

REPORT: 50-100 PERCENT JUMP IN N.C. ELECTRIC BILLS POSSIBLE IF DUKE, PROGRESS BUILD 4 UNNEEDED NUCLEAR PLANTS AND DUKE FINISHES CLIFFSIDE COAL-FIRED POWER PLANT

Study by Duke University Economist Highlights Energy Efficiency and Renewables as Path to Avoiding Costly New Plants and Shutting Down Many Existing Coal Plants.

DURHAM, N.C./// March 31, 2009///North Carolina homeowners could see their utility bills climb between 50-100 percent if Duke Energy and Progress Energy are allowed to proceed with four nuclear plants and if Duke completes the new Cliffside coal plant. Any need for these plants could be replaced with modest increases in energy efficiency, cogeneration, and renewable power, according to a major new study produced by the former chair of the Duke University Economics Department for NC WARN (North Carolina Waste Awareness & Reduction Network).

The report is being issued against a national backdrop in which more than 60 of 150 planned coal-fired power plants already have been stopped and many more are likely to be halted. NC WARN issued the report today ahead of a filing this week in which the group is contesting the long-range utility demand forecasts and the supposed need for the new power plants.

The NC WARN news event to release the report was made possible with support from the Civil Society Institute and TheClean.org (<http://www.TheClean.org>).

Titled “**NORTH CAROLINA’S ENERGY FUTURE**,” the NC WARN report states: **“Electricity rates for most North Carolina customers will increase dramatically if new coal-fired and nuclear power plants are successfully completed by Duke Energy and Progress Energy. Our analysis of recent filings by both companies shows that even with a growing population, North Carolina can eliminate the need to risk \$35-40 billion on new plants. This can be accomplished through modest increases in energy efficiency, cogeneration and renewable power sources, and if necessary, by using a large oversupply of electricity in the Southeast ... Electricity from new nuclear plants will cost three to five times as much as the power now being generated by Duke Energy and Progress Energy. Even the lower end of that range is much more costly than energy-saving programs, and the nuclear price tag makes all forms of renewable energy attractive in North Carolina, especially when many of them enjoy declining costs.”**

Progress Energy is proposing two new reactors at the Shearon Harris nuclear plant near Raleigh, while Duke Energy wants to build two reactors in Gaffney, South Carolina, not far from Charlotte. If completed, each of the four reactors is likely to cost ratepayers in North and South Carolina between \$8 and \$12 billion. Duke Energy is building a large coal-burning plant at Cliffside, scheduled to open in 2012, with costs currently estimated at \$2.4 billion. Costs for some or all of the plants could balloon even further when financing problems, construction cost increases and other delays are taken into account.

Report author John Blackburn, PhD, professor emeritus of economics, said **“This report shows that, based on the utilities’ numbers and the modest changes noted above, electricity demand can be reduced by up to 3,700 Megawatts (MW) within 15 years, avoiding the need for any new plants and allowing retirement of 7 to 9 existing coal-fired units. The utilities’ record on energy efficiency remains very weak; both forecast only minuscule efficiency savings over the next 15 years. By contrast, an independently-administered efficiency program such as the NC SAVE\$ ENERGY proposal would avoid the utilities’ conflict of interest between building expensive power plants – upon which profits are based – and selling less electricity.”**

Dr. Blackburn has conducted research into energy efficiency and renewable energy over more than two decades. He has authored two books and numerous articles on the future of energy, and has served on the Advisory Boards of the Florida Solar Energy Center and the Biomass Research Program at the University of Florida. He has testified before the N.C. Utilities Commission in several utility dockets on energy efficiency and renewable energy.

Report co-author John Runkle, environmental attorney, NC WARN, said: **“North Carolina consumers need to take note at what is happening right now in Florida, where Progress Energy already has applied for a 31 percent rate increase, driven in large part by escalating nuclear power costs ... The average residential electricity bill in North Carolina is currently \$100 per month, with larger homes generally using more electricity than smaller ones. If the proposed coal and nuclear plants are built, electricity rates will increase dramatically. Sufficient information is available to conclude that Progress Energy rates would rise by at least half, or an average of \$50 each month, for each residence. This assumes that the current cost estimates for the new nuclear plants will not escalate as they have done over the last four years even while new units remain on the drawing board. If that happens, home electricity bills could easily double.”**

According to the report: “Upcoming carbon regulation will also drive up the price of coal-fired power, giving even more impetus to efficiency programs and new renewable energy.” The report outlines four things Duke Energy and Progress Energy can do to avoid the risks associated with building the new nuclear and coal-fired power plants:

1. Stop impeding progress toward real energy efficiency. Through proven programs growing at a modest pace, efficiency can be increased at least 1% per year through 2023. Twenty other U.S. utilities and municipalities have already achieved at least this much.
2. Bring on renewable energy as required by the 2007 Energy Bill, Senate Bill 3. At least 7.5% of electricity from new renewable sources is well within reach, especially as prices for solar equipment continue declining and as North Carolina joins other mid-Atlantic states in developing its large wind energy potential.
3. Make modest increases in load control programs to soften demand peaks.

4. Add cogeneration (combined heat and power), a proven resource that is largely untapped in North Carolina.”

Other highlights of the report include the following:

- “If nuclear plant cost estimates continue rising, power bills could easily double by the time they are built. New nuclear reactors are likely to cost \$8-12 billion each if they are ever completed. In the 1980s, dozens of U.S. nuclear plants were cancelled during construction, and now, serious delays and design problems have emerged. This could leave customers with large rate hikes for abandoned projects, since under the 2007 NC Energy Bill, corporate stockholder risks are largely shifted to ratepayers. In early 2008, Wall Street lenders insisted they will not finance new plants without 100% loan guarantees by taxpayers.”
- “...Duke Energy is currently seeking permission to sell more electricity and is soliciting at least nine cities and other large customers outside its service area for wholesale contracts. Existing ratepayers would *subsidize* these new power sales by paying for the new plants needed to meet that demand. If approved by the NC Utilities Commission, this deal would add customers whose electricity usage exceeds the 800 MW capacity Duke Energy says it must build at the Cliffside coal-fired plant.”

ABOUT NC WARN

NC WARN (North Carolina Waste Awareness & Reduction Network) is a member-based nonprofit tackling the accelerating crisis posed by climate change – by working for a swift North Carolina transition to energy efficiency and clean power. In partnership with other citizen groups, NC WARN uses sound scientific research, advocacy and public education and involvement. For more information, visit <http://www.ncwarn.org>.

CONTACT: Leslie Anderson, (703) 276-3256 or landerson@hastingsgroup.com.

EDITOR’S NOTE: A streaming audio recording of the news event will be available on the Web as of 6 p.m. EDT on March 31, 2009 at:

<http://www.hastingsgroupmedia.com/csi/033109ncutilitybillevent.wma>