

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

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ATOMIC SAFETY AND LICENSING BOARD

Before Administrative Judges:

James P. Gleason, Chairman

Frederick J. Shon

Dr. Oscar H. Paris

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In the Matter of	:
	:
CONSOLIDATED EDISON COMPANY	:
OF NEW YORK, IJC. (Indian	:
Point, Unit No. 2)	:
	:
POWER AUTHORITY OF THE STATE	:
OF NEW YORK (Indian Point,	:
Unit No. 3)	:
	:
-----X	

Docket Nos. 50-247 SP
50-286 SP

March 23, 1983

LICENSEES' SUPPLEMENT TO MOTION TO IMPOSE
SANCTIONS AGAINST DEAN CORREN, GREATER
NEW YORK COUNCIL ON ENERGY AND ENERGY
SYSTEMS RESEARCH GROUP, INC. FOR FAILURE
TO RESPOND TO INTERROGATORIES

Brent L. Brandenburg
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Charles M. Pratt
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DS03

Licensees today received a copy of the October 1982 Energy Systems Research Group, Inc. (ESRG) study entitled The Economics of Closing the Indian Point Nuclear Power Plants. Licensees have made an investigation of the degree of similarity of the October 1982 study with that study produced by Greater New York Council On Energy (GNYCE) on March 17, 1983. That investigation indicates that the two studies are identical. The footnotes from both studies are attached as an example of the identicalness of the two documents.

The October 1982 study, apparently, was available to the public for a charge of \$50 per copy. The final page of the October 1982 study contains the following ordering information:

Additional copies of this report may be obtained by remitting a check, money order, or purchase order in the amount of \$50, made out to "Energy Alternatives Research Fund," with the below mailing label to:

Marn Davis
Energy Systems Research Group
120 Milk Street
Boston, Massachusetts 02109

Licensees may have been the only members of the public that could not obtain this October 1982 ESRG study. The apparent availability in October 1982 of precisely the study that GNYCE now proposes to use in this special proceeding

constitutes a failure to comply with the Commission's rules of discovery. The fact that the words "Draft Report" appear on the cover of the October 1982 study does not alter the fact that that study was definite enough to be offered for sale to the public and is identical to the final Report. In any event, licensees asked GNYCE to produce the ESRG documents, draft or final.

GNYCE's non-production the October 1982 study merits the imposition of sanctions. In Consumers Power Company (Midland Plant, Units 1 and 2), CCH Nuc. Reg. Rep. ¶ 30,761 (Feb. 18, 1983), the Commission indicated the seriousness of non-disclosure of information.

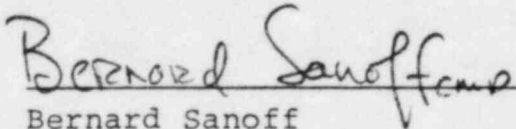
A deliberate false statement or withholding of material information would warrant the imposition of a severe sanction. ... Moreover, we want to warn parties and their attorneys that when they engage in conduct which skirts close to the line of improper conduct, they are running a grave risk of serious sanction if they cross that line.

Id. at page 30,704.

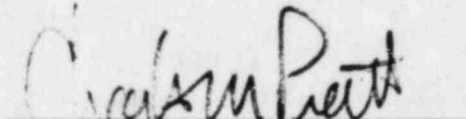
CONCLUSION

Licensees submit that the fact the October 1982 ESRG study is identical to the March 1983 study, which GNYCE proposes to use in this case, establishes a clear non-compliance

with the discovery rules which merits the imposition
of sanction.


Bernard Sanoff

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FOOTNOTES

1. The basic documents on the cost impacts of the Indian Point facility are listed in Reference 5 below. Together, they present a remarkable spectrum of assumptions, methods, and not surprisingly, results. None present a documented and systematic framework for scenario explication, sensitivity analysis, and output evaluation.
2. Economic Impact of Closing the Indian Point Nuclear Facility, Report by the Comptroller General of the United States, U.S. Government Accounting Office, EMD-81-3, Washington, D.C., November 7, 1980.
3. Costs of Closing the Indian Point Nuclear Power Plant, prepared for Power Authority of the State of New York, Rand Corporation, R-2857-NYO, Santa Monica, California, November, 1981.
4. Taylor, Vince and Komanoff, Charles, An Evaluation of "Economic Impact of Closing the Indian Point Nuclear Facility" A Report of the General Accounting Office, Union of Concerned Scientists, December 3, 1980.
5. Brancato, Carolyn Kay, "The Indian Point No. 2 Nuclear Facility," Congressional Research Service, Washington D.C., December 5, 1980.
6. The IP-1 unit has been shut down since 1974; the NRC revoked Con Ed's operating license in 1980. We shall not consider this unit further in this study.
7. An Analysis of the Need for and Alternatives to the Proposed Coal Plant at Arthur Kill, a report to the New York City Energy Office and the Corporation Counsel of New York, ESRG Study No. 81-21, June, 1981.
8. Referenced in Note 7. This study was also presented as part of testimony in the 1981 New York State Energy Master Planning hearings by Dr. Richard A. Rosen. The focus of the study was the economics of the proposed Arthur Kill plant, but the work has general applicability to generation planning and demand related issues in the region.
9. Documented in Note 7 reference.

FOOTNOTES
(Continued)

10. Note that neither the proposed 700-MW Arthur Kill unit on Staten Island nor the proposed Prattsville pumped storage facility has been included in these generation dispatch runs. Had they been, the replacement power for Indian Point would have derived from more efficient back-up units than we have assumed, thus lowering make-up power costs.
11. Con Edison response to NRC Staff interrogatory #24, NRC Docket #50-247SP, #50-286SP.
12. Vol. II, p. 433.
13. In the Low Impact case one could conceivably assume the additional coal conversions of the Astoria #3, #4, and #5 units, but due to unresolved controversy surrounding the feasibility of such conversions we did not.
14. Con Edison response to NRC Staff interrogatory #1, p. 7-8, NRC Docket #50-247SP, #50-286SP. Indeed, Con Edison's oil price assumptions are somewhat below the Mid-Range case assumption.
15. 1982 NYPP Report, p. 12.
16. Con Edison FERC Form #1, pp. 326-27.
17. The following amounts of power were assumed available for dispatch at the listed prices:

<u>Power Line</u>	<u>Years</u>	<u>Megawattage Maximum</u>	<u>Cost (1981 \$/MWH)</u>
NYPP#1	1981-2000	300	49.60
LLCO#1	1981-2000	500	65.00
NYPP#2	1981-2000	800	70.00
NYPP#3	1986-2000	1000	65.00

Generally these lines will dispatch only a fraction of the time.

18. Con Edison response to NRC Staff interrogatory #1, p. 9.
19. This analysis shows that about 36% or about 3000 GWH of the make-up power would come from upstate NYPP companies. This is the equivalent of about a 800 MW line with a capacity factor about 40%.

FOOTNOTES
(Continued)

20. In current dollars, in 1983, the make-up power costs for the Mid-Range scenario would be about \$542 million. To compare with the Con Edison calculations provided on discovery for that year, however, the nuclear fuel, nuclear operations and maintenance costs (O&M) and nuclear spent fuel disposal costs would have to be subtracted, yielding a total Mid-Range impact of \$327 million, or 3.8 cents per KWH. (See Table 2 referenced in note #14.) The comparable High-Impact value will be about \$367 million, and the Low-Impact value is \$235 million. In contrast, the RAND report claims that a reasonable upper and lower limit of \$455 million and \$425 million, respectively, is appropriate, which can be compared to the Con Edison value of \$506 million. The largest single cost item that separates the Con Edison and Rand Estimates from the High-Impact or Mid-Range Impact cases here is a roughly \$50-100 million differential for nuclear O&M. The justification for the ESRG assumptions on O&M can be found in Section 3.4 below. Secondly, different capacity factor assumptions among all parties account almost completely for the remainder of this cost differential.
21. The 20% figure was estimated by Dr. Lewis Perl of NERA, a consultant to Con Edison and other utility companies in Revised Direct Testimony, Pennsylvania Public Utility Commission Docket #I-80100341.
22. Response to Greater New York Council on Energy, interrogatory #23 (Con Ed), Table 6B, p.8, and #4 (PASNY).
23. The New York utilities appear to assume a 0% real escalation rate. Other observers assume rates above our High Impact case assumption (e.g., Lewis Perl, op. cit., Table 11 testified to over 5% real escalation rates).
24. Based on a reloading cycle of 18 months with one-third assembly replacement (implying an average age of 27 months) and a fixed charge rate of 15% (Con Ed & PASNY average): $27/12 \times .15 = .34$.
25. Cited in Note 2.
26. See, e.g., App. D, Refs. D-4 and D-8.
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39. Indeed, in the later years of the Low Impact case the costs of generating power from the nuclear stations exceeds the make-up costs. In this case, on economic grounds, the plant would be voluntarily retired sometime after 1990.

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40. The required revenue simulation used in this study employs statistically estimated measures of normal plant operation. Abnormal events of low probability such as a catastrophic accident are, of course, not reflected. Cost estimates here would be related to such imponderables as the worth of human lives (a moral as well as economic concept), probability of losing lives, psychological costs, etc.
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expenditures for make-up generation go in part to foreign coffers.

What are the changes in expenditures patterns implied by a plant closing? What are the economic repercussions locally and nationally? Will induced conservation and health and safety benefits counteract the negative repercussion of higher electricity costs? These are significant questions that cannot be answered today.

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