

Nuclear Energy Information Service

Illinois' Nuclear Power Watchdog since 1981

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THE CORROSIVE EFFECTS OF NUCLEAR BAILOUTS

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Nuclear bailouts represent the government's way of turning people into utility ATM machines. At the state level, that would be ratepayers. At the federal level, that would be the U.S. taxpayers. It's always easier to spend somebody else's money, especially when trying to score political points with voters and donors.

Nowhere is this more in evidence than in the states of Illinois and Ohio, characterized by not only outrageous nuclear bailouts imposed on ratepayers, but also horrendous amounts of political corruption essential and intrinsic to sealing the deals.

In Illinois the 2016 Future Energy Jobs Act – FEJA – lavished \$2.35 billion over a 10 year period to rescue three allegedly unprofitable Exelon nuclear reactors from threatened closure – implementing the now legendary “nuclear hostage crisis.” This method of legalized extortion consists of a nuclear utility, in this case Exelon, crying nuclear plants as “unprofitable” (without opening their books for independent verification), and threatening to close them down. In the next phase the plant workers and their families, and the local tax-base entities dependent on the plant operation put pressure on local state legislators to “do something!” – in the 2016 case, bail out the reactors. This bailout gambit has become so successfully lucrative that it has actually been suggested as a valid component of a nuclear utility's business model – at least according to environmental-regulator-turned-lobbyist Michael Krancer in his PowerPoint presentation at a 2017 utility conference.

In both cases these bailouts represented “renewables that weren't” – meaning they either did not use those billions to construct new renewables, efficiency, energy storage or improved transmission; or, in Ohio's case overt efforts were also enacted to restrict such renewables expansion. For example the \$2.35 billion 2016 Illinois nuclear bailout represents the approximate financial equivalent of 1,175 brand new 2 MW wind turbines in today's dollars, the statewide construction and distribution of which would have produced local construction and operation jobs, and a broader distribution of tax benefits to a wider population, not to mention the potential for land-leasing fees paid to farmers on whose land the turbines would have been built. As the old saying goes, stupidity and evil are the same, judging by results.

But the “power” in nuclear means more than electrons. Thanks to the FBI, corrupt lobbying practices by Exelon's subsidiary ComEd were identified in Illinois that, while possibly resulting in that 2016 \$2.35 billion bailout, also resulted in a guilty plea and \$200 million fine on corruption charges. It also resulted in indictments of former lobbyists and the indictment and early “retirements” of several top ComEd and Exelon officers. Ultimately, it also cost state Rep. Michael Madigan his 50+ year job as speaker of the House and as state legislative kingpin, as well as resulting in his resignation from the legislature, with the cloud of a possible future FBI indictment currently hanging over his head as well.

Currently in 2021 in Illinois, critically important energy legislation that would have aggressively expanded renewables, efficiency and just-transitions programs for communities adversely affected by inevitable fossil fuel and nuclear plant closures was stymied in part over the dispute over a newly requested Exelon bailout

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of as much as \$500+ million per year for anywhere from 9-15 years. This time Illinois Governor JB Pritzker refused to play along with the “nuclear hostage crisis” scenario, and ordered an independent audit of Exelon’s books – an audit which revealed that at most, Exelon’s allegedly troubled reactors should receive no more than \$350 million in bailout money for no more than 5 years – possibly less if energy prices improve. Unfortunately, the “nuclear power” of local politics expanded that proposed amount to \$700 million for 5 years; but the energy legislation fell apart, and this bailout was not enacted.

All of this reveals that bailouts inhibit expansion of renewable energy; and that correlation and causation meet over the political corruption required to make bailouts happen. Perhaps the next FBI bailout corruption investigations should look a little higher up the political chain to the federal arena.

All of this leads to the inescapable conclusion: you can’t built an energy *future* by bailing out the *past*. ■