

## Fact Sheet: Keep Community Choice Nuclear-free!

The California Alliance for Community Energy is dedicated to supporting Community Choice programs that provide tangible benefits for their communities through development of local renewable energy resources. We strongly oppose actions by Community Choice energy programs to buy nuclear power offered by investor-owned utilities.<sup>1</sup> Here's why:

### 1. Nuclear Energy is Not Safe. It's Not Renewable and Not Clean.

- a. Nuclear energy has been responsible for major deadly catastrophes, including Chernobyl and Fukushima. Nuclear power also results in other health effects like thyroid and cancer clusters that are not factored into direct impacts and death rates.
- b. Diablo Canyon continues to pose serious risks—a reason Californians pushed for its slated 2024-2025 closure—including earthquake vulnerability, thermal pollution of the ocean, and accumulating radioactive waste that will remain hazardous to living things for hundreds of thousands of years. (As of 2015 Diablo Canyon had 2,200 tons of radioactive waste stored on site.)
- c. Nuclear energy is produced at a constant rate. When electricity demand is low, nuclear power displaces power from renewable energy sources, causing renewables to be wasted.

### 2. Adding nuclear energy to the power mix of a Community Choice program would betray public trust.

- a. In establishing Community Choice programs, it has been generally understood by community advocates, environmentalists, and labor that these new agencies would procure cleaner energy than the incumbent utility.
- b. Many Community Choice geographies include cities that have “Nuclear Free City” ordinances. For such cities, adding nuclear power to the Community Choice energy mix would be a violation of such ordinances.

### 3. Nuclear energy does not advance local renewable energy goals.

- a. Nuclear is a centralized energy source that is not locally generated and not renewable.
- b. As such, nuclear energy does not provide local jobs, nor local economic benefits, nor the local energy resilience needed to mitigate power shut-offs and survive the ravages of climate change.
- c. Accepting any “carbon-free” nuclear energy is a false climate solution that diverts attention from developing local renewable energy resources.

### 4. Community Choice programs should not provide a market for excess nuclear power production.

- a. Because the investor-owned utilities have lost so many customers to Community Choice, their portfolios now have excess nuclear energy. Their increasing dependency on nuclear energy risks these utilities' financial stability.
- b. Community Choice agencies should not provide a lifeline for utilities by taking nuclear power off their hands.

### 5. The utilities' nuclear offer is not “free.”

- a. While Community Choice agency staff have characterized the nuclear energy offer as free energy, the utilities are actually offering to sell nuclear energy at the price of fossil fuel energy on the California energy market.<sup>2</sup>

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<sup>1</sup> For Community Choice programs in PG&E territory, the offer consists of power from Diablo Canyon; SCE's nuclear power comes from the Palo Verde nuclear plant in Arizona.

<sup>2</sup> PG&E Advice letter 5705-E submitted to the California Public Utilities Commission (CPUC), December 2, 2019 describes the “commercial process in which PG&E intends to sell Carbon Free Energy” to eligible Load Serving Entities

- b. Because this price is less than the price of other carbon-free energy that Community Choice agencies could buy, staff have argued that buying this energy would result in a savings to the agency.<sup>3</sup> However, such estimates are based on multiple unknowns, such as variable market price conditions and potential customer opt outs.
- c. Community Choice customers already pay for “above-market costs” of nuclear energy. These are the costs of producing the energy that exceed what the utility can earn selling that energy on the market. These costs are paid by Community Choice customers through the Power Charge Indifference Adjustment (PCIA), the ongoing fee charged to all customers that have left a utility.
- d. In PG&E territory, the biggest component by far of the PCIA fee is attributable to nuclear power. For example, in 2020, EBCE customers will pay around \$120 million for the nuclear portion alone<sup>4</sup>—twenty times the \$5 million that might be saved if EBCE accepted PG&E’s nuclear energy. (About 1/3 of the total PCIA comes from Diablo Canyon's above-market costs, which have recently skyrocketed to \$1.258 billion a year.<sup>5</sup>)

**6. Accepting the utilities' nuclear offer will not solve the PCIA crisis facing Community Choice programs.**

- a. Community Choice programs are correct to fear the dramatic increases in PCIA fees that lie ahead. Staff have argued that their agencies need to accept the nuclear offer to off-set this dramatic increase. However it is clear that the money saved by buying the nuclear energy will do little to address PCIA increases.
- b. By contrast, Community Choice programs In PG&E territory could realize much greater cost benefit through an early closure (before 2025) of Diablo Canyon. Closing the plant would avoid the largest component of the escalating PCIA costs, the above-market nuclear costs.
- c. Accepting any nuclear offer sets a precedent for buying nuclear energy in future years. Doing so provides a market for continued nuclear energy production, that will in turn keep driving up already-skyrocketing PCIA fees.

**7. Too Many Uncertainties**

- a. Staff explanations of these nuclear offers have left many Community Choice constituents confused. Some think the energy would be free; others think the agency gets only carbon-free attributes rather than actual energy. Some think it's possible to accept the offer then resell energy at a profit.
- b. Because the CPUC must still approve each utility's nuclear offer, clarifying terms in each case, it is premature for any Community Choice agency to take action.
- c. In addition, PG&E’s nuclear offer placed a condition on acceptance: EBCE “will waive (its) ability to make petitions, arguments or filings at the CPUC or at the California State Legislature regarding PG&E not offering any allocation, sale or transfer of Carbon Free Energy or attributes for the period that the eligible LSE accepts the offer.” The meaning and implications of this waiver are unclear, nor is it known whether similar conditions will apply to offers from other utilities. On its face, however, accepting PG&E's offer might deny EBCE its right to argue for PCIA reductions in future PCIA proceedings.

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(Appendix P, page 6). The Advice Letter describes the structure of the transaction as one “where the eligible LSE pay PG&E the CAISO market prices for energy delivered from these resources...”(p.4, footnote 10).

<sup>3</sup> For example, EBCE staff estimates a “savings” of roughly \$5 million in 2020. [ Get a 2<sup>nd</sup> example, here. ]

<sup>4</sup> This estimate is based on PG&E’s estimate of above-market costs of Diablo Canyon energy of \$1.258 billion in 2020. According to the [California Energy Commission’s most recent load forecast](#), EBCE’s portion of these PCIA costs is about 9.7%, amounting to about \$120 million (\$.016/kWh)

<sup>5</sup> PG&E’s \$1.258 billion estimate is reported in the Alliance for Nuclear Responsibility petition to the CPUC of October 1, 2019 to modify decisions D.18-01-022 and D.19-04-040 regarding the Retirement of Diablo Canyon Power Plant.