

## **COOPER: ESCALATING NUCLEAR REACTOR COSTS SEEN IN MAJOR REVERSALS FOR INDUSTRY ON WALL STREET AND IN TEXAS, CANADA**

***Ratings Warning From Moody's Followed by Mothballing of New Reactor Plans in Texas and Ontario; Developments in Line with Cooper Report from June Projecting Trillions in Excess Costs for Nuclear, Compared to Combination of Renewables and More Efficiency.***

**WASHINGTON, D.C.//July 13, 2009//**Three major developments in the nuclear power industry in late June underscore the key findings of the "The Economics of Nuclear Reactors," a report released on June 18, 2009 by economist Dr. Mark Cooper, a senior fellow for economic analysis at the Institute for Energy and the Environment at Vermont Law School. The Cooper report finds that it would cost \$1.9 trillion to \$4.1 trillion more over the life of 100 new nuclear reactors than it would to generate the same electricity from a combination of more energy efficiency and renewables.

Available online at

[http://www.vermontlaw.edu/Academics/Environmental\\_Law\\_Center/Institutes\\_and\\_Initiatives/Institute\\_for\\_Energy\\_and\\_the\\_Environment/New\\_and\\_Noteworthy.htm](http://www.vermontlaw.edu/Academics/Environmental_Law_Center/Institutes_and_Initiatives/Institute_for_Energy_and_the_Environment/New_and_Noteworthy.htm), the Cooper analysis of over three dozen cost estimates for proposed new nuclear reactors shows that the projected price tags for the plants have quadrupled since the start of the industry's so-called "nuclear renaissance" at the beginning of this decade – a striking parallel to the eventually seven-fold increase in reactor costs estimates that doomed the "Great Bandwagon Market" of the 1960s and 1970s, when half of planned nuclear reactors had to be abandoned or cancelled due to massive cost overruns.

Cooper said that three late June developments provide new evidence of the validity of the cost-related concerns documented in his report:

- On June 30, 2009, Exelon cited "economic woes" as a major factor in postponing for up to 20 years plans to build two nuclear reactors at its site in Victoria, Texas. (See [http://www.victoriadvocate.com/news/2009/jun/30/gs\\_exelon\\_070109\\_56587/?business&local-news](http://www.victoriadvocate.com/news/2009/jun/30/gs_exelon_070109_56587/?business&local-news) for local coverage of the decision.)
- On June 29, 2009, the Government of Ontario announced that it has suspended the competitive bidding process to procure two replacement nuclear reactors planned for a Darlington, Ontario site. As the New York Times reported: "Two years into a \$20 billion nuclear upgrade project meant to replace aging reactors with next-generation technology, the Ontario government postponed the entire process on Monday, citing excessive cost and uncertainties involving the ownership status of the sole Canadian bidder ... Yesterday's move is a setback for the Atomic Energy of Canada Limited, the 57-year-old government-owned corporation that has built all of Canada's reactors and could soon be sold off to a private investor." (See <http://greeninc.blogs.nytimes.com/2009/07/01/ontario-puts-nuclear-expansion-plans-on-ice/>.)
- On June 23, 2009, Moody's Investor Services issued a report titled "New Nuclear Generation: Ratings Pressure Increasing." The summary to the report included the following: "Moody's is considering "taking a more negative view for those issuers seeking to build new nuclear power plants ... Rationale is premised on a material increase in business and operating risk ... most utilities now seeking to build nuclear generation do not appear to be adjusting their financial policies, a credit negative. First federal approvals are at least two years away, and economic, political and policy equations could easily change before then ..." Cooper pointed out that even though Moody's concludes that reactors might be financially viable once operating, the barriers to actual permitting and affordable construction may make it impossible to reach the operational new-plant phase. See the report summary at [http://www.alacrastore.com/storecontent/moodys/PBC\\_117883](http://www.alacrastore.com/storecontent/moodys/PBC_117883) and a related news story at [http://money.cnn.com/news/newsfeeds/articles/djf500/200906250936DOWJONESDJONLINE000658\\_FORTUNE5.htm](http://money.cnn.com/news/newsfeeds/articles/djf500/200906250936DOWJONESDJONLINE000658_FORTUNE5.htm).

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