

Fermi3CEM Resource

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Subject: Docket ID NRC20080566, DTE Fermi 3

Regarding: DTE's Fermi 3 Docket ID NRC20080566

Per the NRC (68 FR 55910):

"The need for power must be addressed in connection with new power plant construction so that the NRC may weigh the likely benefits (e.g., electrical power) against the environmental impacts of constructing and operating a nuclear power reactor."

It is absolutely necessary for the NRC and DTE to update the Fermi 3 application with recent electric sales facts and forecasts. This update will show there is no need for power from Fermi 3 for the following reasons:

Sales forecasts used in DTE's Fermi 3 application are now very dated and misleading

DTE's current forecast indicates an electric sales DECLINE thru 2020

Michigan's poor economy and population loss are reducing electric demand

Michigan has enacted energy efficiency and renewable energy mandates

There is considerable surplus electric generating capacity in the Midwest market

CMS has suspended seven coal plants and dropped plans for a new plant

Fermi 3 would pose considerable risk to DTE and its' ratepayers

Michigan's Attorney General has questioned the economic viability of Fermi 3

In detail:

Sales forecasts used in DTE's Fermi 3 application are very dated and misleading

The electric sales forecasts DTE used in their application are now 4 to 5 years old. They are based on a rate case filing to the MPSC from 4/2007 (U-15244)

<http://efile.mpsc.state.mi.us/efile/viewcase.php?casenum=15244&submit.x=0&submit.y=0>

And, the Michigan Public Service Commission's (MPSC) 21st Century Energy Plan published in January 2007. The forecast for this report was made in early 2006. To quote: "The MPSC Plan projected a statewide growth rate for electricity consumption of 1.3 percent over the period 2006 to 2025."

DTE's current forecast indicates an electric sales DECLINE thru 2020

Quotes from DTE's rate case U-16472 filing of October, 2010:

"Service area sales are expected to decline to 46,988 GWh by 2020. This represents a 0.2% average annual decrease in sales from a dismal year in 2009. Any growth in service area sales due to positive economics is more than offset by the sales reductions due to the Company's Commission-approved 2008 PA 295 Energy Optimization program."

“Detroit Edison’s service area system peak demand in 2009 was 10,627 MW. This was temperature normalized to 11,448 MW. Based on this 2009 temperature-normalized peak and a forecast service area peak demand of 10,551 MW in 2020, an average compound annual growth rate of -0.7% is expected. The peak demand declines due to 1) the expiration of four wholesale customer contracts, 2) a decline in residential air-conditioning sales, and 3) the effects of the Company’s Commission-approved 2008 PA 295 Energy Optimization program. The decline in residential air-conditioning sales, on average a decline of 1.8% annually, is mainly due to energy efficiency improvements as a result of federally mandated energy efficiency standards.” P91 <http://efile.mpsc.state.mi.us/efile/docs/16472/0001.pdf>

The actual annual load factor in 2009 was 54.6% and DTE’s 2020 forecast is 54.4%. This indicates that DTE will have considerable excess capacity in 2020 without Fermi 3.

See counter P74 and P91 in <http://efile.mpsc.state.mi.us/efile/docs/16472/0001.pdf> and <http://efile.mpsc.state.mi.us/efile/docs/16472/0014.pdf>

Michigan’s poor economy and population loss are reducing electric demand

Per DTE’s own economic outlook beyond 2012 for Southeast Michigan:

“Auto production volume, the largest single driver of economic activity in the region, should increase over the longer horizon, but only gradually and with considerable downside risk. Area steel production, which tends to rise and fall in step with auto output, is subject to the same limitations. Housing permits should recover very slowly as jobs and personal wealth pick up and 2 potential home buyers work off their debt. Employment is expected to increase but at less than the national pace. Population is forecast to decline through the forecast horizon of 2020.” P84

<http://efile.mpsc.state.mi.us/efile/docs/16472/0001.pdf>

Michigan continues to lose population: <http://www.tv20detroit.com/news/local/79990192.html>

Michigan has enacted energy efficiency and renewable energy mandates

Since DTE’s application was submitted, Michigan has mandated energy efficiency (1% annual savings) and renewable energy (10% by 2015) programs (PA 295) which have lowered the demand for conventional electric generation.

http://dsireusa.org/incentives/incentive.cfm?Incentive_Code=MI16R&re=1&ee=1

Note, Michigan is behind other Midwestern states in energy efficiency and DTE is good at energy efficiency. DTE achieved 177% of their 2010 MWH target vs. 148% for the average Michigan utility.

http://www.michigan.gov/documents/mpsc/eo_legislature_report2011_369985_7.pdf

There is considerable surplus electric generating capacity in the Midwest market

One example, “American Electric Power (AEP) has one gigawatt more power than it needs in Ohio, according to the company’s [Ohio Long-Term Forecast](#) report to the Public Utilities Commission of Ohio, filed on April 15, 2011.”

<http://ohiocitizen.org/?p=8036>

Michigan’s CMS has suspended seven coal plants and dropped plans for a new one

CMS announced on December 2, 2011 they have cancelled plan for a new 830 MW coal plant plus the suspension of operation of seven smaller units in 2015. Reasons given in their press release:

“... **reduced customer demand** for electricity due to the recession and slow economic recovery, **surplus generating capacity in the Midwest market**, and **lower natural gas prices** linked to expanded shale gas supplies. Lower natural gas prices make new coal-fired power plants less economically attractive.” [http://phx.corporate-ir.net/phoenix.zhtml?c=101338&p=irol-newsArticle&ID=1635741&highlight=](http://phx.corporate-ir.net/phoenix.zhtml?c=101338&p=irol-newsArticle&ID=1635741&highlight=;) ;

Fermi 3 would pose considerable risk to DTE and its’ ratepayers

Fermi 3 is estimated to cost \$12 billion and DTE’s total market cap is only \$8.8 billion. The huge debt to finance this plant would pose considerable financial risk to DTE’s shareholders, lenders and ratepayers. <http://finance.yahoo.com/q?s=DTE>

Michigan’s overall electric rate is higher than in 36 other states. The substantial rate increase required to pay for this plant would put severe financial strain on Michigan’s fragile economy and particularly on our poorest ratepayers. Only 11 states have residential electric rates higher than in Michigan. Our residential rates increased 19% since 2009, a faster rate than in almost all other states. <http://www.eia.gov/cneaf/electricity/epa/fig7p5.html>

Michigan's Attorney General has questioned the economic viability of Fermi 3

"In his exceptions, the Attorney General points to several reasons why the COLA-related projections should not be included: Detroit Edison's current excess generating capacity, declining sales, the questionable economic viability of constructing a nuclear plant, the lack of a concrete plan for when construction will occur, and no comparative analysis of the costs and benefits of a nuclear plant compared to other generating possibilities." P71
<http://efile.mpsc.state.mi.us/efile/docs/16472/0374.pdf>

There is no justification for Fermi 3.

Regarding Monroe, it is easy for a community to be blinded by the words jobs and tax revenue and ignore the words risk and debt.

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