

NuStart Energy Development, LLC was formed in 2004 and has 10 utility members/owners: DTE Energy, Duke, EDF, Entergy, Exelon Generation, FPL, Progress Energy, SCANA, Southern and TVA. The NuStart consortium is comprised of NuStart Energy Development plus reactor technology vendors Westinghouse and GE-Hitachi Nuclear.

NuStart is driven by its vision of nuclear energy as being seen by all stakeholders as a safe and viable option to meet our country's future electricity needs. NuStart supports this vision by 1) demonstrating that a combined construction and operating license (COL) can be obtained in a timely and cost-effective manner using the Nuclear Regulatory Commission's Part 52 process and 2) assisting in finalization of the Westinghouse AP1000 and GE-Hitachi ESBWR advanced passive light water reactor designs by emphasizing standardization, safety and good operability. NuStart believes commitment to quality and safety in all its work, a win/win attitude and cost reductions through design standardization can result in safe, reliable and cost effective nuclear power.

In 2005, NuStart was selected to receive a DOE cooperative award under the Nuclear Power 2010 program. NuStart's work has supported 18 COL applications for new nuclear projects. 9 of 10 NuStart members have submitted COL or ESP applications. The COL application for Southern's project at Plant Vogtle is the lead project in the U.S. based on Westinghouse's new AP1000 design. This COL is now anticipated to be granted by the NRC in late 2011, provided reviews are successfully completed.

By their nature, utilities are very risk averse. A number of uncertainties exist in the policy, regulatory, technology, construction, competitive market, spent fuel and stakeholder arenas. The uncertainties make it difficult for any utility to be a first mover on new nuclear projects that cost several billion dollars. NuStart's work focuses on reducing licensing and legal uncertainties in the regulatory space and in improving the new reactor technologies, especially through the use of design standardization.

The NP2010 program is administered by the DOE and is designed to reduce the uncertainties involved in new nuclear projects. The awards under this program stimulate industry investment through a 50/50 cost sharing mechanism. Together, NP2010 and NuStart have accelerated industry efforts by at least 2 years over where industry would have been without NP2010. DOE's \$45 million in funding has leveraged industry's \$65 million direct NuStart contribution along with at least another \$100 million in resources at NuStart member companies on their own projects. Through emphasis on standardized applications, licensing and design, NuStart has helped reduce project costs for both the industry and the NRC by adopting a "one issue-one review-one position" philosophy. A common license application has focused legal issues and challenges in a more generic fashion which should save a great deal of time and cost on projects. Standardization improves the eventually operability of new projects by adopting consensus best practices and ideas. And NuStart's Design Centered Working Group has become the model for the Design Centered Review approach favored by the NRC for all reactor technologies.

Another benefit of NP2010 and NuStart was that the industry was much better positioned to take advantage of the uncertainty/risk reduction incentives in the Energy Policy Act of 2005. The combination of loan guarantees, production tax credits and regulatory risk

protection has helped a number of companies to step up as potential first movers on new nuclear projects.

To summarize, uncertainty and risk reduction is essential for first movers to act on new nuclear generation projects. Industry partnerships are very effective at pooling regulatory and technical resources that support deployment of the next wave of nuclear projects. Coordinated government and industry action reduces the time to market for new nuclear investments. The regulatory process directly impacts the financial and risk analysis of a nuclear investment. New project investment decisions will continue to be based on the economics but can be greatly aided by risk reduction.

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