

December 10, 2009

To: Senate Environment Committee Members

Re: Support S 3041, Responses to Opposition Arguments Against the Bill

Vote Yes – S3041 – Protect the Jersey Shore / Barnegat Bay

This legislation would require Exelon Corporation to install cooling towers on the Oyster Creek Nuclear Power Plant to end its ten year record of degrading the Bay. This plant was recently re-licensed by the Nuclear Regulatory Commission to operate for another 20 years. Without this legislation, we can expect another 20 years of degradation.

This Bill Would Not Lead to the Shut Down of Oyster Creek Nuclear Power Plant

Exelon is the world's second most profitable energy company. Its profits rose 8.1 percent this past *quarter alone* (more than \$700 million, in one quarter). The company's total earnings for the last quarter were \$4.34 billion, making its profit margin a healthy 16%. This is double the average US corporate profit margin of 8 % over the last 25 years. The Oyster Creek Plant alone earns Exelon between 100 million and 200 million in pure profit each year, or 1 billion over the last ten years that they've owned the plant.

According to our survey of cooling tower costs estimates done by industry consultants and other generating companies, the cost of installing a cooling tower on the Oyster Creek Plant would be about \$150 million. This is *only 5%* of the company's 3 billion dollars in profit expected over the time that they are expected to own the plant (1999 – 2029). This is a conservative estimate based on profits remaining constant. In fact, with the regulation of carbon in New Jersey and elsewhere, the profits of nuclear power is expected to increase significantly.

- Investment bank Jeffries looked specifically at cost of a tower on the Oyster Creek Plant and estimates it would cost between \$50 - \$300 million.
- Entergy, the company which owns the Pilgrim Nuclear Power Plant, a plant similar in size and design as Oyster Creek, estimates it will cost them just over \$100 million to install a cooling tower on their plant
- The Brayton Point Power Plant, a 1600 MW plant in Rhode Island, plans to spend \$500 million for multiple towers on its plant, which is more than double the size of Oyster Creek Nuclear Power Plant.

Costs Can Not Be Passed to Ratepayers / Energy prices would not go up

New Jersey is a deregulated energy market. Generating companies like Exelon can not pass costs onto ratepayers, only utilities can. And, the costs of a cooling tower will have no effect on the price consumers pay for electricity in the state. That price is set by the state's most expensive source, natural gas, and this bill will not change that. Exelon enjoys this high price even though it costs much less to generate nuclear energy.

This Bill Is a Plus for Workers

Installing a cooling tower on Oyster Creek would provide work for 300 additional construction workers, doubling the workforce at the plant for two - three years. The plant would only have to be shut down an estimated 35 days, and that would be concurrent with a regularly scheduled refueling shut down, to “hook up” the tower to the plant once it’s constructed. The plant would not have to “shut down” during the construction. Some workers would work through these 35 days, and those who do not will still be paid as their union contract covers them for these circumstances.

This Bill Would Protect the Tens of Thousands New Jersey Jobs at Local Businesses

The Barnegat Bay generates 4 billion in business and state income each year. By supporting this bill you are supporting the thousands of businesses, most of them small and medium sized, who rely on a healthy bay, including commercial fishermen, recreation fishing boats, bait and tackle shops, marinas, area restaurants, boat rental companies, real estate professionals and property values, etc. Who will your vote protect? Chicago – based Exelon and their deep profit margin (two times the profit margin of the average American business) or tens of thousands of local shore areas businesses and their employees trying to make ends meet?

Adding Towers Does Not Increase the Carbon Footprint

Exelon and other utilities are making the argument that the energy needed to run the tower would increase New Jersey’s carbon footprint. Nonsense. The energy penalty of running a tower regularly is between 2% and 3% of the plant’s capacity. For Oyster Creek, that would amount to between 13 MW and 19.5 MW of energy that the regional grid would have to make up. New Jersey can ensure this energy is contributed from renewable sources both in-state and within our grid from neighboring states. A 4 to 7 wind turbine farm would cover that amount of energy.

What Does This Bill Do Exactly?

This bill would require Exelon to greatly reduce their impacts to the Bay (by 90%). The bill does not directly require a cooling tower, but a tower that closes the cooling loop at the plant and uses 90% less Bay water is the only technology in use today with the ability to reduce the impact by 90%. A closed loop cooling system (cooling towers) would reduce the intake of bay water by 90%, thereby protecting the Bay’s aquatic life from ongoing straining by the plant.

Every day, the plant takes in 1.7 billion gallons of Bay water and uses it for cooling the power plant’s nuclear reactor. The plant returns this water to the bay, strained of life and heated to at least 110 degrees, altering the ecology of the Bay and contributing to the bay’s serious problems. Over the course of a year, the plant takes in ten times the total volume of the bay, making it difficult for aquatic life to develop through its life cycle and contributing to declines in populations of fish and other aquatic life in the Bay.