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Turning On Citizen Power **www.citact.org**

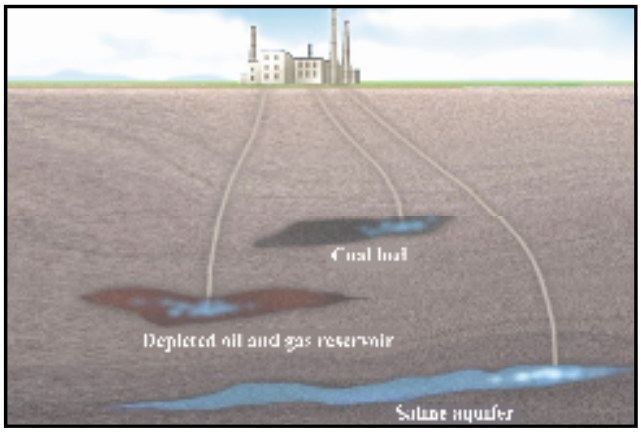
WARNING: The Governor's High-Cost, High-Risk Energy Plan Threatens Hoosier Wallets, Property Values, and Jobs

The Governor's energy plan is a high risk gamble for taxpayers and ratepayers. The Governor cannot implement his energy plan without forcing excessive rate increases and exposing thousands of property owners to potential losses through property damage and devaluation. Under the Governor's energy plan, taxpayers and ratepayers carry the risks and costs while utility companies walk away with the profits. Rather than bolster the economy and jobs, the Governor's plan would bleed the economy and weaken the job market.

The Main Pillars of the Daniels Energy Plan

Carbon Capture and Sequestration (CCS)

CCS involves: 1) capturing carbon dioxide from power plants; 2) compressing it into a liquefied, acidic form using the plants' power; and 3) injecting it deep into the earth and hoping it stays there.



University of Wyoming researchers tell us that the cost for injection wells alone for CCS will exceed $3 trillion by 2030. Xina Xie, senior research engineer at the University of Wyoming, states, "Whether, when, and how much carbon dioxide sequestration will ever occur on a commercial scale remains in question, and to achieve it will be expensive and problematic."

March, 2008

"CCS is not just a potential waste of money. It might also create a false sense of security about climate change, while depriving potentially cheaper methods of cutting emissions of cash and attention, all for the sake of placating the coal lobby."

- The Economist
March 2009

The Governor supports turning Indiana into a massive underground landfill by making our State a "first mover" and leader in deepwell injection of carbon dioxide waste. He introduced legislation in 2010 that would have declared CCS a public good, granted eminent domain to any entity wishing to build a pipeline to transport acidic and liquefied CO2 waste, and allow utilities unfettered access to our bank accounts to pay for these science experiments. Fortunately, his efforts failed in the 2010 session, but he will be back, seeking our money and our property to carry out his plan.

The problems:

1) CCS is extravagantly expensive. Analysts at the Center for Coal Technology Research at Purdue told State lawmakers that the cost and geological scale for CCS is "fantastic". They estimate that capturing CO2 from the massive Gibson coal-fired power plant (3700 MW in Gibson County, IN) alone would cost approx $7 billion!

2) CCS is so risky that Industry insists on changing the law so that taxpayers assume the costs of potential property damage, water contamination, and catastrophic accidents from CO2 leaks. Injected CO2 will travel thousands of square miles underground and researchers have no idea how our water supplies will be affected or what the implications will be on public health, our environment, or the value of our property. Would you buy a farm or a home with millions of tons of acidic, liquefied CO2 underneath that is eating away at the geology or possibly finding its way to one of the estimated 70,000 abandoned gas or oil wells in the State?

3) CCS is considered physically "non-feasible" in a recent peer reviewed article by the Society of Petroleum Engineers. (October 2009)

Construction Work in Progress (CWIP) for Nuclear Reactors

There are discussions about building a new reactor in Indiana, possibly at the Newport Chemical Depot outside Terre Haute. Indiana Michigan Power has plans to make expensive "uprates" to their two reactors at the Cook Nuclear Plant that service Indiana ratepayers in South Bend and Fort Wayne. Duke Energy and Indianapolis Power & Light both have shown interest in adding new nuclear plants to their portfolio.

CWIP allows utilties to charge ratepayers (us) for power plants while they are being built and not producing any electricity, and even if they NEVER produce any electricity. CWIP forces us to give interest free loans to multi-billion dollar, monopoly utility companies. Legislation intended to extend CWIP to nuclear power plants has been introduced and discussed at the Indiana State House every session since 2008. Governor Daniels has indicated he is introducing comprehensive energy legislation in the 2011 session of the General Assembly and undoubtedly, CWIP will be included in his plan.

Citibank stated in a recent analysis that some of "the risks faced by developers … are so large and variable that individually they could each bring even the largest utility company to its knees financially." Citibank concluded that without public money there is "little if any prospect that new nuclear stations will be built."

November, 2009

The problems:

1) Constructing new nuclear power plants requires a blank check from ratepayers and taxpayers in the form of CWIP and federal loan guarantees. The average nuclear reactor will cost $10 billion. Utilities cannot build new nuclear plants without shifting all the risk to ratepayers and taxpayers, as if ratepayers and taxpayers are different people. The only thing that the utilities and Wall Street agree on is that new nuclear plants cannot be built without a massive infusion of taxpayer and ratepayer subsidies.

Since Wall Street is refusing to loan money for new nuclear reactors, utilities are lobbying Washington for a trillion dollars in federal loan guarantees, our tax dollars. The Congressional Budget Office estimates that the default risk on those loans will be in excess of 50%. Essentially, they are saying nuclear power is so expensive and so risky, that more than half of the plants that will be started will never come on line and will be abandoned. The federal loan guarantees promise that as taxpayers, we will pick up the tab on the defaulted loans. The same economic problems that plagued the nuclear industry in the 70s and caused plant cancellations remain true today. **Forbes wrote in 1985, "The failure of the US nuclear power program ranks as the largest managerial disaster in business history..."**

2) The only reason utilities require CWIP to construct nuclear power plants is that they are unneeded and financially unviable to begin with.

The Choice is Clear: The Least Cost Option is Cheaper and Cleaner than Daniels' Plan

Making homes and businesses more energy efficient is much less expensive than coal-fired or nuclear power. Wind and customer-owned generation (distributed power) are also cheaper. Due to high-cost and excessively long construction time-frames, solar is competitive with coal plants with CCS and nuclear plants.

Take Action!

Write, call, or e-mail your State legislators! They say that the best time for us to communicate with them is when they are not in session, so NOW is the time! Tell them:

- Ratepayers should be paying for the delivery of electricity to our homes, **not** for carbon waste capture and storage experiments, and **not** for power plants that aren't producing electricity!
- The taxpayer wallet and the ratepayer wallet are the same wallet. If they don't want to raise our taxes, they should not consider legislation that will raise our utility rates for unnecessary investments on behalf of utility profits!
- Tell them that the best investments for energy in Indiana are in energy efficiency, wind, solar, and distributed power. These are the technologies that will create jobs, and benefit the health, environment, and pocketbooks of ALL Hoosiers!

To look up and/or e-mail your legislators, visit:
http://district.iga.in.gov/DistrictLookup/

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