



SUPPORT WYDEN-SUNUNU AMENDMENT TO S. 14

The Senate Energy Bill Authorizes the Federal Government to Buy Power Back from Newly Built Plants—Potentially at Above Market Rates

In addition to providing the nuclear industry with billions of dollars in loan guarantees, the Senate energy bill also authorizes the federal government to enter into power purchase agreements to buy power back from new reactors—potentially at above market rates.

The legislation allows the Secretary of Energy to determine how much power will be purchased, for how long and at what rate—leaving consumers vulnerable to substantial market distortions and taxpayers to further subsidize the nuclear industry.

The Wyden-Sununu Amendment protects consumers and taxpayers by requiring new power plants to sell their power on the competitive market.

- A recent Scully Capital report, commissioned by the Department of Energy, concluded that new nuclear reactors are **unlikely to be competitive** in today's market and that its financial performance will fall below appropriate rates of return.
- The report also states that “the high first-of-a-kind engineering costs, the projected high cost of reactor equipment, the long lead time for new plants, and increased uncertainty about electricity prices in a partially deregulated environment combine to make [nuclear power] **an unattractive business proposition**.”
- Scully Capital's analysis determines that federal power purchase agreements would have to be **42% above market rates** to obtain 1% increase on the rate of return.
- To increase industry revenues, the report recommends that the federal government purchase power from new reactors at above-market rates and then resell the power to the market—**absorbing the negative margins as a subsidy to the industry**.
- **Existing power plants will be placed at a competitive disadvantage** if new nuclear reactors receive federal power purchase agreements.
- Fifty years ago when nuclear power was a new technology it did not request this type of government assistance. This is an **unprecedented request**: no mature energy industry requires taxpayers to purchase their product—especially at above market rates.