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Greenlighting SMRs with Green Energy Financing: How Climate Finance Taxonomy Can Help New Forms of Advanced Nuclear Power Move to Market Nimbly and Efficiently

As nuclear power rediscovers broad demand within capital markets, public opinion, and policy circles, a reconceptualization of nuclear power's risk-return profile in energy planning and durable role in the green economy is emerging. Advanced commercial nuclear power in the form of small-modular reactors (SMRs) has captured the imaginations of technologists and climate transition pragmatists, who recognize a growing need for clean firm power generation in critical fields from data centers to ocean freight shipping. While many governments have recently pivoted on nuclear energy policy, extending support to the sector and adding upward revisions to its contribution within decarbonization models –sustainable finance taxonomies lag behind. The notable exclusion of nuclear power from 'clean energy'labeling creates a drag on its momentum in markets and public policy that is counterproductive to achieving clean energy goals. In December of 2023, Canada became the first sovereign debt issuer to add nuclear power into its 'green financing'framework, following oversubscribed issuances of the world's first 'nuclear green bonds'by Ontario-based utility providers. Convinced of nuclear' s ability to advance several of the United Nations'Sustainable Development Goals, Canada's landmark decision is a bellwether for understanding the evolving drivers behind the commercial nuclear power industry and financial ecosystem supporting SMR development. Policy-taxonomy harmony may be a significant force multiplier on market efficiencies, propelling innovation and iteration on SMR products and use cases.

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