



## South Texas Association for Responsible Energy



April 18, 2011

David Crane, CEO of NRG Energy, Inc.  
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Re: Proposed South Texas Project Reactors 3 & 4, Relicensing of Reactors 1 & 2

Dear Mr. Crane and NRG Energy Board of Directors:

In light of the ongoing nuclear crisis in Japan, rising awareness of safety concerns, increasing costs for proposed reactors, potential design change requirements, an investor gap and regulatory and economic uncertainty, we respectfully urge NRG to formally withdraw its Combined Operating License application with the Nuclear Regulatory Commission (NRC) for proposed South Texas Project reactors 3 & 4. We ask that you withdraw the related DOE federal loan guarantee application as well.

Existing South Texas Project reactors (1 & 2) are set to retire in 2027 and 2028, but NRG's relicensing application seeks to add another twenty years of operation for both units. Safety risks increase as reactors age and we urge you to withdraw the relicensing application for Units 1 & 2 and seek to replace the power generated by safer, cleaner energy technologies. We encourage you to pursue Texas projects like your Agua Caliente solar facility that will soon generate 290 MW of power in Arizona.

In an April 13th Reuters article you were quoted as having told the Gulf Coast Power Association that "the project's odds of success have dropped substantially" and that "TEPCO's mounting financial problems in the wake of the Fukushima crisis leave the STP expansion with a huge potential gap in ownership." Austin Energy does not appear to be interested in purchasing power from the proposed reactors. CPS Energy does not appear to be interested in investing further or pursuing a power purchase agreement. We question whether there are any investors capable of filling the financing gap.

As you stated in a March Reuters interview, "The economics related to the capital budget are right on the edge of viability." In light of these concerns, why continue to pursue licensing and loan guarantees? When NRG and Toshiba announced minimizing NINA spending towards new

reactors, NRG stock value increased. Fully withdrawing from project licensing and the pursuit of loan guarantees could be of financial benefit to NRG.

No doubt you are aware that our organizations, along with the South Texas Association for Responsible Energy, continue to legally contest reactor 3 & 4 licensing. As intervenors we have raised many crucial safety issues, and have anticipated a hearing in August by the Atomic Safety and Licensing Board Panel regarding risks of co-locating multiple reactor units at the site. There is no indication that STP reactors 1 – 4 could adequately deal with fires and explosions and simultaneously maintain core cooling, containment and spent fuel cooling. An April 15, 2011 NRC order extends time for Commission review of Staff's petition regarding the contention.

We intend to continue pursuing our contention regarding fires and explosions, which is presently before the Commission in a petition for review in the Comanche Peak case. In that case, the Commission issued a March 29, 2011 order indefinitely suspending its timeline for review. Again, we interpret this as indicative of the Commission's interest in the fires and explosions contention, especially in light of the Fukushima disaster. If the Nuclear Regulatory Commission does grant the STP 3 & 4 reactor license, we intend to continue our legal fight and appeal to federal court.

Additional concerns regarding expansion of South Texas Project include the following:

- The proposed nuclear reactors would consume vast quantities of increasingly precious water, in a time when drought is expected to increase in Texas. Reactors 3 & 4 would use 23,000 gallons of water *every minute*, which equates to filling a backyard swimming pool every single minute of every day - 1440 swimming pools a day. The two existing reactors have used up to 49% of the flow of the Colorado River. With projections of increasing drought and in a time of raging wildfires in Texas, it is questionable as to whether there will be enough water to supply nuclear reactors and the many other users that need it. It is also questionable as to whether the water we do have will be cool enough to adequately cool the reactors. Brown's Ferry in Tennessee has had to shut down in the recent past because the river water was too hot.
- The operating history of the Advanced Boiling Water Reactor (ABWR) design has not been stellar. The few ABWR's that exist in Japan have had significant technical problems. All seven reactors at the Kashiwazaki Kariwa site, including two ABWR's, had to be shut down in 2002 when deliberate falsification of safety data was discovered. A major earthquake in July of 2007 caused the two ABWR reactors to remain shut down for an extended length of time. Radioactive water reached the Sea of Japan and the two reactors didn't come back online until 2009.
- Radioactive waste remains a problem that has not been solved, so the time has come to stop generating more of it. After decades of trying, the U.S. still has no disposal site for the highly radioactive spent fuel rods from nuclear reactors, the "high-level" waste. Reactor containment vessels and other reactor wastes that remain radioactive for up to millions of years have been deemed "low-level" waste. These radioactive materials would be shipped on our highways and rails to a West Texas site that was approved despite the fact that all eight TCEQ staff members who reviewed the license unanimously recommended denying it. They raised concerns about water contamination since they

believe the site will not adequately isolate the radioactive waste from water and they stated that the license did not meet legal requirements.

- There is not a good market for nuclear power. New nuclear reactors would produce energy at far higher costs than the market price of power in Texas, an unwise investment. Potomac Economics recently reported to Texas' main grid operator, ERCOT, the Electric Reliability Council of Texas, in a State of the Market report that "Estimated net revenues for nuclear and coal resources were insufficient to support new market entry in 2009." This trend is continuing in 2010 because natural gas prices and wholesale market prices remain very low.

We look forward to working with you on projects in Texas that we can and will support, such as solar, wind or energy efficiency projects. We would greatly appreciate hearing that NRG has decided to withdraw its combined operating license application (COLA) for STP 3 & 4 and request for federal loan guarantees, as well as the re-licensing application for STP 1 & 2. Thank you and please reply to our request in writing.

Sincerely,

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