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WATCHDOGS EXPOSE INDUSTRY EFFORT TO BLOCK CLIMATE ACTION & CLEAN ENERGY, PROP UP NUCLEAR, COAL

Report details industry plans to subvert clean energy programs, rig energy markets and climate regulations to subsidize aging nuclear reactors

WASHINGTON, D.C. – Major utilities have hatched a plan to save nuclear power by blocking solar and wind power, and efforts to reduce greenhouse emissions with them, say environmentalists and consumer advocates. A coalition of five organizations was joined by a renowned energy economist to release a new report by Nuclear Information & Resource Service (NIRS) exposing the scheme. Titled “Killing the Competition: The Nuclear Power Agenda to Block Climate Action, Stop Renewable Energy, and Subsidize Old Reactors,” the report documents efforts by the country’s largest utilities and power generators to prop up old nuclear plants with new subsidies and electricity price hikes, while lobbying against programs to grow clean energy and efficiency.

In February, the country’s largest nuclear plant owner, Exelon, committed to fund a high-priced public relations campaign—dubbed “Nuclear Matters”—to create fears of a national energy crisis if the country doesn’t rally to save nuclear power. If old nuclear plants go out of business, the campaign predicts, economic devastation, electric grid failures, and climate catastrophe will ensue. Exelon has now been joined by several of the largest utilities and power generators, such as Entergy, Duke, Southern, and FirstEnergy, who have mobilized their own lobbying machines, PR firms, and front groups to the cause. As owners of fossil fuel as well as nuclear plants, and with major carbon emission regulations on the way, the companies have decided to dig into their deep political coffers to save their old plants rather than adapt to new technologies and environmental rules.

“The public deserves to know what these companies are really up to,” said report author Tim Judson, Executive Director of [NIRS](http://nirs.org). “Exelon and Nuclear Matters are running a deceptive campaign to scare the American people into accepting their scheme to save old nuclear plants, no matter how much it costs or what the collateral damage is. We uncovered a disturbing pattern,” continued Judson, “a scheme to undermine our most promising energy options and job-creating industries—and stick ratepayers with rising energy bills—all to keep polluting, uneconomical, increasingly dangerous power plants running,” Judson concluded.

Last year, the closure of several reactors highlighted the worsening economics of nuclear energy. Five reactor shutdowns were announced, and eight new reactors cancelled. The industry’s rising costs—with new plants too expensive to build and old plants more and more costly to maintain—came head to head with a brewing energy revolution: low natural gas prices, rising energy efficiency, and affordable wind and solar power. As a result, Wall Street firms reassessed the industry, discovering an industry at risk and predicting more shuttered reactors in the coming years. Energy economist Dr. Mark Cooper, of Vermont Law School’s Institute for Energy and the Environment, published a paper outlining the factors contributing to nuclear energy’s poor prospects and highlighting the vulnerability of dozens of reactors.

“Nuclear power simply cannot compete with efficiency and renewable resources and it does not fit in the emerging electricity system that uses intelligent management of supply and demand response to meet the need for electricity,” Cooper said. “Doubling down on nuclear power as the solution to climate change, as proposed by nuclear advocates, is a bad bet since nuclear power is one of the most expensive ways available to cut carbon emissions in the electricity sector,” continued Cooper. “The

nuclear war against clean energy is a last ditch effort to stop the transformation of the electricity sector and prevent nuclear power from becoming obsolete.”

NIRS’s report details the industry’s attacks on clean energy and climate solutions and the key battlegrounds in this new fight over the U.S.’s energy future. With large political war chests and armies of lobbyists, the power companies have opened up aggressive fights across the country this year:

- Blocking tax breaks for renewable energy in Congress.
- Killing renewable energy legislation in Illinois by threatening to close nuclear plants.
- Passing a resolution calling for nuclear subsidies and emissions-trading schemes in Illinois.
- Suspending renewable energy and efficiency standards in Ohio for two years.
- Ending energy efficiency programs in Indiana.
- Demanding above-market contracts for nuclear and coal plants in Ohio and New York.

One of the main frontlines is the Environmental Protection Agency’s new carbon pollution rule, which includes incentives for nuclear, and encourages several costly, counterproductive measures. The regulation includes subsidies of \$50 million per year or more to keep uncompetitive reactors from closing, and authorizes states to set up programs for nuclear plants to sell emission allowances to coal and natural gas-fired plants.

“Under pressure from Exelon, the Illinois Legislature actually went so far as to pass a resolution petitioning the EPA to order Illinois to use nuclear plants to meet its pending carbon limits,” notes Dave Kraft, director of the Chicago-based [Nuclear Energy Information Service](#). “To allow nuclear plants to sell or trade credits with fossil fuel plants defeats the very purpose of regulating emissions. This is not climate policy; it’s political payback,” Kraft believes.

The companies are also seeking special energy market rules rigged to favor nuclear and coal as “baseload” generators. The report spells out a slew of the proposed reforms, the net effect of which would be to raise energy costs for consumers and make it more difficult for providers of wind energy and conservation programs to find customers. This would reverse the entire way energy markets are set up. Currently, markets are price-based and neutral on the type of energy source: the lowest-cost energy sells first, higher-cost generators are cut out when there is enough power. For instance, wind generators sell first because they have no fuel costs and can bid the lowest prices. Because inflexible baseload plants like nuclear and coal cannot cut their output when there is too much power, the industry complains they must pay the wind owners to turn their generators off. By rigging the markets to favor increasingly expensive nuclear and coal plants, the scheme would raise the cost to consumers while making it harder for cleaner, low-cost energy sources to compete.

“Just a few years ago, the industry had no complaints when some merchant nuclear plants earned 100% annual rates of return,” said Tyson Slocum, Energy Program Director at [Public Citizen](#). “But now that conditions have changed, they want a rewrite of market rules to guarantee payments to many of these same plants. Enough is enough: household consumers cannot continue to subsidize inefficient generators, especially when abundant, cleaner and safer alternatives abound.”

New York and Ohio residents have gotten a glimpse of how much it will cost to prop up uneconomical nuclear plants. Exelon submitted a petition to the New York Public Service Commission seeking a guaranteed contract for one of the country’s smallest and oldest reactors, the Ginna Nuclear Plant near Rochester. Just to meet the reactor’s operating costs, ratepayers would be hit with prices more than 40% above the going market rate—roughly \$83 million/year. Similarly, FirstEnergy submitted a petition to the Ohio Public Utility Commission, seeking a contract for its troubled Davis-Besse reactor and three coal plants at an estimated price of \$65 per megawatt-hour – nearly 70% above market rates. Environmental

and consumer groups argue such costs are unwarranted, especially with more affordable clean energy alternatives.

“New Yorkers are rapidly adopting renewable energy, and the state’s policy makers are pushing distributed electricity generation and energy efficiency measures as a way to keep down costs and meet climate goal,” said Jessica Azulay, Program Director of the [Alliance for a Green Economy](#) in New York. “At a time of unprecedented momentum toward a smart, efficient, renewable energy system, the nuclear industry is trying its best to thwart the energy revolution and pull us back into the past with scare tactics and spin.”

The industry campaign was hatched after Entergy’s decision to close its Vermont Yankee reactor in August 2013. Despite having won a legal fight with the state of Vermont over the legislature’s decision the plant should close, Entergy found the costs of operating of the reactor were rising and the region’s grid operator had already decided the plant was no longer needed. With all the rest of its reactors in the Northeast in danger of closure due to economic pressure and licensing problems, the company began publishing opinion pieces and lobbying elected officials and market regulators for special treatment. Yet, the situation in Vermont belies the industry’s message that old reactors are “necessary” to protect consumers and workers, and prevent greenhouse emissions. Vermont already has plans to replace all of the plant’s electricity with low-cost carbon-free energy, expanded its renewable energy programs this year, and Entergy cut a deal to keep half the Vermont Yankee workforce employed in environmental cleanup and managing radioactive waste.

“Until the day Entergy announced Vermont Yankee’s closure, it maintained that Vermont Yankee was a benefit to the state and economically viable,” said Deb Katz, Executive Director of [Citizens Awareness Network](#) in New England. “Upon closure, it acknowledged that it would lose over \$200 million if VY continued to operate. In 2012 the state replaced Vermont Yankee with contracts at substantially lower rates and expanded its commitment to sustainable energy and efficiency.”

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