NO RATEPAYER BAILOUTS FOR EXELON’S “NUCLEAR HOSTAGE CRISIS”

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April 27, 2014

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 a bailout 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 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 arguments 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. Clearly, such losses will have a negative impact on Illinois, unless creatively mitigated. That said, it 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.

• **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 help 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 decried 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?

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.

