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FISCAL IMPACT REPORT

SPONSOR Rehm LAST UPDATED _____
ORIGINAL DATE 02/28/23
BILL _____
SHORT TITLE Study 4 Corners Nuclear Power Plant BILL NUMBER 73
ANALYST Sanchez

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	Indeterminate	No fiscal impact	No fiscal impact			

Parentheses () indicate expenditure decreases.

*Amounts reflect most recent analysis of this legislation.

Sources of Information

LFC Files

World Nuclear Industry Status Report (2022)

No Response Received

Legislative Council Service

Energy, Minerals and Natural Resources Department

SUMMARY

Synopsis of House Memorial 73

House Memorial 73 requests to have the Radioactive and Hazardous Materials Committee and the interim legislative committee dealing with science and technology issues study the construction of a nuclear power plant in the Four Corners area during the 2023 interim period.

House Memorial 73 further requests that copies of the memorial be transmitted to the members of the previously named committees no later than June 1, 2023.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

FISCAL IMPLICATIONS

LFC did not receive a response to any of the requests for analysis of House Memorial 73. As such, the fiscal implications are indeterminate. This report will be updated once a response is received.

SIGNIFICANT ISSUES

Nuclear power is frequently cited as a critical component in the portfolio of technologies aimed at reducing greenhouse gas emissions. According to the U.S. Energy Information Administration's summary analysis of total electric generation, the nation experienced a 2.3 percent drop in net generation from nuclear power between December 2021 and December 2022.

Rising construction costs and project delays have hampered efforts to expand nuclear capacity in the United States since the 1970s. At plants begun after 1970, the average cost of construction has typically been far higher than the initial cost estimate. The lead time for nuclear power plant (NPP) openings includes not only the construction of the reactors but also the lengthy licensing procedures, complex financing negotiations, site preparation, and other infrastructure development needed to support the project. According to the most recent World Nuclear Industry Status Report (WNISR2022), the average time from the start of construction to grid connection for the five nuclear reactors that came online in the first half of 2022 was nine years. Only one new reactor has come online in the last 26 years in the United States.

Construction of a nuclear power plant should be expected to take many years due to the complex nature of the project and the extensive regulatory process that must be undertaken prior to project commencement. However, WNISR2022 stated that of the 53 reactors currently under construction worldwide, more than 60 percent have experienced construction delays of over one year. In 2022 only one new nuclear plant was being built in the United States (Vogtle Units 3 and 4 in Georgia). As of June 2022, the total cost of that project had exceeded \$34 billion, which was 242 percent higher than the original projection of \$14 billion when construction began in 2013.

In the last two years, the United States Congress enacted two major pieces of legislation containing significant new spending to promote nuclear energy. The Infrastructure Investment and Jobs Act (IIJA) included \$3.2 billion to support new reactor demonstration projects. The Inflation Reduction Act (IRA) includes several measures to subsidize and finance clean energy projects including new nuclear reactors including clean energy production and investment tax credits and \$40 billion in loan guarantees for new clean energy projects.

The total amount of federal subsidies and tax credits available to states and energy companies has not been tallied. However, many investor-owned utility companies continue to divest their holdings in nuclear energy, and the extent to which that will impact new construction remains unclear.

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