Public Citizen

EYE ON ENERGY

A Monthly Newsletter from the Public Citizen Energy Team

News Update: May 2004 **www.EyeOnEnergy.org** **Volume I, Issue 5**

Legally Speaking: The Fight Against New Nuclear Plants

A coalition of environmental, consumer, and human rights organizations, including Public Citizen, filed its reasons on May 3 with the U.S. Nuclear Regulatory Commission (NRC) on why energy companies' applications for three early site permits to site new nuclear reactors in Virginia, Mississippi, and Illinois should be denied. In February, the coalition filed interventions with all three applications.

Entergy Corp. is applying for a permit to bank a site near its existing Grand Gulf reactor in Port Gibson, MS. The groups claim the company is disregarding environmental justice by choosing a site in Claiborne County, which is predominantly African American and where 32 percent of residents live below the poverty line. Grand Gulf is the only nuclear plant in the country where tax revenues have been taken from the county that accepts the risk of the facility.

Dominion is applying for a permit to bank a site in Mineral, VA. The coalition is charging that there is an insufficient amount of water in Lake Anna to supply cooling water for an additional reactor without significantly harming Lake Anna and downstream ecosystems, as well as negatively impacting recreational uses of the lake.

Exelon is also applying for a permit in Clinton, IL. The groups say that a new plant would violate an Illinois law that requires the government to approve a demonstrable means for the disposal of high-level nuclear waste before siting any new nuclear plants. The proposed Yucca Mountain waste dump has not yet been licensed and has undergone much criticism from various governmental bodies and public interest groups – a plethora of scientific failures and a flawed approval process will likely delay or cancel the 2010 opening date.

DID YOU KNOW…?

The Power of the Public Utility Holding Company Act

PUHCA doesn't allow non-utilities to own electric and retail gas utilities, so ExxonMobil and ChevronTexaco can't own public utilities… yet.

Eye on Yucca Mountain

The NRC warned the U.S. Department of Energy (DOE) in an April 10th letter that it needs to improve the quality of information being provided as background and support material for the anticipated December 2004 Yucca Mountain nuclear waste dump license application. Otherwise, the NRC warned, it could delay the issuance of a construction authorization – forcing DOE to miss its goal of a 2010 opening date.

In other Yucca news, the DOE formally adopted a mostly rail nationwide waste transport plan in shipping at least 77,000 tons of waste to the dump. It also announced its intention to go ahead with constructing its preferred Nevada rail corridor, the Caliente route, which enters the state from Utah and winds 319 miles around north and west of the Nevada Test Site, cutting through ranchers' land and mountain ranges along the way. The route has been criticized by Nevada as too expensive and impractical.

Finally, the U.S. General Accounting Office released the final version of its report on persistent quality assurance problems at the Yucca Mountain site on April 30. The report found that DOE has failed to fix the problems it has had in providing sufficient scientific data to support its conclusions about the dump's safety. Highlights of the report are available at: http://snipurl.com/62m2.

Think the Oil Cartel is Bad?

If the Public Utility Holding Company Act (PUHCA) is repealed as energy legislation proposes, there could soon be a U.S. oil/electric/natural gas cartel.

PUHCA prohibits non-utilities from owning public utilities because of the abuses that occurred in the 1920s and 30s when anyone could own utilities and those that did used utility revenues to speculate in non-utility businesses rather than ensuring better and cheaper utility services. As a result, oil companies cannot now own public utilities. If PUHCA is repealed, there will be nothing to stop the huge oil companies from completing their stranglehold on essential energy services by buying up electric and natural

QUICK QUOTE:

"I can't comprehend those who claim to care about our environment yet block a bill that increases energy efficiency and conservation, expands renewable energies tenfold and replaces environmental contaminants with clean ethanol."

- Sen. Pete Domenici, (R-N.M.), in his Earth Day statement on why the Senate should pass the energy bill.

gas utilities. The antitrust laws, as we have seen, have apparently been helpless to stop the growing U.S. oil cartel. Today we have ExxonMobil; tomorrow we may have ExxonMobilChevronTexaco.

It is much easier to stop a cartel BEFORE it is created than to try to break up an existing one. Write your member of Congress today to oppose PUHCA repeal and insist on strong PUHCA enforcement by the Securities and Exchange Commission!

Powered Up…in the Wrong Direction

The federal government, recently issuing its forecast of electricity demand for the next 20 years, concludes that while consumption of power will grow at a modest rate, U.S. reliance on fossil fuels to generate the electricity to meet demand will actually grow even faster, leaving us more dependent on coal and natural gas in 2025 than we are in 2004. That's because the federal government has no formal plan to increase our reliance on renewable energy.

The Energy Information Administration, the DOE's statistical branch, found that consumption will grow at an average annual rate of 1.8% - which will be slower than the rate of economic growth.

The problem is that the government is projecting that reliance on coal and natural gas-fired power plants will grow at a faster rate (2.2%) over that time period. The result will be an increased reliance on these dirty fuels, from supplying 70% of our electricity in 2004 to 77% in 2025.

The energy industry, which has provided $146 million to politicians running for federal office since 1999 (with three-quarters of that total going to Republicans), has clearly established a strong political presence in Washington, DC, ensuring that billions of dollars in subsidies for coal and natural gas power remain embedded in the budget.

A positive solution would be to divert these subsidies to renewable energy - such as wind and solar - and establish an enforceable, national goal to increase U.S. reliance on these clean forms of energy. But the last effort to do just that - in March 2002, when the Senate voted whether to have renewable energy produce 20% of our electricity by 2020 - failed.

As a result, the federal government projects that renewable energy will generate only 3.7% of America's power needs in 2025 - a tiny increase from the current 2.6%. We have the technology to have renewable energy produce at least a fifth of our energy needs in 20 years, but instead, inaction by Congress and the White House guarantee that the power energy industry will continue America on a polluting path.

Energy Bill Update

The Senate is expected to vote soon on a corporate tax reform package that has $10.3 billion in corporate tax breaks, incorporated from the stalled energy bill, that benefit oil, gas, coal and nuclear companies. Most significantly, the legislation will do nothing to reduce gas prices or decrease consumption. If it passes, the biggest beneficiaries will be the oil giants – not consumers.

It is fiscally irresponsible to dole out $10.3 billion in tax cuts to energy corporations that are enjoying some of the largest profits in the U.S. economy. The tax package allocates $7.6 billion to oil corporations to provide various incentives for increased domestic drilling.

The tax package would also expand the nuclear industry's preferential tax breaks, inappropriately shifting $1 billion in costs of decommissioning nuclear power plants from the nuclear industry to taxpayers. The bill grants corporations $2.2 billion to promote the use of coal for America's electricity. This is a poor investment of taxpayer dollars because so-called "clean coal" is a failed technology – too dirty to deserve such a generous handout.

There is much to be done to shape a sound national energy policy. But giving tax breaks to wealthy corporations is not the right place to start.

Corporate Corner

$2.6 billion: What ChevronTexaco earned in record net income in the first quarter of 2004.