ILLINOIS ENERGY TRANSFORMATION #25:

NUCLEAR BAILOUT UPDATES

The “Bailout Blues Show” Continues

Sept. 3, 2021

This originally was going to be a “summer summary” of NEIS’ work. However, the importance and prominence of the proposed nuclear bailouts at both the Illinois-State and federal levels argued for a delay of that idea, and an update report to people committed to safe-energy and a less-nuclear world and the negative effects of the continued “nuclear hostage crisis” on our carbon-free/nuclear-free future.

ILLINOIS ENERGY BILL MOVES FORWARD, STILL IN LIMBO:

The omnibus energy bill (SB18, amended; now SB1751, House Amendment 1, no link available yet) continues to lurch forward with the surprise Senate passage on Tuesday Sept. 2 in the wee hours of the morning. It now has to be approved by the Illinois House before it can get to Illinois Governor JB Pritzker’s desk for signing. There is no guarantee that this scenario will play out. If it doesn’t, it leaves Illinois with no cogent, climate-oriented energy policy moving into an increasingly climate disrupted world.

While many hail the numerous and gargantuan compromises that led to the Senate adoption, from a climate perspective it seems to represent a “the operation was a success, but the patient died” type situation. After all, the climate does not compromise.

THE ILLINOIS NUCLEAR BAILOUT -- ONCE MORE, WITHOUT FEELING:

In the most recent iteration, the legislation provides for a $694 million bailout for Exelon’s Byron, Dresden, and Braidwood nuclear power plants, to be paid by Illinois ratepayers over a 5 year period (by comparison, renewables only get ~$600 million in the recently passed Senate bill). Reportedly this amount was negotiated between Exelon and the Governor’s office, the latter largely assuming responsibility for nuclear bailout negotiations with the company in drafting the bill.

While this amount was a far cry from the amount proposed by organized labor’s Climate Jobs Coalition in their bill – as much as $500+ million per year, for up to 10-15 years! – it was also nearly twice the amount that an independent audit commissioned by the State suggested was needed. In April Synapse Energy Economics stated that at most Exelon should receive a maximum of $350 million over five years, possibly less if energy prices changed in favor of Exelon’s unprofitable nuclear plants. No justification was ever publicly made to account for doubling this ratepayer financed bailout.

In exchange Exelon ostensibly has agreed to keep open the three nuclear plants for the next five years, temporarily saving the jobs and tax bases tied to their operation. Hopefully, communities will use this time to finally implement closure contingency plans to soften the economic blows of the inevitable reactor closures.
However, if the Illinois House can't agree to the already-passed Senate bill, and no legislation is put forth, Exelon states it will close its Byron nuclear power station on Sept. 13; and Dresden in November. It claims these are hard date limits, although the media has quoted Exelon spokespeople as saying that “the company has "established off-ramps" that will allow contingencies for continuing operations if legislation is passed "with enough time for us to safely refuel the plants”. Exelon made similar threats prior to the 2016 passage of the Future Energy Jobs Act, which resulted in a $2.35 billion nuclear bailout for two nuclear plants.

NEIS has repeatedly pointed out to media, legislators and officials that Exelon’s threat of closure is a lot squishier than it sounds and appears. NEIS provided a 2016 letter from the Nuclear Regulatory Commission proving that any reactor can in fact be relicensed and reopened, even after it has been closed and de-fueled, provided it would meet safety requirements and standards. No one has responded to this information.

All of this is played out against the totally undiscussed backdrop of Exelon’s intention to jettison its unprofitable nuclear plants into a separate LLC company, currently called “Spin-Co”. For all the Exelon bluster of how important nuclear power is – at least important enough to require perpetual state bailouts -- it seems the Company can’t wait to put as much distance between itself (or at least its balance sheets) and unprofitable nuclear power.

NUCLEAR BAILOUTS AT THE FEDERAL LEVEL – RECONCILIATION AND INFRASTRUCTURE BILLS LOADED WITH NUCLEAR PORK:

The Biden Administration is considered by many, especially within the nuclear industry, to be one of the most pro-nuclear administrations to come along in a long time. This is apparently confirmed by the funds dedicated to nuclear bailouts and other nuclear programs in the proposed Infrastructure and Reconciliation packages in play.

The $1.5 trillion Infrastructure bill allocated ~$12 billion towards nuclear power -- $6 billion towards bailing out the failed nuclear plants around the country, and the rest to go primarily for “new” nuclear proposals, such as the so-called “small modular nuclear reactors” (SMNRs).

The Reconciliation package thinks on a much grander scale. Proposals offered in the Senate Energy and Public Works Committee by Sen. Benjamin Cardin (D.-MD) call for up to $46 billion in nuclear spending, much of this to rescue economically unviable nuclear plants around the country. It is interesting to note that Sen. Cardin has received ~$80,000 in campaign contributions over the last five years from the IBEW and Exelon Corporation, according to Open Secrets.

An analysis done by Washington groups suggests that nearly 60+% of these funds -- ~$30 billion -- would be eligible to go to Exelon and Energy Harbor (the former First Energy in Ohio). Both companies have recently been besmirched by FBI investigations and indictments, and admission of guilt for lobbying irregularities. In both cases the scandals resulted in the Speakers of the House in Illinois and Ohio losing their positions.

A virtual press conference was conducted on July 15 by Friends of the Earth, Nuclear Information and Resource Service (NIRS), and NEIS featuring a report done by Dr. Mark Cooper of the Vermont School of Law dealing with these revelations and nuclear bailouts. It was entirely ignored by Illinois media and officials.

On August 24, 2021 240+ organizations sent a sign-on letter opposing subsidies for nuclear power in the Reconciliation (S.2291/H.R.4024) and Infrastructure bills. The letter was sent to Senate and House
leadership, and to President Joseph Biden. The 240+ organizations demanded that these bailouts be omitted from the budget and funds be directed to investments in carbon-free, nuclear-free clean energy.

OUTCOMES, IMPLICATIONS, AND ACTIONS:

Every dollar spent – no, wasted – on bailing out aging, degrading nuclear plants is a dollar not spent on brand new, proven renewable energy resources, efficiency, storage and transmission improvements which will be the backbone of the 21st Century energy infrastructure. The number of jobs temporarily “saved” in the short term by nuclear bailouts are costly, and are dwarfed by the number of jobs in the renewables and efficiency sectors – jobs that will not be created if nuclear power gets more bailouts. The ignored Cooper Report demonstrates the negative effects of nuclear bailouts, as did renown physicist and energy analyst Amory Lovins in remarks at a Congressional Briefing held in March 2021 (@ 55:20).

At the Illinois state level, we will soon know whether a bailout will occur, and whether or not Exelon was sincere or bluffing about its intention to close Byron if they do not get one. What is clear is that they – or their successor SpinCo – will most certainly be back for future bailouts if the plants continue to operate, definitely so if they get this bailout.

Once the bailout issue is resolved, an opening will occur to again raise issues that the current legislative debate and negotiations again unwisely failed to examine: the implications of SpinCo, radioactive waste production, reactor decommissioning, and proactive just-transitions programs to protect reactor communities and workers from future “nuclear hostage crisis” episodes.

At the federal level there is time to confront and defeat the hugely wasteful proposals in the Infrastructure and Reconciliation bills. Spending $46 billion on aging, deteriorating reactors, which create radioactive waste, and which may close anyway, or new unproven ones which have no chance of becoming commercially available in time or in numbers sufficient to fight the climate crisis is dumb and wasteful energy policy, especially when (for example) the same amount spent on wind turbines alone would get you >300,000 brand new turbines, with an intermittency-adjusted output of electricity equal to nearly twice the output of the entire current nuclear industry, without adding to the nation’s continually growing radioactive waste problem. As a climate intervention, trading plutonium for carbon is simply irrational energy policy.

WHAT YOU CAN DO:

Since this continues to be dealt with in the political arena, it is imperative that you let your elected officials know your position on nuclear power. You can find out who they are at all levels of government by clicking here. Then – contact them. Over and over. And remind them: 2022 is an election year, and you are watching.