



EYE ON ENERGY

A Monthly Newsletter from the Public Citizen Energy Team

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Energy Bill Passes in Senate; Heads to Conference with House

On June 28, the Senate overwhelmingly passed its version of the bill 85 to 12. While the Senate bill provides some significant provisions promoting energy efficiency and renewable energies compared to the House bill, it ultimately sells out consumers by repealing the Public Utility Holding Company Act (PUHCA)-an important electricity consumer protection statute - and by heavily subsidizing the fossil fuel and nuclear industries.

The bill contains more than \$10.1 billion in subsidies and tax breaks for the nuclear industry, as well as unlimited taxpayer-backed loan guarantees and other incentives. It gives \$1.8 billion specifically to build new coal power plants, and an additional \$1.82 billion for other grants to polluting oil, natural gas and coal corporations. Most importantly, the bill fails to take the most critical step for reducing our dependence on foreign oil: mandatory improvements of fuel economy standards.

Many controversial issues, including the House bill's liability waiver to producers of the fuel additive MTBE and license to drill in the Arctic National Wildlife Refuge in Alaska, and the Senate bill's statement recognizing the need to address human-induced climate change, are likely to be contentious in the conference committee. Call your Senators at (202) 224-3121 and tell them to oppose any conference report that provides subsidies to fossil fuel and nuclear power, repeals PUHCA, and does not improve fuel efficiency.

DID YOU KNOW...?

The Power of the Public Utility Holding Company Act

The U.S. Senate has just passed an energy bill that would repeal the Public Utility Holding Company Act. If the bill passes the conference committee, this repeal will allow countries, including China, to acquire local U.S. utilities. Oil companies, construction firms such as Halliburton, and investment banks can own utilities for the first time since 1935. There will be no limits on the size of utility mergers and no federal regulation of the financial transactions of utility owners. The energy bill will not help lower gasoline prices, but it will help electric and natural gas utility prices go through the roof.

Groups Appeal Dismissal of Environmental Issues in LES Case

In response to the Nuclear Regulatory Commission (NRC) adjudicatory board's June 8 decision to dismiss the environmental contentions in the case against the nuclear company Louisiana Energy Services (LES), Public Citizen and Nuclear Information and Resource Service (NIRS) filed a petition for review by the full commission. The dispute is over LES's license application to build a uranium enrichment plant in New Mexico.

Intervenors Public Citizen and NIRS contend that NRC's Atomic Safety and Licensing Board (ASLB) erred in its conduct of the licensing proceeding, unfairly limiting the scope of the issues considered and compromising the case by improperly excluding essential elements of their testimony on waste processing and disposal, nuclear proliferation, and the need for

the facility. The petitioners also assert that the Board erroneously accepted generic environmental evaluations by the Energy Department as applicable to the LES case, rather than requiring independent reviews by the NRC.

The ruling and appeal followed the state of New Mexico's settlement agreement with LES, which came about after the virtual exclusion of the State's complaints from the formal NRC licensing proceeding. The settlement requires LES to limit its storage capacity for the depleted uranium waste produced by the plant and requires the company to ultimately remove its waste from New Mexico. In return, the state has agreed to withdraw its contentions.

"No Nukes" Message in Mississippi

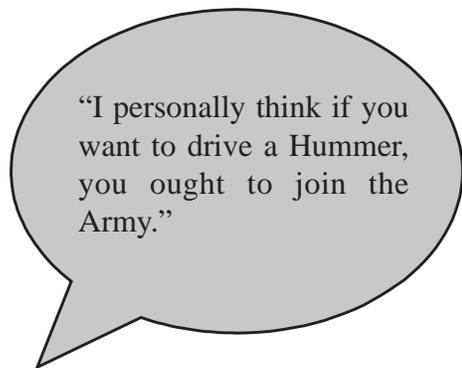
A public meeting was hosted by the NRC in the small Mississippi town of Port Gibson on June 28. Entergy Corp. has applied to site one or two new reactors at the nearby Grand Gulf nuclear power station, and about 160 people turned out to hear more information from the NRC as well as give their own views on the proposal.

Many residents of the town are undecided as to whether a new reactor is a good idea. Claiborne County, where Port Gibson and Grand Gulf are located, is one of the poorest counties in Mississippi, with 32% of residents living below the poverty line. While Entergy has promoted new reactors as an economic boon, it's unclear whether that will, in fact, be the case. The current reactor has been operational for 20 years, yet poverty remains and the county still must borrow money to

keep the hospital doors open.

The NRC's own assessment points out the possibilities: "It is not clear whether Claiborne County would receive property taxes, sales, and use taxes, or other taxes and public monies commensurate with the costs of its additional emergency management and public services obligations. The net financial burden may fall on local residents and taxpayers, most of whom are minority and low-income persons." Public Citizen and several other organizations, including the Claiborne County NAACP, intervened against

QUICK QUOTE



"I personally think if you want to drive a Hummer, you ought to join the Army."

~ Senator Dick Durbin (D-Ill.) on the floor of the Senate on June 16.

Entergy's early site permit application at Grand Gulf in 2004, yet all their contentions were dismissed by an NRC panel. One of those contentions, which was denied on appeal, charged that new reactors in Claiborne County unfairly burdened a largely minority and low-income population - the same finding that NRC staff made in their environmental assessment.



Ice sculpture of Grand Gulf nuclear reactor in "melt down" mode.

Public Citizen was joined earlier in the day at the Capitol building in Jackson, Miss., by NIRS, the Mississippi Sierra Club, the Mississippi Green Party, and

the Mississippi 2020 Network for a press conference featuring an ice sculpture of the Grand Gulf reactor which "melted down."

NRC Puts Hold on Deregulating "Low-Level" Radioactive Waste

On June 1, NRC Commissioners voted overwhelmingly to defer action on a proposal that would allow the deregulation and release of a significant amount of radioactive waste. While this appears to be a small victory for the public, significant issues remain. In written comments, the Commissioners explained their decision as a result of shifting agency priorities, but made clear that they support the proposal, and will revisit it in the near future.

Public Citizen strongly opposes this proposal, as it would allow the release of radioactive waste into municipal landfills, roadbeds, and recycled materials. Landfills are known to contaminate nearby soil and drinking water, and materials like concrete and steel are used throughout our cities and suburbs. The NRC proposal would fail to ensure the very dose and limited pathways it purports to require, and it also fails to explain why the public should bear this (or any) additional burden.

Currently, operators of a reactor must apply on a case-by-case basis and get NRC approval to release solid radioactive material, but no information on these cases have been made public.

Senate Rejects LNG Veto Amendment

On June 22, the Senate voted 52 to 45 to reject an amendment to the energy bill that would have provided governors the right to veto proposed liquefied natural gas (LNG) projects. The amendment would have extended the current rights governors have over offshore terminals to include on-shore terminals. But the energy company lobby led the fight to suppress the ability of communities to have adequate

say over these dangerous facilities. The companies that led the fight - ExxonMobil, JP Morgan Chase, ConocoPhillips, BP, Cheniere Energy, Sempra Energy, and ChevronTexaco - each have proposed at least two LNG terminals.

The House also struck down an amendment on April 21 to remove language which gives the federal government exclusive jurisdiction over LNG permitting and siting.

Now that the energy bill has passed both the House and the Senate, both houses of Congress are unfortunately on record of siding with energy companies against the interests of states and communities, since both votes have the effect of forbidding states from having an adequate say over the siting and permitting of LNG facilities.

FERC Approves Energy Merger

On June 30, the Federal Energy Regulatory Commission voted 4-0 to accept the proposed merger between Chicago-based Exelon and New Jersey-based PSE&G, creating America's largest electricity company. Not only did FERC approve the merger on the terms and conditions set by the energy companies, but it did so without a public hearing - even though Public Citizen and three states requested that such a public hearing be required to resolve facts in dispute. Public Citizen plans to appeal this wrong-headed decision to federal courts and let a (hopefully) more independent judiciary decide.

Corporate Corner
\$18.5 billion
What China National Offshore Oil Company, a state-controlled Chinese oil firm, bid for U.S. oil company Unocal.