

# How a Nuclear Bailout Would Burden Pennsylvania Ratepayers

As we have seen recently in other states, the nuclear industry wants to ram through a potentially multibillion-dollar bailout forcing Pennsylvania ratepayers to pay more for electricity to subsidize an industry that posted multimillion-dollar profits in 2016.

In March, Bloomberg reported that expanding state aid to uneconomical nuclear reactors across the eastern U.S. could leave consumers on the hook for as much as \$3.9 billion in higher energy bills.

## Bailouts Would Benefit Nuclear Industry Profits – Not Pennsylvanians

### When Will the Bailouts End?

Pennsylvania's nuclear industry already has benefited from recovering an estimated \$10 billion in "stranded" costs borne on the backs of ratepayers and meant to help the nuclear industry adjust to deregulation and market competition. When will it stop?

### Subsidizing Other States

Pennsylvania is a net exporter of energy. If we give a bailout to nuclear plants in Pennsylvania, our ratepayers will effectively be paying higher bills so that ratepayers in other states can pay less for our power generation.

### 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 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

Proposed new generating plants and increased capacity of existing plants in Pennsylvania totaled 23,772 MW in 2016. Natural gas projects make up more than 21,906 MW of this total. Nuclear generation in Pennsylvania totals approximately 10,400 MW. *Source: PA Public Utility Commission.*

### Free Markets Are Working

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.

### Bailouts Negatively Impact Other Industries

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.

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## How Did a Bailout Work in Other States?

**Recent bailouts of the nuclear industry in New York and Illinois are 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 only that plants remain open for 10 years.

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.

### **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.

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.

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## The Bottom Line

Pennsylvania consumers are the real beneficiaries of today's competitive energy marketplace. Asking consumers to pay more to keep Pennsylvania's aging nuclear facilities profitable just isn't fair. Say no to any financial bailout for Pennsylvania's nukes.