



For Immediate Release: January 16, 2009

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Texas environment and consumers' groups point to new study saying Nuclear Power would deepen Economic Crisis

New study -- "Business Risks and Costs of New Nuclear Power"

Austin, TX - A recent report finds that new nuclear power is not economically competitive. The report, entitled *Business Risks and Costs of New Nuclear Power* by power plant cost expert Craig Severance states that, "The cost estimates for new nuclear power plants put them among the most expensive private projects ever undertaken in the history of the world."

"This report explains how utilities and the nuclear industry are underestimating nuclear costs," said Karen Hadden, Executive Director of the Sustainable Energy and Economic Development (SEED) Coalition. **"Texas utilities say that their responsibility is to provide affordable, reliable power, but nuclear power falls short on both counts."**

Federal Energy Regulatory Commission (FERC) 2008 data has shown nuclear power to cost between \$4,500 - \$7,500/kW, the most expensive way to generate electricity.

The new study finds that nuclear costs would be even higher, at \$8,900 - \$10,500/kW. Generation costs are likely to range from 25-30 cents/kWh. The report states that "adding new nuclear power – with costs for generation alone that are 2 to 5 times total retail electric rates now in place – will have a dramatic upward effect on electricity rates."

The "all-in" analysis included construction cost escalations and the cost of financing during construction. Prices of steel, concrete, copper, labor and reactor technology can all impact nuclear reactor costs.

The report warns that nuclear power could negatively impact customers, noting that "if a utility chooses an option with significant risks of failure to meet its projected costs and timetable, severe consequences could ensue in the form of higher rates or, in the worst case, service interruptions." This situation could also downgrade utility credit ratings and stymie local economic growth.

A recent Texas Public Utilities Commission report written by ITRON found that Texas could reduce electricity use by 23% through energy efficiency and save nearly \$12 billion on electric bills. Efficiency measures would save the state \$2 on electric bills for every dollar invested.

“Energy efficiency saves money and resources, and should be our first priority,” said Cyrus Reed, Conservation Director of the Lone Star Sierra Club. **“Solar, wind, and geothermal energy are *significantly less expensive* than nuclear power, and don’t come with the risks of safety, proliferation, and radioactive waste.”**

Six nuclear reactors proposed for three sites in Texas are moving forward in the Nuclear Regulatory Commission licensing process – the South Texas (Nuclear) Project expansion planned in Matagorda County, Luminant (formerly TXU) expansion planned in Somervell County, and a new plant proposed by Exelon in Victoria County.

Luminant has admitted to a price tag that could reach \$22 billion for their two proposed Comanche Peak reactors south of Fort Worth.

“Last time, Comanche Peak reactors ran ten times over budget and were years late coming online,” said Tom “Smitty” Smith, Director of Public Citizen. **“More nuclear reactors would cause electric rates to increase substantially.”**

“Nuclear industry leaders have said no new nuclear power plants can be built without federal loan guarantees. It makes no sense to use taxpayer dollars to “bail in” an industry, which has relied for decades on subsidies and handouts. The nuclear industry is not economically viable on its own, much less competitive with other energy sources,” continued Smith. The report notes that coal, natural gas, solar and wind generation have been able to obtain private financing and don’t have to rely on federal loan guarantees.

The report also notes that delays and citizen opposition to reactors can impact costs. There will be legal opposition to all of the nuclear reactors planned for Texas and so far the path has not been smooth:

- Last year an indefinite suspension was given of the hearing for NRG’s South Texas Project (STP) reactors as a result of a petition filed by SEED Coalition. Legal proceedings stalled.
- Austin, partial (16%) owner of existing STP reactors 1&2, walked away from participating in the two additional planned reactors.
- Due to citizen opposition CPS Energy in San Antonio had to reduce their rate hike and take nuclear power out of the rate hike in order to get it passed.
- Exelon had to switch the design for reactors planned for a new site south of Victoria.
- Citizens in North Texas raised concerns over environmental issues as well the process for the environmental scoping meeting held Jan. 6, 2009. Only 12 days notice were given, including Christmas and New Year’s Day. Some people on the notification list never received email notices.

See Craig A. Severance’s study **“Business Risks and Costs of New Nuclear Power”**–
[http://climateprogress.org/2009/01/05/study-cost-risks-new-nuclear-power-plants/
www.NukeFreeTexas.org](http://climateprogress.org/2009/01/05/study-cost-risks-new-nuclear-power-plants/www.NukeFreeTexas.org)

See the Texas Public Utilities Commission report by consulting firm I-tron **“Assessment of the Feasible and Achievable Levels of Electricity Savings from Investor Owned Utilities in Texas: 2009-2018”**
http://www.puc.state.tx.us/rules/rulemake/33487/EE_Potential_Study.pdf

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