Nuclear Energy Policy

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Nuclear Energy Policy

Summary

Nuclear energy policy issues facing Congress include the implementation of federal incentives for new commercial reactors, radioactive waste management policy, research and development priorities, power plant safety and regulation, and security against terrorist attacks.

The Bush Administration has called for an expansion of nuclear power. For Department of Energy (DOE) nuclear energy research and development, the Administration requested $632.7 million for FY2007, an 18.1% increase from the FY2006 appropriation. The request would boost funding for the Advanced Fuel Cycle Initiative (AFCI) from $79.2 million in FY2006 to $243.0 million in FY2007. The higher AFCI funding would allow DOE to begin developing a demonstration plant for separating plutonium and uranium in spent nuclear fuel, as part of the Administration’s Global Nuclear Energy Partnership (GNEP). The House-passed version of the FY2007 Energy and Water Development Appropriations Bill (H.R. 5427, H.Rept. 109-474) would cut the GNEP request in half and reduce the overall nuclear energy request to $572.8 million. But the Senate Appropriations Committee approved $36 million above the request for GNEP.

Significant incentives for new commercial reactors are included in the Energy Policy Act of 2005 (P.L. 109-58), signed by the President on August 8, 2005. These include production tax credits, loan guarantees, insurance against regulatory delays, and extension of the Price-Anderson Act nuclear liability system.

The September 11, 2001, terrorist attacks on the United States raised concern about nuclear power plant security. The new Energy Policy Act includes several reactor security provisions, including requirements to revise the security threats that nuclear plant guard forces must be able to defeat, regular force-on-force security exercises at nuclear power plants, and the fingerprinting of nuclear facility workers.

Disposal of highly radioactive waste has been one of the most controversial aspects of nuclear power. The Nuclear Waste Policy Act of 1982 (NWPA, P.L. 97-425), as amended in 1987, requires DOE to conduct a detailed physical characterization of Yucca Mountain in Nevada as a permanent underground repository for high-level waste. The opening of the Yucca Mountain repository is now scheduled for 2017.

Whether progress on nuclear waste disposal and other congressional action will revive the U.S. nuclear power industry’s growth will depend primarily on economic considerations. Several utilities have announced that they will seek licenses for up to 20 new reactors. Although no commitments have been made to build the reactors, nuclear industry officials have predicted that the incentives in the Energy Policy Act of 2005 will lead to the first new U.S. reactor orders since 1978.

This report replaces CRS Issue Brief IB88090, Nuclear Energy Policy, by Mark Holt. It will be updated as events warrant.
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Nuclear Energy Policy

Most Recent Developments

The House on May 24 passed the FY2007 Energy and Water Development Appropriations Bill (H.R. 5427, H.Rept. 109-474) with $572.8 million for nuclear energy research and development — $59.9 million below the Bush Administration’s February 6 budget request but $20.8 million above the FY2006 funding level. In contrast, the Senate Appropriations Committee voted June 29 to increase nuclear energy funding by $151.5 million over the request, to $784.2 million.1

The Administration request would boost funding for the Advanced Fuel Cycle Initiative (AFCI) from $79.2 million in FY2006 to $243.0 million in FY2007. The higher AFCI funding would allow the Department of Energy (DOE) to begin developing an engineering-scale facility to demonstrate new technology for separating plutonium and uranium in spent nuclear fuel, as part of the Administration’s Global Nuclear Energy Partnership (GNEP). The House-passed funding bill cuts the AFCI funding request to $120 million, which would still be 50% above the FY2006 level. The Senate Appropriations Committee, calling GNEP “imperative” for reducing nuclear waste and increasing energy supplies, boosted AFCI funding by $36 million over the request.

The Administration requested $544.5 million for the civilian nuclear waste program in FY2007, $50 million above the FY2006 level. The program is developing a national nuclear waste repository at Yucca Mountain, Nevada. The House-passed funding bill provides the full request, plus $30.0 million for interim nuclear waste storage if authorizing legislation is enacted. The Senate Appropriations Committee voted to cut the request to $494.5, about the same as the FY2006 funding level. Because of continued delays in the Yucca Mountain project, the Senate panel added an extensive provision to the Energy and Water bill (section 313) to authorize the Secretary of Energy to designate storage sites for spent nuclear fuel.

DOE announced on July 19 that it would submit a Yucca Mountain license application to the Nuclear Regulatory Commission (NRC) by June 30, 2008. If Congress passes proposed changes in the repository licensing process, according to DOE, nuclear waste shipments to Yucca Mountain could begin by 2017.

The Treasury Department on May 1 published interim guidance for a nuclear power tax credit provided by the Energy Policy Act of 2005 (P.L. 109-58), which

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1 The nuclear energy funding levels in the Administration budget request and the amounts approved by the House and the Senate Appropriations Committee all include $72.9 million in funding under the “other defense activities” appropriations account.
provides a strong incentive for the construction of new nuclear power plants. The tax credit is available for up to 6,000 megawatts of new nuclear capacity for the first eight years of operation, up to $125 million annually per 1,000 megawatts. Under the Treasury Department guidance, the 6,000 megawatts of eligible capacity will be allocated among reactors that file license applications by the end of 2008 or until enough applications are filed to use the capacity. If license applications for more than 6,000 megawatts of nuclear capacity are submitted by 2008, then the tax credit will be allocated proportionally among the proposed reactors.

Because the nuclear industry has often blamed past nuclear reactor construction cost overruns on licensing delays, the energy act authorizes the Secretary of Energy to pay for up to $500 million in costs resulting from Nuclear Regulatory Commission (NRC) delays for the first two new reactors and up to $250 million for the next four. DOE published an interim final rule for the “standby support” program on May 15.

A new White House working group held its first meeting on May 4 to coordinate the Administration’s policies for encouraging the growth of U.S. nuclear power. The group is headed by the National Economic Council and includes officials from other White House offices and DOE.

Overview of Nuclear Power in the United States

The U.S. nuclear power industry, while currently generating about 20% of the nation’s electricity, faces an unclear long-term future. No nuclear plants have been ordered in the United States since 1978, and more than 100 reactors have been canceled, including all ordered after 1973. No new units are currently under active construction; the Tennessee Valley Authority’s (TVA’s) Watts Bar I reactor, ordered in 1970 and licensed to operate in 1996, was the most recent U.S. nuclear unit to be completed. The nuclear power industry’s troubles include high nuclear power plant construction costs, public concern about nuclear safety and waste disposal, and regulatory compliance costs.

High construction costs are perhaps the most serious obstacle to nuclear power expansion. Construction costs for reactors completed since the mid-1980s ranged from $2 to $6 billion, averaging more than $3,000 per kilowatt of electric generating capacity (in 1997 dollars). The nuclear industry predicts that new plant designs could be built for less than half that amount if many identical plants were built in a series, but such economies of scale have yet to be demonstrated.

Nevertheless, all is not bleak for the U.S. nuclear power industry, which currently comprises 103 licensed reactors at 65 plant sites in 31 states. (That number excludes TVA’s Browns Ferry 1, which has not operated since 1985; TVA is spending about $1.8 billion to restart the reactor by 2007.) Electricity production from U.S. nuclear power plants is greater than that from oil, natural gas, and hydropower, and behind only coal, which accounts for more than half of U.S. electricity generation. Nuclear plants generate more than half the electricity in six states. The near-record 818 billion kilowatt-hours of nuclear electricity generated in
the United States during 2005\(^2\) was more than the nation’s entire electrical output in the early 1960s, when the first large-scale commercial reactors were being ordered.

Average operating costs of U.S. nuclear plants dropped substantially during the past decade, and costly downtime has been steadily reduced. Licensed commercial reactors generated electricity at an average of 89.4\% of their total capacity in 2005, according to industry statistics.\(^3\)

Forty-two commercial reactors have received 20-year license extensions from the Nuclear Regulatory Commission (NRC), giving them up to 60 years of operation. License extensions for nine more reactors are currently under review, and many others are anticipated, according to NRC (see website at [http://www.nrc.gov/reactors/operating/licensing/renewal/applications.html]).

Industry consolidation could also help existing nuclear power plants, as larger nuclear operators purchase plants from utilities that run only one or two reactors. Several such sales have occurred, including the March 2001 sale of the Millstone plant in Connecticut to Dominion Energy for a record $1.28 billion. The merger of two of the nation’s largest nuclear utilities, PECO Energy and Unicom, completed in October 2000, consolidated the operation of 17 reactors under a single corporate entity, Exelon Corporation, headquartered in Chicago. Exelon and New Jersey-based Public Service Enterprise Group announced a merger on December 20, 2004, that would boost the combined firm’s reactor fleet to 20.

Existing nuclear power plants appear to hold a strong position in the ongoing restructuring of the electricity industry. In most cases, nuclear utilities have received favorable regulatory treatment of past construction costs, and average nuclear operating costs are currently estimated to be competitive with those of fossil fuel technologies.\(^4\) Although eight U.S. nuclear reactors were permanently shut down during the 1990s, none has been closed since 1998, and recent reactor sales could indicate greater industry interest in nuclear plants that previously had been considered marginal. Despite the shutdowns, annual U.S. nuclear electrical output increased by more than one-third from 1990 to 2005, according to the Energy Information Administration and industry statistics. The increase resulted primarily from reduced downtime at the remaining plants, the startup of five new units, and reactor modifications to boost capacity.

The good performance of existing reactors and the relatively high cost of natural gas — the favored fuel for new power plants for the past 15 years — have prompted renewed utility consideration of the feasibility of building new reactors. During the past two years, electric utilities announced plans to apply for combined construction permits and operating licenses (COLs) for up to 20 reactors; however, no


\(^{3}\) Ibid.

commitments have been made to build them if the COLs are issued. The Department of Energy (DOE) is assisting with some of the COL applications and site-selection efforts as part of a program to encourage new commercial reactor orders by 2010, as discussed below.

Strong incentives for building new nuclear power plants are included in the Energy Policy Act of 2005 (P.L. 109-58), signed by the President on August 8. Particularly significant is a 1.8-cents/kilowatt-hour tax credit for up to 6,000 megawatts of new nuclear capacity for the first eight years of operation, up to $125 million annually per 1,000 megawatts.

The Treasury Department published interim guidance for the nuclear tax credit on May 1, 2006. Under the guidance, the 6,000 megawatts of eligible capacity will be allocated among reactors that file license applications by the end of 2008 or until enough applications are filed to use the capacity. If license applications for more than 6,000 megawatts of nuclear capacity are submitted by 2008, then the tax credit will be allocated proportionally among the proposed reactors.

Because the nuclear industry has often blamed licensing delays for past nuclear reactor construction cost overruns, the new law would authorize the Secretary of Energy to pay for up to $500 million in costs resulting from NRC delays for the first two new reactors and up to $250 million for the next four. DOE published a final interim rule for the “standby support” program May 15, 2006.

Nuclear power plants would also be eligible for federal loan guarantees for up to 80% of construction costs. The Energy Information Administration (EIA) has previously concluded that the nuclear energy tax credit would stimulate construction of new commercial reactors, and nuclear industry officials recently predicted that the tax credits and other incentives would prove effective. Without such assistance, EIA has projected that no new reactors would be built by 2025.

A new White House working group held its first meeting on May 4 to coordinate the Administration’s policies for encouraging the growth of U.S. nuclear

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power. The group is headed by the National Economic Council and includes officials from other White House offices and DOE.10

Global warming that may be caused by fossil fuels — the “greenhouse effect” — is cited by nuclear power supporters as an important reason to develop a new generation of reactors. On May 19, 2003, New Hampshire became the first state to provide emissions credits for incremental nuclear generating capacity. But the large obstacles noted above must still be overcome before electric generating companies will risk ordering new nuclear units. (For more on federal incentives and the economics of nuclear power, see CRS Report RL33442, *Nuclear Power: Outlook for New U.S. Reactors*, by Larry Parker and Mark Holt.)

**Nuclear Power Research and Development**

For nuclear energy research and development — including advanced reactors, fuel cycle technology, nuclear hydrogen production, and infrastructure support — DOE requested $632.7 million for FY2007, an 18.1% increase from the FY2006 appropriation. The request would boost funding for the Advanced Fuel Cycle Initiative (AFCI) from $79.2 million in FY2006 to $243.0 million in FY2007. The higher AFCI funding would allow DOE to begin developing an engineering-scale facility to demonstrate new technology for separating plutonium and uranium in spent nuclear fuel, as part of the Administration’s Global Nuclear Energy Partnership (GNEP). The nuclear energy program is run by DOE’s Office of Nuclear Energy, Science, and Technology.

The House on May 24, 2006, passed its version of the FY2007 Energy and Water Development Appropriations Bill (H.R. 5427, H.Rept. 109-474) with $572.8 million for nuclear energy research and development — $59.9 million below the Bush Administration’s request but $20.8 million above the FY2006 funding level. The House-passed funding bill cuts the AFCI funding request to $120 million, which would still be 50% above the FY2006 level. In contrast, the Senate Appropriations Committee voted June 29 to increase nuclear energy funding by $151.5 million over the request, to $784.2 million, including $279.0 million for AFCI.

According to DOE’s budget justification, the nuclear energy R&D program is intended “to enable nuclear energy to fulfill its promise as a safe, advanced, inexpensive and environmentally benign approach to providing reliable energy to all of the world’s people.” However, opponents have criticized DOE’s nuclear research program as providing wasteful subsidies to an industry that they believe should be phased out as unacceptably hazardous and economically uncompetitive.

Under the Administration’s GNEP initiative, plutonium partially separated from the highly radioactive spent fuel from nuclear reactors would be recycled into new fuel to expand the future supply of nuclear fuel and potentially reduce the amount of radioactive waste to be disposed of in a permanent repository. The United States and

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other advanced nuclear nations would lease new fuel to other nations that agreed to forgo uranium enrichment, spent fuel recycling (also called reprocessing), and other fuel cycle facilities that could be used to produce nuclear weapons materials. The leased fuel would then be returned to supplier nations for reprocessing. Solidified high-level reprocessing waste would be sent back to the nation that had used the leased fuel, along with supplies of fresh nuclear fuel, according to the GNEP concept; see [http://www.gnep.energy.gov].

Although GNEP is largely conceptual at this point, DOE issued a Spent Nuclear Fuel Recycling Program Plan in May 2006 that provides a general schedule for a GNEP Technology Demonstration Program (TDP), which would develop the necessary technologies to achieve GNEP's goals. According to the Program Plan, the first phase of the TDP, running through FY2006, will consist of “program definition and development” and acceleration of AFCI. Phase 2, running through FY2008, is to focus on the design of technology demonstration facilities, which then are to begin operating during Phase 3, from FY2008 to FY2020.

Nuclear critics oppose GNEP's emphasis on spent fuel reprocessing, which they see as a weapons proliferation risk, even if weapons-useable plutonium is not completely separated from other spent fuel elements, as envisioned by the Administration. “As the research of DOE scientists makes clear, the reprocessing technologies under consideration would still produce a material that is not radioactive enough to deter theft, and that could be used to make nuclear weapons,” according to the Union of Concerned Scientists.

Nuclear Power 2010. President Bush’s specific mention of “clean, safe nuclear energy” in his 2006 State of the Union address reiterated the Administration’s interest in encouraging construction of new commercial reactors — for which there have been no U.S. orders since 1978. DOE’s efforts to restart the nuclear construction pipeline are focused on the Nuclear Power 2010 Program, which will pay up to half of the nuclear industry’s costs of seeking regulatory approval for new reactor sites, applying for new reactor licenses, and preparing detailed plant designs. The program is intended to provide assistance for advanced versions of existing commercial nuclear plants that could be ordered within the next few years.

The Nuclear Power 2010 Program is helping three utilities seek NRC approval for potential nuclear reactor sites in Illinois, Mississippi, and Virginia. In addition, two industry consortia are receiving DOE assistance over the next several years to design and license new nuclear power plants. DOE awarded the first funding to the consortia in 2004. The FY2006 Energy and Water appropriation included $65.3 million for the program, a $15.7 million boost over FY2005. DOE’s FY2007 budget request included $54.0 million for Nuclear Power 2010; the House-passed funding bill provides the full request, whereas the Senate Appropriations Committee voted to increase the program’s funding to $88.0 million. DOE assistance under the

program, including the early site permits, is planned to reach a multiyear total of about $550 million.

The nuclear license applications under the Nuclear Power 2010 program are intended to test the “one-step” licensing process established by the Energy Policy Act of 1992 (P.L. 102-486). Even if the licenses are granted by NRC, the industry consortia funded by DOE have not committed to building new reactors. Loan guarantees and tax credits to encourage construction of new reactors are included in the Energy Policy Act of 2005 (P.L. 109-58). The 2005 act also authorizes DOE to provide compensation to the first six new reactors for regulatory delays beyond their control; the FY2007 budget request for the Nuclear Power 2010 Program includes $1.8 million to develop criteria for such assistance. The two consortia receiving COL assistance under the Nuclear Power 2010 program are

- A consortium led by Dominion Resources that is preparing a COL for an advanced General Electric reactor (after originally considering a Canadian design). The proposed reactor would be located at Dominion’s existing North Anna plant in Virginia, where the company is seeking an NRC early-site permit with DOE assistance.

- A consortium called NuStart Energy Development, which includes Exelon and several other major nuclear utilities, announced on September 22, 2005, that it would seek a COL for a Westinghouse design at the site of TVA’s uncompleted Bellefonte nuclear plant in Alabama and for a General Electric design at the Grand Gulf plant in Mississippi.

The advanced Westinghouse reactor selected by NuStart, the AP-1000, is also competing for a contract in China. If Westinghouse were to prevail over designs being offered by France and Russia, the four-reactor contract could help demonstrate the commercial viability of the new design, which received final design approval from NRC in September 2004. A preliminary commitment to provide almost $5 billion in financial support for the proposed China reactor sale was approved on February 18, 2005, by the Export-Import Bank of the United States. Critics contend that the tentative Ex-Im financing could provide unwarranted subsidies to the nuclear power industry and unwisely transfer U.S. nuclear technology to China.

**Generation IV.** Advanced commercial reactor technologies that are not yet close to deployment are the focus of DOE’s Generation IV Nuclear Energy Systems Initiative, for which $31.4 million was requested for FY2007 — 30% less than the FY2006 request and more than 40% below the final appropriation of $54.5 million. The House-passed funding bill would provide the same amount; most of the proposed reduction would come from the Next Generation Nuclear Plant (discussed below), which would drop from $40 million to $23.4 million. The Senate Appropriations Committee would provide $48.0 million for the program and continue level funding of $40.0 million for the Next Generation Nuclear Plant.

The Generation IV program is focusing on six advanced designs that could be commercially available around 2020-2030: two gas-cooled, one water-cooled, two
Isotopes are atoms of the same chemical element but with different numbers of neutrons in their nuclei.

The GNEP Technology Demonstration Program plans to focus on the “fast neutron” reactors. Existing U.S. commercial nuclear reactors use water to slow down, or “moderate,” the neutrons released by the fission process (splitting of nuclei). The relatively slow (thermal) neutrons are highly efficient in causing fission in certain isotopes of heavy elements, such as uranium 235 and plutonium 239. Therefore, fewer of those isotopes are needed in nuclear fuel to sustain a nuclear chain reaction (in which neutrons released by a fissioned nuclei then induce fission in other nuclei, and so forth). The downside is that thermal neutrons cannot efficiently induce fission in more than a few specific isotopes.

In contrast, “fast” neutrons, which have not been moderated, are less effective in inducing fission than thermal neutrons but can induce fission in a much wider range of isotopes, including all major plutonium isotopes. Therefore, nuclear fuel for a fast reactor must have a higher proportion of fissionable isotopes than a thermal reactor to sustain a chain reaction, but a larger number of different isotopes can constitute that fissionable proportion.

A fast reactor’s ability to fission most heavy radioactive isotopes, called “transuranics” (TRU), makes it theoretically possible to repeatedly separate those materials from spent fuel and feed them back into the reactor until they are entirely fissioned and destroyed. In a thermal reactor, the buildup of non-fissile isotopes sharply limits the number of such separation cycles before the recycled fuel can no longer sustain a nuclear chain reaction.

“Given the benefits of continuous recycling, at this time GNEP-TDP is focused on the development of fast reactor technologies, recognizing that fast reactor operating experience is much more limited than thermal reactor operating experience, and that fast burn reactor fuels, or transmutation fuels, are not fully developed,” according to the DOE Program Plan.

**Advanced Fuel Cycle Initiative.** The nuclear energy program’s Advanced Fuel Cycle Initiative (AFCI) is the primary component of GNEP. DOE’s $243 million budget request for AFCI for FY2007 makes up nearly all of the $250 million GNEP program (with the remaining $7 million requested for program direction).

According to the budget justification, AFCI will develop and demonstrate nuclear fuel cycles that could reduce the long-term hazard of spent nuclear fuel and recover additional energy. Such technologies would involve separation of plutonium, uranium, and other long-lived radioactive materials from spent fuel for re-use in a nuclear reactor or for transmutation in a particle accelerator. Most of the proposed AFCI funding ($155 million) would be for an engineering-scale demonstration of a separations technology called UREX+, in which uranium and other elements are...

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13 Isotopes are atoms of the same chemical element but with different numbers of neutrons in their nuclei.

chemically removed from dissolved spent fuel, leaving a mixture of plutonium and other highly radioactive elements. Proponents believe the process is proliferation-resistant, because further purification would be required to make the plutonium usable for weapons and because its high radioactivity makes it difficult to work with.

However, the House Appropriations Committee expressed concern that more fundamental research on the UREX+ process was needed, particularly on waste byproducts, before moving ahead to the demonstration phase. As a result, the House-passed energy and water funding bill would hold the program’s spending increase to $120 million. But the Senate Appropriations Committee, calling GNEP “imperative” for reducing nuclear waste and increasing energy supplies, boosted AFCI funding by $36 million over the request.

Removing uranium from spent fuel would eliminate most of the volume of spent nuclear fuel that would otherwise require disposal in a deep geologic repository, which DOE is developing at Yucca Mountain, Nevada. The UREX+ process also would reduce the heat generated by nuclear waste — the major limit on the repository’s capacity — by removing cesium and strontium for separate storage and decay over several hundred years. Plutonium and other long-lived elements would be destroyed in accelerators or fast reactors (such as the type under development by the Generation IV program) to reduce the long-term hazard of nuclear waste. Even if technically feasible, however, the economic viability of such waste processing has yet to be determined, and it still faces significant opposition on nuclear nonproliferation grounds, as noted above.

**Nuclear Hydrogen Initiative.** In support of President Bush’s program to develop hydrogen-fueled vehicles, DOE requested $18.7 million in FY2007 for the Nuclear Hydrogen Initiative, a 25% reduction from the FY2006 level. The House-passed funding bill would provide the same amount, but the Senate Appropriations Committee would boost the program to $31.7 million. According to DOE’s FY2005 budget justification, “preliminary estimates ... indicate that hydrogen produced using nuclear-driven thermochemical or high-temperature electrolysis processes would be only slightly more expensive than gasoline” and result in far less air pollution.

**Nuclear Power Plant Safety and Regulation**

**Safety**

Controversy over safety has dogged nuclear power throughout its development, particularly following the March 1979 Three Mile Island accident in Pennsylvania and the April 1986 Chernobyl disaster in the former Soviet Union. In the United States, safety-related shortcomings have been identified in the construction quality of some plants, plant operation and maintenance, equipment reliability, emergency planning, and other areas. In a relatively recent example, it was discovered in March 2002 that leaking boric acid had eaten a large cavity in the top of the reactor vessel in Ohio’s Davis-Besse nuclear plant. The corrosion left only the vessel’s quarter-inch-thick stainless steel inner liner to prevent a potentially catastrophic loss of
reactor cooling water. Davis-Besse remained closed for repairs and other safety improvements until NRC allowed the reactor to restart in March 2004.

NRC’s oversight of the nuclear industry is an ongoing issue; nuclear utilities often complain that they are subject to overly rigorous and inflexible regulation, but nuclear critics charge that NRC frequently relaxes safety standards when compliance may prove difficult or costly to the industry.

**Domestic Reactor Safety.** In terms of public health consequences, the safety record of the U.S. nuclear power industry in comparison with other major commercial energy technologies has been excellent. During approximately 2,000 reactor-years of operation in the United States, the only incident at a commercial nuclear power plant that might lead to any deaths or injuries to the public has been the Three Mile Island accident, in which more than half the reactor core melted. Public exposure to radioactive materials released during that accident is expected to cause fewer than five deaths (and perhaps none) from cancer over the following 30 years. A study of 32,000 people living within 5 miles of the reactor when the accident occurred found no significant increase in cancer rates through 1998, although the authors note that some potential health effects “cannot be definitively excluded.”

The relatively small amounts of radioactivity released by nuclear plants during normal operation are not generally believed to pose significant hazards, although some groups contend that routine emissions are risky. There is substantial scientific uncertainty about the level of risk posed by low levels of radiation exposure; as with many carcinogens and other hazardous substances, health effects can be clearly measured only at relatively high exposure levels. In the case of radiation, the assumed risk of low-level exposure has been extrapolated mostly from health effects documented among persons exposed to high levels of radiation, particularly Japanese survivors of nuclear bombing in World War II.

The consensus among most safety experts is that a severe nuclear power plant accident in the United States is likely to occur less frequently than once every 10,000 reactor-years of operation. (For the current U.S. fleet of about 100 reactors, that rate would yield an average of one severe accident every 100 years.) These experts believe that most severe accidents would have small public health impacts, and that accidents causing as many as 100 deaths would be much rarer than once every 10,000 reactor-years. On the other hand, some experts challenge the complex calculations that go into predicting such accident frequencies, contending that accidents with serious public health consequences may be more frequent.

**Reactor Safety in the Former Soviet Bloc.** The Chernobyl accident was by far the worst nuclear power plant accident to have occurred anywhere in the

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world. At least 31 persons died quickly from acute radiation exposure or other injuries, and thousands of additional cancer deaths among the tens of millions of people exposed to radiation from the accident may occur during the next several decades.

According to a 2002 report by the Organization for Economic Cooperation and Development (OECD), the primary observable health consequence of the accident has been a dramatic increase in childhood thyroid cancer. About 1,000 cases of childhood thyroid cancer were reported in certain regions surrounding the destroyed reactor — a rate that is as much as a hundred times the pre-accident level, according to OECD. The death rate for accident cleanup workers also rose measurably, the organization reported. The OECD report estimated that about 50,000 square miles of land in Belarus, Ukraine, and Russia were substantially contaminated with radioactive cesium from Chernobyl.17

### Licensing and Regulation

For many years, a top priority of the nuclear industry was to modify the process for licensing new nuclear plants. No electric utility would consider ordering a nuclear power plant, according to the industry, unless licensing became quicker and more predictable, and designs were less subject to mid-construction safety-related changes required by NRC. The Energy Policy Act of 1992 (P.L. 102-486) largely implemented the industry’s licensing goals, but no plants have been ordered.

Nuclear plant licensing under the Atomic Energy Act of 1954 (P.L. 83-703; U.S.C. 2011-2282) had historically been a two-stage process. NRC first issued a construction permit to build a plant and then, after construction was finished, an operating permit to run it. Each stage of the licensing process involved complicated proceedings. Environmental impact statements also are required under the National Environmental Policy Act.

Over the vehement objections of nuclear opponents, the Energy Policy Act of 1992 provides a clear statutory basis for one-step nuclear licenses, which would combine the construction permits and operating licenses and allow completed plants to operate without delay if construction criteria were met. NRC would hold preoperational hearings on the adequacy of plant construction only in specified circumstances. DOE’s Nuclear Power 2010 initiative (discussed above) proposes to pay up to half the cost of combined construction and operating licenses for two advanced reactors. The Energy Policy Act of 2005 authorizes federal payments to the owner of a completed reactor whose operation is delayed by regulatory action.

A fundamental concern in the nuclear regulatory debate is the performance of NRC in issuing and enforcing nuclear safety regulations. The nuclear industry and its supporters have regularly complained that unnecessarily stringent and inflexibly enforced nuclear safety regulations have burdened nuclear utilities and their customers with excessive costs. But many environmentalists, nuclear opponents, and

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other groups charge NRC with being too close to the nuclear industry, a situation that they say has resulted in lax oversight of nuclear power plants and routine exemptions from safety requirements.

Primary responsibility for nuclear safety compliance lies with nuclear plant owners, who are required to find any problems with their plants and report them to NRC. Compliance is also monitored directly by NRC, which maintains at least two resident inspectors at each nuclear power plant. The resident inspectors routinely examine plant systems, observe the performance of reactor personnel, and prepare regular inspection reports. For serious safety violations, NRC often dispatches special inspection teams to plant sites.

In response to congressional criticism, NRC has been reorganizing and overhauling many of its procedures. The Commission is moving toward “risk-informed regulation,” in which safety enforcement is guided by the relative risks identified by detailed individual plant studies. NRC’s risk-informed reactor oversight system, inaugurated April 2, 2000, relies on a series of performance indicators to determine the level of scrutiny that each reactor should receive.

**Reactor Security**

Nuclear power plants have long been recognized as potential targets of terrorist attacks, and critics have long questioned the adequacy of the measures required of nuclear plant operators to defend against such attacks. All commercial nuclear power plants licensed by NRC have a series of physical barriers to accessing the operating reactor area and are required to maintain a trained security force to protect them. Following the terrorist attacks of September 11, 2001, NRC began a “top-to-bottom” review of its security requirements.

A key element in protecting nuclear plants is the requirement that simulated terrorist attack exercises, monitored by NRC, be carried out to test the ability of the plant operator to defend against them. The severity of attacks to be prepared for are specified in the form of a “design basis threat” (DBT). After more than a year’s review, on April 29, 2003, NRC changed the DBT to “represent the largest reasonable threat against which a regulated private guard force should be expected to defend under existing law.” The details of the revised DBT were not released to the public.

The Energy Policy Act of 2005 requires NRC to revise the DBT based on an assessment of terrorist threats, the potential for multiple coordinated attacks, possible suicide attacks, and other criteria. NRC’s proposed DBT revision was published in the *Federal Register* on November 7, 2005. The new energy law also requires NRC to conduct force-on-force security exercises at nuclear power plants every three years (which was NRC’s previous policy), authorizes firearms use by nuclear security personnel (preempting some state restrictions), establishes federal security coordinators, and requires fingerprinting of nuclear facility workers.

(For background on security issues, see CRS Report RS21131, *Nuclear Power Plants: Vulnerability to Terrorist Attack*, by Carl Behrens and Mark Holt.)
Decommissioning

When nuclear power plants end their useful lives, they must be safely removed from service, a process called decommissioning. NRC requires nuclear utilities to make regular contributions to special trust funds to ensure that money is available to remove radioactive material and contamination from reactor sites after they are closed. The first full-sized U.S. commercial reactors to be decommissioned were the Trojan plant in Oregon, whose decommissioning received NRC approval on May 23, 2005, and the Maine Yankee, for which NRC approved most of the site cleanup on October 3, 2005. The Trojan decommissioning cost $429 million, according to reactor owner Portland General Electric, and the Maine Yankee decommissioning cost about $500 million. Those costs are within the range estimated by a 1996 DOE report of about $150 million to $600 million in 1995 dollars.

The tax treatment of decommissioning funds has been a continuing issue. The Energy Policy Act of 2005 provides favorable tax treatment to nuclear decommissioning funds, subject to certain restrictions.

Nuclear Accident Liability


Under Price-Anderson, the owners of commercial reactors must assume all liability for nuclear damages awarded to the public by the court system, and they must waive most of their legal defenses following a severe radioactive release (“extraordinary nuclear occurrence”). To pay any such damages, each licensed reactor must carry financial protection in the amount of the maximum liability insurance available, which was increased by the insurance industry from $200 million to $300 million on January 1, 2003. Any damages exceeding that amount are to be assessed equally against all covered commercial reactors, up to $95.8 million per reactor (most recently adjusted for inflation on August 20, 2003). Those assessments — called “retrospective premiums” — would be paid at an annual rate of no more than $10 million per reactor, to limit the potential financial burden on reactor owners following a major accident. According to NRC, 103 commercial reactors are currently covered by the Price-Anderson retrospective premium requirement.

For each nuclear incident, the Price-Anderson liability system currently would provide up to $10.9 billion in public compensation. That total includes the $300 million in insurance coverage carried by the reactor that suffered the incident, plus the $95.8 million in retrospective premiums from each of the 103 currently covered reactors, totaling $10.2 billion. On top of those payments, a 5% surcharge may also be imposed, raising the total per-reactor retrospective premium to $100.6 million and the total available compensation to about $10.7 billion. Under Price-Anderson, the...
nuclear industry’s liability for an incident is capped at that amount, which varies depending on the number of covered reactors, the amount of available insurance, and an inflation adjustment that is made every five years. Payment of any damages above that liability limit would require congressional approval under special procedures in the act.

The Price-Anderson Act also covers contractors who operate hazardous DOE nuclear facilities. The liability limit for DOE contractors had been the same as for commercial reactors, excluding the 5% surcharge, except when the limit for commercial reactors drops because of a decline in the number of covered reactors. Price-Anderson authorizes DOE to indemnify its contractors for the entire amount, so that damage payments for nuclear incidents at DOE facilities would ultimately come from the Treasury. However, the law also allows DOE to fine its contractors for safety violations, and contractor employees and directors can face criminal penalties for “knowingly and willfully” violating nuclear safety rules.

Under the Price-Anderson extension in the Energy Policy Act of 2005, the total retrospective premium for each reactor is set at the current level of $95.8 million and the limit on per-reactor annual payments raised to $15 million, with both to be adjusted for inflation every five years. For the purposes of those payment limits, a nuclear plant consisting of multiple small reactors (100-300 megawatts, up to a total of 1,300 megawatts) would be considered a single reactor. Therefore, a power plant with six 120-megawatt pebble-bed modular reactors would be liable for retrospective premiums of up to $95.8 million, rather than $574.8 million. The liability limit on DOE contractors is set at $10 billion per accident, also to be adjusted for inflation.

Although DOE is generally authorized to impose civil penalties on its contractors for violations of nuclear safety regulations, the Atomic Energy Act §234A specifically exempted seven nonprofit DOE contractors and their subcontractors. Under the same section, DOE automatically remitted any civil penalties imposed on nonprofit educational institutions serving as DOE contractors. The Price-Anderson extension eliminates the civil penalty exemption for future contracts by the seven listed nonprofit contractors and DOE’s authority to automatically remit penalties imposed on all nonprofit educational institutions serving as contractors. However, the new law limits the civil penalties against a nonprofit contractor to the amount of management fees paid under that contract.

The Price-Anderson Act’s limits on liability were crucial in establishing the commercial nuclear power industry in the 1950s. Supporters of the Price-Anderson system contend that it has worked well since that time in ensuring that nuclear accident victims would have a secure source of compensation, at little cost to the taxpayer. Extension of the act was widely considered a prerequisite for new nuclear reactor construction in the United States. Opponents contend that Price-Anderson subsidizes the nuclear power industry by protecting it from some of the financial consequences of the most severe conceivable accidents.
Nuclear Waste Management

One of the most controversial aspects of nuclear power is the disposal of radioactive waste, which can remain hazardous for thousands of years. Each nuclear reactor produces an annual average of about 20 tons of highly radioactive spent nuclear fuel and 50-200 cubic meters of low-level radioactive waste. Upon decommissioning, contaminated reactor components are also disposed of as low-level waste.

The federal government is responsible for permanent disposal of commercial spent fuel (paid for with a fee on nuclear power) and federally generated radioactive waste, whereas states have the authority to develop disposal facilities for commercial low-level waste. Spent fuel and other highly radioactive waste is to be isolated in a deep underground repository, consisting of a large network of tunnels carved from rock that has remained geologically undisturbed for hundreds of thousands of years. Under the Nuclear Waste Policy Act (42 U.S.C. 10101 et seq.), Yucca Mountain in Nevada is the only candidate site for the national repository. The act required DOE to begin taking waste from nuclear plant sites by 1998.

After numerous delays, DOE announced July 19, 2006, that it would submit a Yucca Mountain license application to NRC by June 30, 2008. If Congress passes proposed changes in the repository licensing process, according to DOE, nuclear waste shipments to Yucca Mountain could begin by 2017. The waste program is run by DOE’s Office of Civilian Radioactive Waste Management (OCRWM).

For FY2007, the Administration is requesting $544.5 million for the civilian nuclear waste program, $50 million above the FY2006 level. Because of the Yucca Mountain delays, the House added $30 million to the request “to initiate the process for selecting and licensing one or more interim storage sites,” as explained by the House Appropriations Committee:

If the Congress has not provided the Department with clear statutory authority for interim storage by the end of FY2007, the remaining funds shall be redirected to non-site-specific activities to select a second repository for nuclear waste disposal, consistent with Section 161 of the Nuclear Waste Policy Act [which prohibits site-specific activities on a second repository].

The Senate Appropriations Committee voted to cut the request to $494.5 million, about the same as the FY2006 funding level. Delays in the Yucca Mountain program “have forced the Committee to reconsider the project’s budget needs,” according to the panel’s report.

Because of the continued delays, the Senate panel added an extensive provision to the Energy and Water bill (section 313) to authorize the Secretary of Energy to designate storage sites for spent nuclear fuel. The Secretary would be required, after consultation with the governor, to designate a storage site in each state with a nuclear power plant, if feasible, or to designate regional facilities. Such sites would have to be federally owned or able to be purchased by the federal government from a willing seller and could not be located in Nevada or Utah (which has a licensed but undeveloped private storage site). DOE would be required to take over all
responsibility for spent fuel stored at shutdown reactors, upon the reactor owners’
request. The storage provisions in this section would be deemed sufficient to satisfy
NRC requirements that new nuclear power plants demonstrate the ability to safely
dispose of nuclear waste before being licensed to operate.

The delays in the Yucca Mountain program follow a July 9, 2004, ruling by the
U.S. Court of Appeals for the District of Columbia Circuit that overturned a key
aspect of the Environmental Protection Agency’s (EPA’s) regulations for the planned
repository. The three-judge panel ruled that EPA’s 10,000-year compliance period
was too short, but it rejected several other challenges to the rules. EPA proposed a
new standard on August 9, 2005, that would allow higher radiation exposure from
the repository after 10,000 years.

The quality of scientific work at Yucca Mountain was called into question by
DOE’s March 16, 2005, disclosure of e-mails from geologists indicating that some
quality assurance documentation had been falsified. DOE currently is determining
whether the problems affect the completeness and accuracy of information submitted
to NRC in support of the planned Yucca Mountain license application.

Further delays in the nuclear waste program could prove costly under a
settlement announced on August 10, 2004, between the Department of Justice and
Exelon Corporation, which had filed a breach-of-contract suit over DOE’s failure to
begin accepting spent fuel by 1998 as required by NWPA. Under the settlement,
Exelon is to be reimbursed from the federal Judgment Fund for its spent fuel storage
costs caused by the waste program delays. Exelon estimates that it will receive up
to $600 million if waste acceptance does not begin until 2015. Several other utilities
have also negotiated settlements, and the Tennessee Valley Authority on January 31,
2006, won a $34.9 million judgment from the U.S. Court of Federal Claims for waste
storage costs incurred through September 2004. Numerous other utility claims are
pending.

(For further details, see CRS Report RL33461, Civilian Nuclear Waste
Disposal, by Mark Holt.)

Federal Funding for Nuclear Energy Programs

The following tables summarize current funding for DOE nuclear fission
programs and NRC. The sources for the funding figures are Administration budget
requests and committee reports on the Energy and Water Development
Appropriations Acts, which fund all the nuclear programs. President Bush submitted
his FY2007 funding request on February 6, 2006. The House passed the FY2007
Energy and Water Development Appropriations Bill (H.R. 5427, H.Rept. 109-474)

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19 Nuclear Energy Institute v. Environmental Protection Agency, U.S. Court of Appeals for

20 Hiruo, Elaine, and Tom Harrison. “TVA, Negotiated Settlements Add to Taxpayers’
on May 24, 2006, and the Senate Appropriations Committee approved its version of the measure June 29, 2006.

**Table 1. Funding for the Nuclear Regulatory Commission**
(budget authority in millions of current dollars)

<table>
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<tr>
<td>Nuclear Regulatory Commission</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>— Reactor Licensing</td>
<td>302.8</td>
<td>341.3</td>
<td>— *</td>
<td>— *</td>
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<tr>
<td>— Reactor Inspection</td>
<td>212.4</td>
<td>222.0</td>
<td>—</td>
<td>—</td>
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<tr>
<td>— Fuel Facility Licensing and Inspection</td>
<td>40.1</td>
<td>37.6</td>
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<td>—</td>
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<tr>
<td>— Nuclear Materials</td>
<td>80.1</td>
<td>74.3</td>
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<tr>
<td>— High-Level Waste Repository</td>
<td>45.7</td>
<td>41.0</td>
<td>—</td>
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<tr>
<td>— Decommission. and Low-Level Waste</td>
<td>27.4</td>
<td>25.7</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>— Spent Fuel Storage and Transportation</td>
<td>24.8</td>
<td>26.5</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>— Inspector General</td>
<td>8.3</td>
<td>8.1</td>
<td>8.1</td>
<td>8.1</td>
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<tr>
<td><strong>Total NRC budget Authority</strong></td>
<td><strong>741.5</strong></td>
<td><strong>776.6</strong></td>
<td><strong>816.5</strong></td>
<td><strong>816.5</strong></td>
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<tr>
<td>— Offsetting fees</td>
<td>624.7</td>
<td>627.7</td>
<td>663.6</td>
<td>663.6</td>
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<tr>
<td><strong>Net appropriation</strong></td>
<td><strong>116.8</strong></td>
<td><strong>148.9</strong></td>
<td><strong>152.9</strong></td>
<td><strong>152.9</strong></td>
</tr>
</tbody>
</table>

a. Subcategories not specified.

**Table 2. DOE Funding for Nuclear Activities**
(budget authority in millions of current dollars)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Nuclear Energy (selected programs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Reactor Assistance</td>
<td>26.7</td>
<td>0</td>
<td>27.0</td>
<td>27.0</td>
</tr>
<tr>
<td>Nuclear Power 2010</td>
<td>65.3</td>
<td>54.0</td>
<td>54.0</td>
<td>88.0</td>
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<tr>
<td>Generation IV Nuclear Systems</td>
<td>54.5</td>
<td>31.4</td>
<td>31.4</td>
<td>48.0</td>
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<tr>
<td>Nuclear Hydrogen Initiative</td>
<td>24.8</td>
<td>18.7</td>
<td>18.7</td>
<td>31.7</td>
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<tr>
<td>Advanced Fuel Cycle Initiative</td>
<td>79.2</td>
<td>243.0</td>
<td>120.0</td>
<td>279.0</td>
</tr>
<tr>
<td>Nuclear R&amp;D Infrastructurea</td>
<td>241.1</td>
<td>218.0</td>
<td>257.0</td>
<td>243.0</td>
</tr>
<tr>
<td>Program Direction</td>
<td>60.5</td>
<td>67.6</td>
<td>64.6</td>
<td>67.6</td>
</tr>
<tr>
<td><strong>Total, Nuclear Energy</strong></td>
<td><strong>535.7</strong></td>
<td><strong>632.7</strong></td>
<td><strong>572.8</strong></td>
<td><strong>784.2</strong></td>
</tr>
<tr>
<td><strong>Civilian Nuclear Waste Disposalb</strong></td>
<td><strong>495.0</strong></td>
<td><strong>544.5</strong></td>
<td><strong>574.5</strong></td>
<td><strong>494.5</strong></td>
</tr>
</tbody>
</table>


b. Funded by a 1-mill-per-kilowatt-hour fee on nuclear power, plus appropriations for defense waste disposal and homeland security.
**109th Congress Legislation**

**H.R. 6 (Barton)**

**H.R. 526 (Berkley)**
Redirect the Nuclear Waste Fund established under the Nuclear Waste Policy Act of 1982 into research, development, and utilization of risk-decreasing technologies for the onsite storage and eventual reduction of radiation levels of nuclear waste, and for other purposes. Introduced February 2, 2005; referred to Committees on Energy and Commerce; Science; Ways and Means.

**H.R. 966 (Saxton)**
Require the Nuclear Regulatory Commission to consider certain criteria in relicensing nuclear facilities, and to provide for an independent assessment of the Oyster Creek Nuclear Generating Station by the National Academy of Sciences prior to any relicensing of that facility. Introduced February 17, 2005; referred to Committee on Energy and Commerce.

**H.R. 2419 (Hobson)**

**H.R. 4538 (Matheson)/S. 2099 (Reid)**

**H.R. 4601 (Lowey)**
Nuclear Accountability Act. Prohibits operation of a nuclear power plant unless NRC finds that the state in which the facility is located, as well as each affected county or county-equivalent located within a 10-mile radius of such facility, has certified within the last year a radiological emergency response plan that provides reasonable assurance that public health and safety is not endangered by the facility’s operation. Introduced December 16, 2005; referred to Committee on Energy and Commerce.
H.R. 4602 (Lowey)
Nuclear Security Act of 2005. Instructs NRC to (1) establish a nuclear security force composed of NRC employees to provide for the security of all sensitive nuclear facilities against the design basis threat and (2) develop and implement a security plan containing specified elements for each sensitive nuclear facility to ensure the security of all sensitive nuclear facilities against such threat. Introduced December 16, 2005; referred to Committee on Energy and Commerce.

H.R. 4825 (Weller)/S. 2348 (Obama)

H.R. 5360 (Barton, by request)/S. 2589 (Domenici, by request)
Nuclear Fuel Management and Disposal Act. Changes requirements for licensing, construction, and operation of planned Yucca Mountain nuclear waste repository. Senate bill introduced April 6, 2006; referred to Committee on Energy and Natural Resources. House bill introduced May 11, 2006; referred to multiple committees.

H.R. 5427 (Hobson)

S. 10 (Domenici)

S. 387 (Hagel)
Amend the Internal Revenue Code of 1986 to provide tax incentives for investment in greenhouse gas intensity reduction projects, including a production tax credit for nuclear-generated electricity. Introduced February 15, 2005; referred to Committee on Finance.

S. 388 (Hagel)
Amend the Energy Policy Act of 1992 to direct the Secretary of Energy to carry out activities that promote the adoption of technologies that reduce greenhouse gas intensity, including advanced nuclear power plants, and to provide credit-based financial assistance and investment protection for projects that employ advanced climate technologies or systems. Introduced February 15, 2005; referred to Committee on Energy and Natural Resources.
S. 2610 (Inhofe)

Amends the Nuclear Waste Policy Act of 1982 regarding Yucca Mountain site application procedures to provide that an application for construction authorization shall not be required to contain information relating to any surface facility other than those necessary for initial operation of the repository. Introduced April 7, 2006; referred to Committee on Environment and Public Works.