

EXPERTS: V.C. SUMMER FAILURE SHOULD PUT AN END TO STATE AND FEDERAL BAILOUTS FOR NUCLEAR INDUSTRY

Vogtle Reactor Project Collapse Seen in Wake of VC Summer Project Abandonment; 2016 State Bailout Push for Nuclear Had Already Faltered in 2017, Staggering Bill for U.S. Taxpayer If Foolhardy National Bailout Proceeds.

WASHINGTON, DC: The abandonment this week of the V.C. Summer nuclear project in South Carolina heralds the demise of “new” nuclear in the United States (including the Vogtle project in Georgia and North Anna 3 in Virginia) and also should put an end to state or federal bailouts for the failing nuclear industry, according to four experts who held a media briefing today.

Nuclear economist Dr. Mark Cooper, senior fellow for economic analysis, Institute for Energy and the Environment at Vermont Law School, said the V.C. Summer shutdown should lead to a similar step at the Vogtle project in Georgia and to a renewed focus on renewable energy.

Cooper said: *“The message for Vogtle is simple, nuclear power is uneconomic. It will take massive federal, state and vendor subsidies to be completed and the cost of power will still be two to three times the cost of power from alternatives. The capital cost of renewables is between one-eighth and one quarter the cost of VC Summer. Even adjusted for load factors, nuclear power is two to three times more costly than the alternatives.”*

Peter Bradford, former Nuclear Regulatory Commission (NRC) Commissioner, past chair of the New York and Maine state utility regulatory commissions, said that “new” reactor construction financed in advance from ratepayers in states like Virginia (home to Dominion’s proposed North Ana 3 reactor) are V.C. Summer-like debacles waiting to happen.

Bradford said: *“The primary lessons for Georgia, Virginia, and other states, from the South Carolina cancellations (as well as Levy County in Florida and Kemper in Mississippi) is that laws and regulatory decisions placing economic risks on customers instead of the investors and lenders who should properly bear them are a disastrous mistake. Freed of responsibility for the consequences of their mistakes, utility executives too often plunge into ill-advised schemes to pad their rate bases (and individual compensation) when they should be managing competitive processes designed to select the most cost-effective alternative.”*

After a surge of state bailouts for nuclear in 2016 in New York and Illinois, the industry has failed in 2017 in Ohio, Connecticut, Pennsylvania and New Jersey. The push in Ohio faltered in the face of extensive public criticism and was relegated in Connecticut to a study report by the state’s governor. In Pennsylvania and New Jersey, bailout backers were unable to even get promised legislation introduced.

A federal bailout for the nuclear industry would come at staggering cost. If based on the New York model, the cost to consumers would be \$150 billion to \$275 billion, depending on whether the subsidies applied to all reactors, or just those that are determined to be unprofitable.

(The latter may seem like a common-sense outcome, but Exelon crafted bailout legislation in Illinois that allows it to be paid even if energy prices rise.) If a federal bailout were based on a new and expanded nuclear production tax credit, as a Department of Energy advisory committee recommended last year (at \$27/MWh), the cost to taxpayers would be nearly a quarter of a trillion dollars: \$228 billion, according to calculations by Nuclear Information and Resource Service (NIRS).

NIRS Executive Director Tim Judson said: *“Nuclear power is failing despite the fact that it is already heavily subsidized. Canceling the Summer reactors proves that the industry has no future, but it only tells half the story. Nuclear generators are pushing for billions of dollars in subsidies and bailouts for their aging reactors, and those efforts are mostly failing, as well. Hoped-for momentum from 2016 bailouts in New York and Illinois did not materialize, as state legislatures rejected nuclear subsidy bills this year. With renewable energy now surpassing nuclear by widening margins, it’s clear that subsidizing nuclear is an expensive way to slow down the growth of clean, safe, affordable, job-creating energy sources.”*

Even if there is no new federal bailout for nuclear, taxpayers could still end up on the hook for billions of dollars if the Vogtle project goes belly up.

Ryan Alexander, president, Taxpayers for Common Sense, a nonprofit and nonpartisan taxpayer advocacy group, said: *“The VC Summer project relied on the same problematic reactor designs and contractor, the recently bankrupt Westinghouse Corporation, as Southern Company’s Plant Vogtle. Westinghouse’s AP1000 design was being used in both VC Summer and Vogtle. Both projects have experienced multiple delays and significant cost overruns. Westinghouse’s recent bankruptcy pushed both projects further into turmoil. Unlike VC Summer, Vogtle managed to win themselves more than \$8 billion in taxpayer-backed loan guarantees. So while federal taxpayers should and must watch any efforts to contribute to the bailout of the state of South Carolina and the players involved in the VC Summers project, billions in tax dollars are already at risk with the Vogtle project. It seems clearer than ever that the writing is on the wall for taxpayers. We’ve said it for 8 years: These massive nuclear reactor projects were doomed from the start, and taxpayer money should not be risked on them.”*

Where does the industry go from here? The V.C. Summer project collapse means that any remaining illusions about a resurgence of nuclear power in the United States is now dead.

As Bradford explained: *“In fact, there never was an actual ‘nuclear renaissance’, just the 31 paper applications on file at the Nuclear Regulatory Commission by early 2009. Now nearly all but two are cancelled, leaving a trail of economic waste in their wake. The intent of the renaissance dream was to show that new reactor designs and an expedited licensing process from which the public was largely excluded would produce reactors that could be completed ‘on time and on budget’ as well as at competitive costs. The expectation was that private financing, without subsidy from customers and taxpayers, would then become available to nuclear power. That dream is now in ruins. The Westinghouse bankruptcy and subsequent events in South Carolina make the lessons so clear that even the most ardent nuclear propagandists probably can no longer shout them down.”*

MORE ABOUT THE EXPERTS

Dr. Mark Cooper is the author of both a seminal 2013 report *“Renaissance in Reverse: Competition Pushes Aging U.S. Nuclear Reactors to the Brink of Economic Abandonment,”* which forecast a wave of U.S. nuclear reactors closures (<http://216.30.191.148/atriskreactors.html>) and, just last month, *“The Failure of the Nuclear Gamble in South Carolina”*. (http://webiva-downton.s3.amazonaws.com/877/a5/d/10601/Cooper_Summer_Report_Final_July_18_2017.pdf)

WWW.NIRS.ORG

6930 Carroll Avenue, Suite 340, Takoma Park, MD 20912 | T. (301) 270- NIRS (6477) | F. (301)-270-4291

Most recently, Peter Bradford is the author of “Wasting Time: Subsidies, Operating Reactors and Melting Ice” (<http://thebulletin.org/2017/january/wasting-time-subsidies-operating-reactors-and-melting-ice10376>);

Tim Judson is the author of the November 2016 report “Too Big to Bail Out: The Economic Costs of a National Nuclear Power Subsidy” (<http://bit.ly/too-big-to-bail-out-nuclear>).

In February 2013, Taxpayers for Common Sense awarded its “Golden Fleece Award” for tax dollar waste to “Taxpayer Subsidies for Small Modular Reactors” (<http://www.taxpayer.net/library/article/taxpayer-subsidies-for-small-modular-reactors>).

A statement on the abandonment of VC Summer issued Monday by Bradford, Cooper and Stephen Smith of the Southern Alliance for Clean Energy is available at <http://bit.ly/VCSummerreax>.

MEDIA CONTACT: Max Karlin, (703) 276-3255 or mkarlin@hastingsgroup.com.

EDITOR’S NOTE: A streaming audio replay of the news event will be available as of 4 p.m. ET on August 3 at <http://www.hastingsgroupmedia.com/WhatNextforNuclear.mp3>.