

## PRESS RELEASE

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### THE 20-DAY COUNTDOWN ON ILLINOIS' ENERGY FUTURE BEGINS! PART 1: "IS IT REALLY THE JOBS, STUPID?"

**CHICAGO--** [NOTE: With 20 days left for the Illinois Legislature to decide the future direction of Illinois energy services, NEIS is initiating a series of releases over the next three weeks designed to address some of the myths, misconceptions, and ignored aspects of the debate.]

Three separate and distinct pieces of legislation (three in each legislative chamber for a total of six) have been submitted. Two have been submitted by industry giants Exelon (HB 3293; SB1585) and ComEd (HB 3328 Amendment 00; SB1879), and essentially recommend Illinois meet its 21<sup>st</sup> Century electric service needs with the status quo. The third (HB2607; SB1485) submitted by a loose coalition of business, environmental, institutional and community organizations and supported by Chicago Mayor Rahm Emanuel calls for a major push to advance the implementation of energy efficiency and renewable energy resources. The latter piece of legislation enjoys a substantial lead in legislative co-sponsor support.

The first of these issues needing more intense scrutiny deals with the notion that this is a "jobs" issue.

"If this were *really* a jobs issue, this debate would have ended as soon as the Exelon bill appeared," observes David Kraft, director of the Chicago-based Nuclear Energy Information Service. "Even for a math-challenged entity like the Illinois Legislature, which seems to display legendary incompetence in passing budgets and dealing with pension payments, the number 32,000 is still recognized as being larger than 2,300," Kraft notes.

The Illinois Clean Jobs Act (HB2607) predicts the creation of up to 32,000 jobs annually in the energy efficiency and renewable energy (EE/RE) sectors. The Exelon legislation threatens the loss of 2,300 jobs at the 5 reactors it claims are money-losers if Exelon does not get the \$1.6 billion bailout passage of its legislation would give them through a mandatory rate hike.

"If jobs is really the issue, then it is clear which legislation is superior," Kraft concludes.

Regarding the second issue Exelon and its supporters, and some in the media, have often used the figure of 8,000 total jobs lost in Illinois should they choose to close the 5 reactors, based on what they claim are the conclusions coming from a state agency report(1) released in January.

"Not so fast here," warns Kraft. "While the [HR1146 Report](#) did use the number of 6,931 jobs potentially lost (p. 125), on the very same page (and at numerous other points in the 170-page document), the agencies concluded that as many as 9,600 NEW jobs would be created through 2019 in the energy sectors that would make up for the closure of the nuclear plants (also: p. 145)," Kraft corrects. "DCEO in particular criticized Exelon for totally ignoring the economic benefits and job creation that would accrue to communities in the intermediate and longer term from the required decommissioning of the 5 reactors Exelon threatens to close (pp. 134, 150). And it also said that the Exelon-supportive Nuclear Energy Institute overstated its negative impacts case by as much as 10% (pp.149-150)," Kraft points out.

The HR1146 Report was not without flaws and deserved criticism, either. Mandated to provide a predetermined outcome, the State still has not evaluated the negative effects on the 21,000 direct and 97,000 total jobs in the Illinois EE/RE sectors(2) should Exelon get its \$1.6 billion bailout, and some of the predictions about negative impacts on the Illinois EE/RE industries become realities.

“HR1146 was a ‘study to show,’ not a ‘study to know.’ The Legislature remains derelict in its duty by not also researching the negative impacts on the State economy and the EE/RE sectors specifically. Therefore, any decision in favor of an Exelon bailout will be made in ignorance, and without regard to *nine times* as many jobs as Exelon threatens to terminate,” Kraft claims.

“In short Exelon – and its supporters in the press – have ‘cherry-picked’ the negative conclusions of the HR1146 Report to suit their own need to present the most dire conclusions, while totally ignoring copious amounts of material in the same Report that provides less dire conclusions and solutions to mitigating those economic impacts,” Kraft points out.

“Both legislators and even reporters close to this issue have been stunningly ignorant of these facts, and have failed to use and report them. As a result a false and exaggerated mythology about job loss and economic chaos has been permitted to grow undeservedly,” Kraft states.

The final critical issue relating to jobs is being able to distinguish between what is a realistic potential outcome versus a disingenuous self-fulfilling prophecy. Kraft points out:

“It is EXELON that is threatening to terminate 2,300 jobs if it does not get a bailout, not the State Legislature. What has that company done proactively to minimize economic disruption to reactor communities which inevitably WILL face reactor closures? NOTHING, absolutely NOTHING!”

NEIS has pointed out to legislators that there are many ways to close a reactor (3); but, the important and operative principle is that reactors WILL close, because, unlike other large employers of company towns, they have finite operating licenses granted by federal regulators that WILL expire someday, regardless of Exelon or legislative wishes.

“You don’t start planning to fight an economic crisis when your nose is being pushed up against the fan blades. You plan in advance. This is particularly true when you’ve had 40 years advance notice that the day of reckoning will inevitably come,” Kraft says, referring to the period of the initial operating licenses of U.S. reactors. Many have received 20 year extensions. Oddly, Exelon has applied for such an extension at the Byron station at great cost, even while it threatens at the same time to close the reactors.

“Prudent, intelligent elected officials would have and now should be planning in advance for the eventual closure of ALL Illinois nuclear reactors, at some time, and for some reason, in the immediate future,” Kraft asserts.

NEIS has circulated ideas for the legislature to mandate a “just transition” program for all existing reactors (applicable to other large power plants, and other large employers), which would provide funds for job retraining, and tax base protection to prevent disruption of essential public services, as was caused by then-ComEd’s unilateral decision to close the Zion reactors in 1997.

“If you wait until the crisis is upon you to act, it’s too late, and you’re subject to manipulative pressures. Like billion-dollar-plus rate hikes,” Kraft warns.

“In conclusion NEIS believes that Exelon has disingenuously used the very real and legitimate concerns over jobs loss to hold the Illinois Legislature and the affected reactor communities as ‘nuclear hostages,’ to legally extort its undeserved \$1.6 billion bailout,” Kraft asserts.

“The Legislature should resist Exelon’s economic terrorism, and work for agreements that create more 21<sup>st</sup> Century jobs in the EE/RE sectors, while solving the built-in problems created by inevitable reactor closures,” he concludes.

(1) [“POTENTIAL NUCLEAR POWER PLANT CLOSINGS IN ILLINOIS: Impacts and Market-Based Solutions,”](#) mandated by HR1146 in May of 2014 to study the effects on the Illinois economy and electric power reliability should Exelon decide to close 5 unprofitable nuclear reactors it operates in Illinois.

(2) “CLEAN JOBS ILLINOIS™: An In-Depth Look at Clean Energy Employment in Illinois,” study commissioned by the Clean Energy Trust, March 2014; reported in Crain’s Chicago Business, March 20, 2014.

(3) Nuclear reactors can close for a variety of reasons. Not all are within control of either Exelon, nor the local communities:

- Unexpected major accident, resulting in immediate and presumably premature closure (think: Chernobyl, Fukushima)
- NRC ordered shut down (for immanent health and safety concerns; or excessive safety violations)
- Exelon’s unilateral decision to close a plant on economic or other grounds (as it did at Zion, resulting in an immediate loss of about 55% of Zion’s tax base, and as it is now doing with the five reactors in Illinois it threatens to close. It IS their right to do this).
- Devaluation through sale, as occurred at the Clinton reactor station, resulting in enormous loss of tax base
- Eventual old-age, license expiration closure (the outcome most hoped for by the utility and community, but not guaranteed due to the above)

Additional facts worth considering:

- In December 2014 the largest electric utility in Germany – E.ON Corporation – announced that it, “drop (spin off) fossil fuels and nuclear in order to focus on renewable energy, customer solutions, and distribution networks ...will focus on renewables, distribution networks, and customer solutions and combine its conventional generation, global energy trading, and exploration and production businesses in a new, independent company.” E.ON has 33 million customers (nearly 8 times the number Exelon has), and over 60,000 employees (more than 10 times the number employed at its Illinois nuclear facilities, yet, “The spinoff will not be accompanied by a job-cutting program.”

Perhaps Exelon should hire some Germans to see how to conduct an energy transition without job loss or threats to the central government of economic collapse.

- Not all large utilities believe they are entitled to raid ratepayers wallets through Springfield when they experience losses:  
“But Lee Davis (at right), president of NRG’s East region, which includes Illinois, says, “We don’t have an ‘ask.’ “  
He says he understands the skepticism from many within the industry: “ ‘OK, they’re here, so they’re going to demand \$500 million a year to prop up something they just bought.’ Well, we’re [NRG is] not going to do that.”  
Mr. Davis says NRG will lobby against providing subsidies to competitors like Exelon, since it’s investing on its own in plants many thought would close in the face of low power prices and stricter environmental standards. [SOURCE: “*The one utility not asking for help from Springfield,*” Crain’s Chicago Business, Sept. 27, 2014.]

**NEIS was founded in 1981 to provide the public with credible information on nuclear power, waste, and radiation hazards; and information about the viable energy alternatives to nuclear power. For more information visit the NEIS website at: <http://www.neis.org>**