

# Nuclear Power Is Headed for a Fight

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Even as interest grows in a potential new generation of U.S. nuclear-power plants, scrutiny of existing ones is intensifying.

The Nuclear Regulatory Commission is logging the first serious challenges to requests by operators that want to extend operating licenses for existing plants by 20 years. Opponents have been stepping up efforts to force retirements, especially in the densely populated Northeast.

To date, the commission has granted each renewal sought. Operators such as Entergy Corp. and Exelon Corp. are seeking renewal years before the licenses expire and say they expect approval. Still, the new opposition signals that nuclear power faces significant barriers in some parts of the country, even as its low fuel costs and lack of greenhouse-gas emissions spur interest in new reactors.

Nuclear plants produce about 20% of the nation's electricity even though they constitute less than 10% of the installed capacity. The nuclear sector's importance has grown as electricity obtained from other fuels, chiefly coal and natural gas, has become more costly and as awareness has grown about the climate consequence of relying on fossil fuels for 70% of the nation's electricity.

The Northeast would have difficulty meeting its growing energy needs and state carbon-dioxide reduction goals if some nuclear plants were retired in coming years. Nuclear plants are hard to replace because they run around the clock, stop only occasionally to refuel and don't depend on wind or sun.

Most renewals have attracted little public attention. That is changing as the location of plants seeking renewals shifts north into deregulated energy markets, where many of the plants have been acquired in recent years by nuclear consolidators without as many ties to local communities.

Most nuclear plants in the U.S. are able to make electricity very cheaply. But that doesn't mean their output is inexpensive. Increasingly, their power is sold at market prices. As a result, local residents don't necessarily feel they benefit from low production costs. Another change is general population growth means more people live downwind than in years past.

Opposition could prove especially troublesome for Entergy. The big New Orleans utility company announced last month it intends to create a new public company that would hold half of its nuclear plants, creating the nation's first stand-alone nuclear-power company. Three of the five plants tagged for divestiture face license-extension

challenges: Indian Point in Buchanan, N.Y.; Vermont Yankee in Vernon, Vt.; and Pilgrim in Plymouth, Mass.

"Our expectation is we'll be successful despite these efforts, said Jim Steets, an Entergy spokesman in White Plains, N.Y.

Analysts generally believe license extensions will be granted. But some are watching for signs a successful challenge could be started. "Anything that improves cash-flow prospects or makes you doubt whether license extensions will happen materially affects valuations" of companies with nuclear plants, said Paul Fremont, analyst at Jefferies & Co. in New York.

Jefferies estimates that if Indian Point runs 96% of the time, next year it will produce 8.7 million megawatt hours of electricity valued at \$370 million in operating income. Entergy doesn't break out numbers publicly by unit.

The license-renewal process has given New York Attorney General Andrew Cuomo a way to assert his longtime opposition to the two-unit Indian Point plant. Earlier this month, Mr. Cuomo submitted a 322-page brief to the NRC urging it to reject a license-renewal request from Entergy. He cites its proximity to populated areas as well as age; in a news briefing, he called the plant "a catastrophe waiting to happen." Entergy says the reactors are safe.

About 20 million people now live within a 50-mile radius of the plant, whose reactor licenses expire in 2013 and 2015. Mr. Cuomo said it would be impossible to safely evacuate all who could be harmed by a radioactive leak stemming from a terrorist attack or accident. He is pressing the NRC for full evidentiary hearings.

The NRC's judicial arm, the Atomic Safety and Licensing Board, will review Mr. Cuomo's brief, among others, and decide whether to hold those hearings, in addition to public meetings. Other state and local officials also have powers to block renewals through enforcement of environmental, water and land-use permits. "In the absence of state and local permits, the NRC cannot issue operating licenses," said David Matthews, director of new-plant licensing for the NRC and former head of its Division of License Renewal.

Another plant facing a challenge is Oyster Creek, in Forked River, N.J., owned by Exelon. Local groups have challenged the plant's safety record and evacuation plans, concerns the Chicago company says have already been addressed.

It is a relatively small plant, but "if it were not relicensed, there could be significant impact to New Jersey energy supplies," said Edward Salmon, chairman of the New Jersey Affordable, Clean, Reliable Energy Coalition, a group supporting license extensions that has received seed money from Exelon.

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