

Bailouts Will Benefit Nuclear Industry Profits — Not Pennsylvanians

Pennsylvanians Overwhelmingly Are Against a Nuclear Bailout

According to a new API poll, Pennsylvanians do not support paying higher electricity costs to bail out the nuclear industry and stand in opposition to any legislation to enact a nuclear bailout.

- 84 percent of voters oppose any legislation that would force ratepayers to pay a special fee to bail out Exelon's nuclear power plants
- 77 percent of voters agree that electricity prices should be based on market conditions, not special treatment for one corporation
- 60 percent of voters believe electricity prices are lower with competition, NOT government intervention

When Will the Bailouts End?

A recent study released by Daymark Energy Advisors shows that, after Pennsylvania electric customers paid nearly \$9 billion to help the state's nuclear industry transition to competitive energy markets, the industry went on to earn significantly more than forecast over the past two decades. Where did the \$9 billion go? Profits and dividends.

Yet the nuclear industry is poised to ask customers for another ratepayer bailout after not preparing for a changing electricity marketplace. Enough is enough!

Subsidizing Jobs

In states that have enacted ratepayer bailouts for unprofitable nuclear facilities, the costs are substantial. Illinois approved a 10-year, \$2.35 billion ratepayer bailout of Exelon Corp. to subsidize 1,500 jobs at two money-losing nuclear power plants. That will cost Illinois electric customers \$156,666 per job annually to save them.

Consumers Get Hurt Beyond the Direct Impacts

While increasing electricity rates on households and small businesses is bad enough, the brunt of the impact will be felt by large-scale users of electricity, including our manufacturers, schools, transit systems and city governments.

In New York, the Metropolitan Transportation Authority estimates its electricity costs will increase by \$9 million this year alone. A study by the New York Public Interest Research Group found that **public institutions will see their electric bills rise by as much as \$112 million a year for the first two years of the bailout.**

In Illinois, IMPLAN modeling projects that the nuclear bailout will cause Chicago's city government, public schools and transit authority to incur additional costs of nearly \$250 million over the next 23 years.

Nuclear Industry is Going State to State to Prop Up Profits

In addition to Pennsylvania, the nuclear industry is pushing for similar multibillion-dollar bailout measures in Ohio, Connecticut and New Jersey. This push follows recent successes in Illinois and New York, where taxpayers were forced to pay for multibillion-dollar bailouts to line the pockets of corporations operating nuclear power plants. The recent bailouts of the nuclear industry in New York and Illinois are already facing public backlash and litigation.

Illinois: Last year, **legislation was enacted that burdens** the taxpayers of Illinois with the **obligation to provide** Exelon with \$235 million per year in ratepayer subsidies to prop up unprofitable nuclear power generation facilities. The bailout states a goal to ensure that plants only remain open for 10 years.

New York: The nuclear industry in New York will receive about **\$7 billion over 12 years**, assuming the industry can keep its three financially distressed nuclear power plants in operation.

Exelon is Misleading the Public When it Comes to Three Mile Island

Let's be clear. The nuclear industry is using Three Mile Island (TMI) as a sacrificial lamb to try to force legislators to enact a ratepayer-funded bailout to increase the profits of other already profitable nuclear facilities in the state that continue to clear auction and sell power to consumers.

The Three Mile Island nuclear power generating plant opened in 1974 and had a near meltdown of reactor No. 2 in 1979. After failing to adapt to market conditions and with only one working reactor, Three Mile Island is an uncompetitive dinosaur.

As a result, Exelon announced in June that it plans to close the nuclear power generating plant in 2019. The decision to close TMI is a direct result of Exelon's failure to adapt to the changing market conditions after the nuclear industry received nearly \$9 billion from ratepayers for transitional costs to prepare for Pennsylvania moving to a competitive electricity market.

Allowing Free Energy Markets to Work Will Not Impact Reliability

- PJM Interconnection, which operates the electrical grid serving 65 million people in 13 states, released a study that said the reliability of the electric power supply in the U.S. northeastern and mid-Atlantic states would not be hurt if generators burned more natural gas and renewables, or if the recent decline in coal and nuclear generation continues.
- The required reserve margin is 16.6 percent, and PJM has a stunningly high reserve margin of 29 percent with 42,000 MW of excess capacity.

Power Generation Under Development More Than Makes Up for TMI Closure

- Proposed new generating plants and increased capacity of existing plants in Pennsylvania totaled 23,772 MW in 2016. Natural gas projects made up more than 21,906 MW of this total. Nuclear generation in Pennsylvania totals approximately 10,400 MW. *Source: PA Public Utility Commission*
- Three Mile Island, the only Pennsylvania nuclear facility that is currently at risk, produces approximately 837 MW of power. The additional power generation projects and energy sources — such as natural gas, wind and solar energy — in the state will more than fill the void of lost power generation.

There Will Not Be Power Outages in the State if TMI Closes

- Pennsylvania is a net exporter of electricity, meaning that power generators annually produce more power than consumers in the state use. A bailout would essentially force Pennsylvania ratepayers to subsidize electricity costs for consumers in surrounding states.

Consumers Will Be Hurt if a Nuclear Bailout is Enacted — Not if TMI Closes

- Introducing competition has allowed the free market to drive price. A University of Pennsylvania Kleinman Center for Energy Policy study found that the retail price of electricity in Pennsylvania fell from 15 percent above the national average before deregulation to below the national average last year.
- Deregulation in Pennsylvania has allowed competitive markets to drive energy prices. The economic advantage of low-cost natural gas has spurred an influx of billions of dollars of private investment to construct clean-burning natural gas power generation facilities throughout the state.

When 2019 Comes, TMI Will Not Immediately Stop

- Exelon's business decision to close TMI is unfortunate for the employees and local community; however, the process of dismantling TMI would require a complex construction project that typically lasts three to five years.
- The plant could not close until a specialized structure is built to store the 650 metric tons of spent nuclear waste fuel on site, and this is a process that many current employees would be involved in.