

**ALLIANCE FOR NUCLEAR ACCOUNTABILITY • FRIENDS OF THE EARTH •  
GREENPEACE • NUCLEAR INFORMATION AND RESOURCE SERVICE •  
PUBLIC CITIZEN • U.S. PUBLIC INTEREST RESEARCH GROUP • SIERRA CLUB**

September 16, 2003

**Re: Reject nuclear power subsidies in H.R. 6**

Dear Energy Conferee:

As national environmental, consumer, and public interest organizations, we are writing to express our strong objection to the legislation (H.R. 6) before the energy conference committee. As currently written, it fails to protect consumers and environment, while giving away billions of dollars away to mature polluting energy industries. In particular, there is no justification for continuing to subsidize the mature nuclear industry. **We urge you to reject H.R. 6 and support a reliability bill.**

**Reject Reauthorization of the Price-Anderson Act**

The Price Anderson Act is a subsidy to the nuclear industry that limits their liability in the case of a serious accident, without providing victims a guarantee that they will be adequately compensated. Unfortunately, existing reactors are already covered through a grandfather clause. Reauthorizing the Price-Anderson Act would shield proposed new reactors from liability and offer special treatment for untested “modular” reactor designs – without addressing security vulnerabilities. If these new reactors are as safe and viable as the industry claims, operators should be able to purchase insurance on the open market. Instead, by allowing nuclear operators to insure commercial reactors at levels far below the calculated cost of serious accidents, the Price-Anderson Act leaves the public unprotected, power plant owners unaccountable, and taxpayers on the hook for potentially billions of dollars in the event of an accident or attack. When Congress first created Price-Anderson 44 years ago, they made it clear the act was temporary legislation designed to prop up an infant industry.

**Reject Taxpayer Financing for New Nuclear Reactors**

Both bills direct the U.S. Department of Energy (DOE) to implement its *Nuclear Power 2010* program to promote the construction of new nuclear power reactors through taxpayer subsidies and its *Generation IV* program to develop new reactor designs. The Senate bill gives away federal financing for half the cost of demonstration and deployment projects and sinks hundreds of millions of dollars into nuclear energy research and development. Even the first commercial nuclear reactors were not subsidized to this extent. New nuclear power plants would burden the public with expenses and potential liabilities while imposing additional safety and security threats and exacerbating the nuclear waste problem.

**Reject Nuclear-Generated Hydrogen**

In a costly travesty of clean energy goals, both bills authorize the DOE to study nuclear energy production of hydrogen. Hydrogen fuel offers the potential for abundant, affordable, clean and safe energy, but its promise is thwarted if tied to hazardous nuclear power. It is both fiscally and

environmentally irresponsible to use the most expensive, and potentially most lethal, energy source to develop hydrogen fuel.

### **Reject Expanded Tax Breaks on Nuclear Decommissioning Funds**

Current law allows regulated utilities to make tax-free contributions into decommissioning trust funds and the interest earned on these funds is taxed at a preferential rate. Both energy bills expand the tax breaks on decommissioning trust funds to unregulated “merchant” operators of nuclear plants. For the unregulated utilities, with no legal obligation to pass the tax savings and surplus revenue on to consumers, this provision establishes decommissioning trust funds as little more than a tax shelter for these companies at the expense of ratepayers and taxpayers. These tax breaks also provide incentives for companies to prolong the operating lifetime of old nuclear plants, while interest accrues on decommissioning funds, and to cut corners on decommissioning costs. The expansion is estimated to cost taxpayers over \$1 billion.

### **Reject Any Additional Nuclear Power Subsidy Provisions**

Fortunately, the nuclear energy loan guarantees and power purchase agreements from the original Senate energy bill this year (S. 14) have been abandoned and will hopefully not be brought back in HR 6. However, different provisions for subsidizing the nuclear energy industry are being developed for the conference report. Subsidies to the mature industry distort electricity markets by granting nuclear power an undesirable and unfair competitive advantage over safe, clean energy alternatives.

Rather than continuing to waste money propping up the nuclear industry, Congress should promote safe, clean, affordable energy by encouraging investment in conservation, efficiency, and renewable energy. **Again, we strongly urge the conference committee to reject these harmful nuclear energy provisions.** We urge you to oppose this bill and support a reliability bill.

Sincerely,

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