Securing Subsidies to Prevent Closures

As WNISR has reported in recent years, utilities have been lobbying for state legislation and contracts that would provide significant financial support for the operation of their uneconomic reactors (see WNISR2018 Annex 4). A total of 23 reactors were scheduled for early retirement between 2009 and 2025, of which 13 have already been closed, eight had their closure delayed following subsidy programs, and two at Diablo Canyon remain in question (see Figure 42).

The enactment of two major pieces of legislation making federal financing and subsidies available to currently operating nuclear power reactors has disrupted projections for the pace of retirements. The Infrastructure Investment and Jobs Act (November 2021) authorized the issuance of Civil Nuclear Credits to unprofitable reactors, to be administered by the Department of Energy (DOE) through a five-year, US$6 billion federal grant program. Implementation of the program prompted the governors of California and Michigan to request that DOE apply the grants toward preempting the planned retirements of Palisades-1 and Diablo Canyon-1 and -2. Entergy Nuclear, the owner of Palisades-1, did not embrace Governor Witmer's proposal and retired the reactor as planned.

Governor Gavin Newsom's proposal for Diablo Canyon took a different course. Driven by California's seasonal electricity reliability challenges, Newsom's proposal garnered political support and convinced Diablo Canyon's owner, Pacific Gas & Electric (PG&E), to consider breaking an innovative multi-stakeholder agreement to retire the reactors when their...

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