

Home > California Public Utilities Commission (CPUC)

PG&E Seeks Ratepayer Funds for Diablo Outages, Initiates License Extension

BY ELIZABETH MCCARTHY — November 1, 2022



A California nuclear power plant watchdog objected to Pacific Gas & Electric’s proposal to collect more than \$178 million from its ratepayers, community choice aggregators and others for the 149 days its plant failed to operate. The utility’s Diablo Canyon Nuclear Power Plant’s Unit 2 suffered four unplanned outages between July 17, 2020, and Nov. 3, 2021, principally due to a defective installation of a costly part in the unit’s main generator, which required the company to buy replacement power.

The Alliance for Nuclear Responsibility said an extension of the aging power plant along the Central Coast also could result in utility ratepayers, community energy and direct access customers having \$300 million in annual power replacement costs for outages foisted on them. California’s enactment of [SB 846](#) in September allows PG&E to extend the life of Diablo’s units 1 and 2 past the current 2024 and 2025 license expirations.

READ ALSO

[Edison International Sees Loss but Revenue Hike Lessens Impact](#)

[PG&E’s Novel Commercial EV Dynamic Rate Pilot Gets a Green Light](#)

“The extraordinary size of these costs is a very bad omen for Diablo’s post-2024 future,” Rochelle Becker, the Alliance’s executive director, warned Oct. 31. She added allowing cost recovery from PG&E customers would “inevitably encourage sloppier operating practices at Diablo Canyon.”

PG&E did not respond to a request for comments.

PG&E failed to meet the CPUC’s “reasonable manager” standard for overseeing work by Siemens that installed a new stator in the main generator, the Alliance claimed. The botched installation resulted in 149 days of [unplanned outages](#) in late 2020 to mid 2021, and \$178.6 million in replacement power costs, according to testimony filed with the California Public Utilities Commission on Monday. The testimony by Alliance attorney John Geesman was submitted in the 2021 Energy Resources and Recovery Account proceeding. ERRA is a balancing account in which utilities track their fuel and fuel purchases.

Much of Geesman’s testimony, however, is blacked out because of PG&E’s claim of confidentiality in the cost recovery proceeding.

In addition to the passage of SB 846 allowing a plant extension at least to 2030, the state included a \$1.4 billion forgivable loan to PG&E to keep Diablo operating, which it stated was needed for grid reliability. The utility also seeks to tap into part or all of the Department of Energy’s \$6 billion that will be allocated to financially struggling nuclear plants to help them stay online. PG&E, however, is guaranteed rate recovery by the CPUC, unlike unregulated merchant plants.

PG&E initiates relicensing request

The same day the Alliance filed its testimony with state regulators, PG&E took its first formal step to keep the plant operating beyond mid-decade. It asked the Nuclear Regulatory Commission to launch a relicensing process..

“We are proud of the role Diablo Canyon plays in providing safe, reliable, low-cost and carbon-free energy to our customers and Californians,” said Paula Gerfen, Senior Vice President and Chief Nuclear Officer.

Alliance spokesperson David Wiesman called the two filings made on Halloween “kind of scary.”

PG&E initially sought a license extension from the NRC several years ago but withdrew its request in 2018 because it was considered an uneconomic venture. It also reached a settlement with ratepayer advocates, nuclear watchdogs and other stakeholders to close the plant by 2025. After the multi party agreement was reached, [state legislation](#) was passed that provided \$350 million for utility worker retention and retraining and \$85 million for community mitigation in San Luis Obispo County where the plant is housed.

The Alliance seeks to have its testimony unredacted prior to the CPUC’s Jan. 17, 2023 public hearing.

Share

Tweet



Elizabeth McCarthy

Elizabeth McCarthy is Managing Editor and publisher. She co-founded California Current in 2002 after covering energy and water since the early 1990s. She’s reported on a wide variety of topics—from environment to dance—for various publications and organizations near and far. That includes Canary Media, the World Health Organization, Agence France Presse, Harvard University’s Nieman Reports, Oakland Magazine, New Scientist, Sacramento Business Journal and Sacramento News & Review. She was BNA’s Irish correspondent, covering myriad issues—from wave energy to European Union directives. She also worked in Nippon Telegraph & Telephone’s International Legal Office in Tokyo, Japan.