

**Centrus Energy: Winner and Casualty of America's Russian Uranium Ban**

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## **Centrus Energy: Winner and Casualty of America's Russian Uranium Ban**

Few companies are lifted and threatened by the same law. When the United States barred Russian enriched uranium, it created guaranteed demand for domestic enrichment, and Centrus Energy Corp. (NYSE: LEU) became the policy's most visible beneficiary. Yet Centrus also sources most of the fuel it sells from Russia, so the ban strikes its own supply before its new capacity arrives (Centrus Energy Corp., 2024). Centrus is both the policy's most visible beneficiary and its most exposed casualty, and its fate turns on bridging 2028 to 2029, not on demand.

### **Background**

Centrus sells enrichment, the process that raises uranium's U-235 content so reactors can use it. Enrichment is priced in separative work units (SWU), the standard measure of enrichment effort. Most reactors burn low-enriched uranium (LEU, below 5% U-235); many advanced designs need high-assay low-enriched uranium (HALEU, 5% to 20%). Centrus's customers are utilities buying LEU and the Department of Energy (DOE), which funds HALEU production.

The company descends from the government's enrichment business, privatized as USEC Inc. in a 1998 public offering. USEC marketed fuel from the "Megatons to Megawatts" program, which converted Russian weapons material into reactor fuel from 1993 to 2013, and its last Cold War-era plant closed in 2013. After a 2014 restructuring it re-emerged as Centrus, demonstrated LEU enrichment in Piketon, Ohio, and began HALEU production in late 2023 (Centrus Energy, n.d.).

In the second quarter of 2026, Centrus reported revenue of \$176.1 million, a \$4.5 billion backlog extending to 2040, and about \$1.9 billion in cash. LEU sales to utilities produced \$153.4 million of that revenue, while the Technical Solutions segment, which includes DOE HALEU

work, produced \$22.7 million (Centrus Energy Corp., 2026b). Its CEO calls it “the only publicly-traded, proven enricher in the market” (Centrus Energy Corp., 2026b). Only Centrus and Urenco hold U.S. enrichment licenses (Investing News Network, 2026).

### **The Shift**

The Prohibiting Russian Uranium Imports Act, signed on May 13, 2024, bans imports of unirradiated LEU produced in Russia or by Russian entities. DOE may waive the ban where no viable alternative exists or the national interest requires it, but every waiver ends by January 1, 2028 (Nuclear Engineering International [NEI], 2024a). DOE does not require an alternative source to match Russian price, only to be reasonable for market conditions, which narrows the case for waivers (NEI, 2024b). Waivable volumes are capped and decline from 476,536 kg in 2024 to 459,083 kg in 2027 (NEI, 2024b).

The motive was dependence. DOE estimated that Russia held roughly 44% of world enrichment capacity and supplied about 35% of U.S. enriched-uranium imports (NEI, 2024a). Where the United States produced 64% of global enrichment in 1985, it bought 27% of its enrichment services from Russia in 2023 (McKinsey & Company, 2026).

Centrus is the most exposed buyer. Tenex, Russia’s state supplier, is its largest source of SWU, followed by France’s Orano. Through 2027, well over half the LEU Centrus expects to deliver is anticipated to come from Tenex material, and its other sources cannot replace that volume (Centrus Energy Corp., 2024). Its 2026 guidance still assumes no significant change in restrictions on Russian LEU (Centrus Energy Corp., 2026b). Meanwhile, its first new capacity is expected by 2029 (Centrus Energy Corp., 2026a). World Nuclear Association data reported by the Investing News Network (2026) put U.S. enrichment capacity at 4.3 million SWU against requirements of 15.6 million.

## **Impact**

Supplier concentration risk arises when one source of a critical input fails and the failure cascades. Tenex was once Centrus's advantage; the ban makes it a single point of failure. Orano, its second-largest SWU supplier, is now also a funded LEU rival, so Centrus's fallback source is a competitor. The consequence is operational before it is financial: if waivers lapse in 2028 while replacement supply is short, Centrus risks missing deliveries to contracted utilities (Centrus Energy Corp., 2024). The so-what is that supply, not demand, now sets the ceiling on Centrus's revenue.

Economists treat national security as an externality, a benefit private markets underprice. Cheap state-backed Russian supply deterred domestic investment for decades, a market failure the Act converts into guaranteed demand. DOE's January 2026 task orders of \$900 million each to Centrus, General Matter, and Orano deepen that shift (American Nuclear Society, 2026). In PESTEL terms, a political and legal shock, not a demand shock, now drives the industry's economics.

Porter's (2008) five forces show how it reshapes competition. Entry barriers were already high because of capital, licensing, and security needs, and the ban removes a low-cost rival. Buyer power remains strong, since utilities sign long contracts. The new-entrant threat is rising: General Matter won the same HALEU funding as Centrus, Orano won the LEU award Centrus lost, and Urenco, which supplies about a third of U.S. reactor needs, is expanding (American Nuclear Society, 2026). Table 1 maps the funded projects.

The resource-based view holds that advantage comes from resources that are valuable, rare, and hard to imitate (Barney, 1991). Technology alone is not Centrus's moat, since Urenco and Orano also enrich. Its rarer bundle is licensed capacity, government alignment, and a

HALEU link to advanced-reactor customers, including a first-of-a-kind large-scale commercial HALEU supply agreement that potentially includes prepayments (Centrus Energy Corp., 2026b). Alignment cuts both ways: DOE is Centrus's funder, customer, and landlord, and its fiscal 2027 budget proposal omits further funding to operate the HALEU cascade (Centrus Energy Corp., 2026b).

First-mover advantage pays only with execution. Centrus's 2029 target precedes Orano's projected 2031 LEU production and General Matter's 2034 operation (American Nuclear Society, 2026; Centrus Energy Corp., 2026a), so the window is real. Long-term contracts and prepayments, a transaction-cost response to asset specificity (a centrifuge plant has no alternative use), let customers share that construction risk, but they also bind Centrus to delivery dates. USEC's path, however, ended in a 2014 restructuring (Centrus Energy, n.d.), and the 2028 gap shows what slippage costs.

The stakes extend beyond one firm. U.S. plants generate about 20% of the country's electricity, and McKinsey & Company (2026) estimates \$105 billion to \$170 billion of fuel-chain investment is needed to sustain them and add 300 gigawatts by 2050. For Centrus, the lesson is that policy can create a market faster than it creates supply.

### **Response**

Centrus's response is strong on financing and weaker on sequencing. It signed a fixed-price HALEU contract worth up to \$1.07 billion and plans to run its existing cascade commercially meanwhile (Centrus Energy Corp., 2026a). It holds about \$1.9 billion in cash against \$1.18 billion of long-term debt (Centrus Energy Corp., 2026b). Yet LEU expansion rests on roughly \$3.0 billion of contingent commitments, \$2.4 billion under definitive agreements, tied to operational milestones, and the Piketon lease extension is still being negotiated (Centrus

Energy Corp., 2026a, 2026b). Technical Solutions revenue fell 21%, DOE has said it does not currently intend to exercise further options on the HALEU operation contract, and net income fell to \$16.8 million from \$28.9 million, driven mainly by higher stock compensation and expansion costs (Centrus Energy Corp., 2026b). The 2028 to 2029 gap, though, is the largest unaddressed risk.

On Centrus's board, I would press for four steps. First, bridge 2028 to 2029: contract non-Russian SWU from Orano, Urenco, or others now, publish a phase-in schedule to utilities, and negotiate delivery-delay flexibility, with signed supply covering 2028 deliveries by mid-2027. Second, sequence the build: prioritize government-backed HALEU, finance LEU through prepayments and take-or-pay contracts, and release capital in stage-gated tranches, treating each as a real option, such as the first Oak Ridge centrifuge targeted for year-end 2026 (Centrus Energy Corp., 2026b). Third, diversify customers: apply Ansoff's (1957) market development by selling HALEU to advanced-reactor developers on multi-year, price-indexed contracts, and secure the lease before committing more capital. Fourth, publish quarterly milestones, including centrifuge counts, to earn credibility USEC lost.

Demand is not Centrus's problem; time is. Policy has handed it a market, but that market is worth only the fuel Centrus can deliver on the first day of 2028.

**Table 1***Domestic Enrichment Projects Funded or Announced, 2026*

| Company                                 | Product          | Site          | DOE award      | Status or target                                                                                           |
|-----------------------------------------|------------------|---------------|----------------|------------------------------------------------------------------------------------------------------------|
| Centrus (American Centrifuge Operating) | HALEU            | Piketon, OH   | \$900 million  | Contract signed July 1, 2026; first new capacity expected by 2029                                          |
| General Matter                          | HALEU            | Paducah, KY   | \$900 million  | Site lease signed August 2025; operation targeted for 2034                                                 |
| Orano Federal Services                  | LEU              | Oak Ridge, TN | \$900 million  | About \$5 billion project; NRC license submission planned early 2026; LEU production in 2031 if plan holds |
| Urenco USA                              | LEU              | Eunice, NM    | No task order  | Operating commercial enricher; expanding                                                                   |
| Global Laser Enrichment                 | Laser enrichment | Paducah, KY   | \$28.5 million | Award subject to final contract negotiations                                                               |

*Note.* DOE = U.S. Department of Energy; HALEU = high-assay low-enriched uranium; LEU = low-enriched uranium; NRC = Nuclear Regulatory Commission. Targets are company-stated and may change. Data from American Nuclear Society (2026) and Centrus Energy Corp. (2026a).

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