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Statement of Michael Mariotte, Executive Director Nuclear Information and Resource Service On Constellation Energy's Announcement to End Participation in Calvert Cliffs-3 Nuclear Reactor Project

Constellation Energy has made the right decision—for the wrong reasons--in ending its involvement with the proposed Calvert Cliffs-3 nuclear reactor project on the shores of Maryland's Chesapeake Bay.

According to a Constellation Energy press release¹, a \$7.5 Billion taxpayer loan² offered by the U.S. Department of Energy to help build Calvert Cliffs-3 “is unreasonably burdensome and would create unacceptable risks and costs for our company.” The *Washington Post*³ reports that the DOE offered this loan with a “credit subsidy” cost (essentially a down payment on the loan—similar to what a person would have to put down to obtain a mortgage) of only 12%, or \$880 million. The *Post* also reports that the DOE offered even more generous terms—requiring a down payment of only about \$300 million—if Constellation would guarantee the purchase of only 75% of the reactor's power.

That these offers were considered “unreasonably burdensome” by Constellation Energy shows that the company was unwilling to assume the extraordinary financial risk this nuclear reactor posed—they wanted taxpayers to take *all* of the risk for this reactor⁴.

But, even if Constellation had succeeded in forcing taxpayers to take all of the risk, this project made no economic sense. Recently NIRS submitted a new contention in the NRC licensing proceeding on this reactor, charging that the utility overestimated electrical demand in the

¹ <http://ir.constellation.com/releasedetail.cfm?ReleaseID=516614>

² Although often called a “loan guarantee,” according to the license application to the NRC filed to build Calvert Cliffs-3, the money was to come from the U.S. Treasury's Federal Financing Bank.

³ <http://www.washingtonpost.com/wp-dyn/content/article/2010/10/08/AR2010100807377.html>

⁴ U.S. taxpayers would have assumed the risk of the \$7.5 billion loan offered by DOE. French taxpayers would have assumed the risk of an additional \$2.9 billion offered by the COFACE, the French export-import bank.
<http://www.baltimoresun.com/news/maryland/bs-md-calvert-cliffs-loan-20100701.0.773855.story>, July 1, 2010.

region, failed to acknowledge the existence of energy efficiency programs in Maryland and competing energy sources, such as clean offshore wind power proposed for the state; and deliberately understated costs of the reactor when comparing it to clean, sustainable alternatives.

And indeed, the exorbitant projected cost of this reactor in a deregulated electricity market with ample competing methods of generation surely had far greater effect on Constellation's decision than the terms of the proposed taxpayer loan.

NIRS already had a contention accepted for hearing on the unprecedented level of foreign ownership in the Calvert Cliffs project, which is explicitly prohibited by the Atomic Energy Act. This prohibition, and the fact the issue is in litigation, likely prevented Constellation's partner, Electricite de France, from offering to assume a greater share of the loan guarantee's "down payment."

This is a great day for Maryland, and a great day for all who believe in building a safe, clean, affordable, nuclear-free and carbon-free energy future.