mining and Metallurgical Combine.....	81
• Paladin Energy Ltd.....	81
• Other Producers.....	82
• Secondary Supplies .....	83
Market Shares .....	83
Supply and Demand.....	85
Pricing and Profit Margins .....	86
• Price Forecast.....	86
• Profit Margins.....	87
Total Market Size .....	88
• Regional Market Sizes .....	89
Future Market Trends.....	89
• Limited Utility Requirements in Near- to Medium-Term .....	89
• China: Uranium Demand Wildcard.....	89
• Uncertainty About Future Production.....	90
• Policy and Trade Actions Could Reshape the Market .....	90
• The Changing Role of Secondary Supplies .....	90
• Continued Influence of Enrichers on the Uranium Market .....	91
• Sustained Inventory Drawdown .....	91
• Gradual Shift from Inventory-Driven to Production Cost-Driven Market .....	91
• Return of Long-Term Contracting? .....	91
<b>2 – Uranium Conversion .....</b>	<b>92</b>
Introduction to Sector .....	92
Market Overview .....	94
Price Movements and Market Activity .....	96
• Spot Price Movements .....	96
• Spot Market Activity .....	97
• Long-Term Price Movement.....	97
• Long-Term Market Activity .....	98
Recent Developments .....	98
• Metropolis Shutdown and Other Supply Responses .....	98
• China's Continued Domestic Capacity Expansion .....	98
• Clearing of Inventory Overhang .....	99
• Shift of U.S. Government Uranium Inventory Policy .....	99
• Limited Long-Term Contracting Activity .....	99
• Narrowing the Spot / Long-Term Price Differential .....	99

• Reduction in Regional Pricing Differentials.....	100
Key Players.....	100
• Cameco Corporation.....	100
• Honeywell / ConverDyn.....	101
• Orano.....	102
• TVEL / TENEX.....	102
• China National Nuclear Corporation (CNNC).....	103
• Indústrias Nucleares do Brasil (INB).....	103
Market Shares.....	104
Supply and Demand.....	105
• Regional Disparities.....	106
Pricing and Profit Margins.....	107
• Price Forecast.....	107
• Profit Margins.....	107
Total Market Size.....	108
• Regional Market Sizes.....	108
Future Market Trends.....	109
• Uncertainty About Future Conversion Capacity.....	109
• Persistent Tightness of Supply / Demand Fundamentals.....	109
• Changing Role of Secondary Supplies.....	110
• Continued Influence of Enrichers in the Conversion Market.....	110
• Long-Term Price to Remain Tied to Production Costs.....	110
• Policy and Trade Issues to Continue Impact the Market.....	111
• Conversion to Remain the Weakest Link.....	111
<b>3 – Uranium Enrichment.....</b>	<b>112</b>
Introduction to Sector.....	112
Market Overview.....	114
Price Movements and Market Activity.....	116
• Spot Activity and Price Movements.....	116
• Long-Term Activity and Price Movements.....	117
Recent Developments.....	117
• Limited Market Activity.....	117
• Enrichment Prices Decline to Historic Lows.....	117
• Persistent Overcapacity and Gradual Supply Response.....	118
• Cancellation of New Enrichment Projects.....	118
• Changes in Utility Procurement Preferences.....	118
• Enrichers as Uranium “Producers”.....	119
• Trade and Policy Issues: Key Market Uncertainties.....	119
Key Players.....	120
• Orano.....	120
• TVEL / TENEX.....	120
• URENCO.....	121
• China National Nuclear Corporation (CNNC).....	122
• Centrus Energy.....	122
• Global Laser Enrichment (GLE).....	123
• Others.....	123
Market Shares.....	124
Supply and Demand.....	125
Pricing and Profit Margins.....	126
• Price Forecast.....	126
• Profit Margins.....	126
Total Market Size.....	127
• Regional Market Sizes.....	128
Future Market Trends.....	129
• Continued Optimization of Capacity to Address Supply Excess.....	129
• China to Ramp Up in Line with Domestic Requirements.....	129
• Anticipation of SWU Prices Bottoming Out and Gradual Recovery.....	129
• Return of Utilities to the Market.....	130

• Need for Future Investment to Maintain Enrichment Capacity .....	130
• Continued, but Diminishing Role of Secondary Supplies.....	130
<b>4 – Nuclear Fuel Fabrication</b> .....	<b>131</b>
Introduction to Sector .....	131
• Fuel Manufacturing Process .....	131
• Fuel Assembly Designs.....	132
Market Overview .....	133
Recent Developments .....	135
• AREVA NP Becomes Framatome.....	135
• Westinghouse’s Change in Ownership and Operational Issues .....	135
• TVEL’s Entry into the PWR Reload Market.....	136
• KAP-CGN Fuel Fabrication Partnership.....	136
• U.S. Takes the Lead in Accident Tolerant Fuel Development .....	136
• Fuel Fabrication Prices Reverse Growth Trend .....	137
• Policy Issues Become a Factor for Fuel Fabricators.....	137
Key Players .....	138
• Framatome.....	138
• Global Nuclear Fuel (GNF) .....	138
• Westinghouse Electric Company .....	139
• TVEL Fuel Company.....	139
• KEPCO Nuclear Fuel (KNF).....	139
• Regional Suppliers.....	139
Market Shares .....	140
• Geographic Market Segments .....	140
• Technical Market Segments.....	140
• Global Market Shares .....	140
• Regional Market Shares.....	141
Supply and Demand.....	142
Pricing and Profit Margins .....	144
• Price Forecast.....	146
• Profit Margins.....	147
Total Market Size .....	147
• Regional Market Sizes .....	148
Future Market Trends.....	149
• Continued Market Oversupply in Open Markets .....	149
• Expected Rightsizing of Mega-Vendors .....	149
• Demand Growth in Self-Sufficient / Closed Fabrication Markets .....	149
• Japanese Fabrication Industry Consolidation .....	150
• Emerging International Suppliers: KNF, TVEL, and CNNC .....	151
• Accident Tolerant and Advanced Fuel Designs .....	151
MOX Fuel Fabrication .....	152
• Key Players .....	152
• MOX Fabrication Market Size and Trends.....	154
• MOX Pricing and Profit Margins.....	154
PHWR Fuel Fabrication.....	155
• PHWR Fuel Fabrication Key Players .....	155
• PHWR Fuel Fabrication Market Size and Trends .....	156
Other Non-LWR Fuel Fabrication.....	157
• Gas-Cooled Reactor Fuel Fabrication.....	157
• RBMK Fuel Fabrication .....	157
<b>Part III – Nuclear Reactor Market Overview</b> .....	<b>158</b>
<b>5 – New Reactor Construction</b> .....	<b>159</b>
Introduction to Sector .....	159
Market Overview .....	161
• Established Nuclear Power Countries .....	162
• China: The Nuclear Growth Giant.....	162
• New Nuclear Power Countries.....	162

Recent Developments .....	163
NSSS Key Players .....	164
• EDF/Framatome .....	164
• Rosatom.....	165
• China General Nuclear Power Group (CGN).....	173
• China National Nuclear Corporation (CNNC) .....	175
• State Power Investment Corporation (SPIC) .....	176
• Toshiba Corporation .....	178
• Westinghouse Electric Company .....	179
• GE-Hitachi (GEH) / Hitachi-GE (HGE).....	180
• Korea Electric Power Corporation (KEPCO).....	182
• Mitsubishi Heavy Industries (MHI) .....	184
• SNC-Lavalin (formerly AECL).....	185
• Nuclear Power Corporation of India Ltd. (NPCIL).....	186
NSSS Market Shares.....	187
Reactor Supply Chain Key Players .....	190
• Heavy Forging Suppliers.....	191
• Engineering, Procurement, and Construction (EPC) Companies.....	192
Reactor Supply Chain Market Shares.....	193
Supply and Demand.....	195
• UxC New Reactor Construction Forecasts .....	195
• Current New Reactor Projects .....	196
Prices and Profit Margins.....	197
• New Reactor Project Costs.....	198
• Profit Margins.....	202
Total Market Size .....	204
Future Market Trends.....	206
• Emerging vs. Established Markets.....	206
• China: A Growing Superpower .....	206
• Vendors Relying on Home Government Support.....	207
<b>6 – Reactor Operations and Services .....</b>	<b>208</b>
Introduction to Sector .....	208
Market Overview .....	209
• The World’s Nuclear Utilities.....	210
• Recent Reactor Operating Trends .....	212
Recent Developments.....	213
• Planned and Unplanned Maintenance Outages .....	213
• Recent O&M Contracts .....	214
Key Players .....	215
• Technical Support Organizations.....	219
Market Shares.....	222
Supply and Demand.....	222
• Critical Spare Parts Inventories .....	223
Prices and Profit Margins.....	226
• Operating Costs.....	226
• Lifecycle Costs.....	228
• Profit Margins.....	229
Total Market Size .....	229
• Global Reactor Services Market Size Forecasts .....	229
• Regional Reactor Services Market Size Forecasts.....	231
• Breakdown of Reactor Services Market by Cost Component.....	231
Future Market Trends.....	232
• Shrinking Markets .....	232
• Negative Economic Pressures and Uncertain Reactor Lifetimes .....	233
• Supplier Consolidation and Strategic Partnerships.....	233
• Utility Consolidation and Teaming Arrangements.....	233
<b>7 – Reactor Capital Upgrades .....</b>	<b>234</b>
Introduction to Sector.....	234

Market Overview .....	235
• Lifetime Extensions .....	236
• Power Upgrades .....	239
• Other Types of Major Upgrades .....	240
• Life After Sixty: Long-Term Operation .....	243
Recent Developments .....	248
• Latest New Capital Upgrade Projects .....	248
Key Players .....	250
• Framatome .....	250
• SNC-Lavalin .....	250
• GE-Hitachi .....	251
• Toshiba .....	251
• KEPCO .....	251
• MHI .....	251
• Rosatom .....	252
• Westinghouse .....	252
• BWXT .....	253
• Doosan .....	253
• ENSA .....	253
• Ansaldo Nucleare .....	253
• AECON .....	253
• AECOM .....	253
• Bechtel .....	254
Market Shares .....	254
Supply and Demand .....	255
• Demand for Major Component Replacements .....	256
Prices and Profit Margins .....	259
• Profit Margins .....	259
Total Market Size .....	259
Future Market Trends .....	261
• Uncertain Policies on Lifetime Extensions .....	261
• Difficult Power Markets .....	261
• Aging Plants Need More Capital Upgrades .....	262
• Still Easier to Upgrade than Build a New Plant .....	262
• New Technologies and Methods Can Reduce Downtime and Costs .....	262
• New Technologies Can Reduce the Need for Capital Upgrades .....	262
• Increased Competition Among Suppliers .....	263
<b>8 – Advanced and Small Modular Reactors .....</b>	<b>264</b>
Introduction to Sector .....	264
• Definition of an SMR .....	265
• Characteristics of an SMR .....	265
• Reasons for Heightened Interest in SMRs and ARs .....	267
Market Overview .....	268
• United States .....	268
• Russia .....	269
• South Korea .....	270
• China .....	271
• Japan .....	273
• Canada .....	274
• United Kingdom .....	275
Recent Developments .....	278
Key Players .....	279
• China General Nuclear (China) .....	279
• CNNC (China) .....	280
• SNPTC (China) .....	280
• INET/Huaneng Group (China) .....	281
• NuScale Power (United States) .....	281
• Holtec (United States) .....	282



• GE-Hitachi (U.S./Japan) .....	284
• Advanced Reactors Concepts (United States) .....	285
• General Atomics (United States) .....	285
• Terrapower (United States).....	286
• X-energy (United States) .....	287
• HolosGen (United States).....	288
• OKBM Afrikantov (Russia).....	288
• NIKIET (Russia).....	289
• CNEA (Argentina) .....	290
• KAERI (South Korea).....	291
• Terrestrial Energy (Canada) .....	292
• U-Battery Developments Ltd (UK/Netherlands).....	293
• Moltex Energy (United Kingdom) .....	294
Market Shares.....	295
Supply and Demand.....	295
Prices and Profit Margins.....	296
Total Market Size .....	298
Future Market Trends.....	300
• Overcoming the “Chicken and Egg” Challenges.....	300
• Government Financial Support Remains Key.....	300
• Demonstration Projects and Commercialization Efforts.....	300
• Uncertainty about Construction Timelines .....	301
• Industry Synergies and Alliances.....	301
• SMR/ARs in a World with Increasing Renewables .....	301
<b>Part IV – Back-End Market Overview</b> .....	<b>302</b>
<b>9 – Spent Fuel Treatment, Storage and Disposal</b> .....	<b>306</b>
Introduction to Sector .....	306
Market Overview .....	309
Spent Fuel Storage Overview .....	312
Spent Fuel Recent Developments .....	316
Spent Fuel Storage Key Players.....	331
• Doosan Heavy Industries.....	331
• EnergySolutions.....	332
• Equipos Nucleares S.A. (ENSA).....	333
• Gesellschaft fur Nuklear Service (GNS) .....	334
• Holtec International.....	335
• Interim Storage Partners (ISP).....	336
• NAC International.....	337
• Orano .....	338
Spent Fuel Storage Market Analysis Results.....	340
Spent Fuel Storage Future Market Trends.....	342
Reprocessing Overview .....	343
Reprocessing Recent Developments.....	344
Reprocessing Key Players .....	349
• China National Nuclear Corporation (CNNC) .....	349
• Indian Reprocessors .....	350
• Japan Atomic Energy Agency (JAEC) .....	350
• Japan Nuclear Fuels Ltd (JNFL) .....	351
• Orano .....	352
• Rosatom.....	352
• Sellafield Ltd. ....	353
Reprocessing Market Analysis Results.....	354
Reprocessing Future Market Trends.....	355
Geological Disposal Overview .....	357
Geological Disposal Recent Developments.....	358
Geological Disposal Key Players .....	365
• ANDRA .....	365
• Arius.....	366

• CNNC.....	366
• Japan Atomic Energy Agency (JAEA).....	366
• Korea Radioactive Waste Agency (KORAD).....	366
• National Cooperative for the Disposal of Radioactive Waste (NAGRA).....	367
• Nuclear Waste Management Organization (NWMO).....	368
• Nuclear Waste Management Organization (NUMO).....	369
• Posiva Oy.....	370
• Radioactive Waste Management (RWM).....	373
• Swedish Nuclear Fuel and Waste Management Company (SKB).....	373
• U.S. Department of Energy (DOE).....	376
• Summary.....	378
Geological Disposal Market Analysis Results.....	380
Geological Disposal Future Market Trends.....	382
Spent Fuel Market Prices and Profit Margins.....	382
<b>10 – Radioactive Waste Management and Disposal</b> .....	<b>383</b>
Introduction to Sector.....	383
Analysis Uncertainties.....	384
Market Overview.....	384
Recent Developments.....	385
Key Players.....	389
• ANDRA.....	389
• Atomic Energy of Canada Limited (AECL).....	390
• Canadian Nuclear Laboratories (CNL).....	390
• Babcock International Group PLC.....	391
• Belgian Agency for Radioactive Waste and Enriched Fissile Materials.....	391
• Cavendish Nuclear.....	391
• Central Organization for Radioactive Waste (COVRA).....	392
• Cyclife.....	392
• EnergySolutions.....	393
• ENRESA.....	393
• IHI Corporation.....	394
• Jacobs/CH2M.....	394
• Japan Nuclear Fuel Limited (JNFL).....	395
• Korea Radioactive Waste Agency (KORAD).....	395
• LLW Repository Ltd (LLWR).....	396
• NAGRA.....	396
• NuVision Engineering Inc.....	397
• RosRAO.....	397
• SE RAW (Bulgaria).....	397
• Swedish Nuclear Fuel and Waste Management Company (SKB).....	398
• Studsvik.....	399
• Veolia.....	399
• Waste Control Specialists, LLC (WCS).....	400
Market Analysis Results.....	403
Analysis Methodology.....	404
Pricing and Profit Margins.....	404
Future Market Trends.....	405
<b>11 – Decontamination and Decommissioning</b> .....	<b>406</b>
Introduction to Sector.....	406
Market Overview.....	407
• Decommissioning Milestones.....	410
Recent Developments.....	411
• U.S. Decommissioning Business Models.....	413
Key Players.....	416
• AECOM.....	416
• Accelerated Decommissioning Partners (ADP).....	417
• BWX Technologies (BWXT).....	417
• Bechtel.....	419

• Cabrera Services .....	419
• Cavendish Nuclear.....	420
• Costain.....	420
• Cyclife .....	421
• Doosan Power Systems.....	422
• Enercon.....	423
• <i>EnergySolutions</i> .....	423
• Fluor.....	425
• Holtec International.....	425
• Jacobs Engineering Group/CH2M .....	427
• Javys.....	428
• Manafort Brothers Incorporated.....	428
• NorthStar.....	428
• Nuclear Decommissioning Authority (NDA) .....	429
• NUKEM Technologies Engineering Services.....	430
• Sellafield Ltd. ....	431
• SNC-Lavalin.....	431
• Sogin S.p.A.....	432
• Stoller Newport News Nuclear (SN3).....	433
• Studsvik .....	433
• Veolia.....	434
• Westinghouse Electric Company .....	435
• Wood Group.....	436
Market Analysis Results.....	437
Analysis Methodology .....	441
Prices and Profit Margins.....	444
Future Market Trends.....	445
<b>Part V – Summary and Conclusions .....</b>	<b>446</b>
Nuclear Industry Interrelationships.....	447
Nuclear Market Size Analysis and Forecasts.....	448
• Future Market Size Outlook to 2035 .....	449
• Market Size Forecast Details.....	450
• Shifts in Market Size Forecasts Since 2011 .....	451
Final Thoughts .....	452
<b>Glossary .....</b>	<b>453</b>
<b>Appendix A – UxC Nuclear Power Regions .....</b>	<b>454</b>
<b>Appendix B – Reactor Capacities Anticipated by 2035 by Country .....</b>	<b>455</b>
<b>Appendix C – Worldwide Reactors Under or Near Construction .....</b>	<b>457</b>
<b>Appendix D – Nuclear Reactor Supply Chain Companies .....</b>	<b>459</b>
<b>Appendix E – Nuclear Industry Alliances and Partnerships .....</b>	<b>472</b>

# List of Figures

Figure 1. Worldwide Commercial Reactors by Startup Year.....	20
Figure 2. Atomic Energy Commission Projection of U.S. Nuclear Growth, 1974.....	21
Figure 3. World Primary Energy Demand by Fuel and Scenario (Mtoe).....	24
Figure 4. Electricity Demand Growth by End Use and Generation by Source in the NPS .....	25
Figure 5. Installed Power Capacity by Source in the NPS .....	25
Figure 6. Global Power Generation Capacity Additions and Retirements in the NPS .....	26
Figure 7. World Electricity Generation by Source and Scenario (TWh).....	27
Figure 8. Nuclear Capacity to 2040 without Life Extensions or New Builds .....	28
Figure 9. Boiling Water Reactor Graphical Depiction.....	47
Figure 10. Pressurized Water Reactor Graphical Depiction .....	48
Figure 11. Evolution of Nuclear Reactor Generations.....	52
Figure 12. Nuclear Generating Capacity Percentages by Region, 2015, 2020, 2030 & 2035.....	57
Figure 13. UxC World Detailed Reactor & Nuclear Capacity Base Case Forecast, 2008-2035.....	58
Figure 14. UxC Base, High, and Low Case Nuclear Capacity Forecasts, 2008-2035.....	59
Figure 15. Share of Net Electricity Generation, 2010-2040 (TWh) .....	61
Figure 16. Shares of Total Power Generation, 1970-2040 .....	62
Figure 17. The Nuclear Fuel Cycle.....	63
Figure 18. UxC Global Nuclear Fuel Market Forecast, 2018-2035 .....	64
Figure 19. Open Pit Uranium Mine.....	68
Figure 20. Underground Uranium Mine.....	68
Figure 21. In-Situ Recovery Uranium Mine .....	68
Figure 22. Global Distribution of Identified Uranium Resources (<US\$130/kgU) .....	70
Figure 23. Uranium Production by Country in 2017 .....	71
Figure 24. Uranium Spot Price, 1987-2018.....	72
Figure 25. Uranium Production by Company in 2017 .....	83
Figure 26. Primary and Secondary Supplies of Uranium in 2017 .....	84
Figure 27. World Uranium Market Demand vs. Mid-Case Supply, 2008-2035 .....	85
Figure 28. Existing and New World Uranium Production, 1998-2035.....	86
Figure 29. UxC Uranium Spot Price Forecast, 1987-2035.....	87
Figure 30. UxC Uranium Market Size Forecast, 2008-2035 .....	88
Figure 31. UxC Uranium Regional Market Size Forecast, 2008-2035.....	89
Figure 32. UF <sub>6</sub> Crystals .....	92
Figure 33. UF <sub>6</sub> Conversion Processes: Dry versus Wet .....	93
Figure 34. Historical Spot Conversion Prices and Significant Events, 1990-2018.....	94
Figure 35. Uranium Conversion Market Shares (Primary Only).....	104
Figure 36. Uranium Conversion Market Shares (Including Secondary).....	104
Figure 37. Base World Conversion Supply vs. Demand, 2008-2035.....	105
Figure 38. Regional Conversion Capacities vs. Demand in 2017 .....	106
Figure 39. UxC Conversion Spot Price Forecast, 1987-2035 .....	107
Figure 40. UxC Conversion Market Size Forecast, 2008-2035.....	108
Figure 41. UxC Conversion Regional Market Size Forecast, 2008-2035 .....	109
Figure 42. Gas Centrifuges used for Uranium Enrichment .....	113
Figure 43. Uranium Enrichment Market Shares (Primary Only).....	124
Figure 44. Uranium Enrichment Market Shares (Including Secondary).....	124
Figure 45. Base Case Enrichment Supply vs. Demand, 2008-2035.....	125
Figure 46. UxC SWU Price Forecast, 1987-2035 .....	126
Figure 47. UxC Enrichment Market Size Forecast, 2008-2035.....	128
Figure 48. UxC Enrichment Regional Market Size Forecast, 2008-2035 .....	128
Figure 49. The Fuel Fabrication Process .....	132

Figure 50. Typical BWR (left) and PWR (right) Fuel Assemblies .....	133
Figure 51. Global Breakdown of Fuel Fabrication Production Capacities .....	141
Figure 52. Regional Breakdowns of Fuel Fabrication Production Capacities .....	141
Figure 53. UxC LWR Fuel Fabrication Supply vs. Demand Forecast, 2008-2035.....	143
Figure 54. Total LWR Nuclear Fuel Price Breakdown.....	144
Figure 55. UxC BWR and PWR Fabrication Price Forecast for U.S., 2008-2035.....	146
Figure 56. UxC LWR Fuel Fabrication Market Size Forecast, 2008-2035 .....	148
Figure 57. UxC LWR Fabrication Regional Market Size Forecast, 2008-2035.....	148
Figure 58. Nuclear Reactor Market Summary, 2008-2035.....	158
Figure 59. New Reactor Main Players.....	160
Figure 60. JSC ASE EC's Portfolio as of End of 2017 .....	167
Figure 61. JSC ASE EC's International Footprint.....	169
Figure 62. Percentages of Current Operating Reactor Types .....	188
Figure 63. Percentages of New Reactor Types, 2018-2030 .....	188
Figure 64. Percentages of New Reactor Vendors, 2018-2030.....	189
Figure 65. New Reactor Startups and Total MWe Added, 2018-2030.....	196
Figure 66. Overnight Costs of Recent Generation III Reactors.....	200
Figure 67. Akkuyu NPP Cost Breakdown .....	201
Figure 68. Cost Index Variation by EPC Contract Type .....	204
Figure 69. Global New Reactor Market Estimates, 2008-2035 .....	205
Figure 70. Nuclear Power Capacity Growth by Market Sectors, 2008-2035.....	206
Figure 71. U.S. Nuclear Reactor Operating Costs, 2006-2017 .....	209
Figure 72. U.S. Nuclear Reactor Capacity Factor Averages, 1971-2017 .....	212
Figure 73. U.S. Nuclear Reactor Refueling Outage Duration Averages (Days), 1990-2016 .....	213
Figure 74. Technical Support Organizations and their Interfaces .....	219
Figure 75. Total Value of Onsite Materials (in US\$) .....	225
Figure 76. U.S. Average Nuclear Generating Costs in 2017 (US\$/MWh).....	226
Figure 77. U.S. Nuclear Plant Costs by Type, 2002-2017 (US\$/MWh).....	227
Figure 78. U.S. Average Nuclear Generating Costs by Size & Site in 2017 (US\$/MWh) .....	227
Figure 79. Estimated Levelized Costs of New Electricity Generation Technologies .....	228
Figure 80. Base and High Case Global Reactor Operating Costs, 2008-2035.....	230
Figure 81. Reactor Operating Costs by Region, 2008-2035 .....	231
Figure 82. Global Reactor Operating Costs by Type, 2008-2035 .....	232
Figure 83. LTO Projects at Olkiluoto Units 1 & 2.....	245
Figure 84. Total LTO Investments at Doel Units 1 & 2.....	246
Figure 85. Breakdown of LTO Costs at Doel Units 1 & 2 .....	246
Figure 86. Loss of Current Nuclear Capacity Under Various Average Lifetimes .....	247
Figure 87. U.S. Reactors with Replacement Steam Generators, 1973-2005 .....	258
Figure 88. Global Operating Reactor Capital Expenditures, 2008-2035.....	260
Figure 89. Projected Evolution of EU's Existing Reactor Fleet (GWe).....	261
Figure 90. SMR/AR Market Size Forecast, 2008-2035 .....	299
Figure 91. Back-End Nuclear Fuel Cycle Market Summary, 2015-2035 .....	304
Figure 92. Spent Fuel in Storage and Reprocessed through 2018 and 2035 (in MTU).....	314
Figure 93. Spent Fuel in Wet Storage .....	314
Figure 94. Connecticut Yankee Dry Storage Facility.....	315
Figure 95. Zwiilag – Centralized Interim Storage Facility.....	326
Figure 96. Chinshan ISFSI .....	327
Figure 97. Artist Rendering of WCS CISF .....	330
Figure 98. Pictorial View of Proposed HI-STORE CIS Facility Under NRC Review .....	331
Figure 99. Holtec Dry Storage System at Callaway NPP .....	336
Figure 100. NUHOMS HSM Matrix.....	339
Figure 101. Overall Dry Cask Storage Market Size, 2015-2035 .....	341

Figure 102. Worldwide Reprocessing Throughput, 2015-2035.....	354
Figure 103. Worldwide Reprocessing Market Size, 2015-2035.....	355
Figure 104. Graphical Depiction of Deep Geological Repository.....	357
Figure 105. Cigéo Project 3D Block Diagram.....	360
Figure 106. Timeline of Japan’s Geological Disposal Program.....	370
Figure 107. Posiva’s Repository Schedule.....	372
Figure 108. KBS-3 Disposal Method in Sweden.....	376
Figure 109. Estimated Distribution of Spent Fuel Discharged Through 2035.....	381
Figure 110. Estimated Distribution of Disposal Costs for Spent Fuel & HLW Through 2035.....	381
Figure 111. Basic Stages of Radioactive Waste Management.....	384
Figure 112. WCS Compact Waste Facility.....	401
Figure 113. Estimated Market Size of Radioactive Waste Management, 2015-2035.....	403
Figure 114. Total Costs of Radioactive Waste Management and Disposal, 2015-2035.....	403
Figure 115. Decontamination and Decommissioning Project Flow.....	407
Figure 116. Connecticut Yankee Site Before and After Decommissioning.....	409
Figure 117. Map of 17 NDA Sites.....	430
Figure 118. Total D&D Market Sizes by Country, 2015-2035.....	437
Figure 119. Reactor D&D Market Sizes by Country, 2015-2035.....	438
Figure 120. Fuel Cycle Facility D&D Market Sizes by Country, 2015-2035.....	438
Figure 121. Decommissioning Annual Costs by Project Type, 2015-2035.....	440
Figure 122. Decommissioning Annual Costs by Country, 2015-2035.....	440
Figure 123. Nuclear Industry Sector Interrelationships.....	447
Figure 124. Global Nuclear Market Size Overview in 2018.....	448
Figure 125. Global Nuclear Market Size Percentages, 2018-2035.....	449
Figure 126. Global Nuclear Market Size Details, 2018-2035.....	450
Figure 127. Nuclear Power in CRIS vs. Rest of World, 2008-2035.....	452
Figure 128. Map of UxC Nuclear Regions.....	454

## List of Tables

Table 1. Generation and Capacity under the NPS by 2040.....	28
Table 2. World Nuclear Power Status in December 2018.....	29
Table 3. World Nuclear Power Status by Region in December 2018.....	29
Table 4. Top Five “Reasons for Nuclear Power”.....	30
Table 5. Top Five Challenges to Nuclear Power.....	31
Table 6. Current Global Reactor Technology Breakdown.....	47
Table 7. Current Leading Large Reactor Designs.....	53
Table 8. Sampling of Current Small Modular Reactor Designs.....	54
Table 9. Global Nuclear Power 2015 vs. 2025, 2030, and 2035.....	56
Table 10. World Reactor & Nuclear Capacity Forecast, 2017-2030.....	58
Table 11. UxC Base, High, and Low Case Nuclear Reactor and Capacity Forecasts, 2018-2035.....	59
Table 12. UxC Global Nuclear Fuel Market Forecast, 2018-2035.....	64
Table 13. World Uranium Supply by Producer in 2017.....	84
Table 14. Conversion Supply by Source, 2014-2017.....	105
Table 15. Enrichment Supply by Source, 2014-2017.....	125
Table 16. Worldwide LWR Fuel Fabrication Capacity in 2018.....	142
Table 17. Current Worldwide PHWR Fuel Fabrication Capacity.....	156
Table 18. Reactors Under Construction by Country.....	161
Table 19. Reactor Vendors for Operating Reactors.....	187
Table 20. New Reactor Vendors, 2018-2030.....	189

Table 21. Key Nuclear Reactor Supply Companies .....	190
Table 22. Main Nuclear-Grade Heavy Forging Suppliers.....	191
Table 23. Key Nuclear EPC and Construction Companies .....	192
Table 24. Key Component Supply Sources for Selected Chinese Reactors .....	193
Table 25. Suppliers of Selected Components of AP1000 Projects in China .....	194
Table 26. New Reactor Startups by Year, 2018-2030.....	195
Table 27. Reactor Projects Under Construction by Reactor Design .....	196
Table 28. Planned New Reactor Projects.....	197
Table 29. Summary of Reactor Overnight Costs.....	199
Table 30. New Reactor Cost Breakdowns.....	200
Table 31. Akkuyu NPP Cost Breakdown .....	201
Table 32. Cost Estimate Data for Hinkley Point C in UK.....	202
Table 33. Average Reactor Operating Cost Profile .....	209
Table 34. Global Nuclear Power Utilities .....	210
Table 35. Full Outage Statistics During 2016 .....	214
Table 36. Nuclear Plant O&M Services Suppliers .....	216
Table 37. UxC List of High Probability Strategic Spares .....	224
Table 38. Recent Reactor Capital Upgrade Projects .....	248
Table 39. Examples of Framatome's Reactor Capital Upgrade Projects .....	249
Table 40. Key Players' Capabilities in the Capital Upgrades Sector.....	254
Table 41. Steam Generator Replacements since 2000 .....	256
Table 42. RPVH Replacements since 2000 .....	257
Table 43. Countries Having Expressed Interest in SMRs .....	296
Table 44. Companies Having Expressed Interest in SMRs .....	296
Table 45. Rough Construction Cost Estimates for Selected SMR/ARs .....	297
Table 46. SMR/AR Expenditures by Governments .....	298
Table 47. SMR/AR Expenditures by Companies.....	299
Table 48. Annual Spent Fuel Discharges, 2015-2035.....	313
Table 49. Current World Reprocessing Capacity .....	343
Table 50. Spent Fuel Final Repository Status by Country .....	379
Table 51. Forward Decommissioning Option Selections by Country .....	442
Table 52. Unit Decommissioning Costs.....	443
Table 53. Decommissioning Profile for DECON.....	444
Table 54. Decommissioning Profile for SAFSTOR.....	444
Table 55. Global Nuclear Market Size Growth vs. 2018 .....	449
Table 56. Global Nuclear Market Sector Sizes, 2018-2035 .....	450
Table 57. Global Nuclear Market Size Growth Forecasts for 2020 .....	451
Table 58. Global Nuclear Market Size Growth Forecasts for 2030.....	451
Table 59. Reactor Units & Nuclear Capacities Anticipated by Country by 2035.....	455
Table 60. Worldwide Near-Term New Reactors, 2018-2025 .....	457
Table 61. UxC Nuclear Power Plant Equipment Suppliers List.....	459
Table 62. Nuclear Industry Alliances & Partnerships .....	472

## Introduction & Overview

UxC, LLC (UxC) is pleased to present this seventh edition of our special report on the *Nuclear Industry Value Chain* (NIVC) to provide an overview of each of the market sectors within the nuclear industry, including the front-end fuel markets, the overall nuclear reactor sector, as well as the back-end of the fuel cycle. This updated December 2018 edition includes detailed data and analysis of every aspect of the global nuclear markets with balanced perspectives on commercial and technical issues affecting all parts of the value chain.

Although the nuclear industry continues to be impacted by the fallout from the Fukushima accident in March 2011 as well as other shifts in the broader energy markets, such as the shale gas boom in the U.S. and increasing levels of renewables, there are still many reasons for a continued expansion of global nuclear power, especially in key countries like China, India, and parts of the Middle East. The key arguments for nuclear expansion include rapid growth in electricity demand, increased concerns over greenhouse gas emissions, and a desire by nations to diversify their energy portfolios in the name of “energy security.” Now is the time to assess the prospects and future course of each of the market sectors in this evolving, global industry. Each market sector has its own unique characteristics, and this report provides the reader with all the necessary tools to start the process of understanding the opportunities and potential pitfalls within each sector.

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### Purpose of Report

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This report’s primary objective is to provide comprehensive analyses of each of the sectors that make up the global nuclear industry. The goal is to examine the current status and future prospects (through 2035) for each sector comprising the entire “nuclear industry value chain,” so as to support future decisions by investors, potential new entrants, as well as current participants in the global nuclear markets.

Combining UxC’s decades of experience and knowledge of the nuclear industry, this report provides detailed data and information along with practical analysis for anyone considering entry or expansion in the dynamic nuclear marketplace. Whatever your position in the nuclear power arena, it is vital to seriously explore the future of the nuclear industry and the broader trends that will impact it going forward.

While the report attempts to follow a standard format in describing each market sector, it is important to understand that each sector is unique and requires special attention to the characteristics that define it. As this is an overview report, it can obviously not do every market sector justice in describing each detail. Nonetheless, our aim is to provide a thorough analysis and context to allow for a broader understanding of the current and future prospects of each market sector.

It should also be noted that although this report is intended as an introduction to the global nuclear markets, it assumes a reasonable level of knowledge of nuclear-related



technologies as well as familiarity with the history of the nuclear industry and developments in the nuclear fuel cycle since the inception of the peaceful use of the atom in the 1950s. If further explanation of anything in this report or related topics is required, UxC's team of nuclear market and technical experts is available for specialized consultations. In addition, UxC publishes many other detailed reports on the various nuclear market sectors that are available for purchase.

## Key Questions in the Nuclear Markets Today

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The following list presents some of the major issues and concerns that are present in the nuclear energy markets in late 2018. This NIVC report attempts to provide information and analysis to help inform and respond to many of these critical questions.

- Are the nuclear phase-out policies in various countries permanent, or will they realize that turning their back on nuclear may not be in their best interest?
- Can state and federal policies in the U.S. be enacted to keep additional reactors from shutting down?
- Is France's nuclear target to reduce reliance on nuclear power to 50% (down from 75%) achievable? And if so, what time frame will reactor shutdowns occur?
- When and how many of Japan's reactors restart? Can Japan build new reactors in the future to maintain its nuclear capacity level?
- What is causing the slowdown in China's nuclear program and is this a temporary issue or a sign of more trouble in the future?
- Will geopolitics and economic factors impact Russia's domestic reactor program and efforts to export numerous nuclear power plants?
- How can the UK manage the Brexit fallout for its nuclear industry and related international trade?
- Which potential newcomer countries can achieve real progress in developing nuclear power programs?
- Can real progress be made on small modular reactors (SMR) and other advanced reactor designs to make them viable for future deployment?
- What are the competitive positions of the various reactor vendors? Which companies have the upper hand in the current global marketplace?
- Have the uranium, conversion, and enrichment markets hit their bottoms and are the recent price upticks a sign of further upward moves?
- Will the current high level of nuclear fuel inventories lead to rapid dispositions on the part of some utilities?
- Can countries finally make progress with spent nuclear fuel disposal plans?
- Is the decommissioning market primed for fast growth due to all the reactor closures since Fukushima?

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## What's New in the 2018 Report?

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Given that this is the seventh edition of the NIVC report, UxC has once again endeavored to make significant improvements over past editions in terms of the content, presentation of the information, and overall analysis in this global review of the nuclear marketplace. Highlights of the latest improvements in this new report include:

- The report begins with a broad introductory section on “Nuclear Power in the World Today,” which has been updated to the current market situation as of late 2018. This section provides the overarching context for the global nuclear industry to help inform the follow-on analyses of the specific nuclear market sectors.
- Forecasts for nuclear power as well as supply/demand and prices for each market sector have been updated and extended out to 2035 based on UxC’s complete review of the world on a country-by-country basis. The forecasts in this report reflect those published in other UxC reports as of the fourth quarter (Q4) of 2018.
- Current and future market trends are provided for each industry sector with a view to describing how the new realities in today’s market will lead to significant changes in each market sector over the coming two decades.
- Each of the four front-end fuel chapters includes detailed discussions of how recent events (e.g., reduced demand, increased enricher underfeeding, cutbacks in production at mines and fuel cycle facilities, high inventory levels, shifts in contracting activity, etc.) are creating significant changes in each market sector.
- As part of our updated chapter on reactor capital upgrades, we have analyzed the potential impacts of nuclear plants operating up to 80 years. The possibility of “Life After 60” for numerous reactors could have huge implications for the global nuclear industry and the capital spending profile for the existing fleet.
- A brand new chapter on advanced and small modular reactors (SMRs) has been included for the first time in this edition of the NIVC. The SMR/AR market is extremely dynamic with considerable activity by existing reactor designers as well as numerous new entrants developing groundbreaking new technologies to fit an array of specialized energy applications.
- Given the high rate of reactor shutdowns in many parts of the world, the decommissioning chapter in this edition has been greatly expanded. This is one of the fastest growth sectors of the nuclear market, and it deserves increased attention.
- Enhanced data and modeling support all of the price and market size forecasts presented in this report for each sector. This new modeling relies on extensive research of empirical market data as well as expert UxC insights to provide the most accurate outlooks possible for the nuclear marketplace through 2035.

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## Structure of Report

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This report includes separate chapters for the different market sectors in the nuclear industry. Given the structure of the nuclear energy markets, this report is split into four main parts as follows:

**Part I – Nuclear Power in the World Today** introduces the nuclear energy markets with a broad overview of all the main issues affecting the current state of nuclear power. This section reviews the history and current state of nuclear power, leading countries and technologies in the industry, as well as forecasts for future developments in nuclear power.

**Part II – Front-End Market Overview** provides a broad overview of the nuclear fuel cycle front-end markets with some initial market size forecasts for the entire front-end of the fuel cycle (i.e., uranium mining through fuel fabrication). **Chapter 1 – Uranium Mining and Milling** offers a detailed review of the uranium mining and milling market as it relates to the supply of uranium ore concentrate ( $U_3O_8$  or “yellowcake”). **Chapter 2 – Uranium Conversion** covers the uranium conversion market (the chemical process of converting  $U_3O_8$  to uranium hexafluoride or  $UF_6$ ). **Chapter 3 – Uranium Enrichment** reviews and analyzes the current and future prospects of the uranium enrichment market (the service of separative work units or SWU for enriching natural uranium to low enriched levels necessary for light water reactor fuel). In **Chapter 4 – Nuclear Fuel Fabrication**, we provide a discussion of the fuel fabrication market (the manufacture of completed nuclear fuel assemblies), including both fresh uranium fuel as well as mixed oxide (MOX) fuel from reprocessed plutonium for light water reactors (LWRs) as well as non-LWRs.

**Part III – Nuclear Reactor Market Overview** looks at the largest of the nuclear energy market divisions: nuclear power plant construction and operations. It begins with **Chapter 5 – New Reactor Construction**, which covers the current and expected future status of the nuclear construction market with a focus on reactor vendors and the global reactor supply chain. In **Chapter 6 – Reactor Operations and Services**, we discuss the market for operations, services, and maintenance supplies for the current and expected future operating nuclear reactor fleet around the world. **Chapter 7 – Reactor Capital Upgrades** then provides a detailed analysis of the specific market for large capital upgrades for current and future operating reactors, focusing on major projects that are required to maintain safe and efficient operations of these plants over the long-term. **Chapter 8 – Advanced and Small Modular Reactors** presents an overview and analysis of the dynamic and rapidly evolving market for small modular reactors (SMRs) and advanced reactors (ARs).

**Part IV – Back-End Market Overview** provides an overview of the various nuclear fuel cycle back-end and radioactive waste management markets. **Chapter 9 – Spent Fuel Treatment, Storage and Disposal** reviews and analyzes the market for used or “spent” fuel reprocessing, storage, and disposal. This chapter has separate sections focused on each of these three spent nuclear fuel areas: treatment/reprocessing, storage, and disposal. **Chapter 10 – Radioactive Waste Management and Disposal**

offers our perspectives on the radioactive waste markets as focused on low-level and intermediate-level radioactive wastes (LLW and ILW). **Chapter 11 – Decontamination and Decommissioning (D&D)** covers the various aspects of the market for D&D of commercial/civilian nuclear facilities, which is often considered the final step in the nuclear value chain.

Ultimately, in **Part V – Summary and Conclusions**, we summarize our analysis of the overall nuclear industry value chain and consider future market prospects.

A number of additional useful items related to the various sectors and broader nuclear industry are found in the attached **Glossary** and **Appendices** at the end of the report. The appendices primarily consist of additional data collections, as follows:

**Appendix A – UxC Nuclear Power Regions**

**Appendix B – Reactor Capacities Anticipated by 2035 by Country**

**Appendix C – Worldwide Reactors Under or Near Construction**

**Appendix D – Nuclear Reactor Supply Chain Companies**

**Appendix E – Nuclear Industry Alliances and Partnerships**