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Turning On Citizen Power

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The Daniels Administration's High-Cost, High-Risk Energy Plan Threatens Hoosier Wallets, Property Values, and Jobs

The Daniels Administration's energy plan is a high risk gamble for all of us as taxpayers and ratepayers. The plan cannot be implemented without forcing excessive rate increases and exposing thousands of property owners to potential losses through property damage and devaluation. Under this energy plan, we (taxpayers and ratepayers) carry the risks and costs while utility companies walk away with the profits. Rather than bolster our economy and jobs, the Daniels Administration's plan would bleed our economy and weaken our job market.

The Main Pillars of the State's 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 (making the plant highly inefficient); and 3) injecting it deep into the earth and hoping it stays there.

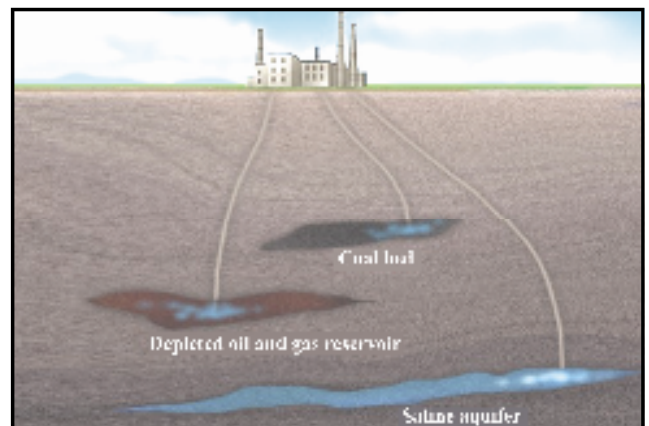
University of Wyoming researchers tell us that the cost for injection wells alone for CCS will exceed \$3 trillion by 2030. Xina Xie, senior research engineer at the University of Wyoming, states, "Whether, when, and how much carbon dioxide sequestration will ever occur on a commercial scale remains 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 Daniels Administration supports turning Indiana into a massive underground landfill by making our State a "first mover" and leader in deepwell injection of carbon dioxide (CO₂) waste.



The problems with CCS:

1) Eminent Domain. Legislation was filed in 2010 that would have declared CCS a public good, granted eminent domain to any entity wishing to build a pipeline to transport acidic, liquefied CO₂ waste, and allowed utilities unfettered access to our bank accounts to pay for these science experiments. Fortunately, CAC and key legislators killed it. But similar provisions will likely be filed again in 2011 as part of the Daniels Administration's energy legislation.

2) High Ratepayer Cost. 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 approximately \$7 billion!

3) Taxpayer Liability. CCS is so risky that Industry insists on changing the law so that we as 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 our 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?

4) Non-feasible. 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 utilities to charge us (ratepayers) for power plants while they are being built and not producing any electricity, and even if they NEVER produce any electricity. Legislation intended to extend CWIP to nuclear power plants has been introduced and discussed at the Indiana State House every session since 2008. It is likely that CWIP will be included in the Daniels Administration's energy legislation in 2011.

The problems with CWIP:

1) High Cost to Ratepayers. Nuclear power plants, as well as new coal plants, are subject to significant cost overruns. The most current example is France's nuclear power project in Olkiluoto, Finland. As of May 2009, the project was at least 3 years behind schedule and 50% over budget. In Indiana, the cost of Duke's new coal gasification plant currently under construction in Edwardsport has increased 100% since the first estimate. Due to CWIP for coal plants in Indiana law, each Duke Indiana ratepayer could soon be paying nearly \$55 per year (\$98 million total) for a plant that is only 37% complete, not producing any electricity, and may never be completed. CWIP for nuclear power would be equally, if not more devastating to our wallets.

2) Shifts the Financial Risk of Plant Construction from Utilities to Ratepayers. CWIP forces us to give interest free loans to multi-billion dollar, monopoly utility companies.

3) Plants With CWIP are Not Needed and are Financially Risky. The only reason utilities require CWIP to construct nuclear (or any) power plants is that they are unneeded and can't attract private financing.

The extreme financial risk of nuclear power is underscored by the Congressional Budget Office finding that the default risk on loans for nuclear power plants will exceed 50%. Essentially, 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 trillion dollars in federal loan guarantees sought by utilities from Congress 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..."**

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 both coal plants with CCS and with nuclear plants.

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

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:

- **To oppose eminent domain for CO2 pipelines and shifting liability for CO2 storage problems from utilities to taxpayers.** We should not be forced: 1) as ratepayers, to pay for carbon waste capture and storage experiments; 2) as taxpayers, to pay for water contamination and accidents; and, 3) as property owners, to have our property values, a citizen's most prized investment, unnecessarily threatened.
- **To oppose CWIP for nuclear power.** As ratepayers, we should not assume the financial risks of constructing power plants that are unneeded, highly risky investments, and may never generate power. We pay for the delivery of electricity to our homes, not for projects that aren't producing electricity!
- **To support more investment in least cost options that create the most jobs:** energy efficiency, renewable energy, and customer-owned generation.

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

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