



Press Release

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Nuclear Costs Underestimated by NRG; *New Study Released*

San Antonio, TX The likely costs of the two nuclear reactors proposed by NRG Energy, Inc. and CPS Energy are significantly underestimated according to a new study by Dr. Arjun Makhijani for the Sustainable Energy and Environment (SEED) Coalition.

In August, 2007 NRG estimated the cost of the two reactors at between \$6.0 and 7.0 billion. In his report, "Assessing Nuclear Capital Plant Costs for Two Proposed NRG Reactors at the South Texas Project Site," Dr. Makhijani found that the two reactors would cost \$12 to \$18 billion.

"The projected cost range of \$6 to 7 billion is obsolete. The best available estimates indicate that capital costs would likely be two or more times higher, even without taking into account the potential for cost escalation due to construction delays and other risks," said Makhijani.

"The risks to CPS as a municipal utility and to the ratepayers of San Antonio are great. Due diligence demands that CPS participation in the project should not be pursued until an independent, detailed study with current cost estimates of the plants and possible alternatives are complete and have been publicly disclosed and discussed," Makhijani said.

"Making such a large commitment to the nuclear reactors would foreclose investments in energy efficiency, renewable energy, and other safer ways of meeting San Antonio's future energy needs," said Karen Hadden, director of SEED Coalition. "CPS is proposing rate hikes and committing to nuclear plants without having reliable data."

Dr. Makhijani noted that the KEMA study prepared for CPS Energy concluded that CPS' load could be economically reduced by 1220 MW. This amount is larger than the amount of power that CPS would get with a 40% share of the proposed nuclear plants. "Capital costs are increasing for coal and nuclear power and new technology developments have increased the potential for energy efficiency and renewables, so the energy options should be reassessed," said Makhijani.

"Who will have to pay if there are cost overruns? The nuclear plants ran six times over budget last time. If reliable sources already say that projected costs could easily be twice as high, it's time to look more closely at the financial risks of this project," said Loretta Van Coppenolle, of the Alamo Group of the Sierra Club.

“CPS and the City Council should delay a decision on investing in the nuclear reactors. Finances are among the many reasons why San Antonio should slow down and make this decision very carefully,” said Lara Cushing of the Southwest Workers Union. “Citizens can ask CPS to pursue energy efficiency and clean, renewable wind and solar power for San Antonio’s future energy needs at the hearing on the rate hike tomorrow night.”

CPS Energy completed a study of costs in June of last year that is now being updated. The results of that study are not publicly available, although a rate hike that would pay for \$206 million in initial nuclear plant costs is being considered by CPS and could soon go to City Council for a decision.

Dr. Makhijani based his estimates on recently released projections by Florida Power and Light Company for two similar reactors, a study done by the Tennessee Valley Authority, a report from Moody’s Investors Service, and calculations that he performed using data from CPS Energy. Dr. Makhijani is President of the Institute for Energy and Environmental Research based in Takoma Park, Maryland.

Assessing Nuclear Plant Capital Costs for the Two Proposed NRG Reactors at the South Texas Project Site can be found online at www.NukeFreeTexas.org.

CPS Energy will hold a hearing on a proposed electric rate hike:

Tuesday, March 25th - 6 PM
Villita Assembly Hall – at La Villita
401 Villita Street, San Antonio, TX

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