

Resolution Supporting Extension of the Nuclear Production Tax Credit

WHEREAS, The 2005 Energy Policy Act provides a federal income tax credit of 1.8 cents per kilowatt-hour of electricity produced by advanced nuclear reactors under the 2005 Energy Policy Act; *and*

WHEREAS, The credit is limited to the first 6,000 megawatt (MW) of capacity that is placed-in-service; *and*

WHEREAS, Only reactors put into service on or before December 31, 2020, can qualify for this credit; *and*

WHEREAS, The value of the federal tax credit will flow through directly to the consumers of electricity produced by the advanced nuclear facilities; *and*

WHEREAS, Public power entities, such as State power authorities, municipalities, and consumer-owned electric cooperatives, which do not pay federal income taxes, that have ownership in new nuclear units qualify for this credit but are unable to realize the full value of the credit; *and*

WHEREAS, Only four advanced nuclear reactors currently under construction – Plant Vogtle, Units 3 and 4, being built by Georgia Power Co. and the V. C. Summer Plant, Units 2 and 3, being built by South Carolina Electric & Gas – are scheduled to come online in time to qualify; *and*

WHEREAS, Those four advanced nuclear reactors represent approximately 4,400 MW of capacity and it is unlikely that the full 6,000 MW of tax credit capacity made available by the 2005 energy law will be used; *and*

WHEREAS, Nuclear energy is a source of carbon-free baseload generation, which is an important component of a strategy to reduce carbon emissions from energy sources while maintaining the reliability of the grid; *and*

WHEREAS, There are several license applications for the construction and operation of large, baseload advanced nuclear facilities pending before the Nuclear Regulatory Commission, as well as a number of applications for advanced small modular reactors, that cannot meet the current law placed-in-service deadline and therefore will not qualify for the production tax credit; *and*

WHEREAS, Congress is considering legislation that will preserve the current 6,000 MW limitation, while extending the placed-in-service date in the 2005 Energy Policy Act, and include provisions to allow public power entities and consumer-owned electric cooperatives that have ownership in new nuclear units, but do not pay federal income taxes to realize the full, intended benefit of the production tax credits; *now, therefore be it*

RESOLVED, That the National Association of Regulatory Utility Commissioners, convened at its 128th Annual Meeting in La Quinta, California, urges Congress to pass legislation extending the in-service date for production tax credits for advanced nuclear generation and include provisions that allow for public power entities and consumer-owned electric cooperatives that have

ownership in advanced nuclear generation units, but do not pay federal income taxes to realize the full value of the production tax credits.

Sponsored by the Committee on Electricity

Recommended by the NARUC Board of Directors on November 15, 2016

Adopted by the NARUC Committee of the Whole on November 16, 2016