



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
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LT. GOVERNOR

April 20, 2022

The Honorable Jennifer Granholm
Secretary
U.S. Department of Energy
1000 Independence Ave., SW
Washington, DC 20585-1615

RE: Utilizing the Civil Nuclear Credit to protect Michigan's clean energy assets, hundreds of good-paying jobs, and regional economic resilience

Dear Secretary Granholm,

Palisades is a nuclear facility in Southwest Michigan with a license to operate until 2031. The Covert Township union facility employs 600 workers making an average of \$117,845, supports over 1,100 regional jobs, and generates \$363 million in annual regional economic development. Palisades produces more than 800 megawatts of reliable, clean, carbon-free power.

Keeping Palisades open is a top priority. Doing so will allow us to make Michigan more competitive for economic development projects bringing billions in investment, protect hundreds of good-paying jobs for Michigan workers, and shore up Michigan's clean energy supply and provide reliable lower energy costs for working families and small businesses,

As you know, Palisades is currently in the process of being shut down due to financial distress and is currently scheduled to cease operation on May 31, 2022, when its fuel supply runs out and power purchase agreement expires. After shutdown, the plant is set to be sold to Holtec International with a closing date of no later than June 30, 2022.

Over the past several years, the State has worked to understand what could be done to keep Palisades open and voiced concern over the economic and energy impacts of losing the plant. For example, in 2017 the Michigan Public Service Commission (MPSC) refused to approve a proposed buyout, a decision that resulted in the plant's owner extending a previously announced shutdown date of 2018 to the current May 2022 closure date. Additionally, in their 2019 Statewide Energy Assessment, the MPSC noted that Palisades enhances energy reliability and resilience, mitigates commodity risk, expands resource diversity, and offers positive environmental benefits.

Absent a dedicated source of capital, it seemed that closure was the only possible path forward. Then the bipartisan Infrastructure Investment and Jobs Act (P.L. 117-58) was signed into law, which authorized and appropriated a \$6 billion Civil Nuclear Credit (CNC) program aimed at preventing the premature retirement of existing zero-carbon nuclear plants like Palisades that would otherwise retire due to financial hardship and are certified as safe to continue operations.

However, with Palisades already on the path toward closure, it was uncertain whether the wheels of the federal government could turn quickly enough to offer Palisades' operators an opportunity to apply for funding. On March 8, the State, under the leadership of the MPSC, submitted comments on the U.S. Department of Energy's (DOE) Notice of Intent and Request for Information regarding the

establishment of the CNC Program. Those comments focused on a number of key priorities to help plants like Palisades, including prioritizing those reactors with an already announced shutdown date.

In light of the events and work over the past several months, I am pleased to write to you today in response to the efficient, thorough work the DOE took on to establish guidance for the CNC program's first round of funding. I am grateful that the guidance has been crafted with nuclear plants that have near-term closures in mind. With today's guidance, including the opening of an application window limited to those approaching near-term closure with a due date of May 19, 2022, the DOE has provided a meaningful opportunity for the CNC to aid and prevent the closure of plants such as Palisades.

Today, we have a new path forward to save Palisades, secure hundreds of good-paying jobs, empower regional economies, and help us fight climate change by generating clean energy. The State of Michigan has already had numerous conversations with the plant owner, t, and leading nuclear operators who may be interested in purchasing the plant and keeping it operational through its 2031 licensure date.

The State of Michigan will support a compelling CNC application by the May 18 deadline. I intend to do everything I can to keep this plant open, protect jobs, and expand clean energy production. The State of Michigan will continue working with all parties involved in this process—including the DOE, Nuclear Regulatory Commission, Entergy Corporation, Holtec International, potential owners, operators, and power purchasers, and the plant's employees—to protect this critical clean energy asset and ensure Michigan workers can stay in Michigan. At the same time, I urge all parties involved to do the same—it will take every stakeholder thinking creatively and optimistically to keep this opportunity on the table.

If there is anything the State of Michigan can do to help establish the CNC program, let me know. I will work with anyone to get this done.

Sincerely,



Gretchen Whitmer
Governor of Michigan

CC: Dr. Kathryn Huff, Senior Advisor, Office of the Secretary, U.S. Department of Energy
Chris Hansen, Chair, U.S. Nuclear Regulatory Commission
Dan Scripps, Chair, Michigan Public Service Commission
John Bear, Chief Executive Officer, Midcontinent Independent System Operator
Leo Denault, Chief Executive Officer, Entergy Corporation
Dr. Krishna Singh, Chief Executive Officer, Holtec International

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Attachments: Palisades Letter.pdf

From: Peretick, Katherine (LARA) <PeretickK@michigan.gov>

Sent: Wednesday, April 20, 2022 5:07 PM

To: Hanson, Christopher <Christopher.Hanson@nrc.gov>

Cc: Scripps, Daniel (LARA) <ScrippsD1@michigan.gov>

Subject: [External_Sender] Letter from Gov. Whitmer to DOE

Chair Hanson,

I wanted to share with you the letter that Governor Whitmer sent to the DOE earlier today, just for your awareness.

All the best,

Katherine L. Peretick, Commissioner

Michigan Public Service Commission
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