

## **PG&E to Close Diablo Nuke – Lessons for Illinois**

The California utility PG&E announced Tuesday that it will close its embattled Diablo Canyon nuclear plant as of 2025, and will replace the energy from the plant with 100% renewable energy.

Since January we have been providing Illinois policy makers with information and examples of a worldwide energy transformation that is occurring – and in which the Legislature will be making its decision on an Exelon nuclear bailout. Well, the “future” has now become the “present.”

Two very notable lessons – with enormous implications for Illinois, should we choose to address them -- fairly jump out of the announcement:

- “PG&E will replace Diablo **exclusively** with electricity sources that don’t pump carbon dioxide into the atmosphere. The company also will promise to get **55 percent of its total electricity from the sun, wind and other renewable sources by 2031**,” and
- “**Decommissioning the plant** — removing most of its systems and buildings — **will cost an estimated \$3.8 billion**....According to documents PG&E filed with the utilities commission in March, the fund had \$2.6 billion in it by the end of 2015. PG&E has requested increasing electricity rates by about 51 cents per month to make up the shortfall.”

Regarding the first, *the 6<sup>th</sup> largest economy in the world* has decided 1.) that nuclear is over, and 2.) that one of its largest electric utilities can power that economy with 55% renewable energy by 2031 (and the entire state with 50% renewables by 2030). This stands in shocking contrast to the 4 years of obstruction Illinois’ Exelon Corporation has put in the way of fixing the Illinois RPS. It eclipses the reasonable and modest “35% by 2030” renewable energy goal championed by the Illinois Clean Jobs Coalition in its legislation; and makes laughable the 25% goal by 2025 Exelon has in its co-called “Next Generation Energy Plan.”

Regarding the second, we have for two years been meeting with many of you, warning that with Exelon’s threat of closing reactors comes the inevitability of reactor decommissioning. We have been warning you that the State’s decommissioning statutes are somewhere between inadequate to non-existent regarding protecting the ~\$6 BILLION in ratepayer money collected to conduct reactor decommissionings in Illinois. We have been warning you that reactor closures automatically trigger huge local economic disruptions caused when a company-town employer leaves, and suggested ways to fix that situation. The reported California estimate for decommissioning Diablo Canyon is *roughly four to five times as large* as what Exelon has stated it will decommission its reactors for.

The current Zion reactor decommissioning at \$810 million [2] is an artificially low-balled estimate, since 1.) it is based on a demonstration project fixed-cost agreement with the contractor doing the job, and 2.) Exelon secured a sweetheart deal for the disposal of the 3.2 million pounds of Class-A low-level radioactive waste. LLRW disposal is usually thought of as one of the most expensive elements of decommissioning costs; and Exelon cannot guarantee that it will be as lucky to secure this reduced cost for future decommissionings – meaning: the cost of decommissioning the reactors Exelon threatens to close may be much more than it has collected to date, or would even be likely to generate through future market investments to

make up the delta. By law Exelon is supposed to be responsible for that delta. However, if granting Legislative bailouts to Exelon every time it incurs an income shortfall becomes precedent, there is no end to the number of times Exelon make have to come back to the Legislature with its hands out.

We ask that you consider these points – carefully, and in some detail – before granting Exelon any kind of nuclear bailout.

**SOURCES:**

- [1] “End of an atomic era: PG&E to close Diablo Canyon nuclear plant,” SFGate, 6/21/16.
- [2] “Zion Status Update for Zion Community Advisory Panel,” Gerard van Noordennen, VP, Regulatory Affairs an Licensing, Zion Solutions, June 13, 2016.



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