

NATURAL RESOURCES DEFENSE COUNCIL ♦ UNION OF CONCERNED SCIENTISTS ♦
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CLEAN WATER ACTION ♦ FRIENDS OF THE EARTH ♦
ALLIANCE FOR NUCLEAR ACCOUNTABILITY ♦ 1SKY ♦ BEYOND NUCLEAR ♦
PUBLIC CITIZEN ♦ NUCLEAR INFORMATION AND RESOURCE SERVICE ♦
SUN DAY CAMPAIGN

May 12, 2009

Re: Oppose Murkowski Amendments and Any Other Amendments to Further Subsidize the Nuclear Industry

Dear Senate Energy Committee Member:

We are writing to urge you to oppose the Murkowski amendments to the 2009 Energy Bill that would further subsidize the nuclear industry or establish reprocessing and “temporary” storage of radioactive waste.

Nuclear Power is Risky and Already Highly Subsidized

Even prior to the current credit freeze, the nuclear industry was unable to borrow money from Wall Street, because it is too risky. The Congressional Budget Office (CBO) estimates the likelihood of default for loans made to nuclear reactor developers to be “well above 50 percent.” *Standard & Poor’s* recently downgraded the credit rating of Scana, South Carolina Electric & Gas, and Public Service Co. of North Carolina due to the risk posed by the two proposed V.C. Summer reactors in South Carolina.

The nuclear industry already has cradle-to-grave subsidies and incentives for constructing new reactors. It also received the lion’s share of the subsidies and incentives in the Energy Policy Act of 2005 (EPACT 2005). Some of the subsidies and incentives for constructing new reactors include:

- Over \$1 billion authorized for research and development for new nuclear reactors;
- A one-step construction and operation license application process that limits public participation;
- \$18.5 billion in loan guarantees for new nuclear reactors;
- \$2 billion in “risk insurance” to pay the industry for any delays in construction and operation licensing for 6 new reactors, including delays due to the Nuclear Regulatory Commission or litigation;
- \$1.25 billion plus “such sums as are necessary” to construct a nuclear reactor in Idaho to generate hydrogen fuel;
- Reauthorization of the Price-Anderson Act, extending the industry’s liability cap to cover new nuclear reactors built in the next 20 years;
- Production tax credits of 1.8-cent for each kilowatt-hour of nuclear-generated electricity from new reactors during the first 8 years of operation for the nuclear industry, costing \$5.7 billion in revenue losses to the U.S. Treasury through 2025;
- Changed rules for nuclear decommissioning funds that are to be used to clean up closed reactor sites, costing taxpayers \$1.3 billion;

- DOE contracts with utilities guaranteeing that the nuclear waste will be removed from new reactors within 10 years of shutdown or the US taxpayer pays for irradiated fuel storage costs; and
- One mil per kilowatt-hour paid by ratepayers receiving electricity from nuclear reactors to pay for a geologic repository for the irradiated fuel; the Nuclear Waste Fund currently has \$22 billion.

Reprocessing is Expensive, Proliferating and Polluting

Reprocessing would cost taxpayers hundreds of billions of dollars, undermine U.S. nonproliferation policy, pollute the environment and threaten public health. According to the National Research Council in 1996, a reprocessing and fast reactor program that would process only existing U.S. spent fuel would cost about \$500 billion. Globally, commercial reprocessing has produced nearly 250 metric tons of separated plutonium – enough to make 30,000 nuclear weapons. This material is vulnerable to theft by terrorist groups. Reprocessing, the most polluting part of the nuclear fuel cycle, actually increases the number and complexity of the radioactive waste streams that must be managed. The size of the geologic repository required to dispose of nuclear waste depends not on the volume of the waste, but on the amount of heat it generates. Because reprocessing does not reduce the level of heat, it does not affect the need for a repository or reduce its required size.

Waste Confidence

Finally, we urge you to oppose amendments that would legislate Waste Confidence (that Congress is confident that there will be a timely solution for nuclear waste), because the Nuclear Regulatory Commission is currently in the process of rulemaking on this issue. The resolution of Waste Confidence should remain with the NRC, which was established to address health and safety issues associated with civil use of atomic energy. It is worthwhile to remember that the current failure to develop a geologic disposal facility for high-level radioactive waste and spent fuel is due in large part to interventions by Congress subsequent to the passage of the Nuclear Waste Policy Act of 1982.

It is unacceptable to ask taxpayers to shoulder the full costs and risks of nuclear technology when renewable energy and energy efficiency investments can be made much more quickly, for much less money, and with little risk to taxpayers. We urge you to reject the Murkowski amendments and any other amendments that would further subsidize or incentivize nuclear energy or reprocessing.

Sincerely,

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SUN DAY Campaign