December 1, 2003

Dr. Hermann Grunder, Director
Argonne National Laboratory
9800 South Cass Avenue
Argonne, Illinois 60439-4832

Dear Dr. Grunder:

Negotiations among the US, Canada, China, European Union, Japan, Korea and the Russian Federation for an ITER program of construction, operation and decommissioning are moving forward steadily. Accordingly, it is now time for the Department of Energy (DOE) to make arrangements for a lead US institution to manage the US contributions to the ITER program, beginning with preparations in FY04 followed by the anticipated construction phase beginning in FY06. DOE also requires the US ITER Project Office to assume a broad leadership role in the integration of ITER related activities throughout the US fusion program and internationally. This institutional assignment will be to lead the US ITER Project Office. In the parlance of the ITER program, the US ITER Project Office is called a Domestic Agency; each ITER Party will have its own Domestic Agency.

The US contributions to the construction phase of ITER will consist of hardware, a modest amount of funds primarily for installing the hardware, and personnel to work for the ITER Organization, either at the ITER site abroad or in Field Teams in the territories of the ITER Parties. The ITER Organization will be the international legal entity responsible for project execution. The US contributions to ITER during the construction phase are on the order of 10% of the project cost, which is about $5 billion excluding contingency and escalation. Examples of the technical areas in which the US is likely to contribute hardware are indicated in Attachment 1. In each of these areas, the ITER Organization will be responsible for preparing the procurement package for specific hardware and providing the package to the ITER Project Office. The Department requires that these contributions be managed by the ITER Project Office as a project in accordance with DOE project management procedures.

US contributions to the operation of ITER, also a modest fraction of the total, will consist of personnel to operate and maintain the facility as well as funds for various goods and services. US contributions to the decommissioning of ITER, also a modest fraction of the total, will be in the form of funds to be accumulated during the operation period and used later by the host.

Owing to the scale of the US contributions to the construction phase of ITER, the complexities introduced by the international interfaces, and the need for integration of ITER activities throughout the US fusion program and internationally, the Department has concluded that the

ITER Project Office must be led by a national laboratory with a strong background in fusion research, positive record of large project management, relevant experience in international collaborations, and effective procurement infrastructure.

The general functions of the ITER Project Office during the construction phase of ITER are to provide central project management of the US contributions, procure all hardware contributions, arrange for US personnel to work abroad at the ITER site or in Field Teams, provide the principal US interface with the ITER Organization on ITER construction matters and preparations for ITER operation, and integrate ITER activities throughout the US fusion program and contribute to that integration internationally. For direct procurements with industry, the ITER Project Office is expected to rely upon experts throughout the fusion program for technical assistance in the execution of the procurements. Such experts, and their institutions, would become members of the US ITER Project Office team.

For special procurement cases, where considerable design and R&D is involved before hardware procurement can occur, the ITER Project Office is expected to determine, following consultations with the Office of Fusion Energy Sciences, whether the procurement should be competed among laboratories or among industry/universities based upon the technical circumstances. For these special cases, if the ITER Project Office chooses to include its host institution or other team members in the competition, then the Office of Fusion Energy Sciences will evaluate the proposals and make the selection. The detailed relationship between DOE and the US ITER Project Office will be defined in the Management Plan.

Accordingly, you are invited to submit proposals to lead the US ITER Project Office. Should your interest be positive, please provide backup information that addresses the selection criteria in Attachment 2. Length of the proposal should be about 20 pages, not to exceed 25 pages, excluding personnel resumes. There will be no subsequent request for additional proposal information or other steps in the process. Chicago Operations Office will assist OFES in the selection process by evaluating the proposals and recommending to OFES the qualified laboratories. OFES expects to make a selection by January 31, 2004. Please submit your proposals electronically to ITER@ch.doe.gov by January 9, 2004. Also, please include the name of a contact person and e-mail address, so we may share with all recipients of this letter the answers to any questions that may be sent to the ITER@ch.doe.gov address.

I look forward to your responses and appreciate your effort in considering this major fusion initiative.

Sincerely,

ORIGINAL SIGNED BY ANNE DAVIES

N. Anne Davies

Attachment 1

ITER Project Technical Areas in Which the US is Likely to Contribute Hardware

Niobium Tin Superconducting Strand

Superconducting Conductor

Solenoid Coil

Blanket Modules

Vacuum Pumping Components

Vessel Cooling Water System

Tokamak Exhaust System

Heating Components for ICH

Heating Components for ECH

Fuelling Injector

Diagnostics

Attachment 2

Criteria for Selecting the Institution to Manage the US ITER Project Office
(Sub-criteria listed in order of importance with the most important at the top)

Strength of the Laboratory (50%) - to include evaluation of these items:

- Knowledge, expertise, and experience in fusion research
- Abilities and recent record in managing large, high-profile projects in accordance with DOE project management procedures (delivery of research/construction projects on time, at cost, to meet technical requirements)
- Experience in working with international and domestic institutions to integrate research programs and activities to achieve common goals and objectives.
- Identification of candidate for the position of Project Manager
- Organizational structure of the proposed US ITER Project Office, with summary of roles, responsibilities and capabilities, and key personnel, including their resumes. Include a laboratory organizational chart showing the reporting level of the proposed US ITER Project Office in relationship to the rest of the laboratory structure
- Additional laboratory strengths pertinent to the US ITER Project Office

Strength of the Laboratory Support (50%) - to include evaluation of these items:

- Recent record demonstrating ability to execute multi-million dollar procurements in a timely manner
- Cost and overhead rate for ITER-related procurement services
- Cost and overhead rate for project management personnel
- Any other overhead rates, recognizing that none of the hardware procured will be delivered to or used by the Project Office
- Existing, relevant, available, and accessible facilities applicable to the ITER work, including physical infrastructure to accommodate a modest number of ITER Field Team members who may need to locate at your institution
- Statement from the Head of the M&O Prime Contractor about the Prime Contractor's commitment to the success of the US ITER Project Office
- Experience in implementing export control regulations that may apply to certain procurements and to US personnel who might be involved with the ITER project in a substantive way that could result in potential transfers of new technological information
- Additional laboratory support strengths pertinent to the US ITER Project Office