

# NEWS FROM NIRS

Nuclear Information and Resource Service

6930 Carroll Avenue, #340, Takoma Park, MD 20912

301-270-6477; [nirsnet@nirs.org](mailto:nirsnet@nirs.org); [www.nirs.org](http://www.nirs.org)

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Contact: Michael Mariotte

301-270-6477, [nirsnet@nirs.org](mailto:nirsnet@nirs.org)

## **170+ ORGANIZATIONS WORLDWIDE URGE JAPANESE GOVERNMENT TO REJECT FUNDING FOR NEW NUCLEAR REACTORS IN UNITED STATES**

### **GROUPS WARN OF EXTRAORDINARY ECONOMIC RISK TO JAPANESE TAXPAYERS IF GOVERNMENT BANK GIVES LOANS FOR SOUTH TEXAS NUCLEAR PROJECT**

More than 170 organizations from the U.S., Japan and across the world today sent a letter to Japanese Prime Minister Naoto Kan and key members of his Cabinet urging Japan's government to reject a multi-billion dollar loan for construction of two new nuclear reactors in south Texas.

Nuclear Innovations North America (NINA), a consortium headed by NRG Energy, has asked the Japan Bank for International Cooperation (JBIC) for billions of dollars in loans to supplement additional billions in loans it hopes to obtain from the U.S. government to build the controversial new reactors. Toshiba and Tokyo Electric Power are minority investors in NINA.

The letter notes that the projected cost of the South Texas Nuclear Project has soared from \$5.6 Billion in 2006 to as much as \$18 Billion today and warns that, "[w]ith a deregulated, competitive power market and some of the lowest wholesale electricity prices in the country, Texas is a particularly risky U.S. state in which to invest in expensive new reactors."

"We don't believe that JBIC or the Japanese government yet fully understand the extraordinary financial risk of investing in this project," said Michael Mariotte, executive director of Nuclear Information and Resource Service, which coordinated the letter. "If these reactors were projected to be profitable, Wall Street bankers would be lining up to provide them loans. The reality is that private investors in the U.S. shun new reactor projects because the risk far outweighs the potential rewards. That's why utilities like NRG are trying to force taxpayers in the U.S.—and now taxpayers in Japan—to bear the burden of their dangerous, ill-advised nuclear projects."

"The Japanese Government is determined to rush headlong into nuclear exports, as part of its 'package infrastructure' export policy, but it has yet to carry out any risk assessment for this policy," said Hideyuki Ban, co-director of Citizens' Nuclear Information Center in Tokyo. "There was a knee-jerk reaction after Japan lost out to South Korea in a bid to export nuclear power plants to UAE, but apparently the government has not looked closely at the problems Korea is now facing financing that project."

"NRG has been desperately trying to scoop up investors in the Central Texas region, but the reactor project remains fiscally shaky at best. NRG is working off of cost estimates that are

artificially low and offering power at costs at which they are unlikely to be able to deliver. Despite heavy lobbying, it is unlikely that Austin and the surrounding Central Texas utilities will be suckered in by NRG," said Karen Hadden, Director of the Sustainable Energy and Economic Development (SEED) Coalition in Austin, Texas.

Mariotte noted that the U.S. environmental community has been steadfast in its opposition to the use of U.S. Department of Energy loan "guarantees" (actually loans from the government's Federal Financing Bank) for new nuclear reactor construction, including for the South Texas Nuclear Project.

Thus, the group letter concluded, "Just as we have warned American taxpayers and elected officials about these very serious financial risks, we also urge you to very carefully consider these risks before deciding to invest in new reactors in the United States. We respectfully suggest that Japanese taxpayers would not want to lose money on a U.S. reactor project. Nor would U.S. taxpayers want to bail out JBIC when the predictable losses occur. Such outcomes would obviously be uncomfortable on both sides of the Pacific."

Letter signers included environmental, consumer and peace organizations and small business from around the world, including more than 135 U.S. organizations, 21 Japanese groups, and groups from 13 other countries across Europe and Asia.

Mariotte said the widespread opposition to the proposed JBIC loan makes clear that the South Texas Nuclear Project has moved far beyond a local Texas issue. "Millions of people across the globe are watching closely to see if the Japanese government is willing to risk its own citizens' money to build unwanted and dangerous, dirty nuclear reactors in other countries. We ask the Government of Japan to take a step back and ponder whether that kind of reputation would be in its nation's long-term best interests.

The full text of the letter with list of signers is available at <http://www.nirs.org/nukerelapse/stexas/japanstexasletter211.pdf>