

## The \$ 7 BILLION NUCLEAR TAX PROPOSAL FACT SHEET

At the direction of Governor Cuomo the New York State Public Service Commission (PSC) intends to impose a \$7.6 billion nuclear tax on New York electricity customers, both average residential and business customers. The money taken from customers will be used to subsidize failed, expensive and dangerous nuclear plants in upstate New York.

- On December 2, 2105 the Governor “directed” the PSC to create a plan that would keep open “upstate nuclear facilities.”<sup>1</sup> The FitzPatrick, Nine Mile and Ginna plants were to be subsidized. Indian Point was not to be subsidized. This was part of an otherwise important attempt to reduce New York's carbon emissions called the “Clean Energy Standard.”
- In January 2016, the PSC did as the Governor Directed. It released a proposal to support both renewables and the nuclear plants.<sup>2</sup>
- On July 8, 2016, a new version of the plan was released. It estimates the cost of the nuclear tax to \$7.6 billion<sup>3</sup> over 12 years. The funds would be raised by an assessment on the electric bills of residential, business, and municipal customers in New York.
- By comparison, the cost of the non-nuclear renewable energy proposed would be approximately \$3.3 billion, less than half the cost of the nuclear tax.<sup>4</sup>
- The Governor argues that the upstate economy needs the 2,000 jobs provided by the three plants. The proposed nuclear tax amounts to an annual subsidy of approximately \$303,000 per job.
- The plan attempts to exclude Indian Point. The PSC proposes a complicated administrative process to do so. Entergy, the owner of Indian Point, has threatened to sue. If Entergy is successful Indian Point would also be subsidized. In addition to assuring the continued operation of the dangerous Indian Point facility this would vastly increase the cost of the nuclear tax to almost \$10 billion.
- In conjunction with this proposal, there is a complicated proposed sale of the FitzPatrick nuclear plant from Entergy to Exelon. Entergy wants to close the reactor, but Exelon has offered to consider buying FitzPatrick -- only if the state offers the generous nuclear subsidies.
- The New York Independent System Operator has already said that FitzPatrick and Ginna can close and there would be no shortage of electricity and no need for any new power plants to be built.<sup>5</sup>

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1. Letter from Governor Andrew M. Cuomo to Audrey Zibelman, CEO, New York State Department of Public Service, December 2, 2105. [https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Renewable\\_Energy\\_Letter.pdf](https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/Renewable_Energy_Letter.pdf)

2. "Staff White Paper on Clean Energy Standard" January 25, 2016. Case #15-E-0302. Filing #81.

3. "Staff's Responsive Proposal for Preserving 'Zero Emissions' Attributes." Case #15-E-0302. Filing #299.

4. "Clean Energy Standard White Paper - Cost Study" April 8, 2016. Case #15-E-0302. Filing #112.

5. NYISO "Generator Deactivation Assessment - James A. FitzPatrick Nuclear Generating Facility" April 22, 2016. <http://tinyurl.com/hpecddl>

- New York can meet its climate goals much more efficiently and more quickly by buying energy efficiency and renewable energy instead of bailing out nuclear reactors. The cost of nuclear power under this plan would start at \$56 per megawatt hour and rise over time to \$67 per megawatt hour by 2029. Meanwhile, Energy efficiency costs only \$25 per megawatt hour. Unsubsidized wind energy costs between \$44 and \$66 per megawatt hour in the Northeast, a price that has been steadily falling.
- The proposal is being rushed through the PSC process. Public comments can be filed only through 22<sup>nd</sup> of July. The Legislature and the public know almost nothing of this deal.

#### **CONCERNS:**

- The plan needs thorough review, not a rushed PSC process.
- The legislature and the public need time to consider it.
- An administrative agency like the PSC should not be able to impose up to \$10 billion in a new tax for the sole purpose of propping up failed nuclear plants.
- This is the largest single tax increase in the history of the state.
- The plan is grossly unfair to downstate New York, which pays the bulk of the new tax and gets relatively little back.
- The laudable carbon reduction goals of the plan can be achieved less expensively.
- There is a substantial danger that Indian Point will qualify for the subsidy increasing the cost dramatically.

For documents see PSC Website: [www.dps.ny.gov](http://www.dps.ny.gov). "Search" Case Number 15-E-0302.