

Chesapeake Safe Energy Coalition * Missourians for Safe Energy Citizen's Awareness Network (Central New York)

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Deal That Could Pave the Way for Four New Nuclear Reactors In the U.S. Is Taxpayer Boondoggle

Coalition Statement on Reactors Planned for Maryland, Pennsylvania, New York and Missouri

A transaction announced Wednesday through which Electricite de France (EDF) – the world's largest nuclear developer – will buy half of Baltimore-based Constellation Energy should not come to fruition. Not only does it increase the foothold of a French state-controlled utility in the largest energy market, but it makes it more likely that billions of U.S. taxpayer dollars will be sunk into an economically unviable industry.

Baltimore-based Constellation Energy said that it would approve a deal with the world's largest nuclear developer, French-controlled EDF. Under the proposal, EDF would pay \$4.5 billion to buy half of Constellation's aging nuclear assets, which consist of two reactors at Calvert Cliffs in Maryland, two reactors at Nine Mile Point in New York and the Ginna reactor, also in New York. In addition, EDF would buy up to \$2 billion of non-nuclear Constellation power plants.

EDF and Constellation already are in business together; they have a joint venture called UniStar, which plans to build four new reactors in the U.S. at Calvert Cliffs in Maryland, Nine Mile Point in New York, Callaway in Missouri and Bell Bend in Pennsylvania. The proposed deal would solidify these plans.

Not only would new reactors generate tons of deadly radioactive waste, which no country in the world knows how to dispose of safely, but they would require a massive infusion of capital that U.S. taxpayers should not be asked to underwrite, especially in the current economic climate, when hundreds of billions of tax money is being used to bail out the financial and auto sectors. It would be far more productive and less risky to underwrite investments in efficiency improvements and renewable energy. These investments would be paying for themselves years before any new nuclear plant came into operation.

Under UniStar's financing plan, U.S. taxpayers could be held liable for 80 percent of the reactors' cost, the estimate of which has more than tripled from \$2.5 billion to more than \$9 billion. According to estimations by the Congressional Budget Office, 50 percent of all new reactor projects are likely to default on subsidized loans. After 50 years, the nuclear industry is still beleaguered by unacceptable default rates. This mature industry is unviable and should not be eligible for loan guarantees.

Further, the new type of reactor to be built – called an Areva Evolutionary Power Reactor (EPR) – has run into problems elsewhere. EPR pilot projects in Finland and France have been plagued by cost overruns and delays. The scheduled completion of the Finnish project has slipped by two and a half years, to 2011, with the projected cost of completion now at \$8.1 billion, a dramatic increase of \$3.4 billion. Another EPR project slated for South Africa was scrapped on Dec. 5, when South Africa's Eskom Holdings canceled plans, citing financing problems.

Making EDF such a huge player on the U.S. nuclear scene also raises questions as to how much influence a foreign government should have in U.S. energy matters. It appears to violate the Atomic Energy Act's prohibition against foreign ownership, domination or control of a nuclear power project – an issue we have brought to the attention of the Nuclear Regulatory Commission.

To date, more than 8,000 citizens have signed our petition opposing the four new reactors. The petition highlights the fact that shell corporations have been set up to build and operate the new reactors. This protects the company's assets if the projects fail but leaves ratepayers on the hook.

The nuclear industry admits that it can't exist without government assistance. And we, as citizens and ratepayers, can't afford to subsidize an industry that has failed the test of the marketplace. Seeing EDF's missteps and cost overruns in its EPR project at Flamanville, France, we seriously question the wisdom of allowing it to build these plants in the United States. And our government certainly shouldn't offer them a single dollar in taxpayer guaranteed loans.

A better alternative exists: Instead of spending taxpayer money to expand a financially unviable industry, policymakers should instead invest in such alternatives as wind and solar power.

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