

WORST WEEK SINCE FUKUSHIMA: 4 MAJOR SETBACKS IN 3 DAYS ARE LATEST STUMBLES FOR U.S. NUCLEAR POWER INDUSTRY

Reverse Renaissance? Experts Point to 6 Reactors on the Chopping Block and Passage of Anti-Industry Florida Law; Beleaguered Industry's Woes Start With Bad Economics ... and Go Downhill From There.

WASHINGTON, D.C.//May 8, 2013//Call it the “renaissance in reverse.” Not only is the U.S. nuclear power industry mothballing plans for planned reactors in North Carolina and Texas, it also is now pulling the plug (or threatening to do so) on existing reactors in California. All of that and the passage of anti-industry legislation in Florida happened last week (April 28th-May 3rd), easily the worst single week for the U.S. nuclear power industry since the March 2011 meltdown of nuclear reactors in Fukushima, Japan.

One day after the closure by Dominion Resources of the Kewaunee Power Station reactor in Wisconsin, three experts held a phone-based news conference today to comment on the recent string of adverse developments for the troubled nuclear power industry.

Peter A. Bradford, adjunct professor at the Vermont Law School, a former member of the U.S. Nuclear Regulatory Commission (NRC), and a former utility commission chair in New York and Maine, said: **“2013 is another year in which the pumps can't keep up with the rush of water aboard the 'nuclear renaissance.' It's no surprise that any utility executive with a modicum of concern for his customers' electric bills doesn't consider this to be the right time to build a new reactor. However, the closing of existing reactors in the face of market realities is something new, suggesting that US nuclear generation may actually have reached a peak a few years ago that it will not attain again our lifetimes.”**

Mark Cooper, senior fellow for economic analysis, Institute for Energy and the Environment, Vermont Law School, and author of “Policy Challenges of Nuclear Reactor Construction, Cost Escalation and Crowding Out Alternatives” (2009), said: **“From Florida and the Carolinas to Texas and on to California, the underlying issue driving the demise of nuclear power is the same: bad and unsustainable economics. In Florida, a ratepayer rebellion in the face of rapidly rising reactor costs shared the same roots as Duke's abandonment of two reactors in North Carolina that were projected to have doubled in cost. In Texas, only foreign government-backed entities could afford the soaring costs of the STP reactors near San Antonio. In California, Southern California Edison is seeking to sidestep hundreds of millions of dollars in costs for damaged reactors that may simply be too expensive to repair. The story of nuclear power from coast to coast is one of bad economics.”**

Between Tuesday to Thursday of last week, the following things happened:

- On Tuesday, the U.S. Nuclear Regulatory Commission (NRC) ruled that a partnership between NRG Energy Inc. and Toshiba Corp. to build the pair of proposed South Texas Project reactors violates a U.S. law prohibiting foreign control of nuclear power plants. (See http://nukefreetexas.org/downloads/staff_FOCD_determination_letter_43013.pdf and <http://nukefreetexas.org/2013/05/foreign-ownership-could-halt-licensing-of-south-texas-project-nuclear-reactors-nrc-says-nina-doesnt-meet-their-requirements/>.) In March, the NRC failed to strike down a similar finding that the proposed Calvert Cliffs-3 reactor project in Maryland is dominated by foreign companies. (See <http://www.nirs.org/nukerelapse/calvert/prcc3commorder31113.pdf>.)
- Southern California Edison CEO and President Theodore F. Craver told investors Tuesday that one or both reactors at the San Onofre Nuclear Generating Stations (SONGS) face permanent shutdown if the Nuclear Regulatory Commission (NRC) does not move immediately to permit the damaged reactors to go back online without a prior hearing to determine if it is safe to do so. Costs related to the shutdown are now pegged at \$553 million, including \$109 million spent on inspections and

repairs and \$444 million for replacement power. Other estimates indicate the San Onofre debacle could cost consumers up to \$3 billion. (See http://www.powermag.com/nuclear/Decision-to-Close-SONGS-Nuclear-Reactors-Could-Come-by-Late-2013_5583.html and <http://www.utsandiego.com/news/2013/may/04/san-onofre-nuclear-plant-near-death/>.)

- Duke Energy announced Thursday that it will abandon plans for two nuclear reactors at the Shearon Harris nuclear plant in North Carolina. Duke will seek to make Progress Energy customers, instead of corporate stockholders, pay for this blunder – and will likely try to add a mark-up, with profit, on top of the \$70 million spent. (See <http://www.ncwarn.org/2013/05/demise-of-harris-nukes/>.) This February, Duke announced that it would not repair the damaged Crystal River reactor in Florida. (See http://www.cleanenergy.org/index.php?/Press-Update.html?form_id=8&item_id=352.)
- Also Thursday, the Florida Senate sent a bill to the governor revising a 2006 law allowing utilities to charge for nuclear reactors that may never be built. To date, the “advance cost recovery” provision has permitted Florida Power & Light Co. and Duke Energy (formerly Progress Energy Florida) to collect more than \$1.4 billion from customers. Even with the new legislation, the Sunshine State’s six million ratepayers will have to count on the state’s Public Service Commission to rein in industry abuses on advance cost recovery financing. (See http://www.cleanenergy.org/index.php?/Press-Update.html?form_id=8&item_id=371.)

Commenting on the setback for nuclear power in California, Daniel Hirsch, lecturer on Nuclear Policy at the University of California, Santa Cruz, president of the Committee to Bridge the Gap, a nuclear policy nonprofit organization, and co-author of a recent study about the severity of San Onofre's steam generator problems, said: **"San Onofre is crumbling. New steam generators in both Unit 2 and 3 failed in just a year or two of operations. Each plant has hundreds of times more damaged tubes than the typical reactor with new steam generators. Southern California Edison informed investors last week that it is likely to close both reactors permanently if it can't get the NRC to approve restart of Unit 2 with an exemption from the requirement for a prior hearing to determine its safety. That is like a judge in the Old West saying: 'We'll hang 'em now and give 'em a fair trial later.' It appears that Edison is convinced that its proposal to restart the damaged reactor without repairing or replacing the crippled steam generators can't withstand the scrutiny of a safety hearing. Whatever the industry's hopes for a revival of nuclear power, San Onofre's steam generators seem to be working in the opposite direction."**

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EDITOR'S NOTE: A streaming audio replay of a related news event will be available by 5 p.m. EDT on May 8, 2013 at <http://216.30.191.148/worstweek.html>.