

No takers for Biden's nuclear bailout

By Brian Dabbs

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A Department of Energy attempt last year to bail out struggling or recently shuttered nuclear plants failed to land a single qualified taker.

The \$6 billion nuclear financial aid program — part of the 2021 bipartisan infrastructure law — aims to keep the U.S. nuclear industry healthy as the Biden administration increasingly prioritizes the zero-carbon emissions fuel source in its broad climate strategy.

DOE spokesperson Chad Smith told E&E News that “no applications were certified” during the administration’s second major attempt to solicit takers for aid. The department launched the application window for the second attempt in March 2023. Smith said the program “remains a valuable support tool for the U.S. nuclear fleet.”

“Additional funding opportunities will be announced in the current fiscal year,” he said Friday in an email. The 2024 fiscal year ends in late September.

DOE planned to announce the results of the 2023 bailout attempt by Jan. 1, 2024, according to DOE's March guidance for the second cycle of the program. No public announcement has been made.

So far, none of the infrastructure law's bailout funding, which is available through fiscal 2026, appears to have gone out the door. In 2022, the Energy Department tentatively approved a \$1.1 billion grant package for Diablo Canyon, California’s last operating nuclear power plant. That was DOE's first big swing at saving nuclear plants under the \$6 billion infrastructure law program.

Smith said DOE is in “active discussions with Diablo Canyon,” which is owned by the utility Pacific Gas and Electric.

Carina Corral, a spokesperson for PG&E, said Friday that the two parties hadn't yet signed a contract.

Some energy experts say nuclear power is necessary to decarbonize the global economy and limit temperature rise to 1.5 degrees Celsius above preindustrial levels. Climate scientists warn that crossing that threshold will dramatically increase extreme weather. But experts caution that nuclear electricity costs more to produce than much of the U.S. renewable and gas-fueled power supplies — and the nuclear industry also faces questions about storage of spent fuel.

At the United Nations climate summit in the United Arab Emirates in December, the U.S. joined an initiative to triple nuclear electricity production globally by midcentury.

“The Declaration recognizes the key role of nuclear energy in achieving global net-zero greenhouse gas emissions by 2050 and keeping the 1.5-degree Celsius goal within reach,” the State Department said in a statement last month.

Nuclear energy provides roughly a fifth of U.S. electricity on the grid, according to the Energy Information Administration, a branch of DOE. Production has [flagged slightly in the past decade with more than 10 reactor closures](#) even as Plant Vogtle in Georgia has been adding capacity, and next-generation, smaller reactors [have been hit with a series of roadblocks](#).

But the Inflation Reduction Act of 2022 included a tax credit that could help the bottom lines for struggling plants that produce nuclear in 2024 and beyond.

Many environmentalists oppose the nuclear aid, formally known as the Civil Nuclear Credit (CNC) Program, arguing that the threat of environmental contamination and meltdowns is too large.

Hallie Templeton, legal director at Friends of the Earth, said in an email that the group is “closely reviewing all the recent CNC actions out of Department of Energy, especially as they relate to the extension of Diablo Canyon, and are not ruling out legal action to ensure that DOE is complying with all relevant laws and mandates.”

Meanwhile, DOE [released a new regulation Friday](#) to ensure that a plant operator that received bailout funds “relinquish[es] its rights to credits if the nuclear reactor is not operating at a loss in the absence of the credits,” said DOE's Smith.

Corral of PG&E said the final rule is a “necessary step” for the program.

“Contract signing will proceed now that this step is completed. While we are pleased the process is moving forward, PG&E will be in a better position to respond once the agreement is signed,” she said in an email.

In December, California regulators approved an extension that could help keep the Diablo Canyon plant's two nuclear units operating into 2029 and 2030.

Timothy Fox, a managing director at ClearView Energy Partners, said the availability of the Inflation Reduction Act tax credit “makes it harder for nuclear plants to demonstrate to the satisfaction of DOE their risk of closure due to insufficient revenue.”

Many energy experts, including Fox, predicted that Holtec International — the owner of the Palisades nuclear plant on the shores of Lake Michigan — would apply for a credit in 2023. But Holtec spokesperson Pat O’Brien said the company did not apply and does not plan to apply in the future. Instead, O’Brien said, the company is pursuing a loan from DOE's Loan Programs Office.

Environmental advocates are also warning DOE against signing off on a loan for Palisades, which shut down in May 2022.

“DOE loan guarantees are interest-free and risk-free. At least for the loan recipient. If Holtec defaults on loan repayment, federal taxpayers are left holding the bag,” said Kevin Kamps, radioactive waste watchdog at the nonprofit Beyond Nuclear.

The Nuclear Energy Institute, a nuclear lobbying group in the U.S., said the organization is continuing to review the new DOE regulation for the assistance program.