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ADDRESSEE: Dale Klein

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Barry Smitherman
Chairman



Public Utility Commission of Texas

February 11, 2008

The Honorable Dale Klein, Chairman
United States Nuclear Regulatory Commission
Washington, DC 20555-0001

Dear Chairman Klein:

I am writing you to express my strong support of NRG Energy's recent application for a combined construction and operating permit for a new electric generating nuclear reactor in Texas. The proposed South Texas Project (STP) units 3 and 4 would add 2700 Megawatts (MW) to the extremely successful existing STP 1 and 2 sited in Matagorda County, Texas. For the reasons I will discuss below, the construction and eventual operation of this proposed facility is extremely important to the industries, businesses, and citizens of our State.

ERCOT's Configuration

As you know, the Electric Reliability Council of Texas (ERCOT) is one of the three electrical interconnections in North America. Unlike the Western Interconnect and the Eastern Interconnect, ERCOT is totally contained within the boundaries of the State of Texas and has little import or export capability with the surrounding states. The upside of this arrangement is that outages in other states cannot cascade into ERCOT. The downside is, in order to "keep the lights on," we must ensure that adequate generation facilities are constructed within our state in a timely fashion.

Increasing Load Growth

The ERCOT region continues to experience phenomenal growth. The historic compounded growth rate for the last ten years has been approximately 2.2% per annum. The forecasted load growth between 2007 and 2013 is 2.1% per annum. (As compared to about 1.3% for the rest of country, according to EIA). In 1996, ERCOT peak demand was about 47,000 MW; in 2006 it was a record 62,339 MW; and in 2013 it is expected to be about 73,000 MW. Looking out 20 years into the future, ERCOT management predicts that peak demand (plus a required 12.5% reserve margin) will exceed available generation supply (assuming the retirement of certain old existing plants) by a minimum of 57,000 MW.

Promote a Diverse Generation Fuel Mix

The ERCOT region is heavily reliant upon natural gas for the generation of electricity, especially during peak periods. Approximately 68% of our generation capacity is natural gas fired; 19% is coal; 6% is nuclear; 6% is wind; and the rest is hydro and other. We maybe the only region of the country where wind generation capacity equals nuclear generation. Because of the relative paucity of base-load coal and nuclear, natural gas is the "marginal" fuel source necessary to meet peak demand almost every hour of the year. While natural gas is a relatively low carbon source of energy, its price per mmbtu has of late been both volatile and expensive. In a "gas on the margin" region like ours, you can understand the effect on electricity prices of \$8 / mmbtu gas.

Successful Performance of STP 1 & 2

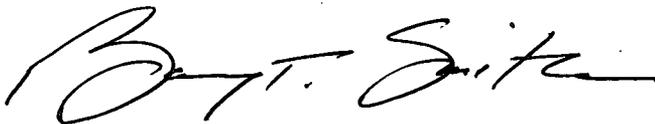
The existing STP units have compiled exemplary performance and safety records. In 2006, STP had the lowest production cost reported by nuclear power plants in America. In addition to having the best production cost nationwide, STP bettered all 33 two-unit plants in the U.S. in output in 2006 by generating 21.37 billion kilowatt-hours of electricity. In December 2007, *Power Engineering* magazine presented its Project of the Year Award to STP for excellence in replacing the low pressure turbines in both STP units. The two new turbines increased the output of STP by 70 MW for each unit. The ABWR design for STP 3 & 4 is arguably the most advanced nuclear technology in operation in the world today with a track record of reliable and safe operation.

Need for Clean Electricity

Regardless of one's personal opinion on climate change or global warming, it is incumbent that we support technologies that generate electricity while minimizing the release of airborne pollutants. STP currently prevents approximately 39 thousand tons of sulfur dioxide and 10 thousand tons of nitrogen oxide from entering the atmosphere each year. Nuclear plants also do not emit carbon dioxide or other greenhouse gases, an important consideration if carbon related legislation is enacted by the U. S. Congress.

Chairman Klein, the Texas ERCOT region continues to grow at a pace in excess of the rest of the country. We have an urgent need to add additional nuclear generation to our existing generation fleet. Thanks for allowing me to express my strong support for this project.

Sincerely,



Barry T. Smitherman

Cc: Commissioner Gregory B. Jaczko
Commissioner Peter B. Lyons
Mark Walker, NRG Energy