



# Austin poised to reject nuclear-plant expansion

**Council vote follows similar one a year ago.**

By **Marty Toohey**

AMERICAN-STATESMAN STAFF

Thursday, February 12, 2009

The proposed expansion of a South Texas nuclear plant would probably finish billions of dollars over budget and years late, and investing in the deal would be too risky for the City of Austin even under the most optimistic financial projections, according to an independent report commissioned by the City Council.

The council must vote today on whether to participate in the expansion. Following the advice of a nuclear power consultant and Austin's electric utility, the council is scheduled to say no to the proposal, which would put the city on the hook for as much as \$2 billion in construction costs, in addition to its current commitment to the South Texas Project.

The council rejected essentially the same proposal a year ago amid similar concerns. This time, city leaders emphasize that the decision is based on financial criteria and should not be taken as a sign that nuclear energy is off the table.

"There are just a lot of uncertainties in the expansion that will come with a lot of costs," Council Member Mike Martinez said.

But, in keeping with the city's contentious nuclear history, the decision probably will generate some public dissent. Some critics say the city is too easily writing off the nuclear plant's potential to generate relatively cheap power and reduce Austin's reliance on fossil fuels and coal.

Austin already owns 16 percent of the nuclear plant, which is near the coast in Matagorda County. The other owners are San Antonio's electric and gas utility and NRG Energy Inc., an electricity wholesaler.

NRG wants to double the size of the plant, and San Antonio has committed about \$276 million so far to the project. Although Austin's participation isn't necessary for the expansion, in November NRG asked Austin to reconsider its rejection and made a more detailed pitch.

Austin's nuclear consultant, Houston-based WorleyParsons, has concluded since then that the city's initial decision was correct. The firm said the \$6 billion construction estimate could easily surpass \$10 billion.

The firm, which was paid \$241,125, concluded that Austin would have "no voice if there are delays or overruns," said Roger Duncan, the head of Austin Energy.

The \$2 billion cost would probably also drop Austin Energy's credit rating, according to the firm, hindering the utility's ability to do other projects.

San Antonio's CPS Energy committed the \$276 million for studies, permitting and other early steps of the expansion. But San Antonio's city government, which owns CPS, has decided not to issue the billions in bonds necessary to participate until after the November City Council elections.

San Antonio Mayor Phil Hardberger, who has been a major proponent of the expansion, and Christopher Barron, spokesman for CPS Energy, could not be reached for comment Wednesday.

The South Texas facility has a history of cost overruns. In 1973, Austin voters narrowly approved a controversial bond package to buy into the nuclear plant, which came with an estimated cost of \$964 million and an opening date of 1980 or 1981. The reactors opened in the late 1980s and cost \$5.9 billion.

Duncan said construction methods are much better now. He also emphasized that Austin could still buy additional nuclear energy regardless of today's vote. Austin, he said, expects the South Texas plant to sell some of the power on the open market, "and we could buy it there."

New nuclear facilities generate power for about 8.4 cents a kilowatt-hour, although some estimates put the cost as high as 12 cents, Duncan said. By comparison, power from a new coal-fired plant costs about 5 cents a kilowatt-hour, while power generated at the city's West Texas wind farm costs a little more than 8 cents when the cost of transmission is factored in. Solar generally costs 18 cents to 23 cents per kilowatt-hour, Duncan said.

Participating in the nuclear plant expansion would require the up-front capital costs, though, and also require a fundamental shift in Austin's long-term plan to provide power, Duncan said.

The City Council wants Austin Energy to get one-third of its power from renewable resources by 2020, up from about 11 percent now. But Austin Energy estimates the city needs only 238 more megawatts of power by 2020, and the nuclear plant would add 438 megawatts.

Add the renewable sources the city would need to add to meet its 2020 goal, "and that's much more power than we need," Duncan said.

Others disagree.

Robert Duncan, an astrophysics researcher at the University of Texas who has studied Austin's energy situation for years, says that Austin's overriding concern should be limiting greenhouse-gas emissions (which contribute to global warming according to scientific consensus). He says the expanded nuclear plant would allow Austin to reduce or eliminate its reliance on coal-fired plants, thereby shrinking Austin's carbon output by as much as 60 percent by 2015.

He also says that if the federal government imposes carbon-emissions limits, the nuclear plant could save the city hundreds of millions of dollars a year.

Tom "Smitty" Smith, director of environmental advocacy group Public Citizen, disputes Robert Duncan's general assertions about the safety and green-friendliness of nuclear plants.

Smith's concerns range from the large carbon emissions he says are caused by nuclear construction to complaints in towns such as Goliad, where residents say uranium mining polluted their groundwater.

Robert Duncan calculates that Austin could safely store a century's worth of its nuclear waste in a space the size of a football field for a relatively small price.

There is no national repository for highly radioactive nuclear waste, a fact that Smith says should give Austin pause.

[mtoohey@statesman.com](mailto:mtoohey@statesman.com); 445-3673