

ASSEMBLY BILL No. 1632

Introduced by Assembly Member Blakeslee

(Coauthors: Assembly Members De La Torre, Evans, and Levine)

(Coauthors: Senators Chesbro, Escutia, Harman, and Kehoe)

February 22, 2005

An act to amend Section 25303 of the Public Resources Code,
relating to energy.

legislative counsel's digest

AB1632, as amended, Blakeslee. Energy: planning and forecasting.

The Warren-Alquist State Energy Resources Conservation and Development Act requires the State Energy Resources Conservation and Development Commission to prepare an integrated energy policy report every 2 years. The act requires the commission, in its report, to consider to conduct electricity and natural gas forecasting and assessment activities, as specified, in reporting on electricity and natural gas markets.

This bill would require the commission, as part of its electricity and natural gas forecasting and assessment activities, to compile and assess existing scientific studies, as specified, to determine the potential vulnerability, to a major disruption due to aging or a major seismic event, of large baseload generation facilities of 1,700 megawatts or greater, including a specified analysis of the impact of a major disruption on system reliability, public safety, and the economy. The bill would also require the commission, in absence of a long-term nuclear waste storage facility, develop a strategy to address to assess the potential state and local costs and impacts associated with accumulating waste at California's nuclear powerplants and include the information in the November 1, 2007, integrated energy policy report, and further to assess other key policy and planning issues affecting the future role of nuclear power plants in the state. The bill would require the commission to adopt the assessment by November 1, 2008, and include the assessment in the 2008 energy policy review.

Vote: majority.

Appropriation: no.

Fiscal committee: yes.

State-mandated local program: no.

Decision 07-03-044 March 15, 2007

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U 39-M) for Authorization, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2007.	Application 05-12-002 (Filed December 2, 2005)
Order Instituting Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service, and Facilities of Pacific Gas and Electric Company (U 39-M).	Investigation 06-03-003 (Filed March 2, 2006)

(See Appendix A for a List of Appearances.)

OPINION AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY'S GENERAL RATE CASE REVENUE REQUIREMENT FOR 2007 - 2010

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(B) License Renewal Feasibility Study

For the preceding reasons, we find the Settlement Agreement's provisions that authorize \$16.8 million for the Diablo Canyon license renewal feasibility study to be reasonable and in the public interest. As noted by ANR/SC and TURN, AB 1632 requires the CEC to assess key policy and planning issues affecting the future role of nuclear power plants in the State. The statute requires the CEC to issue its assessment by November 1, 2008. PG&E shall incorporate the CEC's AB 1632 assessment into its license renewal study. To avoid unnecessary duplication and overlap with the CEC's study, PG&E should defer to the extent feasible its work on its own study, and associated spending, until after the CEC issues its findings and conclusions. PG&E should incorporate the findings and recommendations of the CEC study in its own work.

We will require PG&E to submit by no later than June 30, 2011, an application on whether to pursue license renewal. The application shall include PG&E's license renewal study and shall address (1) whether renewal of the licenses is cost effective and in the best interests of PG&E's ratepayers, (2) the CEC's AB 1632 assessment, and (3) any legislative framework that may be established for reviewing the costs and benefits of license renewal.⁹⁸ As stated previously, it is our intent that the proceeding in 2011 will result in a decision on whether to pursue license renewal based on circumstances at that time, and that the results of the proceeding will be incorporated into the CEC's 2013 IEPR and the Commission's 2014 LTPP.

ANR/SC and TURN contend that it is premature to fund a study that will be completed approximately 15 years before the first license expires in 2024. For the reasons stated

previously, we believe it is prudent to have a completed study in hand 13 years prior to license expiration. Funding the study in the 2007-1010 GRC cycle will provide 13 years of lead time.

ANR/SC and TURN maintain that because PG&E has a poor record of forecasting the cost of operating Diablo Canyon and the life of major power-plant components, there can be little confidence that PG&E's study will be of any value in deciding whether to renew a license 15 years after the study is completed. We agree that the cost of operating Diablo Canyon over the years has consistently exceeded PG&E's forecasts. That does not mean, however, that there is no need for a license renewal feasibility study. The issue raised by ANR/SC and TURN goes to the merits of the study results, which cannot be judged until the study is submitted to the Commission for review. There will be ample opportunity at that time for the parties to review and litigate the contents of the study.

ANR/SC and TURN are concerned that PG&E may use the study to unilaterally seek license renewal. We have already addressed this concern by requiring PG&E to submit the study to the Commission as part of an application in 2011 on whether to proceed with license renewal. If PG&E fails to do so, we agree with PG&E's observation that the Commission "has ample means to deal with PG&E's failure to comply with the Commission's order to file an application, if that should ever come to pass."⁹⁹

CALIFORNIA ENERGY COMMISSION

2009 INTEGRATED ENERGY POLICY REPORT
FINAL COMMITTEE REPORT
December 2009
CEC-100-2009-003-CTF

Pages 9-10

Although the California Public Utilities Commission does not approve or disapprove license applications filed with the Nuclear Regulatory Commission, both Pacific Gas and Electric and Southern California Edison must obtain the California Public Utilities Commission's approval to pursue license renewal before receiving California ratepayer funding to cover the costs of the Nuclear Regulatory Commission license renewal process. The utilities' submission of license renewal feasibility assessments to the California Public Utilities Commission initiates the California Public Utilities Commission's license renewal review proceedings. The California Public Utilities Commission proceedings will not only consider energy planning issues and whether continued operation of the nuclear power plants is in the ratepayers' best interest, but will also consider matters of state jurisdiction such as the economic, reliability, and environmental implications of relicensing.

The California Public Utilities Commission's General Rate Case Decision 07_03_044 required Pacific Gas and Electric to incorporate the Energy Commission's AB 1632 assessment findings and recommendations in its license renewal feasibility study and to submit the study to the California Public Utilities Commission no later than June 30, 2011, along with an application on whether to pursue license renewal for Diablo Canyon. Letters on June 25, 2009, from the president of the California Public Utilities Commission to Pacific Gas and Electric and Southern California Edison reiterated the requirement for each utility to complete the AB 1632 Report's recommended studies, including the seismic/tsunami hazard and vulnerability studies, and report on the findings and the implications of the studies for the long-term seismic vulnerability and reliability of the plants. These studies are necessary to allow the California Public Utilities Commission to properly undertake its obligations to ensure plant and grid reliability in the event that either Diablo Canyon or San Onofre has a prolonged or permanent outage and for the California Public Utilities Commission to reach a decision on whether the utilities should pursue license renewal. However, the utilities' reports to date indicate they are not on schedule to complete these activities in time for California Public Utilities Commission consideration. In addition, both utilities have indicated objections to providing some of the studies and/or requirements indicated by the AB 1632 Report and the California Public Utilities Commission General Rate Case Decision.

Recommendation (pages 110-111)

The IEPR Committee has identified the following recommendation as the highest priority action California needs to take to help ensure nuclear plant reliability and to minimize costly outages:

- Pacific Gas and Electric Company and Southern California Edison should complete all of the studies recommended in the Assembly Bill 1632 Report, should make their findings available for consideration by the Energy Commission, and should make their findings available to the California Public Utilities Commission and the U.S. Nuclear Regulatory Commission during their reviews of the utilities license renewal applications.

To initiate the CPUC license renewal review, PG&E and SCE are required to submit license renewal feasibility assessments to the CPUC. For example, the CPUC required PG&E to submit

an application by June 30, 2011, on whether renewing Diablo Canyon's operating licenses is cost-effective and in the best interest of PG&E's ratepayers. 111 In letters to SCE and PG&E in June 2009, the CPUC emphasized that the utilities must address in their feasibility assessments all the issues raised in the AB 1632 Report. 112 The CPUC specifically directed the utilities to undertake the following activities:

- Report on the findings from updated seismic and tsunami hazard studies and assess the long-term seismic vulnerability and reliability of the plants.
- Summarize the implications for Diablo Canyon and SONGS of lessons learned from the response of the Kashiwazaki-Kariwa nuclear plant to the 2007 earthquake.
- Reassess whether access roads surrounding the plants are adequate for emergency response and evacuation following a major seismic event.
- Study the local economic impact of shutting down the plants as compared to alternative uses for the plant sites.
- Report on plans and costs for storing and disposing of low-level waste and spent fuel through 20-year license extensions and plant decommissioning.
- Quantify the reliability, economic, and environmental impacts of replacement power options.
- Report on efforts to improve the safety culture at SONGS and on the NRC's evaluation of these efforts and the plant's overall performance (SCE only).

The comprehensiveness, completeness, and timeliness of these activities will be critical to the CPUC's ability to assess whether or not the utilities should apply to the NRC for license renewals. However, the utilities' reports to date indicate they are not on schedule to complete these activities in time for CPUC consideration. In addition, PG&E has objected to providing the seismic studies to the CPUC as part of a license renewal review.

BUSINESS MEETING BEFORE THE CALIFORNIA ENERGY COMMISSION

WEDNESDAY, December 16, 2009 10:00 A.M. Adoption of 2009 IEPR

TRANSCRIPT

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VICE CHAIR BOYD: ...And I think, Mr. Alvarez, I will give you another message to carry back. I did not complement you and Edison vis a vis PG&E on the cooperation on nuclear; I am very disappointed, and I said so in the Press, with what PG&E has done, and I think now it is time to single out Edison for their statement of wanting to collaborate and cooperate on all of the commitments and another utility has chosen, as Ms. Becker has indicated, to kind of go around behind us. I cannot speak for Commissioner Byron, but I for one know that there was great disappointment with that action. But we will address it in due time.

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COMMISSIONER BYRON: Commissioner, I do not think we have given up the possibility of litigation from this Commission either, have we?

VICE CHAIR BOYD: Well, I would say we have not given up anything we have not talked about, so, true.

Nuclear Regulatory Commission
Generic Environmental Impact Statement for License Renewal of Nuclear Plants
Main Report Draft Report for Comment Manuscript Completed: June 2009
Date Published: July 2009 NUREG-1437, Volume 1 Revision 1

S.1 Purpose and Need for the Proposed Action

The proposed action is the renewal of commercial nuclear power plant operating licenses. The NRC reviews each application submitted by licensees of operating nuclear power plants. A renewed license is just one of a number of conditions that licensees must meet if the licensee is to continue plant operations during the renewal term. The purpose and need for NRC's proposed action is to provide an option to continue plant operations beyond the current licensing term to meet future system generating needs. These needs and, ultimately, the decision to operate a nuclear power plant under a renewed operating license are to be determined by State, utility, system, and, where authorized, Federal (other than NRC) decision makers. Unless there are findings in the safety or the environmental reviews that would lead the NRC to reject a license renewal application, the NRC has no role in energy planning decisions. State regulatory agencies, system operators, power plant owners, and, in some cases other Federal agencies, ultimately decide whether the plant should continue to operate. From the perspective of the licensee and the State or system regulatory authorities, the purpose of renewing an operating license is to maintain the availability of the nuclear plant to meet system energy requirements beyond the term of the plant's current license. The NRC has no authority or regulatory control over the ultimate selection of future energy alternatives. The NRC also cannot ensure that environmentally preferable energy alternatives are used in the future. While the NRC staff considers a wide range of alternatives to license renewal, the only alternative within NRC's decision-making authority is not to renew it. For the purposes of this GEIS, the NRC considers this option to be the No-Action Alternative.