

NATIONAL TAXPAYERS UNION * COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE
TAXPAYERS FOR COMMON SENSE * U.S. PUBLIC INTEREST RESEARCH GROUP
UNION OF CONCERNED SCIENTISTS * SIERRA CLUB * PUBLIC CITIZEN
NUCLEAR INFORMATION & RESOURCE SERVICE * NATURAL RESOURCES DEFENSE COUNCIL
LEAGUE OF CONSERVATION VOTERS * GRACE PUBLIC FUND
FRIENDS OF THE EARTH * ALLIANCE FOR NUCLEAR ACCOUNTABILITY

**SUPPORT WYDEN-SUNUNU-BINGAMAN-ENSIGN AMENDMENT TO STRIKE
TAXPAYER FINANCING FOR NEW NUCLEAR REACTORS**

June 5, 2003

Dear Senator:

As national taxpayer, public interest, and environmental organizations, we are writing in support of the Wyden-Sununu-Bingaman-Ensign amendment to strike Title IV, Subtitle B from S. 14, the "Energy Policy Act of 2003." This irresponsible provision makes taxpayers liable for up to half the costs of constructing new reactors, a new and unprecedented extreme in the long history of subsidizing the mature nuclear industry. **We urge you to support the Wyden-Sununu-Bingaman-Ensign amendment to strike Title IV, Subtitle B of S. 14.**

Subtitle B authorizes the Department of Energy to provide federal loan guarantees to finance half the cost of bringing on line an additional 8,400 megawatts of nuclear energy – amounting to an estimated taxpayer subsidy of \$14 to \$16 billion.¹ There are no guidelines regarding interest rates and repayment for the loan guarantees, and the Congressional Budget Office considers the risk of default on such a loan guarantee to be “very high—well above 50 percent.”

Additionally, this provision authorizes the federal government to enter into purchase agreements to buy power back from these new reactors. The legislation does not state how much energy the federal government will purchase and at what rate, but Department of Energy documents recommend that the federal government contract to purchase nuclear power at above market rates. Offering these subsidies to a mature industry would further distort electricity markets by granting nuclear power an unfair and undesirable advantage over other energy alternatives.

Even the first nuclear reactors did not require this level of taxpayer financing. Since then, federal taxpayers have already provided \$66 billion in research and development subsidies to the nuclear power industry. Nearly five decades and more than 100 reactors later, it is time for the industry to support itself. If proposed new reactors are as economical as the industry claims, they should be able to finance them privately.

¹ *Congressional Research Service estimate, May 7, 2003.*

There is no justification for providing the mature nuclear industry with these massive subsidies. **Again, we strongly urge you to vote for the Wyden-Sununu-Bingaman-Ensign amendment to strike Title IV Subtitle B of S. 14.**

Sincerely,

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