

Nuclear Plant Decommissioning Cost Escalation

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**GLOBAL
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Real Nuclear Cost Escalation Will Continue to be Modest

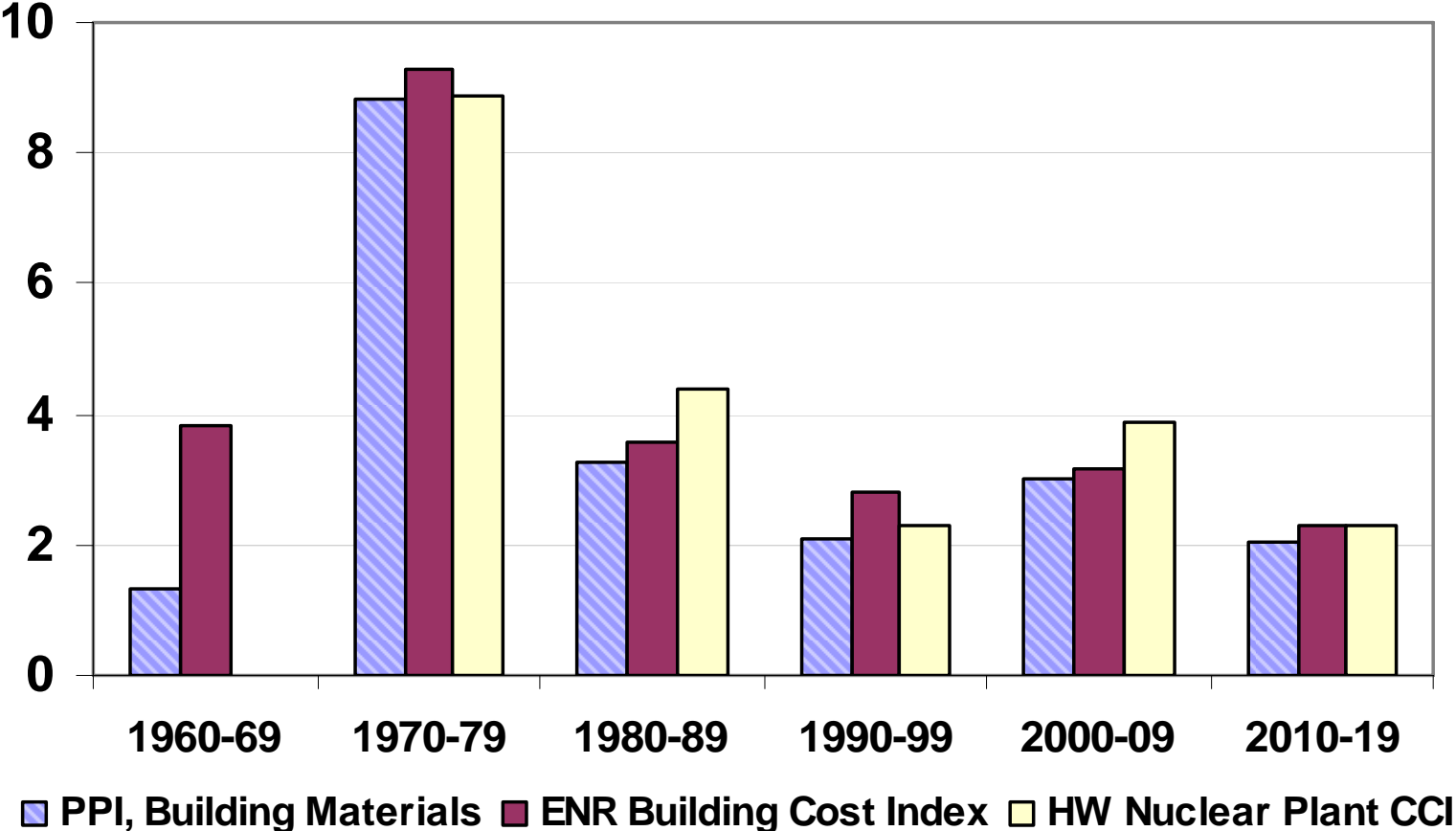
- Nuclear construction and decommissioning cost escalation does exhibit a premium over both 'normal' construction and general inflation (Chart 1)
- Estimated premium is about 1% over the next 10 years – on par with the observed premium over the past 45 years
- Commodity prices are not the source of these real increases

Commodity Prices

- Raw material price volatility has increased since 2000 (Charts 2 and 3)
- But this volatility does not reflect growing resource scarcity (Chart 4)
- Real commodity prices have fallen over the past 100 years – and are likely to continue falling or remain flat over the next 10-20 years

Nuclear Cost Escalation Premium

Chart 1: Compound Annual Growth Rates (Nominal)



Volatility Has Increased Since 2000

Chart 2: Commodity Price Volatility Has Increased
(Standard deviation in price changes across 15 commodities)

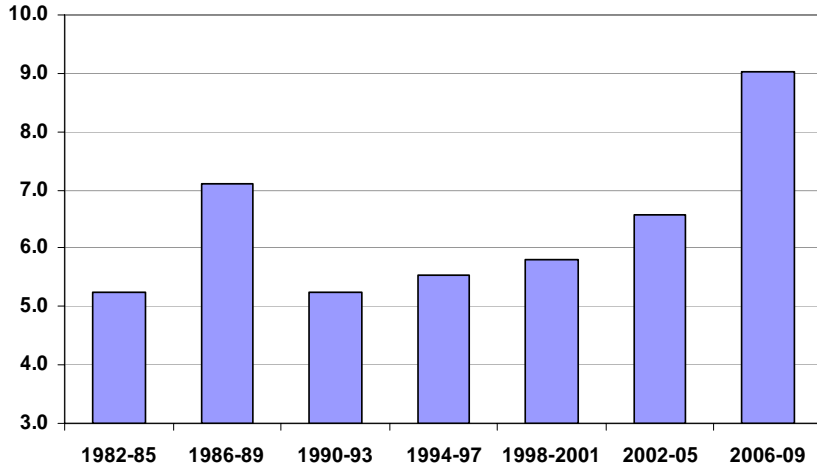
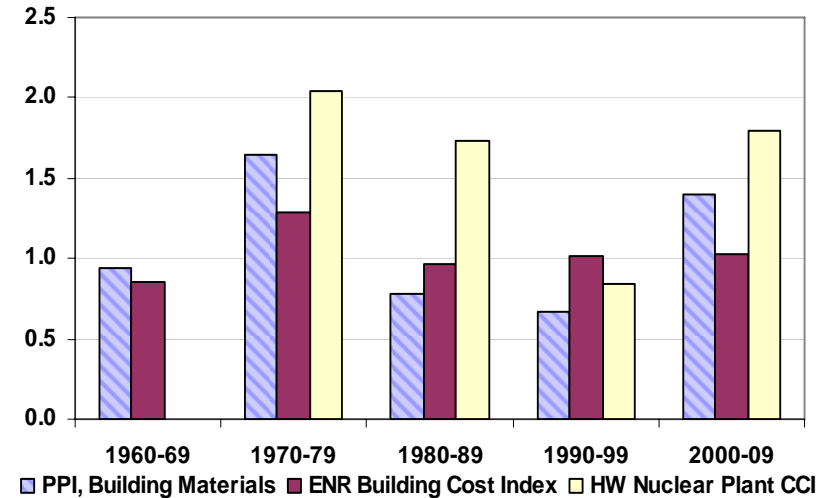


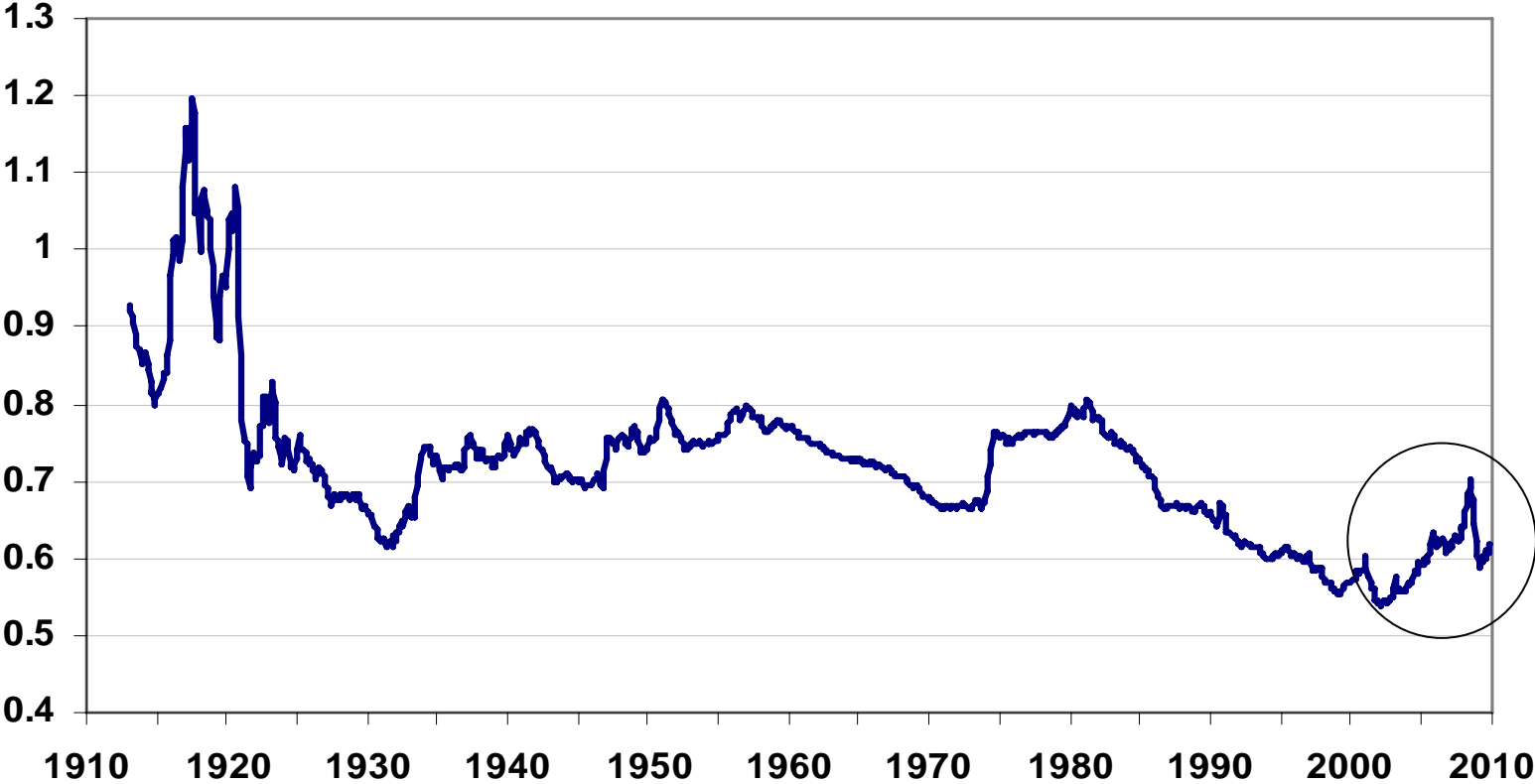
Chart 3: Standard Deviations (in percent changes)



- Heightened volatility since 2000 is a function of excess liquidity not growing resource scarcity

The Supercycle in Perspective

Chart 4: Real Commodity Prices



— PPI Industrial Commodities Deflated by the CPI, 1920=1.000

Notes

- Chart 1

- PPI = Producer Price Index
- ENR = Engineering-News Record
- HW Nuclear Plant CCI = Handy-Whitman Nuclear Plant Construction Cost Index(es)

- Chart 2

- Commodities include gold, silver, oil, aluminum, copper, coffee, sugar, rubber, cotton, corn, wheat, lumber, steel scrap, steel plate, hot-rolled carbon steel sheet

- Chart 4

- PPI Industrial Commodities = Producer Price index for Industrial Commodities, a broad aggregation of prices for textiles, leather, energy, chemical, plastics, metals, wood, paper, and equipment products
- CPI = Consumer Price Index