

Balancing an aging Hanford nuke plant against cheaper firm market power purchases (Opinion)



Steam rises from the Columbia Generating Station, near Richland, Wash., in a file photo from 2003. (AP Photo)



By **Guest Columnist**

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By Robert McCullough

Brent Ridge of Energy Northwest is very displeased that the cost of the Columbia Generating Station nuclear power plant (CGS, often referred to by its old name, WPPSS 2) would be measured against the market for electricity ("[Economist's attack on Columbia Generating Station got it wrong,](#)" July 16). Since 2009, the comparison has been profoundly costly. CGS' costs have been significantly higher than prices in the market for electricity — running \$100 million to \$200 million dollars a year higher. And this is exactly the market test agreed to by Energy Northwest and Bonneville in 1999.

Ridge's basic argument is that you can't compare the high costs of the nuclear plant with the declining costs in the market because the market's "primary role is to help clear temporary imbalances between supply and demand in an economically efficient manner." This is an interesting error. The wholesale market for electricity in the Pacific Northwest is one of the largest in the world. Prices are routinely listed in the press, on the website of the U.S. Energy Information Administration, used at the Federal Energy Regulatory Commission, and traded at the Chicago Mercantile Exchange (CME), as well as other internationally respected commodity exchanges. Ridge is wrong when he claims that long-term firm transactions are not routinely transacted at market prices.

The CME and its primary competitor, the International Commodity Exchange (ICE), list long-term contracts for supplies on the mid-Columbia market. As I write this response, the on-peak prices for electricity in fiscal year 2021 is \$31.30/megawatt-hour (MWh) and the off-peak price is \$25.05/MWh. The Columbia Generating Station's cost forecast for December 2021 is \$49.60/MWh.

The plant often does not deliver its promised generation due to unplanned outages or delayed refueling schedules.

projects.

Recent closure announcements in California, Florida, Nebraska, Wisconsin, Vermont, Illinois, New York, New Jersey and Massachusetts all reflect the same underlying economic issue. Older nuclear units are proving more expensive than alternatives. The hundreds of millions we lose every year by operating this elderly power plant can be put to far better use elsewhere.

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Robert McCullough is a Portland economist active in energy issues across the U.S. and Canada.

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