Defunding of Yucca Mountain Project Puts Onus on Federal Government to Find Alternative

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The Obama Administration’s proposed budget for fiscal year 2011 terminates all funding for the Yucca Mountain repository, which since 1982 has been the presumed location for storing the nation’s nuclear waste.

On Feb. 1, the same day Obama announced his budget proposal, the U.S. Department of Energy moved to stay the U.S. Nuclear Regulatory Commission’s proceedings related to the DOE’s license application to construct the repository. In the motion, the department stated its intention to withdraw the license application “with prejudice,” which will prevent the application from being resubmitted in the future.

The Nuclear Energy Institute (NEI), the nuclear industry’s trade group, immediately issued a press release that took issue with the decision to terminate the repository project.

While praising the administration’s plan to triple the loan guarantees available for new nuclear power plants (from $18.5 billion to $54.5 billion, approximately enough to finance seven to 10 new reactors), NEI president Mark Fertel said that if the Yucca Mountain repository license application must be withdrawn, it should be done in a way that would “permit the licensing process to be restarted if ever warranted.”

The budget announcement and DOE actions came on the heels of another significant development on the nuclear-waste front — the seating on Jan. 31 of the Blue Ribbon Commission on America’s Nuclear Future [5].

Led by its two co-chairs, former Indiana U.S. Rep. Lee Hamilton and former National Security Advisor Brent Scowcroft, the 15-member commission will develop national policy recommendations for safely managing spent nuclear fuel and other highly radioactive waste over the long term.

It is expected to issue a draft report in 18 months, with the final report due six months later.

DOE Secretary Steven Chu told a Senate committee in February that the new commission would “conduct a comprehensive review of the back end of the [nuclear] fuel cycle,” including options for
long-term storage, reprocessing and disposal.

Despite the commission’s broad charge, Chu confirmed in his testimony that “Yucca Mountain is not an option” the commission will consider.

Forming this commission may, in part, be a way for the DOE to avoid additional liability for failing to live up to its contractual obligation to take spent nuclear fuel from utilities in exchange for payments into the federal Nuclear Waste Fund.

Utilities and state public service agencies from across the country have successfully sued the DOE for partial breach of contract as a result of its failure to begin taking the waste in 1998 as required by the Nuclear Waste Policy Act.

Last June, both the NEI and the National Association of Regulatory Utility Commissioners (NARUC) wrote to Chu requesting that the DOE suspend payments to the fund.

“The fee payments continue to be paid even though no one can say for certain what the money will eventually be used for,” the NARUC letter notes.

Right now, the receipts are used to offset other spending in the DOE budget; the proposed FY 2011 budget assumes the receipt of $774 million in ratepayer contributions despite the cancellation of the Yucca repository program. Total revenue paid into the fund — a combination of contributions from ratepayers plus interest — now totals $30 billion; ratepayers in the Midwest have contributed about a quarter of that total.

In recent years, some state officials have sought to eliminate ratepayer contributions to the Nuclear Waste Fund by escrowing them at the state level.

This year in Minnesota, Democratic Rep. Joe Atkins of Inver Grove is sponsoring HF 2440, which would hold utility payments to the fund in an escrow account.

An expanded version of a bill that Atkins sponsored in 2009, HF 2440 would also create a state commission responsible for developing a strategy for the long-term storage of spent nuclear fuel at reactor sites in Minnesota.

Resources:

- Midwestern Radioactive Materials Transportation Project.

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