

Ind. activists oppose nuclear incentive bill

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RICK CALLAHAN - Associated Press - Associated Press

A bill that would offer Indiana's utilities incentives to build the state's first nuclear power plants is advancing in the Statehouse despite strong opposition from environmentalists, renewable energy boosters and industries that consume large amounts of electricity.

Supporters argue that the wide-ranging bill is needed to help the state meet its future energy needs, while opponents contend it would simply give utilities subsidies to design and construct multibillion dollar nuclear power plants without compelling them to control the costs of such big projects.

Opponents who include consumer and senior citizen groups also warn that the bill spurns Indiana's fledgling industry that's starting to tap into the state's wind power and other renewable energy sources.

The bill, which is scheduled for a vote Monday in the Republican-ruled Indiana Senate, would move to the GOP-controlled House for consideration if it passes.

One of the bill's authors, Sen. Beverly Gard, R-Greenfield, said it's needed to ensure that Indiana has enough power for its future needs.

"You want power. It's not going to fall out of the sky for free," she said Feb. 10 before the bill cleared the Senate's Utilities and Technology Committee.

Many of the bill's opponents warn that it would end up boosting the cost of electricity by shifting the risk of building power plants from utility companies to customers.

State Sen. Jean Breaux, D-Indianapolis, warns that the legislation "is being pushed under the guise of clean energy, but it's neither consumer friendly or environment friendly."

The bill contains three main elements, the first of which would allow utilities to quickly recoup their costs associated with complying with federal regulations.

A second provision would allow utilities to quickly recover the costs of designing, licensing and permitting nuclear power plants. Lawmakers have approved similar cost-recovery options in recent years for so-called clean-coal projects.

Indiana currently has no nuclear power plants. The state's first planned nuclear power plant, southern Indiana's Marble Hill power plant, was canceled in 1984 following billion-dollar cost overruns and safety concerns.

The bill also would replace a renewable electricity standard - the idea of requiring

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the state to get a set amount of its power from renewable sources - with a voluntary goal that would include "clean-coal," nuclear, waste-burning plants and other sources among a broader set of "renewable and low-carbon power" sources that would count toward a state goal.

One of the bill's sponsors, Sen. James Merritt, R-Indianapolis, said it's simply aimed at addressing the growing energy needs of the state, which currently gets more than 95 percent of its electricity from coal-fired power plants.

Even as those power needs are growing, Merritt said increased federal regulation of coal-fired power plants is making it nearly impossible to build such plants.

"What we're trying to do is to provide incentives for Indiana utilities to diversify their power generation," he said.

Jesse Kharbanda, executive director of the Hoosier Environmental Council, said the bill as written would have a "devastating" effect on Indiana's renewable-energy sector. He said it could also hurt working class families and small businesses with higher energy costs in part due to "new ratepayer-funded subsidies for nuclear power."

"Utilities would have little incentive to control or manage costs," Kharbanda said.

Jack Wickes, an Indianapolis attorney who represents dozens of large industrial consumers of electricity, said the bill is actually "aimed at keeping utilities healthy" and would not encourage them to control project costs.

"The utilities would have no skin in the game really and it's pretty easy for them to just be seeking reimbursement, as opposed to having some responsibility for bringing projects in at the estimated price," Wickes said.

He noted that the cost of the \$3 billion coal-gasification plant Duke Energy is building in southwestern Indiana is running about 30 percent above its initial construction cost estimate.

Indiana is one of 13 states without some form of a renewable electricity standard, according to the U.S. Department of Energy. Thirty states have mandatory renewable energy requirements, while seven others have goals.

A 2008 study by researchers at Lawrence Berkeley National Laboratory in Berkeley, Calif., found that about 70 percent of renewable investment in the U.S. is directed to states with renewable energy standards.

Indiana has seen big growth in the number of wind farms in the state, but the American Wind Energy Association said the current bill would do nothing to boost that industry.

"A missed opportunity here could cost Indiana thousands of jobs at a time of significantly high state unemployment," said Brad Lystra, the association's manager

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of state campaigns.

Laura Ann Arnold of Indiana Distributed Energy Advocates, a group that promotes renewable energy, said the bill contains little for the state's renewable sectors at a time when many states have progressive policies.

"Indiana is still behind - we're really not with the program," Arnold said.

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