

Cheney Pursuing Nuclear Ambitions of His Own

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While Dick Cheney has been talking tough over the years about Iran's alleged nuclear activities, the vice president has been quietly pursuing nuclear ambitions of his own.

For more than two years, Cheney and a relatively unknown administration official, Deputy Energy Secretary Clay Sell, have been regularly visiting the Nuclear Regulatory Commission (NRC) to ensure agency officials rewrite regulatory policies and bypass public hearings in order to streamline the licensing process for energy companies that have filed applications to build new nuclear power reactors, as well as applications for new nuclear facilities that are expected to be filed by other companies in the months ahead, longtime NRC officials said.

Before being sworn in as deputy energy secretary in March 2005, Sell, a lawyer whose roots extend to Bush's home state of Texas, was a White House lobbyist working on energy issues. He had also participated in secret meetings with Cheney's Energy Task Force.

In April, Sell and Cheney had both met with NRC officials to sign off on the final regulatory policies related to new nuclear reactors. Following the meeting, Sell had alerted a group of energy companies they could begin to take advantage of the faster application process, NRC officials said.

NRC officials said that Cheney has expressed a desire to see applications for nuclear reactor projects approved by the NRC when he and Bush leave the White House in January 2009.

The energy corporations Cheney and Sell have been personally lobbying the NRC on behalf of this year have advised the vice president and his staff on energy policy in a way that would boost their companies' profit margins. These corporations have also donated millions of dollars to President Bush's and Cheney's past presidential campaigns.

One of the cornerstones of President Bush's National Energy Policy, released in May 2001, but never wholly adopted, was "the expansion of nuclear energy in the United States as a major component of our national energy policy." Cheney said that reviving the nuclear power industry would be long-term solution to the country's increasing thirst for electricity.

At a time when public awareness surrounding renewable energy resources, the devastating effects of global warming and the importance of conservation is at an all-time high, the Bush administration has steered tens of billions in taxpayer dollars toward revamping the dormant nuclear power industry, touting it as the only proven technology to combat climate change.

Behind the scenes, Cheney and Sell have worked in tandem with the Nuclear Energy Institute (NEI), a powerful industry organization whose members include some of the country's largest energy corporations, to get the NRC to rewrite long-standing environmental review policies and limit oversight of new nuclear projects, thereby simplifying the application process, and significantly cutting down the time it takes to get new nuclear projects off the ground, an NRC official said.

The Nuclear Energy Institute spent \$680,000 during the first half of 2007 lobbying the White House, Congress, the Department of Energy, and other federal agencies, according to a disclosure form posted online August 13 by the Senate's public records office. Cheney's longtime friend, Tom Loeffler, a former lobbyist and Republican congressman, represented the NEI. Loeffler's former aide, Nancy Dorn, worked as a Congressional liaison for Cheney, and later became a lobbyist for General Electric.

Cheney and Sell's behind-the-scenes efforts have been a boon for the nuclear energy industry - and to Westinghouse Electric, a nuclear reactor designer whose AP1000 reactor unit was certified by the Department of Energy. The company stands to earn tens of billions of dollars in profit through the sale of just a few of its nuclear reactor units. Cheney has said publicly he wants to see dozens scattered across the US.

In September, Princeton-based NRG Energy Inc., having emerged from bankruptcy proceedings, became the first company in 30 years to submit an application to build two new General Electric-designed nuclear reactors at its Bay City, Texas, nuclear power plant facility, a move that came as a direct result of several private meetings NRG lobbyists and executives held with Cheney and Sell, according to company officials. NRG's former president, David Peterson, traveled to Washington on two occasions in 2001 to help Cheney's Energy Task Force shape the country's energy policy, according to government records.

Prior to NRG's application, there had not been a filing for a new nuclear power plant in the United States since before the Three Mile Island nuclear reactor meltdown three decades ago.

NRG Chief Executive David Crane told investors recently that massive federal tax incentives and federal loan guarantees included in the Energy Policy Act of 2005 was the deciding factor in steering the company toward the \$6 billion nuclear project.

"The whole reason we started down this path was the benefits written into the [Energy Policy Act] of 2005," Crane said.

That legislation calls for upwards of \$125 million in annual tax credits for a nuclear plant, in addition to loan guarantees that would cover about 80 percent of construction costs. Furthermore, the federal government provided \$2 billion in risk insurance for application costs, thereby protecting energy companies in the event they would not be able to finance a nuclear project due to regulatory obstacles.

The federal loan program automatically requires taxpayers to cover any defaults on the loans. In a February report to Congress, the Government Accountability Office said failure to properly account for default risks in the loan program was one factor that "could result in substantial financial costs to the taxpayer."

A 2003 Congressional Budget Office (CBO) report said the risk of utilities defaulting on loans for new nuclear plants is “very high – well above 50 percent.”

In October, the Tennessee Valley Authority, the nation’s largest public power provider, also filed an application with the NRC for a license to construct and operate two new nuclear power reactors in northern Alabama using General Electric’s Westinghouse AP1000 reactor units. The application was filed under the banner of NuStart Energy, LLC, a consortium of electric utilities that joined together in 2004 to test the NRC’s streamlined nuclear reactor licensing program. The licensing costs were paid for by the federal government under an Energy Department program called Nuclear Power 2010 (NP2010), to promote construction of new nuclear power plants.

According to the Department of Energy’s web site, NP2010 was launched in 2002, and “is a joint government/industry cost-shared effort that can help provide solutions to meet future base load energy demand and address climate change. Specifically, NP2010 seeks to: demonstrate new, untested processes for licensing reactors in the United States; identify sites for new nuclear power plants, complete first-of-a-kind engineering of new reactor designs; develop and bring to market advanced nuclear plant technologies, and evaluate the business case for building new nuclear power plants.”

Sell said TVA’s application was a “a monumental step toward the rebirth of nuclear power in the United States.”

He also touted General Electric and Westinghouse’s AP1000 reactor units as cutting edge, which subsequently helped boost the stocks of both companies. Sell said TVA’s application lays the groundwork for dozens of Westinghouse AP1000 reactors to be built in the United States. General Electric had been one of the company’s that advised Cheney on the National Energy Policy.

Members of the NuStart consortium include: Constellation Energy, Duke Energy, EDF International North America, the US subsidiary of the French electric utility, Entergy Nuclear, Exelon Generation, Florida Power & Light Company, Progress Energy, South Carolina Electric & Gas, Southern Company and Tennessee Valley Authority, Knoxville, Tennessee.

With the exception of Progress Energy, South Carolina Electric Gas & Light and EDF International, all of these companies participated in meetings with Cheney’s Energy Task Force and advised the vice president on energy policy. Additionally, these corporations have said publicly they intend to file applications for nuclear reactor licenses before the end of 2008, the deadline to receive billions of dollars in federal subsidies and tax credits. The NRC says it expects to receive as many as 21 applications to build 32 new reactors before the end of 2008, with most, if not all, expected to go online in 2015.

Since 2005, Sell has met with the corporate executives of the consortium at least half-a-dozen times. He has relayed to top NRC officials the group’s concerns over the agency’s decade-old regulatory policy related to the lengthy review process of licensing nuclear power plants, and, with Cheney’s backing, urged the NRC to draft new rules that calls for granting a combined construction and operating license, which will essentially result in a decrease in oversight and public scrutiny, according to three senior officials at the Energy Department.

In an October 30 news release, the DOE said it “selected NuStart to demonstrate the

NRC's untested process for licensing new reactors in the United States, and for obtaining regulatory approval of new reactor designs."

Meanwhile, the Energy Department has undertaken a massive public relations effort, expected to continue until the end of 2008, to promote nuclear energy as the new "green" energy.

In early October, Secretary of Energy Samuel Bodman, in a speech at a nuclear power conference held at the Howard Baker Center for Public Policy at the University of Tennessee, described nuclear energy as "safe, clean and reliable. And, for the foreseeable future, it is the only mature, emissions-free technology that can supply the power America will need to meet the projected increase in demand for electricity over the next 25 years. This is one of the reasons we have put so much emphasis on bringing about a nuclear renaissance here in the United States."

In 2003, the Massachusetts Institute of Technology released a study, "The Future of Nuclear Power," that said even with volatile natural gas prices and a wildly fluctuating market, the cost of producing electricity from nuclear power plants is still 20 percent more expensive than electricity produced from gas-fired power plants, and 60 percent more expensive than electricity produced from a coal-fired power plant.

Earlier this year, Bodman, while promoting nuclear energy as an alternative to fossil fuels, said the Bush administration would continue to oppose mandatory reductions in greenhouse gases in the form of CO2 caps, following a report released in January by the world's leading climate scientists that said the emissions of greenhouse gases were to blame for severe heat waves, floods and an increase in more intense hurricanes and tropical storms. Bodman said mandatory caps could financially ruin some of the energy companies responsible for polluting the air.

"There is a concern within this administration, which I support, that the imposition of a carbon cap in this country would - may - lead to the transfer of jobs and industry abroad (to nations) that do not have such a carbon cap," Bodman said in February. "You would then have the US economy damaged, on the one hand, and the same emissions ... potentially even worse emissions."

Before being tapped as Energy Secretary, Bodman ran a chemical company, Cabot Corporation that spent years on the top five lists of the country's worst polluters. In 1997 alone, Cabot was responsible for the 54,000 tons of toxic emissions his company's refineries released into the atmosphere. Cabot was identified as the fourth-largest source of toxic emissions in Texas. Cabot is the world's largest producer of industrial carbon black, a byproduct of the oil refinery process. Bodman is the wealthiest official in the Bush administration. His net worth is estimated to be between \$42 million and \$164 million, the bulk of it in Cabot stock, deferred compensation, and other benefits.

Perhaps the thorniest issue neither Cheney, Sell, Bodman nor the nuclear energy industry has yet to address is how it plans to dispose of nuclear waste. The Department of Energy, the agency largely responsible for monitoring nuclear waste, plans on submitting an application to the NRC next year to build a repository at Yucca Mountain, the site of a former nuclear testing ground in Nevada, where the agency has proposed burying the waste deep underground. The review process is expected to take at least three years.

But Senate Majority Leader Harry Reid, the Democrat from Nevada, is opposed to the DOE's plan, and has vowed to continue to cut funding for the Yucca Mountain project.

"In over 50 years of operating experience, the nuclear industry still has not managed to solve the problems of safety, security, and disposal of highly dangerous radioactive waste," said Jon Block, nuclear energy and climate change project manager for the Union of Concerned Scientists (UCS). "Until that happens, we're much better off investing in safer, cleaner energy sources such as renewable wind, geothermal, tidal, and solar projects."

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