From: <gary.hoover@srs.gov>
To: "Mark Notich" <mdn@nrc.gov>
Date: 9/19/2007 9:39:55 AM
Subject: FYI: "Nuclear plants to expand"

Mark,

FYI.

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MiamiHerald.com

Nuclear plants to expand

BY JOHN WILEN

The current turmoil in credit markets is unlikely to derail plans by power companies to begin ordering the first new nuclear plants since cost overruns and public opposition virtually killed the industry three decades ago.
Nearly 30 years after Three Mile Island, Entergy, Dominion Resources, Exelon and the Tennessee Valley Authority are expected to be among the first to seek regulatory approval to build new plants. The Nuclear Regulatory Commission expects up to seven requests this year and 28 by 2009. The first plants could be online by 2014 or 2015.
FPL'S FUTURE
Florida Power & Light asked state regulators for permission to dramatically expand nuclear power output at Turkey Point and in St. Lucie County by 2012.
Utilities see in nuclear plants an opportunity to affordably meet demand for electricity, which the Energy Information Administration forecasts will grow by 42 percent by 2030. High natural gas prices and the prospect of taxes or constraints on greenhouse gases are making gas- or coal-fired plants less attractive. New modular designs and a streamlined regulatory process further strengthen the argument for nuclear power.
But this nuclear renaissance faces challenges. No company has lined up financing, and their ability to borrow affordably will depend on federal loan guarantees and state rules about when utilities can hike rates to pay for construction. Construction costs are rising due to growing global demand for raw materials. And activism, an accident or terrorist attack could stoke public opposition.
Still, reactor vendors are positioning themselves to profit. GE, in joint venture with Japan's Hitachi, sees its annual reactor business growing from $1.1 billion to $8 billion over the next decade.
To strengthen its hand, the industry is pushing legislation to expand

federal loan guarantees, available for 80 percent of plant costs.
Utilities are also lobbying state lawmakers to let them raise rates to recover construction costs. Florida and Louisiana, for example, have passed such measures.
State officials are reluctant. "I just don't want to . . . give them a blank check and say, build a plant and we can talk about the cost later," said Nielsen Cochran, chairman of the Mississippi Public Service Commission.
GOVERNMENT SUBSIDIES
The Energy Department is also helping, paying half the cost of three early applications, including $5.5 million of the $11 million Entergy has spent so far preparing an application for a new reactor in Port Gibson, Miss., site of its existing Grand Gulf plant. GE has received $46 million in incentives since 2004, and expects a total of $250 million by 2010.
Nuclear plants cost more than conventional plants, but are cheaper to operate. A new 1,000-megawatt reactor would cost $2.1 billion in 2006 dollars, compared to $1.3 billion and $600 million, respectively, for comparable coal and natural-gas plants, according to EIA estimates.
But the average cost of nuclear-produced electricity was 1.72 cents per kilowatt hour in 2005, versus 2.21 cents for coal-fired plants and 7.51 cents for natural gas plants, says the Nuclear Energy Institute, a trade group.
Weighing in nuclear power's favor is utilities' belief that the government will constrain or tax greenhouse gases, which would significantly increase operating costs at conventional plants. Nuclear plants emit greenhouse gases, but far less than conventional plants.
Critics say the industry is overstating the new plants' advantages, and ignoring the unresolved issue of spent nuclear fuel.
"There clearly are some benefits to relying on gravity over electric motors and pumps," said Paul Gunter, director of the reactor watchdog project at the Nuclear Information and Resource Service, which opposes nuclear power plants. ``But there are no guarantees that terrorism or an accident won't penetrate one of these new designs."
Community opposition could stop projects. Steel parts could cause another potential bottleneck: Most necessary large forgings can only be made at Japan Steel Works, which can supply only seven to eight plants a year, Hutchinson said.

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