



Nuclear Energy Information Service

Illinois' Nuclear Power Watchdog since 1981

Office and Mail: 3411 W. Diversey Avenue, #16, Chicago, IL 60647-1245
(773)342-7650 www.neis.org neis@neis.org

ARGUMENTS AGAINST AN EXELON BAILOUT

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Three pieces of energy legislation currently before the Illinois Legislature will have enormous impacts on both the economy of the state and its energy future well into the 21st Century. While Exelon and ComEd have been desperately trying to frame the debate in the usual mundane terms of job loss, electric rates, and “clean” power, what is at stake is significantly larger and more important. This is actually **a transformational moment for energy**, both locally in Illinois, and in the national and international sphere. Therefore, the choices made by the Legislature will either lock in place traditional, yet anachronistic, “big box” fossil/nuclear dominated energy systems suited for the 20th Century; or move Illinois on a forward trajectory that will embrace the systems and technologies of the 21st Century, and keep Illinois competitive in national and international markets.

It is our conclusion that the legislation best suited to enhance 21st Century energy systems and technologies is **the bi-partisan Illinois Clean Jobs Act (SB 1485 /HB 2607)**. It would: fix the currently broken Renewable Energy Portfolio Standard (RPS), and would increase the state's energy coming from renewable sources from its current target of 25% by 2025 to 35% by 2030; expand energy efficiency by achieving 20% demand reduction by 2025; reduce consumers' bills, promote a cleaner environment and create 32,000 new jobs per year once fully implemented – **13 times more jobs** than Exelon is threatening to eliminate by closing 5 money-losing nuclear plants.

In contrast **Exelon's corporate welfare bailout legislation (HB 3293/ SB 1585)** would retard needed progress towards 21st Century sustainable energy, and will work only to the benefit of Exelon, while having damaging effects on the state economy, environment and energy future. It would: cost ratepayers \$300 million per year (or more) for five years; NOT guarantee that nuclear plants would stay open and jobs not be lost; and, as *Crain's* reporter Steve Daniels points out, “place[s] such great limits on bidders other than Exelon's Illinois nukes that Exelon is highly likely to win most if not all of the [clean energy] credits.” (15) Thus, it would effectively kill the future of renewable energy and energy efficiency programs in Illinois.

Some things in life simply do not lend themselves to compromise. Surgery is one; transformation another. Because this is a transformational moment for energy in Illinois (and elsewhere), the issues before the Legislature cannot and will not be resolved to Illinois' benefit through the usual forms of negotiation and compromise. The choices needing to be made are **quite literally mutually exclusive**: the Legislature must choose between a sustainable energy future (based on SB 1485 /HB 2607), or remain locked into a nuclear/fossil fuel dominated past (as Exelon puts forth in HB 3293/ SB 1585).

There are numerous reasons to reject the Exelon corporate welfare bailout:

Economics:

- It is not the responsibility of state government to insure the profitability of a private corporation (particularly using ratepayers' wallets as collateral). That is the job of Exelon's CEO Christopher Crane and its Board of directors, not Governor Rauner and the Legislature. (21)
- Exelon has not made a verifiable case for the allegedly needed bailout, since it hasn't opened its books for independent examination (18, 19)
- Exelon's reactors have earned the Company \$21 billion in profits over the past decade, according to CUB (26); an independent calculation of profitability done by *Crain's* shows the reactors to be profitable (19)
- The need for the bailout is predicated on the continuation of Exelon's anachronistic business model of operating large, centralized powerplants in a less-flexible energy delivery system, a model being

abandoned by significant local and international energy players and utilities, some far larger than Exelon (1, 3, 7, 12, 16, 25)

- The Illinois Clean Jobs Act would provide 32,000 new jobs annually, a figure **13 times larger** than the 2,300 jobs Exelon is threatening to eliminate by closing 5 money-losing nuclear plants. (HB 2606; 9)
- The analysis requested in HR1146 was biased, incomplete and inaccurate, leaving out significant lines of alternative analysis, thus calling into question the legitimacy of its predictions of “dire consequences.” (20) Since publication of the Four Agencies report (27) in January, 2015, Exelon and its allies have been cherry-picking the conclusions favorable to its positions, while ignoring information and conclusions also found in HR1146 that contradict those positions and indicate alternatives that would soften or eliminate the effects of reactor closures. (11, 17)

Environment: Nuclear is NOT Clean Energy:

- An energy resource that generates high-level nuclear waste that must be kept out of the environment for thousands of human generations at enormous societal cost ***is not clean or sustainable***
- Reactors that are allowed by regulation to emit radionuclides into the air and water ***are not emissions free***
- Exelon is opportunistically using the EPA’s 111d Carbon Rule mandate as a fig-leaf justification for continued operation or uneconomic nuclear reactors. Trading MORE plutonium for less carbon is both dumb and unnecessary energy policy, given the viable energy alternatives available that produce neither nuclear waste nor radionuclide emissions. (2, 4, 5, 6)

Policy: Exelon’s corporate welfare bailout legislation designed to eliminate wind, solar and energy efficiency:

- The Exelon legislation restricts and monopolizes access to the “clean energy” market share in such a way as to guarantee that nuclear power will get the majority of the access, while renewable energy sources will be largely frozen out of the bidding (15)
- Exelon has created and bankrolls a front group called “*Nuclear Matters*,” which utilizes former bureaucrats and elected officials in the role of advocates for nuclear power bailouts at all cost (10, 22, 23)
- Exelon was thrown off the Board of the American Wind Power Association in 2012 for its hostile lobbying against the extension of the federal wind production tax credit
- The bi-partisan Illinois Clean Jobs Act does far more to expand renewable energy and energy efficiency moving forward, and at greater economic and job benefit, than does an Exelon reactor bailout

A “Transformational” Moment in Energy:

- The age of the “big-box” utility is over, and being abandoned by both the financial sector and forward-thinking and planning utilities (7, 8)
- An Exelon reactor bailout locks the company (and the State) into its anachronistic business model, and the recently described “utility death-spiral” model of doing business (7, 25)
- Both in-state and international competitors are heading in a different direction of abandoning being mere “electron retailers,” and instead becoming “electric service providers.” (1, 2, 3, 12, 13, 16, 25, 24)

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LEGITIMATE PRE-CONDITIONS FOR EXAMINING EXELON’S PROPOSAL

NEIS asserts that the following must take place before legislators embark on any negotiation with Exelon over their unprofitable reactors and anachronistic business plan:

1. Exelon needs to open its books to the State and the public, on a plant by plant basis, to conclusively prove its need;
2. The Legislature FIRST needs to fix the Renewable Energy Portfolio Standard to guarantee that EE/RE WILL be available to soften any economic or reliability damage the closure of the 5 money-losing reactors would cause, as the state mandated State Agencies Report from HR1146 suggests numerous times it could;
3. No Legislative decision should be rendered prior to the FERC deciding on its potential \$560 million capacity market award for Exelon. The Legislature should not set up an opportunity for what would become a billion-dollar Exelon “double-dip.”
4. Alternatives to the Exelon proposals, and to Exelon as an energy provider, should be investigated by the Legislature. Perhaps some of Exelon’s competitors would be willing to step up and fill some of the energy vacuum Exelon would create by closing the 5 reactors, and do so in a more economic, forward thinking manner -- as the State Agencies Report from HR1146 suggests should be done.