



Nuclear Energy Information Service

Illinois' Nuclear Power Watchdog since 1981

Office and Mail: 3411 W. Diversey Avenue, #13, Chicago, IL 60647-1245
(773)342-7650 www.neis.org neis@neis.org

ALTERNATIVE FUNDING MECHANISMS FOR EXELON'S MONEY-LOSING NUCLEAR PLANTS

Exelon Corporation is seeking a funding bailout from the Illinois General Assembly to cover operating losses at the Clinton and Quad Cities nuclear reactors, which they say have been unprofitable for years. It is ironic in that this is occurring in the very energy market that ComEd lobbyists help create in the late 1990s; and for which ComEd received an estimated \$6 to \$11 billion in stranded cost recovery. It is also remarkable in that functional businesses engage in means towards reversing their losses other than running to the State Legislature to be "made whole."

Exelon has on several occasions stated in public that they believe these nuclear assets – *their* nuclear assets – are fully functional, in good operating condition, and could again become profitable in the future if the price of energy changes – some 4-6 years in the future. If these assertions are correct, then means other than a legislative bailout financed by Illinois ratepayers should be utilized by Exelon to preserve *their* assets. Other, more rational and fair options exist. Some suggestions:

- 1.) ***Change the internal Exelon policy preventing other profitable assets from covering losses at these currently money-losing reactors.*** If Exelon truly believes there is a profitable future for these reactors, they and their shareholders should finance the lean times themselves, and not ratepayers. After all, Clinton and Quad Cities are ***Exelon assets***, not publicly held assets.
- 2.) ***If ratepayers' money is to be used to finance a private company's operations, ratepayers should get equity in the transaction, since it is their money being used.*** Give ratepayers shares of stock for the use of their money, if Exelon needs funds to keep the reactors open. What other Illinois business can use other people's money with no obligation to provide equity or pay interest? Would Exelon be allowed to do this with the banks? If not, why should they have access to ratepayer money?
- 3.) ***Sell the reactors.*** Exelon historically has often purchased economically distressed reactors from other utilities. Perhaps it is Exelon's turn to be a seller, and at least get some value back from the reactors. This would also have the added benefit of protecting the workers jobs and the tax bases of the dependent communities.
- 4.) ***Make the operation of these reactors "more flexible" by engaging in "load following."*** Utilizing this technique does not eliminate loss, but does reduce it – perhaps to more tolerable levels until the time in the future that Exelon predicts will return the reactors to profitability. While there are costs involved in preparing the reactors to operate in this manner, it avoids immediate shutdown and the costs associated with that choice. It also maintains the reactor operating licenses intact, avoiding the costs associated with need to re-apply in the future for an NRC license exemption and re-authorization. (see next point...)
- 5.) ***Shut down now; re-open later.*** Written correspondence with NRC has verified that there is nothing in NRC regulations nor in federal statute preventing Exelon from asking NRC at a future date to renew a terminated reactor license; nor is there anything in NRC regulation or federal law preventing NRC from doing so. In other words, Exelon has the option to reopen these reactors at a future date, even if the NRC terminates their reactor licenses now. If the market changes as Exelon maintains, they will avoid not only operating costs at money-losing reactors, they will not have to build new reactors and go through the costly licensing process that would entail.