



NUCLEAR ENERGY INSTITUTE

Mary M. Quillian
SENIOR MANAGER
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April 22, 2005

Mr. Franz Litz
Chair of the Regional Greenhouse Gas Initiative
Senior Attorney, New York Department of Environmental Conservation
625 Broadway, 14th Floor
Albany, NY 12233-1500

Dear Mr. Litz:

On behalf of the nuclear energy industry, the Nuclear Energy Instituteⁱ (NEI) strongly urges the Regional Greenhouse Gas Initiative (RGGI) Staff Working Group to consider the region's ability to reach any carbon dioxide (CO₂) reduction goal if the region's nuclear power plants do not receive operating license renewals.

Nuclear energy is the most widely used electricity generation technology in the RGGI nine-state region, supplying 31.6% of the area's power, according to 2003 EIA statistics. Since it supplies this electricity without emitting CO₂, a clear understanding of nuclear power's role in maintaining and reducing CO₂ emission levels is vital if RGGI is to create a meaningful, workable public policy to reduce CO₂ emissions from the electric sector.

Current operating licenses at the 15 nuclear units in the RGGI region begin to expire as soon as 2009. By 2015, 46 percent of the region's nuclear energy capacity could retire. By 2020, that amount grows to 63 percent. Although we acknowledge that many of these plants will seek and receive operating license renewal, some of them may not, especially in the absence of policy maker support for license renewal and explicit recognition of the plants' strategic importance in reducing CO₂ emissions.

NEI strongly suggests that a sensitivity run of ICF's IPM model be performed to analyze the impact of nuclear plant license expiration on the region's ability to meet

ⁱ NEI is the organization responsible for establishing unified nuclear industry policy on matters affecting the nuclear energy industry, including regulatory aspects of generic operational and technical issues. NEI members include all companies licensed to operate commercial nuclear power plants in the United States, clearly including the five companies operating the 13, 287 MW of nuclear capacity in the RGGI states, nuclear plant designers, major architect/engineering firms, fuel suppliers, and other organizations and individuals involved in the nuclear energy industry.

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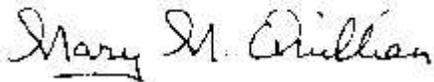
a CO₂ cap. NEI and individual nuclear operating companies have repeatedly requested this analysis at stakeholder meetings, on stakeholder modeling conference calls, in person at meetings with RGGI Staff Working Group representatives, including yourself, and in NEI's memo to Karl Michael on August 6, 2004.

The only responsible course of action for the RGGI Staff Working Group is to quantify the role of nuclear power before recommending policy and asking policy makers to agree on an electric sector cap-and-trade system. An electric sector CO₂ cap-and-trade program by itself could severely harm the region's economy by forcing unprecedented, and perhaps unachievable, changes to the electric supply infrastructure. Therefore, policy makers should be given as much analysis as possible to help them make reasonable policy decisions.

Specifically, policy makers seeking to force CO₂ reductions from the electric sector should support nuclear energy initiatives, such as license renewal and uprates, and explicitly recognize the strategic role of nuclear power in mitigating the region's greenhouse gas emissions.

I would be happy to discuss this issue further (mmq@nei.org, or 202-739-8013).

Sincerely,



Mary M. Quillian

Senior Manager, Environmental Policy and Planning

c: RGGI Staff Working Group
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Stephen Majkut, Rhode Island
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