

## Nuclear Power Subsidies – An Outline

*Prepared by Kevin Kamps for the Beyond Nuclear presentation, League of Women Voters forum, Prince Frederick, MD, May 20, 2009*

According to Amory Lovins of the Rocky Mountain Institute, the public (both ratepayers and taxpayers) have provided more than \$500 billion in subsidies, tax incentives, and other financial support to the nuclear power industry over the course of the last 50 years. Thus, nuclear power, along with fossil fuels, has enjoyed the lion's share of such public support, while renewable energy (such as wind and solar) and efficiency have received the crumbs. Nuclear power subsidies have included:

- Funding for federal research and development (well over \$150 billion);
- Price-Anderson Act liability coverage for catastrophic accidents (saving the nuclear power industry \$300 million to \$3 billion per year in insurance premiums they don't have to pay, and placing the burden of potentially hundreds of billions of dollars in damages onto taxpayers in the event of a catastrophic radioactivity release);
- "Stranded costs" under electricity deregulation schemes, thus transferring unpaid construction debt for old reactors onto the backs of ratepayers (\$428 million in Maryland alone, for example, for the Calvert Cliffs nuclear power plant);
- \$125 to \$300 billion nationwide for old reactors, larger than the Savings and Loan Scandal of a generation ago); and
- More than \$30 billion in the Nuclear Waste Fund, a surcharge on ratepayers' electricity bills for nuclear-generated electricity (over \$10 billion has already been spent; \$22 billion remains in the Fund).

In 2005, the Energy Policy Act provided another \$13 billion of subsidies, tax incentives and other support for the nuclear power industry. It also created the energy loan guarantee program. In December 2007, Congress and George W. Bush approved \$20.5 billion in nuclear loan guarantees under this program (\$18.5 billion for new atomic reactors, \$2 billion for new uranium enrichment facilities).

During the week of May 25, 2009, the US House approved a "Clean Energy Bank" that would include nuclear power loans, loan guarantees, and other subsidies. This House version would limit access to the fund by any one industry – most specifically, the nuclear power industry – to at most 30% of the entire fund. In addition, this House version would retain annual congressional appropriations oversight. However, the Senate version of the "Clean Energy Bank" would not limit the percentage of funding the nuclear power industry could access. In addition, the Senate version would do away with annual congressional oversight, handing over blank check writing authority to the US Dept. of Energy, which will run the "Clean Energy Deployment Administration."

Another form of ratepayer subsidy for nuclear power is called “Construction Work in Progress.” In states like Florida and South Carolina, nuclear utilities can charge ratepayers an added fee on their electricity bills to pay for new reactors under construction – and even before construction begins. In many states, such surcharges are illegal. Missouri law just sunk a new reactor proposal there, when the nuclear utility was unable reverse state legislation that would have allowed it to charge its ratepayers for CWIP.