



EYE ON ENERGY

A Monthly Newsletter from the Public Citizen Energy Team

News Update: June 2005

www.EyeOnEnergy.org

Volume 2, Issue 6

Senate Energy Committee Passes Another Energy Bill

On May 26, the Senate Energy and Natural Resources Committee passed 21-1 its third energy bill in 4 years. The only senator in the committee to vote against the bill was Sen. Ron Wyden (D-Ore.). While the recent version of the bill does not contain the most controversial aspects of the House-passed bill (H.R. 6), such as a liability waiver to MTBE producers and drilling in the Artic National Wildlife Refuge, the Senate bill is laden with handouts to the fossil fuel and nuclear industries. The Senate version of the bill repeals the Public Utility Holding Company Act (PUHCA), an important electricity consumer protection statute, replacing it with very weak provisions giving the Federal Energy Regulatory Commission increased authority over utility mergers. The bill also authorizes \$1.6 billion for research and development of new nuclear reactors, as well as unlimited loan guarantees and other incentives to the nuclear industry to build new reactors. Moreover, the Senate bill once again fails to address the most important measure necessary to reduce our dependence on foreign oil: mandatory improvements in automobile fuel economy. The section of the bill allocating \$11 billion worth of tax breaks is expected to be taken up by the Finance Committee in mid-June. Many controversial issues, including offshore oil and gas drilling, renewable energy requirements, and siting of liquefied natural gas facilities, are expected to be raised when the bill goes to the floor, expected the week of June 13 or 20.

DID YOU KNOW...?

The Power of the Public Utility Holding Company Act

If you want your electric bills to go the way that gasoline prices have gone, urge your members of Congress to repeal PUHCA; then we can have an electricity/natural gas/oil cartel instead of just an oil cartel.

Utah Denied Appeal on PFS

The Atomic Safety and Licensing Board (ASLB), the judicial arm of the Nuclear Regulatory Commission (NRC), rejected the State of Utah's motion on May 24 to reconsider its preliminary license approval for Private Fuel Storage (PFS), an "interim" storage site for 40,000 metric tons of irradiated fuel on the Skull Valley Goshute Indian Reservation in Utah. The NRC Commissioners must now make the final licensing decision. For more information about the PFS proposal and why it will not help solve the nuclear waste problem, see http://www.citizen.org/documents/PFS_factsheetnew.pdf.

LNG Facility Must be Strongly Regulated

Public Citizen and Green Delaware urged FERC on May 16 to deny a request by Virginia-based Dominion to waive market transparency rules for the company's Cove Point liquefied natural gas (LNG) facility expansion in Maryland, saying such a move could harm consumers.

Under an agreement between Dominion and Norwegian-owned Statoil, Statoil will secure exclusive rights to market all the natural gas unloaded from Dominion's Cove Point facility. Statoil also is delivering the LNG to Cove Point from Norway in tankers owned by Statoil.

The groups said market transparency rules are designed to ensure that a company operating a monopoly business like an LNG facility cannot cut side deals with favored companies and deny consumers access to competitive prices.

"Dominion cannot unilaterally dictate its business preferences simply because it will help the company increase its profits," said Tyson Slocum, research director of Public Citizen's energy program. "This invites anti-competitive business practices, which harms consumers."

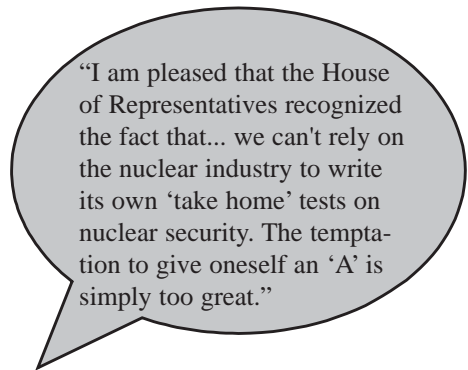
Update on Exelon-PSEG Merger

In a slap in the face of the public, Exelon and PSEG, led by former chairwoman of FERC Betsy Moler, in a motion filed with FERC on May 10, proposed selling additional power plant capacity on the condition that the federal agency not schedule a public hearing on the merger, which would create the largest energy company in the United States. Consumer groups denounced attempts by energy giants Exelon and Public Service Enterprise Group (PSEG) to induce federal regulators to inhibit public debate on their controversial merger.

Exelon offered to sell an additional 1,100 megawatts of capacity, provided

that FERC agrees to shut out the public on the merger discussions currently under way by the regulatory agency. This comes after Moler and other company executives had private meetings with all four FERC commissioners in violation of federal law, which mandates that such meetings be made public. Consumer and environmental groups demanded that the meeting details be admitted to the public record. Exelon-PSEG has thus far failed to address the request.

QUICK QUOTE



~ U.S. Rep. Edward Markey (D-N.Y.), in response to a passed amendment to the House Energy and Water Appropriations bill that prohibits the NRC from using funds to contract with or reimburse nuclear reactor licensees or the Nuclear Energy Institute for matters relating to nuclear site security.

Public Citizen Opposes New Illinois Reactor

Public Citizen last month submitted extensive formal comments on the draft version of an environmental review for a proposed new nuclear reactor in central Illinois. The comments document and critique many deficiencies in the NRC's review of Exelon's early site permit application, one of the first new reactor permits sought in over 25 years.

Among the deficiencies noted in the comments are the failure to analyze a need for power in Illinois, an unrealistic analysis of alternatives to a new

nuclear reactor, a failure to take into consideration the nuclear waste storage requirements necessary with operation of a new reactor, and a deficient review of impacts a new reactor would have on Clinton Lake.

To learn more about Exelon's proposed new Illinois reactor, visit www.citizen.org/cmep/clinton.

Public Meeting on New Mississippi Reactor June 28

The NRC will host a public meeting in Port Gibson, Miss., on June 28 to discuss its environmental review of Entergy's proposed new reactors at the nearby Grand Gulf nuclear plant. The public is invited to attend to share their opinions of the draft review, which is open for comment through July 14.

The draft environmental impact statement itself was released in early May; while it ultimately recommends the new reactors be constructed, it also notes that environmental justice concerns raised by Public Citizen, the local NAACP, and other groups in the past do have merit. "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," NRC's analysis says.

Emergency management services in Port Gibson are already strained. According to sworn statements signed by the Claiborne county sheriff and the local hospital administrator, first responders are ill-equipped to adequately handle a nuclear emergency, and building new reactors will only increase the burden. Regardless, when these facts were raised to the NRC in a formal intervention by a coalition of groups including Public Citizen, all the

arguments were dismissed in the current streamlined review.

For more information on Entergy's proposed new Mississippi reactors, visit www.citizen.org/cmep/grandgulf.

House Proposes Interim Storage of Nuclear Waste at DOE Sites

On May 24, the U.S. House of Representatives passed 416-13 the Energy & Water Appropriations bill, which included report language requiring the U.S. Department of Energy (DOE) to choose one or more DOE sites for interim storage of commercial nuclear waste and to begin shipping waste to these sites in 2006. The report also provides \$5.5 million above President Bush's \$70 million request for reprocessing research and development. The additional funding is to be used to accelerate the selection of a reprocessing technology no later than the end of fiscal year 2007. Reprocessing, the separation of plutonium and uranium from irradiated fuel, is a proliferation-prone and environmentally harmful technology.

Worldwide, more than 200 metric tons of plutonium has been separated as a result of commercial reprocessing, leaving it more vulnerable to theft. The DOE is still trying to clean up the sites contaminated by reprocessing military waste made during the Cold War and by the commercial reprocessing facility in New York State, which was an economic failure.

Corporate Corner

\$9.4 billion
 What Warren Buffett's Berkshire Hathaway, via Mid-American Energy, paid to purchase utility giant PacifiCorp.