

POLICY POSITION

10. Nuclear Power and Regulatory Reform

Background

Historically, the demand for electricity has grown rapidly in the United States, doubling nearly every ten years. Demand is forecasted to continue to grow, though at a slower rate. New generating capacity will be needed to meet this future demand. The most abundant and secure fuels available to meet this future demand are uranium and coal. Nuclear power should be used in a manner consistent with energy needs and sound environmental standards to provide for future demand.

Actual construction time required for a nuclear power plant is about four to six years. With the current regulatory framework in the United States, an equivalent period is spent in regulatory proceedings, lengthening the time required for nuclear power plant installation to an average of ten to twelve years. The cost of building a nuclear plant in the United States is more than one billion dollars. Over one-half of that cost is interest and inflation costs. Each year of delay in the installation of a nuclear plant adds more than fifty million dollars to the final cost of the plant.

The Nuclear Regulatory Commission (NRC) has described its own procedures in the licensing process as "...a serious failure of governmental process to resolve central issues in a timely and coordinated way -- a paradigm of fragmented and uncoordinated government decision making on energy matters and of a system strangling itself and the economy in red tape."

The current nuclear licensing and regulatory process was established by the Atomic Energy Act of 1954, to satisfy requirements of a time when there were very few nuclear plants, and when the technology was in early state of development. This basic structure has been only slightly modified during the past twenty-nine years. The U.S. Department of Energy, the Nuclear Regulatory Commission, industry, and many public interest groups recognize that the licensing and regulatory process is outdated and ill-suited for the regulation of a major energy source in a complex and changing economic environment. Although there is a difference of opinion concerning some of the methods necessary to effect reform, most recognize that standardization of power plant designs and early site review are essential elements of any plan.

Early site review would authorize the NRC to approve sites for prospective nuclear plants in advance of a utility's application for a construction permit. The NRC would be authorized to conduct a full hearing to qualify a site as suitable for a nuclear power plant without demonstrating a present need for the plant. Once NRC determined that a particular site was suitable for the construction and operation of a nuclear power plant, the site should be certified for a designated period and a site permit issued.

The development and use of standardized nuclear power designs would benefit public health and safety by concentrating the resources of designers, engineers, and vendors on particular approaches. Standardized designs would also stimulate standardized programs of construction practice and quality assurance, improve the training of personnel, and foster more effective maintenance and improved operations. The use of such designs would permit a more effective and efficient licensing and inspection process.

Recommendation

A balanced mix of energy sources is essential to the security and the future economic growth of the United States. Nuclear power is an option that can be utilized efficiently and safely and should be a key energy source for the United States.

Because of the problems associated with regulatory delay, no new nuclear power plants are being planned in the United States. To revive the nuclear power option, the Southern Legislative Conference strongly urges Congress to restructure the nuclear power plant licensing process. The regulatory process should sustain and enhance public health and safety; be predictable, timely, and efficient; encourage investment in nuclear power by being clearly defined; and benefit electricity consumers by reducing construction schedules and cost.

Constructive reform of the nuclear licensing process will benefit everyone. Industry will benefit from the increased certainty and predictability in the licensing process stemming from early site reviews and design standardization, the elimination of duplicative reviews and hearings, and the removal of licensing decisions from the critical path of the nuclear plant cycle. The public will benefit from the more efficient use of its tax dollars in regulatory reviews and the cost savings which flow from the reduced time required to bring plants on line; and that segment of the public participating in the licensing process will benefit from the ability to make its contributions earlier and more effectively.

The Southern Legislative Conference urges Congress to authorize an early site approval process which would permit "site banking", encourage the use of standardized plant design, consolidate the process into a single limited proceeding, eliminate the anti-trust review during the licensing process, and generally limit proceedings to specific factual issues not previously resolved.

The Southern Legislative Conference joins the Southwest Regional Energy Council in supporting reform of the nuclear powerplant licensing process.

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