

In July 2009, the Bulletin of the Atomic Scientists published: “*Maximizing U.S. federal loan guarantees for new nuclear energy*”, written by Concentric’s John Reed and John Slocum. The following Abstract summarizes the authors’ views on the federal government’s new nuclear loan guarantee program.

Abstract

In May, the U.S. Department of Energy (“DOE”) confirmed that it was selecting four applicants to proceed to the penultimate “due diligence” stage of the \$18.5-billion federal loan-guarantee program for new nuclear power projects. While being careful to note that none of the 10 projects that submitted full applications have been eliminated, DOE is proceeding with further review of the applications submitted by NRG Energy’s South Texas 3 and 4 project near Houston; Unistar’s (a joint venture of Électricité de France and Constellation Energy) Calvert Cliffs 3 project southeast of Washington, D.C.; Georgia Power’s Vogtle 3 and 4 project near Augusta, Georgia; and Scana’s Virgil C. Summer 3 and 4 project near Columbia, South Carolina.

The loan-guarantee program, part of the 2005 Energy Policy Act, raises two main issues that have profound impacts upon the future of nuclear power in the United States. First, given the relatively small size of the congressional appropriation (cost estimates for new nuclear power plants are currently anywhere from \$6 billion-\$10 billion each) and regulations governing the loan-guarantee program’s implementation, how likely is it that the program will spur new U.S. nuclear power projects? Second, although the Energy Policy Act was intended to promote the early commercial deployment of advanced energy technologies and the reduction of greenhouse gas emissions, it also directed DOE to protect the interests of the U.S. taxpayer in case of loan defaults. Promoting new technologies, however, may not be compatible with minimizing financial risk. This raises the policy question of how best to use the public funds to support new nuclear energy initiatives.

The authors conclude that the current loan-guarantee program should be guided by one overriding goal: Build at least two new nuclear projects, utilizing two different technologies.

To read the entire article, please visit the Bulletin of the Atomic Scientists’ website at: <http://www.thebulletin.org/web-edition/features/maximizing-us-federal-loan-guarantees-new-nuclear-energy>