

ENERGY DEPARTMENT WOULD INCREASE TAXPAYER RISK ON LOAN GUARANTEES FOR NEW NUCLEAR REACTORS

COMMENT NOW: TELL DOE TO PUT TAXPAYERS FIRST, NOT THE NUCLEAR INDUSTRY

September 16, 2009

Dear Friends,

The Department of Energy has issued a proposed rule that would actually *increase* risk to taxpayers from loan guarantees for construction of new nuclear reactors.

It is embarrassing and outrageous that President Obama's Energy Department would propose to place the interests of the nuclear power industry and foreign export-import banks above the interests of the American public--yet that's exactly what DOE is suggesting.

Please take a moment to send your comments to the Department of Energy and the White House here.

<http://org2.democracyinaction.org/dia/track.jsp?v=2&c=qZPw7KJaoYFKPB44eZ2YTBBwUY25%2FFS6>

Background

DOE's nuclear loan guarantee program was set up by Congress in 2005 and funded in 2007 at \$18.5 billion for new reactors and \$2 billion for new uranium enrichment plants (additional funds are available for renewable and coal technologies).

DOE has narrowed the first round of applicants for this money to four utilities seeking to build a total of seven reactors: UniStar Nuclear (Calvert Cliffs), Southern Company (Vogtle), NRG Energy (South Texas) and SCANA (Summer).

But apparently DOE is having trouble actually giving out these guarantees because of the corporate structures of some of the projects and because foreign export-import banks (and perhaps some other potential investors) that would provide additional funds for them are concerned about the level of risk involved.

Both the Congressional Budget Office (CBO) and Government Accountability Office already have warned that the loan guarantee program carries

substantial risk to the taxpayer. For example, the CBO says the risk of default by nuclear utilities is about 50%.

Yet, rather than trying to reduce this already significant risk, DOE is proposing to expose taxpayers to even greater risk. A key part of their proposed rule, for example, removes DOE's right to a "first lien" on these projects--in other words, an assurance that taxpayers would be the first to be repaid. Instead, DOE would have to stand in line with other lenders to be repaid--particularly significant in the event of default, when full repayment would not be expected.

The proposal also makes other changes to the program, with no justification other than to do the nuclear industry's bidding.

For those of you who want to wade into the details of this rather technical and complicated proposal, the DOE's proposed rule is here:
<http://www.nirs.org/neconomics/doeloanguaranteeforcomment9809.pdf>
<<http://org2.democracyinaction.org/dia/track.jsp?v=2&c=cnAvUsXAJAXW1rzn3CxCHhBwUY25%2FFS6>>

For those of you who just want to let your voice be heard, you can send a comment letter to DOE-and the White House-here
<<http://org2.democracyinaction.org/dia/track.jsp?v=2&c=sKMTocaSU74d%2BFyGwhnUFxBwUY25%2FFS6>> . Use our sample, or write your own.

Truth be told, no taxpayer money should be used for new reactor construction and this program shouldn't even exist. But at long as it does, it is unconscionable for DOE to be considering making this program even riskier for taxpayers.

Meanwhile, DOE continues to provide virtually no public information about the loan guarantee program. You'd think after the financial crises of the last couple of years DOE would have learned that risky, secretive investments lead to enormous financial losses and taxpayer bailouts. Let's all tell DOE to stop playing these kinds of games with our money.

And please, pass this on now to anyone and everyone who may be interested--everyone who wants to protect taxpayer dollars. Comment deadline is midnight, September 22 so we all need to act quickly to ensure the strongest possible public comment to defeat this proposal.

Thanks for all you do,

Michael Mariotte

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<http://org2.democracyinaction.org/dia/track.jsp?v=2&c=oT5OBO4nfPILQDgP6jND5BBwUY25%2FFS6> P.S. Your tax-deductible financial support for our campaign to end taxpayer subsidies for the nuclear power industry is always very gratefully appreciated. If you can make a small donation this week, please do so here

<http://org2.democracyinaction.org/dia/track.jsp?v=2&c=IEJaXNP3NEIF0BkdQE1T9RBwUY25%2FFS6> . Thank you! P.P.S. Thanks to the more than 1,000 of you who signed the statement on nuclear power and climate in the past week! And more than 100 new organizations have signed too! Keep it up! Keep passing this around to every organization and friend you can think of. The statement is on the front page of our website at www.nirs.org

<http://org2.democracyinaction.org/dia/track.jsp?v=2&c=f%2Bckr4IQgP57T4Rl4pLj4BBwUY25%2FFS6> , and you can see the list of U.S. and international organizational signers there too.