

CHAIRMAN Resource

From: Tom Gurdziel <tgurdziel@twcny.rr.com>
Sent: Saturday, September 15, 2018 9:35 PM
To: kormanr@enr.com
Cc: 'Ed Stronski'; Miller, Eric; Screnci, Diane; CHAIRMAN Resource; judys@enr.com; abrown@postandcourier.com; tmoore@postandcourier.com; Bridget Frymire
Subject: [External_Sender] Possible End of Construction?

Hello,

Are you starting to put together some ideas for the possible end of construction of Vogtle 3 and 4? I hope that doesn't happen but those folks at JEA seem to have a helpful circumstance in their favor: their power purchase agreement was not signed.

So, if construction is stopped, what are you going to say?

Here is a thought I would like you to consider. Today, the regulated power generation industry is still using a business model that doesn't work any longer. In this model, you don't make your main money by generating electricity, although that does provide some income. Actually, you make your money by loading up the capital costs (during construction) and just sitting back and enjoying the out of date return on investment you get of 10 or 11%, EVEN IF THE PLANT IS NOT RUNNING.

Probably there is a "stranded cost" recovery provision as well. This would be designed to compensate the owner IF the plant is not allowed to be put into service, or even finished being built. I do not believe the owner being unable to complete building a plant is (or was) intended to be covered. (I do believe I have read an argument relative to the South Carolina AP1000 plants where they think they are covered.)

As an example of another plant killed by the same kind of thinking, I would mention the Kemper County clean coal project in Mississippi.

In addition

I must also mention the out of date thinking presently being used by both the regulated and merchant US nuclear electricity generators. Although wind generation is now here, and solar generation is now here, (and the output of each varies), if you own a nuclear plant, ignore them and demand to run your nuclear plant at full power all the time it is available. In fact, this past week I read an advertisement for a proposed Small Modular Reactor which had, as a benefit, the words: Base Load power. The grid today needs electricity generating plants that can swing with load, (load follow), and the best we in the US nuclear industry can do is design nuclear plants that that can't.

Anyway, there are a few thoughts.

Thank you,

Tom Gurdziel

(Small Modular Reactors are the next new thing in the nuclear generation world.)



Virus-free. www.avast.com