

Energy Insider by William Engdahl

New U.S. fight over nuclear power

A major test has emerged of the Reagan administration's seriousness about energy development.

Energy Secretary James Edwards is wasting little time in declaring his firm commitment to reverse the disastrous Carter administration policy of nuclear "malign neglect." He told a public gathering earlier this week that "we can shift electric generation to nuclear and coal," thereby saving gas and oil for "higher priorities." He lashed into the previous administration for putting the U.S. "about four years behind. We've lost our leadership in nuclear energy," he rightly emphasized.

In recent conversations with some of this nation's most experienced nuclear industry representatives, I pressed for an assessment of what will be needed to repair the damage of the previous administration. One senior executive of a leading nuclear construction firm told me bluntly that "Carter has managed to completely stop nuclear development in its tracks, especially the fast breeder." He emphasized the role of the stalemated Nuclear Regulatory Commission, which, he stressed, is central to implementing the Edwards-Reagan policies. For months, the five-member NRC has been deadlocked.

This deadlock was hit in testimony before current NRC chairman John Ahearne. When Ahearne asked a representative from Boston Edison why utilities are not building nuclear power plants, he replied that "Double-digit inflation and accounting requirements of building the interest costs into the final

costs, with the uncertainty of when that comes to an end" make active resumption of nuclear orders impossible for utilities at this time. In other words, as long as we maintain the economic tourniquet of usurious interest charges on the economy, combined with the self-contradictory absurdities of recent NRC behavior, malign neglect will be the result!

Let me amplify the importance of a forceful pronuclear policy. I outlined in this space several weeks ago the damage just in terms of nuclear orders canceled as a result of vacillation and NRC bottlenecks. Last year, not one single order for a new nuclear plant was placed in the United States. Even more alarming is what is being set up now for the next 19 years.

The Electric Power Research Institute, the prime research arm of our nation's private utilities, has made calculations of the projected need for the nuclear share of electric power generation by the end of the century. I won't go through the details of the assumptions underlying the EPRI report, "Overview and Strategy: 1981-1985." Suffice it to say, they were based on an extremely conservative growth assumption of 3.3 percent, and this not in real output growth, but inflated GNP terms. Even using this metric, assuming a hefty 17 percent rate of energy conservation, EPRI warns of a *deficit* of 485 gigawatts of nuclear capacity, the equivalent

of almost 5 billion barrels of oil per year!

Now, this deficit even assumes that national coal output by 2000 will be almost two and a half times the 1979 levels, along with necessary replacement of mines, rails, and infrastructure to gear up the presently decrepit domestic coal industry. With the legacy of four years of unbridled antinuclear advocates in top government policy posts, we have no time to lose.

Dr. Linn Draper of Gulf States Utilities, a multistate electric utility based in Beaumont, Texas, told me that the "most vexing problem" faced by electric utilities is not regulations per se; "We can live with stringent regulations." It is the regulatory uncertainty that is killing the U.S. nuclear industry despite the fact that nuclear power generation still is our cheapest energy source.

A recent study by Gibbs and Hill, Inc., an international construction and engineering firm, makes the useful comparison of costs on the BTU per barrel of oil equivalence for motive power delivered. At 30 percent diesel efficiency, a \$35 per barrel of oil costs \$115 compared to \$16.35 for coal and \$13.65 for nuclear.

A crucial test will be the congressional response this March to the report on proposed development of a 1,000 megawatt fast breeder project at Clinch River, Tennessee. Carter tried to bury this project, but Sen. Jim McClure of Idaho and a broad-based, industry-wide engineering team have come up with a design proposal which they feel could help get the United States back into the breeder effort now dominated by the French and the Soviets.