

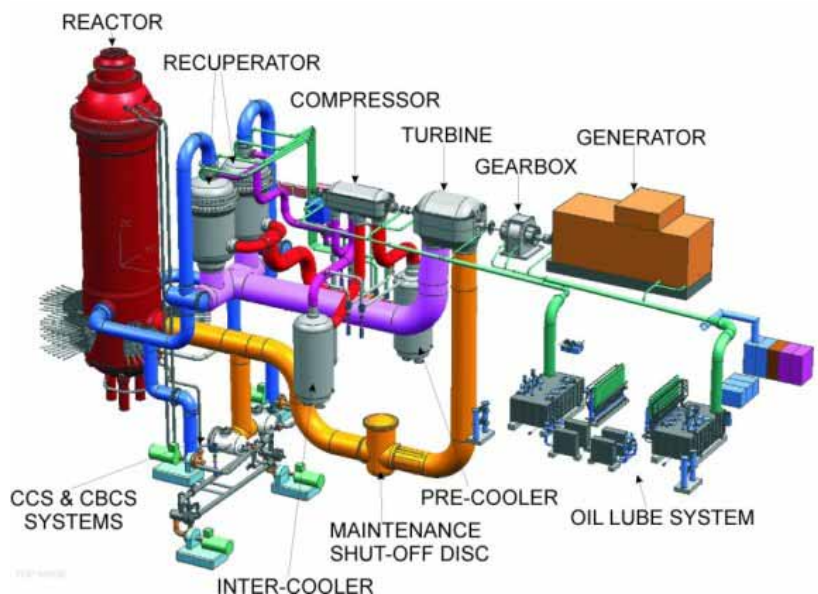
MHI Wins Order from South African PBMR for Core Barrel Assemblies

On December 6, Japan's Mitsubishi Heavy Industries, Ltd. (MHI) announced that it had received an order for the basic design and the procurement of materials for the core barrel assembly (CBA) from Pebble Bed Modular Reactors (Pty) Ltd. of South Africa. The orders are worth some \$15 million. The design is slated to be finished by December 2006, and during the same period the special steel and other materials to be used in the CBA will also be procured.

The PBMR will be South Africa's demonstration reactor (165MW), and is being furthered by Eskom, that country's national electric power utility. Construction on the reactor is slated to commence in 2007, with delivery to take place in 2011. As the reactor will use spherical graphite fuel (silicon carbide-coated uranium particles encased in graphite) and a helium coolant, reducing greatly the risk of a reactor core meltdown, it will feature a high level of inherent safety. After operation of the demonstration reactor, South Africa's first commercial reactor is scheduled to go on-line in the year 2013.

Some 30GW of additional electricity demand is expected to arise in South Africa over the next two decades, and the national government has thrown its strong support toward the expansion of power generation capacity. The plan is to have three commercial PBMRs constructed yearly, for a total of 24 units by 2020. That will account for 4GW of generating capacity, enough to cover around 13% of the additional electricity demand.

The order placed by MHI represents the first official contract signed by PBMR Ltd. relating to the construction of the demonstration reactor, and signals the transition to the phase of actual equipment manufacture and plant construction. Some time during 2006, MHI hopes to sign contract for the detailed design of the PBMR demo reactor's CBA and equipment manufacture, etc. Ever since 2001, MHI has been involved in the feasibility studies related to helium turbine generators as part of the PBMR development plan, and is jointly undertaking their development with PBMR Ltd.



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