

POLICY POSITION

6. URGING CONGRESSIONAL ACTION ON THE RECOMMENDATIONS OF THE BLUE RIBBON COMMISSION REGARDING USED NUCLEAR FUEL DISPOSAL

BACKGROUND

The 15-state Southern Legislative Conference is home to 43 commercial nuclear reactors. Nuclear energy constitutes a vital component of the South's diverse energy portfolio, which provides energy security and price stability, key components of the region's economic strength and competitiveness. For the first time in more than a generation, four new commercial reactors are being built in America – two each in Georgia and South Carolina – and a fifth reactor is being completed in Tennessee as a restart of an earlier unfinished project. These projects have created some 5,400 on-site construction jobs, eventually approaching 12,000 jobs during peak construction, and spurred hiring throughout a nuclear manufacturing and services supply chain that largely is concentrated in Southern states. An additional 60 new reactors under construction worldwide have further increased demand for American nuclear technology.

The South's longstanding support for nuclear energy is derived, in part, by the nuclear industry's strong commitment to the safety and well-being of the nuclear plant workforce and of the general public in surrounding communities. The nuclear safety culture extends to all aspects of nuclear plant operations, including the management of used nuclear fuel and radioactive waste. Construction of new nuclear plants, and the now near-routine 20-year extensions being granted to plants beyond the original 40-year license term, ensures that the industry will remain necessarily focused on responsible used fuel management going forward. This presents challenges and opportunities.

For 30 years, nuclear utility ratepayers have been contributing roughly \$750 million per year to the Nuclear Waste Fund (NWF) for the purpose of disposing of used nuclear fuel from commercial reactors. The policy of the U.S. secretary of energy to continue to assess the 1 mil per kilowatt-hour fee on ratepayers in light of the program's termination recently was adjudged by the U.S. Court of Appeals for the District of Columbia (D.C. Circuit) to be "legally inadequate."

By ignoring the requirements of federal law that the U.S. Department of Energy begin accepting used fuel in 1998, the federal government continues to fail to meet its contractual obligations pursuant to contracts with nuclear utilities. Despite a combined NWF balance (fees and interest) approaching \$30 billion, and still lacking a federal used fuel repository, nuclear utilities have been forced to resort to on-site dry cask storage of used fuel, incurring additional expense. There are 573 dry casks of used nuclear fuel being stored at 17 plant sites throughout the South. While dry casks provide safe storage, the federal government committed to remove the fuel from plant sites for disposal.

The current administration has terminated, and Congress has ceased funding, all license review activities and further development of the proposed permanent central repository at Yucca Mountain in Nevada. Parties including the County of Aiken, South Carolina, the states of South Carolina and Washington, the National Association of Regulatory Utility Commissioners and Nye County, Nevada, have brought a lawsuit in the D.C. Circuit to compel the Nuclear Regulatory Commission (NRC) to meet its statutory obligation under the Nuclear Waste Policy Act to review the Yucca Mountain construction authorization application and reach a decision approving or rejecting it.

Policy Position

Urging Congressional Action on the Recommendations of the Blue Ribbon Commission Regarding Used Nuclear Fuel Disposal

Page 2 of 2

In addition, a bipartisan, presidentially appointed Blue Ribbon Commission (BRC) on America's Nuclear Future has come forward with a number of solid recommendations for future safe management of U.S. commercial used fuel and defense-related nuclear waste. Specifically, the BRC has recommended an integrated nuclear fuel management program that includes these key objectives: 1) development of one or more NRC-licensed private or government-owned centralized interim storage facilities in states and communities that are willing to host them; 2) continued public and private sector research, development and deployment of used fuel and nuclear waste recycling technologies to close the nuclear fuel cycle in a safe, environmentally responsible, proliferation-resistant and economically viable process; and 3) assured access by the nuclear fuel management program to the revenues generated by consumers through continued payments to the Nuclear Waste Fund.

The two-year fact-finding activities of the Blue Ribbon Commission have contributed to greater public awareness of nuclear energy and used fuel management. At the same time, a number of communities have expressed varying degrees of interest in possibly hosting centralized interim storage facilities under the consent-based approach now under consideration by various federal, state, local and tribal officials and other stakeholders.

RECOMMENDATION

The Southern Legislative Conference of The Council of State Governments urges Congress, the administration and the Nuclear Regulatory Commission to meet the federal obligation to store used nuclear fuel safely by:

1. Adopting the recommendations of the Blue Ribbon Commission on America's Nuclear Future, especially regarding voluntary centralized storage and the assured access to the accumulated Nuclear Waste Fund to finance construction of these facilities, including safety, security and transportation costs;
2. Taking all necessary legislative and administrative actions to enact these waste program reforms as soon as possible and begin moving used nuclear fuel from decommissioned reactors and those still in operation to centralized facilities;
3. Consulting with state, local and tribal officials on all matters related to the transportation of nuclear materials to centralized storage facilities; and
4. Completing the review of the Yucca Mountain Project construction authorization application, as sought in pending lawsuit brought by Aiken County, South Carolina, the state of South Carolina and others.

Further, the Southern Legislative Conference of The Council of State Governments requests that a copy of this policy position be forwarded to the Southern Congressional delegation, the secretary of the U.S. Department of Energy, and the president of the United States.