

Congress Sparks Controversy Over LNG Facilities

During recent budget negotiations, congressional conferees inserted language into the massive appropriations bill (H.R. 4818) stating that the Federal Energy Regulatory Commission (FERC) can pre-empt states on the permitting and siting of liquefied natural gas (LNG) facilities, thereby squelching the ability of states and local communities to have adequate control over these controversial projects.

Such a move may undermine a July lawsuit filed by the California Public Utility Commission claiming that FERC illegally ruled in March that states have limited jurisdiction over the permitting and siting of LNG facilities inside their borders. The lawsuit is being closely watched by other states, where officials have expressed alarm about the inability of state and local governments to have adequate input into these projects. The projects are particularly controversial because liquefied natural gas is extremely volatile and dangerous.

More alarming is the way in which this language was inserted into the conference committee report. Rather than hold public hearings, this provision – which was in neither the House nor Senate bill – was slipped into a massive appropriations bill at the last minute.

Communities are leery of LNG facilities because of security reasons. LNG tankers and marine terminals make significant terrorist targets because of the enormous quantities of fuel carried by the tankers (up to 10 times the amount of fuel of a typical crude oil ship), the risk of fires, and the hazards associated with the heat-

DID YOU KNOW...?

The Power of the Public Utility Holding Company Act

Because of their massive abuses of consumers and investors in the '20s and '30s, holding companies may only own a single, integrated, utility system operated in the same "region" of the country under PUHCA. Utilities are now arguing to the SEC that whenever they join a transmission group, such as Dominion Resources joining PJM, they are in the same "region" of the country as every other member of the group, and thus can merge with any such member. If the SEC approves this stratagem, it will effectively gut PUHCA and again allow massive consolidation of utility ownership.

ing of the LNG at the marine terminals.

Liquefied natural gas is not environmentally sustainable. Natural gas used as fuel for electricity pollutes, and the exploration and drilling for natural gas can cause environmental damage. Nonetheless, companies are proposing to build 19 new LNG marine terminal facilities throughout the U.S. in the next few years. Currently there are just four LNG marine terminals.

Domenici adds pro-LES measure to spending bill

In the recent lame-duck session of Congress, Pete Domenici, Republican senator from New Mexico and ardent proponent of the nuclear industry, surreptitiously slipped a single sentence into an omnibus appropriations bill in an attempt to alleviate the radioactive waste management problems of a particular company, Louisiana Energy Services (LES), a multinational

consortium that is seeking a license to build and operate a uranium enrichment facility in southeastern New Mexico.

LES has been struggling to meet a requirement of the NRC that it must have a "plausible strategy" for disposing of its radioactive depleted uranium hexafluoride (DUF6) waste. According to a spokesperson for Sen. Domenici, the language inserted in the bill was designed to remedy this issue for LES by requiring the DOE to take possession of it and remove it from New Mexico.

But legal experts and New Mexico Gov. Bill Richardson—whose support for the LES plant is contingent upon the company's pledge to remove DU from the state—are not convinced that this language will have the effect envisioned by Domenici. The language would not necessarily require the DOE to remove the waste from the state, but merely to take possession of it. The DOE is constructing two facilities to process DUF6 into a more stable form for disposal, but its own inventory of waste is so great that it is unlikely that it would be able to handle any more waste generated by the proposed LES facility. Moreover, no permanent disposal facility for the processed waste has been identified.

Public Citizen and the Nuclear Information and Resource Service are currently pursuing a legal case against the LES plant application; one of the contentions proffered by the groups and admitted in the case charges that LES lacks an adequate radioactive waste disposal plan.

Eye on Yucca Mountain

On Nov. 22, DOE announced publicly with the NRC that it would not

QUICK QUOTE:

“The decision will ensure protection of its customers, lead to savings, enhance reliability, increase power supplies and help promote electric competition.”

- David Botkins, Dominion Virginia Power spokesman, referring to the approval by the State Corporation Commission to allow Dominion to join PJM, the country’s largest regional power grid. Nov. 11, 2004 (Editor’s Note: In reality, deregulation has done exactly the opposite).

be submitting its license application this December, as planned. DOE stated that it is “assessing” the impact on the application of the recent court decision that threw out EPA’s public health standards, as well as the NRC licensing guidelines based on the EPA regulations. DOE also announced that it does not plan to certify that it has made available all of its documentary materials on the NRC’s online Licensing Support Network (LSN) until at least next spring. DOE must certify the LSN at least 6 months before submitting its license application. In addition, DOE and NRC have not yet agreed on the level of detail or type of information that DOE must provide in its application about the design of the facility. DOE stated that it intends to submit a license application in 2005, and is planning to have a new schedule by the next meeting with the NRC in February 2005.

In the meantime, DOE has announced that it is considering giving Bechtel SAIC, LLC, the contractor responsible for preparing the Yucca Mountain license application, at least some part of a \$15.3 million bonus for completing the license application by Nov. 30 – despite the fact that the application is not yet done. DOE is blaming the delays on events beyond Bechtel’s control, such as the court’s ruling on EPA’s standards. Yet, if

DOE expects to submit its application in 2005, then clearly the agency does not intend to hold up the application to wait until EPA reissues its regulations and then to revise the application accordingly – a process that will take years. Bechtel has been paid for the work it has done on the draft application from its \$1.8 billion contract, and even received an \$11 million bonus for meeting its deadline for an initial draft in July.

Taxpayers Pay Huge Subsidy to Nuke Power

The large omnibus spending bill that passed the House and Senate in November contains \$170.6 million for research and development of nuclear power – \$74.6 million more than the administration requested. In particular, Nuclear Power 2010, a program in which taxpayers cover half the cost for industry to apply for licenses to build new reactors, received \$49.6 million – nearly five times more than the administration’s request. Generation IV to develop the “next generation” of nuclear reactors, received \$39.7 million, which is \$9.1 million more than the administration’s request. Of the \$39.7 million, \$24.8 million is earmarked for the project to build a reactor at INEEL that co-produces electricity and hydrogen. The Advanced Fuel Cycle Initiative to develop so-called “proliferation-resistant” and less polluting reprocessing technologies was appropriated \$67.5 million – almost a 50% increase from the administration’s request.

5 Groups Sue DOT For New Nuke Transport Rules

On Nov. 9, five public interest organizations filed suit in a Northern California federal district court against the U.S. Department of Transportation (DOT) for its adoption of rules which reduce public protections by allowing more radioactivity to move on roads, rails, planes and waterways without

regulatory control. The groups are Nuclear Information and Resource Service, Sierra Club, Public Citizen, Redwood Alliance and Committee to Bridge the Gap. The groups are calling for withdrawal of the portions of the rule that exempt and weaken nuclear transport controls and for full environmental impact review.

The regulations exempt various amounts of every radionuclide (all the radioactive forms of each element) from radioactive labeling, tracking, and control. They also allow some nuclear materials to be shipped without packaging.

PEPCO Hikes Rates in D.C. Area

Public Citizen has urged the D.C. Public Service Commission to reject the requested 17.7% rate hike (due to be implemented in February 2005), and work toward re-regulation, so the District once again will have the regulatory power to ensure that prices consumers pay are tied to the true costs of producing power. The only way for D.C. to adequately protect consumers is to break from its deregulation experiment, and instead re-regulate the region’s electricity system by ordering PEPCO to re-purchase the power plants it sold to Atlanta-based Mirant. Currently, the commission is less able to control rates because PEPCO is buying power from another entity. Re-acquiring the plants would restore the city’s ability to regulate power prices and implement the cost-based rate system that successfully protected consumers for 100 years.

Corporate Corner

\$172 million:

What Congress allocated for research and development for nuclear power in the budget bill– \$76 million more than the Bush administration requested.