

NO RATEPAYER BAILOUTS FOR EXELON! “NUCLEAR HOSTAGE CRISIS” – EXELON’S WAR ON RENEWABLE ENERGY IN ILLINOIS

David A. Kraft, Director, Nuclear Energy Information Service

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On May 16th it was announced that the Legislature would NOT fix deficiencies in the State’s Renewable Energy Portfolio Standard law that prevent more renewable energy from being built in Illinois. On the same day Exelon and Rep. Mike Madigan announced that Exelon would keep open for at least another year the five reactors it threatened to close due to poor economic performance. These two events are not a coincidence. But they will hurt renewable energy.

Exelon’s 11 operating reactors in Illinois have not made a profit for five years. Exelon blames lower energy prices stemming from increased natural gas use, and the continued increases in renewable energy production. Consequently, it has given indication it seeks “assistance” from the State Legislature. Exelon claims, “...we face a serious, emerging challenge because of the lack of a comprehensive energy policy that recognizes the significant value that Illinois’ nuclear fleet provides to the state...” Without “recognizing” that value, Exelon threatens, “...we also are prepared to make tough decisions about the future of some plants if the outlook doesn’t improve. Much is at stake. Exelon’s Illinois nuclear plants employ 5,300 skilled men and women and spend more than \$400 million annually with 3,217 in-state businesses.” [1]

Exelon’s threats ignore several important facts, any one of which should disqualify any proposed bailout:

- **Extortion:** Exelon’s “observation” that “Much is at stake,” in less-polite circles would be called – **extortion**. Besides showing what a bad actor and lousy neighbor Exelon is, it’s another example of the perverse “too big to fail” milieu which plagues our society and economy at all levels. Yes, such losses could have a negative impact on Illinois unless creatively mitigated. But this is surely the same argument made by blacksmiths and wheelwrights across Illinois in the early 20th Century, when new technologies and better systems left the old behind. The Legislature should not delay this needed transition to providing 21st Century electric service with a bailout that finances 20th Century business models and technology. Making war on renewables is not the answer.
- **Markets:** While it’s unfortunate for them that Exelon’s Illinois nuclear plants have lost money the last 5 years, recall that this occurred in the so-called “free-market” which Exelon claims it favors, and which its lobbyists helped create in the late 1990s. You made it; live with it.
- **Bad Business Model:** Decades of building nuclear capacity to the exclusion of renewable energy resources, while frequently fighting conservation, efficiency programs and wind production credits was a *corporate* decision in which the public – whose pockets Exelon now proposes to pick – had no say. This monolithic, anachronistic business model was one which ComEd/Exelon was repeatedly warned against by many stakeholders in and out of Illinois, warnings which Exelon’s corporate execs and shareholders chose to ignore. It’s the kind of model most recently decry as obsolete by former Energy Secretary Steven Chu during a visit to Chicago [2]. Its failure should not be rewarded.
- **Already Compensated:** Exelon (and its predecessor ComEd) have already been handsomely rewarded and “recognized” financially for their nuclear plants. In the 1970s and 80s ComEd/Exelon received numerous rate-hikes over consumer objections to pay for building those reactors. *Crain’s Chicago Business* calculated a number of years ago that because of utility de-regulation in the late 1990s, ComEd/Exelon received \$6-\$11 billion in “stranded cost” recovery payments because of excessive nuclear reactor construction. David Kolata, executive director of the Citizens Utility Board, reports that, “Over the last decade, Exelon has reaped more than \$21 billion in profits, running a fleet of nuclear plants that benefited from high electricity prices.”[3]
- **Unique Value?:** If reactors qualify for special benefits simply for performing in the manner they were designed, shouldn’t other energy resources get similar financial credits for *their* unique abilities and societal benefits? Energy efficiency does not create nuclear waste, a societal cost for the next 6,000 generations. Shouldn’t EE get credit for this avoided cost? Unlike nuclear power, neither wind nor solar power contributes to nuclear weapons or materials proliferation. Since they consume no fuel at all, they produce *zero* pollution. Shouldn’t wind and solar get special, additional non-nuclear proliferation or zero-pollution credit for these major societal benefits?

WHAT YOU CAN DO: If the Legislature takes any role in this Illinois nuclear hostage crisis, it should be to work for the release of the hostages – unharmed; not reward the hostage takers and extortionists at Exelon. Contact your state senator and rep today, (<http://www.ilga.gov/>) telling him/her: “Civilized people don’t reward extortionists; *they prosecute them!* No bailouts for Exelon! Fix the RPS! (HB2864/SB103) – or you’ll hear from me again **IN NOVEMBER.**”

[1] “State should recognize value of Illinois nuclear plants,” Chicago Tribune, March 30, 2014.

[2] “Steven Chu Solves Utility Companies’ Death Spiral,” Forbes, March 21, 2014;

<http://www.forbes.com/sites/jeffmcmahon/2014/03/21/steven-chu-solves-utility-companies-death-spiral/>

[3] “State bailout would insulate firm from costly decisions, jolt residents,” Chicago Tribune, March 30, 2014.

