

Energy Insider by William Engdahl

Obstacles to Reagan's nuclear plans

An assessment of the prospects for a revitalization of U.S. nuclear technology.

More than a month has passed since the Oct. 8 policy statement by President Reagan on nuclear energy policy. However, the prospect for the survival of the vital nuclear power industry is more perilous than ever.

In the ongoing guerilla warfare against completion of plants already under construction, anti-growth strategists at the Aspen Institute, Ford Foundation, and Sierra Club, and their allies in Washington, rejoiced over the passage of state ballot referenda in Washington State and Austin, Texas.

Initiative 394 in Washington, while almost certain eventually to be thrown out as unconstitutional, requires a state voter referendum every time the five-state consortium of 22 utilities comprising the huge and embattled WPPSS nuclear complex needs to borrow on bond markets. In the past year, WPPSS, the largest single borrower in the long-term bond market, had to go to the bond market every eight weeks. If Initiative 394 is allowed to stand, it will certainly kill all five of the nuclear projects, and with them the prospects for any continued industrial growth past the middle of the decade in that energy-intensive aerospace region.

The Austin, Texas referendum, brought by various anti-nuclear groups and individuals after three previous unsuccessful challenges, means that that city must sell its 16 percent share of Houston Light & Power's 2,500-megawatt South Texas Nuclear Project near Bay

City, Texas. That project would provide electricity for the entire growing industrial region linking Houston, Austin, and San Antonio.

Several days after the Austin vote, Texas Utilities Company of Dallas announced the sixth upward cost revision for its twin Comanche Peak nuclear station. In doing so, the utility was also forced to revise estimated completion dates to 1984 for unit I and 1985 for the second of the 2,300 MW complex, from the 1982 and 1984 estimates of this year. The reason? Texas Utilities is one of the first in the country ordered to meet new seismic standards in design. As a result, almost 8,000 of some 45,000 pipe hangers in Unit I "are so complex that they must be redesigned and re-engineered on site," according to the utility. This \$300 million "modification" is a result of post-Three Mile Island insanities from the Nuclear Regulatory Commission. Comanche Peak is not even located near any earthquake zone!

I cite these examples to underscore the danger of any illusions surrounding the issuance of a generally positive presidential statement on steps to revive the industry, illusions that the crisis is even on its way to solution. J. J. Scoville, president of U.S. Ecology in Louisville, Kentucky, a company involved in nuclear waste management, emphasized that "reasonably dramatic affirmative action" is required to revive our seriously crippled nuclear industry, such as highly favorable new preferential tax and other

economic incentives to utilities that order new nuclear units. He stresses the discrepancy between a statement of presidential policy intent and the massive bureaucratic "inertia" of state and federal agencies.

Indeed, as the anti-nuclear strategists have emphasized to their mindless drones in the anti-nuclear movement, the ongoing impact of Volcker's sustained double-digit interest rates is now the most effective weapon in the anti-nuclear arsenal. A recent closed-door conference of some 100 leading representatives from the major electric utilities, according to one inside source, polled its attendees. More than 90 percent announced that they "can't see the likelihood of ordering another nuclear plant *before the year 2000.*"

With nuclear vendors such as General Electric near the point of completely closing production facilities and dispersing qualified personnel, it is highly unlikely that these elective utilities could buy a nuclear plant in 2000 no matter what the price they might pay. William O. Doub, former commissioner with the old U.S. Atomic Energy Commission, and a widely regarded authority on financial and other problems of the nuclear industry, stressed in a recent speech that "The nation's electric power companies are in desperately poor shape financially. The industry is simply unable to generate internally the funds necessary to build the new generating stations which must be started now to assure adequacy of power supply in the next two decades when the requirements of an expanding work force and population will require far more electrical capacity than is now available or planned."