

## **NEW LOAN-GUARANTEE BAILOUT FOR NEW NUCLEAR REACTORS PUTS U.S. TAXPAYERS AT RISK AS DEPARTMENT OF ENERGY HANDS OVER BILLIONS OF DOLLARS TO “POSTER CHILD FOR COST OVERRUNS”**

*Nuclear Power Industry is Perfect Illustration of Why Taxpayers Are Saying “No More Bailouts!” – Billions for Plant Vogtle Reactors Impossible to Justify in Terms of Rising Financial Risks, Reduced Demand for Power, Cheaper Renewables and Huge Potential of Energy Efficiency.*

**Atlanta, GA. – December 30, 2009** -- First it was insurance companies, then it was banks and that was followed by auto companies. Now, the federal government is putting U.S. taxpayers and utility customers at new risk under a controversial U.S. Department of Energy (DOE) loan guarantee program that is slated to award \$18.5 billion, with Atlanta-based Southern Company predicted to be first on the list for program funds to build two new nuclear reactors at Plant Vogtle in Waynesboro, Georgia.

Ironically, the DOE's “top choice” for the nuclear reactor loan guarantees, which are backed by U.S. taxpayers in the event of defaults, is the very same Plant Vogtle that helped to kill the previous nuclear power boom in the United States in the 1970s and 1980s. Huge cost overruns at the original Plant Vogtle – which escalated from \$660 million for four reactors to a whopping \$8.87 billion for two – likely played a role in putting the brakes on nuclear expansion plans pursued decades ago in the United States.

Will history repeat itself on Plant Vogtle cost overruns?

Higher bills and costly delays may already be in the works at Plant Vogtle. According to news accounts in early December 2009: “The proposed construction of two new nuclear reactors at Plant Vogtle near Waynesboro could likely have cost overruns and possibly face delays, according to testimony released by the Georgia Public Service Commission. The group monitoring the progress of the new reactors is also being denied access to crucial information about the process, and Georgia Power is not revising economic evaluations based on a variety of factors that include a reduced demand for electricity and cheaper alternatives to nuclear energy, the document says.” (See URL below.)

Such developments for the proposed new Plant Vogtle reactors could parallel the current fiasco in San Antonio, Texas, where another would-be DOE loan guarantee is facing local rejection of a new reactor project that is plagued with a \$5 billion cost overrun that amounts to 27 percent of the initially projected budget. (See URL below.)

Dr. Stephen A. Smith, executive director of the Southern Alliance for Clean Energy points out: “Nuclear power is most certainly not the best path to clean and low-cost energy for the United States. Instead, the first step should be reducing our energy consumption in this country and efficiently using the energy that we do consume, not spending hundreds of billions of Americans’ hard-earned dollars on risky new nuclear reactors that will pad the pockets of the nuclear industry even more. Utilities are doing everything they can to shift all of the risks onto ratepayers and U.S. taxpayers. Why? Because the utilities can’t afford to do it any other way. The proponents for new nuclear reactors are essentially proponents for more taxpayer-funded bailouts for irresponsible corporations that continue to make bad energy decisions.”

Mark Cooper, senior fellow for economic analysis at the Institute for Energy and the Environment at Vermont Law School says: “2010 will be the seventh year of the so-called ‘Nuclear Renaissance,’ but it is shaping up to be a lot like the U.S. nuclear industry of the 1980s, a decade of no new orders, multiple delays and cancellations, hefty defaults, and emerging cheaper alternatives. Of 26 new nuclear reactor license applications submitted to the Nuclear Regulatory Commission since 2007, 19 have been cancelled or delayed and every private sector project has suffered a downgrade by credit rating agencies. The reality is that capital markets will not finance new reactors because demand growth has

slowed, reactors cost much more than available alternatives and they face too many technology, marketplace, and policy risks; so nuclear advocates have demanded a massive increase in direct federal subsidies to bail the industry out. What we are looking at is the prospect of 'nuclear socialism' that could only go farther if it involved outright state ownership of the industry."

(For more comments from Cooper and other experts on how loan guarantees will not fix the insurmountable obstacles in the path of a so-called new nuclear "renaissance" in the United States, go to <http://www.psr.org/nuclear-bailout/nuclear4.pdf>.)

What is the alternative to new nuclear reactors? Stephen Smith says, "We need to fully embrace renewable energy and energy efficiency and conservation. Unlike nuclear reactors, solar and wind are truly clean – they are emission free when they're producing electricity, no carbon, no deadly nuclear waste that remains highly radioactive longer than human civilizations have even existed. And don't forget that clean renewable energy creates jobs, lots of jobs, and lots of jobs right here in the United States. Energy efficiency is far, far cheaper than building new nuclear reactors and helps reduce carbon emissions immediately, all while saving consumers and businesses money. And this can be done right here in the Southeast."

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<http://www.gpb.org/news/2009/12/14/psc-staffers-criticize-georgia-power>

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[http://www.mysanantonio.com/news/local\\_news/80039727.html](http://www.mysanantonio.com/news/local_news/80039727.html)

**"Experts: Three Latest industry setbacks further dim nuclear 'renaissance,' taxpayer-backed loan guarantees can't fix fundamental problems with new reactors"**

<http://www.psr.org/nuclear-bailout/nuclear4.pdf>

Southern Alliance for Clean Energy (<http://www.cleanenergy.org>) is a nonprofit organization that promotes responsible energy choices that create global warming solutions and ensure clean, safe, and healthy communities throughout the Southeast.

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