

Ohio House approves nuke subsidy as report says plants are profitable EXTRA

Wednesday, 29 May 2019 5:47 PM ET

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By Darren Sweeney



Plumes of steam drift from the cooling tower of the Davis-Besse Nuclear Power Station in Oak Harbor, Ohio. Bankrupt power provider FirstEnergy Solutions Corp. plans to shut down the nuclear plant absent financial support.

Source: Associated Press

Ohio state lawmakers on May 29 advanced [House Bill 6 \(/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=51154627\)](/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=51154627), controversial [legislation \(/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=52023110\)](/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=52023110) that would prop up the state's nuclear plants, despite a new report arguing the plants are generating enough profit to operate several years past their [planned retirements \(/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=45977162\)](/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=45977162).

"Ohio consumers will pay the price for today's vote in the Ohio House. This vote essentially bails out the profitable [Davis-Besse \(/web/client?auth=inherit#powerplant/powerplantprofile?KeyProductLinkType=2&id=2668\)](/web/client?auth=inherit#powerplant/powerplantprofile?KeyProductLinkType=2&id=2668) and [Perry \(/web/client?auth=inherit#powerplant/powerplantprofile?KeyProductLinkType=2&id=5477\)](/web/client?auth=inherit#powerplant/powerplantprofile?KeyProductLinkType=2&id=5477) nuclear power plants owned by [[FirstEnergy Solutions Corp. \(/web/client?auth=inherit#company/profile?KeyProductLinkType=2&id=4073065\)](/web/client?auth=inherit#company/profile?KeyProductLinkType=2&id=4073065), or FES], and subsidizes two coal plants — including one in Indiana," Chris Zeigler, executive director of API Ohio, said in a statement. "We urge the Senate to protect Ohio taxpayers and reject this legislative bailout."

Paul Sotkiewicz, founder and president of E-Cubed Policy Associates LLC, said in a May 28 analysis that the 908-MW Davis-Besse and 1,268-MW Perry nuclear plants owned by FES subsidiary [FirstEnergy Nuclear Generation LLC \(/web/client?auth=inherit#company/profile?KeyProductLinkType=2&id=4163844\)](#) are "among the best single unit performers in the U.S. nuclear fleet," operating at costs nearly 25% below the industry average.

Bankrupt power provider FES called the report's conclusion "deeply flawed."

"The net annual unit operating profits looking into the future on average over the 2019 to 2028 period are \$28 million per year (\$3.85/MWh) for Davis-Besse and \$44 million per year (\$4.40/MWh) for Perry," the former chief economist of [PJM Interconnection \(/web/client?auth=inherit#company/profile?KeyProductLinkType=2&id=4062332\)](#) wrote in the report. "Absent any unknown need for major investments or repairs at these units, there is no reason for the Ohio nuclear units to retire as they are profitable on an operating basis including yearly capital expenditures."

API Ohio, a division of the API national trade group that represents the oil and natural gas industry, touted the findings in the report as evidence that the nuclear plants owned by FES "are profitable and have no need for a financial bailout on the backs of Ohio taxpayers."

FES called the release of the report "a last minute, desperate attempt to use misinformation to mislead Ohio legislators."

"After weeks of testimony in committee inaccurately criticizing the health, longevity and maintenance of our two nuclear plants in Ohio as unworthy of future investment, suddenly this last-minute report (funded by out of state oil and gas interests) proclaims that Davis-Besse and Perry are in excellent position to continue providing clean energy in Ohio," FES said in a written statement. "Clearly the opponents of HB6 cannot make the argument on both sides."

FES added that the report provides inaccurate cost information, "excludes critical cost components" including full cycle maintenance and capital spending requirements, and ignores the fact that the plants did not clear PJM's 2021/2022 capacity auction and will likely not clear future auctions (/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=51743505).

The power provider said that fixing the consultant's "obvious calculation errors" results in a net loss of more than \$125 million per year versus a profit for both plants.

"The report fails to address the rate increase that Ohioans will face if these plants are lost or the loss to the State of Ohio itself, which would lose an estimated 4,300 highly skilled jobs, an important source of tax revenue, and the reliable energy generator that currently produces 90% of Ohio's zero-emissions electricity," FES said.

FES in late March 2018 [notified \(/web/client?auth=inherit#news/article?KeyProductLinkType=2&id=44055913\)](#) PJM of its plan to retire the Davis-Besse nuclear plant in northwestern Ohio in 2020, followed by the Perry nuclear plant in northeastern Ohio and the 1,872-MW [Beaver Valley \(/web/client?auth=inherit#powerplant/powerplantprofile?KeyProductLinkType=2&id=1692\)](#) nuclear plant in western Pennsylvania in 2021.

H.B. 6 establishes credits for certified clean air resources, including nuclear plants, at \$9 per MWh.

Under the bill, Ohio's electric distribution utilities would collect a monthly charge from retail electric customers. The state treasurer would deposit the money into the Ohio clean air program fund.

Starting Jan. 1, 2020, residential customers would be charged 50 cents per month, a fee that increases to \$1 per month starting in 2021 through 2026. Commercial customers would pay a monthly fee of \$10 in 2020 and \$15 from 2021 through 2026. Industrial customers would pay \$250 per month for the duration of the program.

Commercial or industrial customers that exceeded 45 million kWh of electricity at a single location in the preceding year would be subject to a \$2,500 monthly charge.

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