



Unnecessary and Unjustified: Nuclear Loan Guarantee Provisions in the House and Senate Energy Bills

Provisions contained in the energy bills passed in both the House (H.R. 3221) and the Senate (H.R. 6) would provide tens of billions of dollars in tax-payer funded loan guarantees for the construction of new nuclear power plants.

- Section 124(b) of the Senate energy bill (H.R. 6) would essentially strip Congress of all appropriations oversight and allow the Department of Energy (DOE) to grant virtually unlimited loan guarantees by exempting DOE's Loan Guarantee Program from the regulations of the Federal Credit Reform Act of 1990.
- While DOE's Loan Guarantee Program is intended to reduce the financial risk associated with "new or significantly improved technologies," the Senate energy bill (H.R. 6) would narrow the definition of commercial technology, such that DOE could provide loan guarantees to many projects using the same technology – i.e. nuclear power plants employing the same design.
- Section 9201 of the House energy bill (H.R. 3221) would bar appropriators from excluding any category of eligible project from receiving a guaranteed loan.
- Both the House and Senate energy bills authorize DOE to guarantee up to 100 percent of the cost of any loan or debt obligation, so long as the loan is no more than 80 percent of the total cost of the project.

While certain renewable energy and energy efficiency technologies are included in the list of projects eligible for DOE loan guarantees, the nuclear industry would necessarily receive the vast majority of guaranteed loans because of the tremendous construction cost for a new nuclear plant. According to a statement made by Rep. Pete Visclosky (D-IN) during a recent debate on the House Floor, "the Nuclear Energy [Institute] indicates a need for \$25 billion in federal guaranteed loans for fiscal year 2008 and more than that in fiscal year 2009."

Construction of a new nuclear plant entails not only significant cost, but also significant risk. The Congressional Budget Office considers the risk of default on loan guarantees for new nuclear plants to be "very high – well above 50 percent." Shifting this substantial financial risk from Wall Street to U.S. taxpayers is simply without justification.

Financial incentives for nuclear power – already one of the most highly subsidized energy sources – have no place in a clean energy bill. By making smart investments in technology to improve our nation's energy efficiency and expand our production of clean, renewable energy, the U.S. can significantly cut global warming pollution without relying on nuclear power. As Congress considers clean energy legislation this fall, loan guarantees for nuclear power plants must be removed.

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