



U.S. government says loans for nuclear plants complicated

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By Tom Doggett

WASHINGTON (Reuters) - U.S. Energy Secretary Steven Chu said on Friday that the process for approving federal loan guarantees for new nuclear power plants has become "complicated," but the department still expects to issue its first loan deals very soon.

"It was more complicated than I thought...these are multibillion dollar loans," Chu told reporters at a lunch briefing at Energy Department headquarters, when he was asked why it was taking so long for the department to make a decision on the loan guarantees.

Congress authorized \$18.5 billion for nuclear loan guarantees in 2005, hoping to revive development of the carbon-free source of energy. Investments in nuclear power have dried up on soaring costs following the 1979 accident at Three Mile Island.

The department said last month that it was close to issuing its first loan guarantees to build nuclear reactors. Chu reiterated that message: "It is soon, that's all I can say."

Chu said the \$18.5 billion should be enough to help cover the financing for at least two new nuclear power plants, which would be short of the four reactors the department said last year would likely receive loan guarantees.

The companies that get loan guarantees would still have to complete the licensing process and secure private financing before construction of any new reactors begin.

If there are no major delays, actual construction of the first reactor would not start before 2011, with the first new plant coming on line around 2017 or 2018.

YUCCA OFF THE TABLE

Separately, Chu said the Obama administration is committed to seeing that the controversial Yucca Mountain storage site near Las Vegas that would hold nuclear waste never opens. "Yucca Mountain is off the table," he said.

However, he said that should not interfere with building new nuclear power plants because spent nuclear fuel can be safely stored on site at reactor locations for at least another 50 years.

Chu showed little sympathy for the utilities that complain about the billions they have paid, and continue to pay, to cover the cost of waste storage.

"I think this is part of the price of nuclear power," he said. "I think that is appropriate." He added that waste storage is a small part of the operating costs for a nuclear power plant.

(Reporting by Tom Doggett; Editing by Marguerita Choy)

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