

Nuclear Nightmares: Palisades' "Zombie" Reactor Restart and SMR New Build Schemes

Since 2020, Holtec International had proposed taking over, from previous owner Entergy, the Palisades atomic reactor on Lake Michigan's shore in Covert, MI after its permanent shutdown. Holtec said its takeover was for the purpose of decommissioning the more than half-century old, long troubled nuclear power plant. Decommissioning includes the dismantlement of plant structures, and most importantly the clean up of hazardous radioactive contamination on the site.

But in an April 8, 2022 *ExchangeMonitor* article, Holtec's CEO, Krishna Singh, first floated the trial balloon of instead building multiple so-called Small Modular (Nuclear) Reactors (SMRs) at Palisades. Watch-dogs had long feared this, since Holtec had already pulled this same bait and switch trick, or con job, at the shutdown Oyster Creek, New Jersey nuclear power plant.

The article reported:

"Meanwhile, Holtec would also consider similar SMR projects at some of its other decommissioning sites such as the Palisades plant in Michigan, Singh said Tuesday.

However, he said the company would not propose advanced reactors for some decommissioning sites — particularly New York's Indian Point and Massachusetts's Pilgrim plant — because of local resistance. 'They would burn us in effigy if we even said that, never mind build one,' Singh said."

(Never mind that in a secret July 5, 2022 application to the U.S. Department of Energy (DOE) for billions of dollars in bailouts, Holtec let be known that its actual, ulterior motive for taking over closed nuclear power plants is not merely to decommission them per se, but rather to bank the sites for potential SMR development in the future. This implied Indian Point and Pilgrim could one day be fair game too, if the anti-nuclear movements and political opposition were to go away.)

At a meeting of the Palisades Citizens Advisory Panel in South Haven on April 13, 2022, Beyond Nuclear's Kevin Kamps responded to Singh's SMR new build scheme by stating "Over my dead body." He also cited the proud and successful history of anti-nuclear activism in the Great Lakes State, dating back to the 1950s, to warn Holtec it would have a big fight on its hands in Michigan, too, if it dared try to construct SMRs at Palisades.

Kamps also predicted that Holtec would similarly target Palisades' sibling reactor on the Lake Michigan shore up north, Big Rock Point near Charlevoix and Petoskey, MI, for SMR new builds. Holtec threatened to do just that, on June 28, 2022, the day it officially took over both sites from Entergy, after Palisades' closure for good on May 20, 2022.

Holtec's SMR new build schemes would be financed by a \$7.4 billion DOE nuclear loan guarantee. It would be interest-free, and need not be paid back, leaving federal taxpayers holding the bag.

On April 20, 2022, just a month before Palisades closed for good, Michigan Governor Gretchen Whitmer also floated the unprecedented proposal to restart the severely age-degraded Palisades reactor, rather than decommission it. In Feb., 2023, NRC Commissioner Brad Crowell asked why restart proponents had waited till the last second to even voice the proposal, and concluded re-licensing should

“start from scratch.” But in several major meetings in the past year, NRC has treated the unprecedented restart instead as a mere paperwork reversal, ignoring Palisades’ severely age-degraded high risks.

As Kamps had warned Holtec, on June 8, 2022 a coalition of nearly a hundred organizations, including 26 from across Michigan, urged Gov. Whitmer to “cease and desist” her mindless reactor restart advocacy. The Sierra Club Michigan Chapter, with 150,000 members, followed suit a week later with its own letter to Gov. Whitmer opposing Palisades’ restart.

On July 5, 2022, just one week after taking ownership from Entergy, Holtec secretly applied to DOE for \$2 billion in Civil Nuclear Credits (CNCs) for the Palisades restart. It also mentioned \$300 million in grants it was seeking from the State of Michigan, and yet another \$1 billion “bridge” loan guarantee from DOE, all for the restart scheme. Not until September 9, 2022 would Holtec and Gov. Whitmer even formally announce the restart scheme, and that the company had already applied more than two months earlier for CNCs, although dollar amounts and the contents of the application itself would be kept concealed, as proprietary trade secrets.

On September 23, 2022, 68 organizations wrote Energy Secretary Jennifer Granholm (herself a former governor and attorney general of Michigan), warning her that Palisades, as a closed reactor, was ineligible for CNCs.

On November 18, 2022, Holtec announced that DOE had rejected its application for CNCs, and said it would return to its original stated objective of decommissioning Palisades. However, on December 20, 2022, Holtec reversed itself yet again, announcing it would apply once more for the CNCs, as well as a “bridge” loan, from DOE, and also grants from the State of Michigan, for restarting the closed reactor.

By January 22, 2023, the coalition had grown to 115 groups, including 31 in Michigan, again writing to Energy Secretary Granholm. The coalition warned that DOE efforts to tailor its CNC guidelines to accommodate Palisades would still violate Congress’s intent to support only operating reactors, not already closed ones like Palisades. By March 22, 2023, the coalition had grown to 185 groups, which again expressed opposition to Secretary Granholm on the CNCs for Palisades’ restart.

Ever since March 24, 2023, watchdogs have monitored regular meetings between Holtec and the U.S. Nuclear Regulatory Commission (NRC), the company and agency complicity seeking a regulatory pathway to unprecedented reactor restart. Despite the environmental coalition’s attempt to legally oppose the relicensing proceeding, NRC has thus far rebuffed its intervention through bureaucratic technicalities.

On June 28, 2023, a coalition of 43 Michigan groups, including Sierra Club Michigan Chapter, wrote every state legislator, urging opposition to bailouts for Palisades’ restart. However the legislature included \$150 million in its annual budget bill, which Gov. Whitmer then signed into law on July 31, 2023. She did so, even though watchdogs had warned her on July 10 about the news, broken days earlier, that Holtec’s fired Chief Financial Officer, Kevin O’Rourke, had filed a whistleblower protection lawsuit in New Jersey, alleging financial fraud by the company, including inflating projected revenues by more than a billion dollars.

On September 13, 2023 Holtec announced a buyer for the restarted Palisades reactor's electricity: Wolverine (Michigan) and Hoosier (Indiana) rural electric co-ops. However, the terms of the Power Purchase Agreement (PPA) have been largely kept secret.

But much light was about to be shed. Based on the response to a Freedom of Information Act request submitted by Beyond Nuclear to the State of Michigan, on October 16, 2023 Beyond Nuclear published a press release revealing its possession of Holtec's previously secret July 5, 2022 application for reactor restart bailouts submitted to DOE. It laid out Holtec's requests to DOE for \$2 billion in CNCs, as well as \$1 billion in nuclear loan guarantees, and to the State of Michigan for \$300 million in grants.

On October 19, 2023, another \$970 million bailout for the restart, this time from the U.S. Department of Agriculture, was reported. It would reimburse Wolverine for 25% of the Power Purchase Agreement electricity sales costs. The secret July 5, 2022 application had also revealed that the PPA would charge the rural electric co-ops' ratepayers up to 57%, or more, above market rates, resulting in gross electricity sales revenues for Holtec of \$412.5 million per year, or more.

Also in October 2023, Holtec very quietly began the application process to NRC for an 80-year operating license at Palisades, extending it from 2031 to 2051. Thus, the gouge on rural electric co-op ratepayers would extend more than a quarter-century into the future, if Holtec succeeds in restarting Palisades by its August 2025 goal. 26 years of operations costing ratepayers \$412.5 million per year in electricity sales costs equals more than \$10 billion in total revenues, exorbitantly priced at 57% of more above market rates, according to the terms of the PPA laid out in Holtec's secret July 5, 2022 application to DOE. Thus, around \$3.5 billion would simply be excessive, burdensome surcharges on ratepayers' electric bills, adding to the public subsidization of the Palisades reactor restart, further padding Holtec's pockets at public expense.

On October 20, 2023, reports of DOE's award of a billion dollar Hydrogen Hub grant to a 70-member Michigan consortium begged the question, how much would member Holtec get at Palisades?

On January 30, 2024, *Bloomberg* reported that the Biden administration was poised to award Holtec not \$1 billion in nuclear loan guarantees for the restart scheme, but rather \$1.5 billion. This begs the question, will other Holtec requests for bailouts from various federal and state sources also be increased in the end by 50% above the originally stated amount?!

All told, the restart scheme could cost the public more than \$8.3 billion. Combined with the \$7.4 billion SMR loan guarantee, a total of \$15.7 billion, and counting, of public subsidies could be wasted at Palisades and Big Rock Point.

Watchdogs like Beyond Nuclear and Don't Waste Michigan have vowed to resist Holtec's unprecedented, insanely expensive (for the public), and extremely high-risk zombie reactor restart and SMR new build schemes at Palisades, and Big Rock Point, at every twist and turn. See: <https://beyondnuclear.org/breakdown-of-bailouts-at-holtecs-palisades/>

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