

SUBJECT: Extending the decommissioning trust for new nuclear-powered plants

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 9 ayes — Cook, Giddings, Craddick, Farrar, Frullo, Geren, Harless, Huberty, Smithee

0 nays

4 absent — Hilderbran, Menéndez, Oliveira, Sylvester Turner

WITNESSES: For — Mark McBurnett, Nuclear Innovation North America; Nate McDonald, Matagorda County; Mitch Thames; Bay City Chamber of Commerce; (*Registered, but did not testify*: John W. Fainter, Jr., Association of Electric Companies of Texas, Inc.; Robert Nathan, CPS Energy; Thomas Oney, Luminant Generation Company; John Orr, Exelon Corp.; Mark Zion, Texas Public Power Association)

Against — (*Registered, but did not testify*: Luke Metzger, Environment Texas)

On — Cyrus Reed, Sierra Club - Lone Star Chapter; (*Registered but did not testify*: Darryl Tietjen, PUC of Texas)

BACKGROUND: In 2007, the 80th Texas Legislature enacted HB 1386, which set up requirements for an external, irrevocable trust fund to fund decommissioning obligations for a nuclear generating unit consistent with federal Nuclear Regulatory Commission requirements. It applied to nuclear generation units under construction in Texas after January 1, 2007, but before January 1, 2015.

DIGEST: HB 994 would change the definition of nuclear generating unit by removing the condition that the unit have been under construction in Texas after January 1, 2007, but before January 1, 2015.

It would apply the provisions of Texas' nuclear decommissioning cost plan and decommissioning trust to the first six nuclear plants the construction of which began on or after January 1, 2013 and before January 1, 2033.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

SUPPORTERS
SAY:

HB 994 would open the door for future growth of the nuclear industry in Texas and contribute to the state's diverse supply of electricity by extending decommissioning funding to cover the life of new infrastructure investments. It also would contribute to the economies of the communities near the state's two existing nuclear power plants, the South Texas Project in Matagorda County and the Comanche Peak Nuclear Power Plant in Somervell County.

Texas is a leader in many energy areas, and HB 994 would allow Texas to remain viable in nuclear energy production. It would not mandate additional nuclear facilities but would clear the way for the free market to work. Given the changing cost of alternatives, 20 years would be the proper window of time for which to extend the trust's funding mechanism in order to let the free market decide if Texas needed more nuclear energy. Maintaining the option for nuclear energy as a part of the state's diverse energy mix would contribute to energy security and continue to be an economic benefit.

HB 994 would allow decommissioning to be funded over the lifetime of the unit, which otherwise would require significant upfront funding for decommissioning costs to meet NRC requirements.

Investors need the confidence to plan for future expansion. To date, Nuclear Innovation North America has invested more than \$1 billion in developing a new project with two additional boiler reactors at its Matagorda County facilities. The bill would provide investors with assurance that future investments would have the same cost structure for decommissioning.

The bill would ensure that the state's nuclear reactors continued to provide jobs and contribute to the economic development in Matagorda and Somervell counties and surrounding communities. The thousands of jobs at nuclear facilities pay well and allow workers to employ valuable skills. Additionally, community colleges such as the Wharton County Junior College have worked closely with the nuclear industry to create a curriculum that supplies skilled workers, including those who may work at the South Texas Project. The bill would ensure that these jobs grow and

continue to contribute to the region's economic development and stability for years to come.

Extending these provisions would pose a negligible risk to taxpayers or the state. The bill only ensures that the state's nuclear facilities remain compliant with national standards, and decommissioning costs would be the obligation of the producers, then their insurance policies, before any costs could ever reach the state. It is extremely unlikely that taxpayers could ever be burdened with decommissioning costs.

**OPPONENTS
SAY:**

HB 994 could put the state on the hook for the decommissioning costs of nuclear power plants if the trust funds were insufficient. Nuclear power is already a heavily subsidized business, and taxpayers should never have to pay decommissioning costs. In 2008, a state-commissioned study found it could cost \$1.5 billion to decommission the South Texas Project while a 2009 study concluded it could cost about \$1.2 billion to decommission Comanche Peak. These costs could be higher in the future, depending on when the nuclear plants were decommissioned.

Twenty years also is too long to place in statute the decommissioning trust provisions. There could be major technological or environmental discoveries that change the way Texas views nuclear power, and a 20-year extension would remove the built-in safeguard of a more frequent reevaluation process.

**OTHER
OPPONENTS
SAY:**

Texas does not need nuclear power, which HB 994 would help to continue. There are alternative ways to produce electricity in Texas that do not produce toxic waste and create safety and environmental risks.

NOTES:

The companion bill, SB 405 by Hegar, was left pending in the Senate Business and Commerce committee on March 5.