

THE PUBLIC SERVICE COMMISSION'S PROPER VOGTLE DECISION

by David Gattie & Nolan Hertel

Only one state

in the United States is diversifying its energy portfolio by balancing out coal with natural gas, developing solar energy in a deliberate and economically feasible manner and expanding its zero-carbon nuclear power base. Only one state— Georgia.

This can be attributed to the foresight of the Georgia Public Service Commission (PSC) in its decision to move forward with the completion of Vogtle Units 3 & 4, as well as the Georgia Legislature and its passage of Senate Bill 31 in 2009.

There was a time when the responsibilities of a utility regulator were generally straightforward. As long as the power generation fleet was modern, efficient and managed by a viable, technically competent utility, the regulator could focus on ensuring that consumers had safe, reliable and reasonably priced electricity.

However, those days slowly gave way to increasingly more complex responsibilities as power generation became inextricably linked to energy resource availability, environmental impacts, global climate change, anti-fossil fuel and anti-nuclear activism, energy politics and competing nations seeking to displace the U.S. as the global leader in critical energy technologies.

Forty years ago, U.S. natural gas production was trending downward, the Clean Air Act had not been amended, U.S. power plant construction was beginning a trend toward coal in response to the federal mandate of the Power Plant and Industrial Fuel Use Act of 1978 and China wasn't a modern industrialized economy.

At that time, who could have predicted that in 2017 U.S. power generation would be trending away from coal and toward abundant, inexpensive U.S. natural gas that had been unlocked as a result of fracking technology? Or that federal rules such as the Clean Power Plan would require states to regulate their electric power sectors in order to account for climate change impacts throughout the world? Or that China would emerge as an economic challenger to the U.S. and threaten U.S. primacy in nuclear power technology by planning to construct more nuclear power plants than any country in the world?

In addition to safe, reliable and reasonably priced electricity, regulators are now required to account for fuel diversity, unpredictable energy and environmental policies handed down from federal authorities, energy security, national security, energy price futures, increasingly

complex energy tax credits and the proper balance between intermittent renewable energy, baseload coal and nuclear and load-following natural gas. Regulators are required to be energy polymaths with a crystal ball.

The easy response to these dynamics would have been to let markets dictate a state's energy portfolio. An easy road, but not necessarily the right road. And it isn't



In today's modern globalized economy energy decisions can no longer be made in a vacuum. Rather, those decisions must reflect long-term forward-thinking grounded in pragmatism. Consequently, utility regulators must be deliberate, not reactionary, in developing policy for the electric power sector, maintaining a clear-eyed understanding of the inherent limitations and strengths of fossil fuels, nuclear and renewables appropriately contextualized within the state's economic objectives. Therefore, regulators must be judicious, technically competent and not prone to overly-simplistic solutions that often emerge from renewable energy rhetoric rather than renewable energy realism.

The Georgia PSC has been a good steward of the public trust throughout the Vogtle deliberations these past months as it gave audience to myriad voices speaking out in opposition to, and in support of, these reactors. Speaking for ourselves, we appreciate the wisdom the PSC demonstrated in its final decision to continue with the project, which will expand Georgia's zero-carbon nuclear baseload and allow the state to continue a calculated and economically sound incorporation of solar energy.

By taking action in 2009 to pass S.B. 31, the Georgia legislature saved ratepayers millions of dollars in interest charges that would have otherwise accumulated throughout the Vogtle construction phase. And we commend the PSC for responding to this highly complex energy issue with a long-term policy solution rather than a short-term financial reaction. The citizens of Georgia and Georgia's economy will benefit from this decision for generations to come.

the road taken by the state of Georgia and the PSC.

Instead, the Georgia Legislature installed an Integrated Resource Planning (IRP) strategy requiring that every three years a regulated utility would lay out its plan for meeting the state's electric power needs for the next 20 years. In turn, the PSC would determine whether that plan "adequately demonstrates the economic, environmental, and other benefits to the state and to customers of the utility, associated with various measures and sources of supply."

The spirit of Georgia's IRP is to create a culture of thoughtful, deliberate and transparent energy policy decision-making where *economic, environmental and other benefits* are to be taken into account. In the case of Vogtle Units 3 & 4, the *other benefits* that nuclear power will provide for Georgia include fuel diversity, a long-term hedge against future policy decisions that are very likely to include constraints on fossil fuels, and national security—benefits not detected by market forces alone.

This has proven to be a sound approach as in 1992 Georgia's electric utility sector was 63% coal, 30.5% nuclear, 5.3% hydro and 0.1% natural gas. In 2016, it was 32.5% coal, 29.7% nuclear, 35.6% natural gas and 2.9% hydro, with responsible levels of solar PV being integrated into the grid each year. Moreover, at 12.45 cents/kWhr, compared with the U.S. average of 13.30 cents/kWhr, residential rates remain below the national average.



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