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Safety Board Raises Seismic Issue On Los Alamos Project

BY GEORGE LOBSENZ

In a potential problem for a key nuclear weapons project, staff at a federal safety oversight board have formally notified the National Nuclear Security Administration that they may not be able to certify the design for a new plutonium-handling facility at Los Alamos National Laboratory because the agency has said it may cost too much to ensure the facility's emissions confinement system can withstand a strong earthquake.

In a January 16 letter to the NNSA, the semi-autonomous Energy Department agency that manages the department's nuclear weapons complex, staff at the Defense Nuclear Facilities Safety Board (DNFSB) said the position taken by NNSA is "not acceptable" given the risks posed by the Chemistry and Metallurgy Research Replacement (CMRR) project at the seismically active Los Alamos site.

Staff at the DNFSB said they wanted NNSA to "re-

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Court Backs FERC, Raps Blumenthal On Power Deregulation

BY JEFF BEATTIE

In a solid win for FERC in the debate over U.S. power market deregulation, a federal appeals court Friday backed the commission and rejected Connecticut Attorney General Richard Blumenthal's protests that temporary "hybrid" markets in place as New England moves to competitive wholesale markets have produced unjust and unreasonably high power prices.

As is common in such cases, the U.S. Court of Appeals for the District of Columbia offered few direct opinions on the actual structure of the electricity markets in question.

Instead, by a 3-0 vote, a three-judge panel of the court said Blumenthal (D) had not met the burden of proving that the Federal Energy Regulatory Commission's decisions on various steps towards deregulation were unreasonable, showing considerable deference to the agency's decision-making.

In the process, the court backed FERC's decision to reject a proposal from Blumenthal to effectively re-regulate his state's power

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House Panel Passes Renewable Tax Fix, But Senate Balks

Economic stimulus legislation approved by the House Ways and Means Committee last week includes language that would allow renewable energy developers to convert tax credits into cash via a proposed new Energy Department grant program. However, the legislation, which the ailing wind and solar industries say is vital to their ability to attract investment, faces opposition in the Senate.

The Ways and Means bill (H.R. 598) would extend the federal tax credit for energy produced from renewable resources for three years; allow renew-

BY CHRIS HOLLY

able energy developers to claim an investment tax credit (ITC) in lieu of the production tax credit (PTC); and allow developers to receive DOE grants in lieu of claiming the ITC for certain projects.

The bill also contains other tax components of an underlying \$825 billion stimulus package being pushed through Congress to revive the flagging economy.

The complicated renewable tax fix is aimed at resolving a problem facing wind and solar developers who have used the ITC or PTC as a way to lure investors to back their projects. Much

of the investment, for example, in the wind industry over the past few years has come from investment banks who valued the credits as a way to reduce their own tax exposure.

But with the economic crisis running roughshod through corporate balance sheets, banks and other investors have little or no taxable income, hence their desire for tax credits has diminished sharply. This means that developers can't raise the cash they need to build new wind, solar and other renewable energy projects.

With the Ways and Means fix, however, developers in effect could trade their credits for DOE cash, which could be used to expand renewable energy capacity in a variety of ways, said Gregory

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Palin Puts In-State Gas Pipe On Front Burner

Citing sagging state revenues, Alaska Gov. Sarah Palin in a state-of-the-state speech Thursday said she intends to revive efforts to build a partnership between state authorities and an Alaskan energy firm to build a new in-state natural gas pipeline.

Palin's remarks appeared to acknowledge that the much bigger pipeline planned by the state and TransCanada Corp. to bring North Slope gas supplies to the lower 48 states may face delays and will not come in time to shore up Alaska's withering finances, which include a \$1 billion revenue shortfall for the state's government.

In her speech to state lawmakers in

Juneau, Palin (R) said she intends to introduce legislation next month to renew an in-state pipeline project by the Alaska Natural Gas Development Authority and Anchorage-based ENSTAR Natural Gas Co. The project was first proposed in July.

The announcement comes as tightening global credit and low energy prices have conspired to freeze up the considerable funding necessary to advance TransCanada's colossal 1,715-mile pipeline from the North Slope.

While focusing on the smaller in-state pipeline initiative, Palin said the TransCanada project remains critically

important: "I assure you: The line will be built—gas will flow—Alaska will succeed," she said.

As originally proposed, the in-state pipeline would develop new natural gas resources within the Cook Inlet and Copper River basins and have a capacity of 460 million cubic feet of gas per day—about twice what Alaskans currently use daily. However, with Cook Inlet gas supplies largely depleted, ENSTAR has begun to look elsewhere for supplies for its proposed \$3.3 billion line, which is to run along the Parks Highway from Fairbanks to Anchorage.

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confirm its commitment" to making the emissions confinement system capable of withstanding so-called performance category, or PC-3, earthquake events.

NNSA's position is somewhat unusual because commercial nuclear power plants and other nuclear facilities are typically designed to earthquake safety standards that are substantially equivalent to the PC-3 standard used by DOE.

The DNFSB staff's concerns are important because Congress in the defense authorization bill for fiscal year 2009 specifically gave the DNFSB certification authority for the design of the CMRR project, which NNSA says is vital to maintaining weapons design and production capabilities at Los Alamos.

Under the defense authorization bill, Congress withheld \$50.2 million in fiscal 2009 funding for the CMRR project subject to the DNFSB and NNSA providing formal certification to the House and Senate armed services committees that design of the CMRR facility was adequately protective of public safety.

As part of the certification process, the DNFSB staff earlier this month began sending "findings" to NNSA laying out their initial concerns about aspects of the CMRR design.

The staff has sent two findings, one about overall seismic safety of the CMRR and the other focusing on the so-called confinement ventilation system, which is critical to capturing and preventing the release of any harmful emissions from the facility.

While seismic safety has long been a key DNFSB concern on the CMRR project, the January 16 finding on the confinement ventilation system contains stronger language from DNFSB staff about the need for NNSA to change its position.

"The [NNSA's] CMRR Nuclear Safety Design Strategy... states that it may not be economically feasible to seismically design and qualify some components of the active confinement ventilation system or its support system to PC-3 seismic design requirements," the staff said in the finding.

"It is not acceptable to downgrade PC-3 seismic design requirements for the active confinement ventilation system."

As for a solution, the DNFSB staff said: "NNSA should reconfirm its commitment to seismically design the active confinement ventilation system to PC-3 seismic design requirements."

And in an accompanying letter to Gerald Talbot, assistant

deputy NNSA administrator for nuclear safety and operations, DNFSB staff said that by sending a finding to NNSA, the staff was highlighting a safety issue that "has not been adequately resolved and that could preclude board certification."

NNSA officials said they expected to address the DNFSB concerns in an internal review of the CMRR project that was now under way.

"We are aware of their concerns," NNSA said in a statement to *The Energy Daily* Friday. "We are in the midst of a major internal review of our design plan and feel confident that the board's questions will be answered when they see the results of this review. We look forward to continuing to work constructively with them to ensure that the CMRR is safe."

NNSA has said that moving forward with the CMRR project is vital because the existing Chemistry and Metallurgy Research (CMR) building at Los Alamos is more than 50 years old and does not meet modern earthquake, fire safety and other environmental and public health protection requirements.

NNSA has been attempting to respond to safety concerns in the interim by removing some plutonium and other hazardous materials from the CMR building. However, the agency says it cannot shut down the CMR building because it provides critical capabilities for handling plutonium and other nuclear materials used in nuclear weapons.

As a result, NNSA has been trying to expedite construction of the CMRR facility, but has run into difficult design and cost problems, with the project's price tag roughly doubling to an estimated \$2 billion.

The DNFSB has had longstanding concerns with the design of the CMRR, especially NNSA's initial plan to use "passive confinement" strategies to prevent radioactive releases in some accident scenarios; passive confinement means radioactive releases will be confined by the buildings walls and ceiling, as opposed to being sucked up by an "active" ventilation system and trapped in filters.

Earthquake issues are of particular concern for the CMRR facility because Los Alamos is located in a seismically active area of New Mexico. In addition, the lab recently completed a new seismic review that showed earthquake risks to lab facilities are roughly 50 percent higher than previously believed.