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## Expert calls proposed Utah nuclear power plant a 'non-starter'

Trial • Energy analyst says Blue Castle lacks financing, market for proposed Utah project.

BY BRIAN MAFFLY

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Lacking sufficient financing and a real market, Blue Castle Holdings has no hope of developing a nuclear power plant in Utah, according to an energy analyst who testified Thursday in a trial over the project's water rights.

"You can't sell 14-cent power in a market where power costs 8 or 10 cents [per kilowatt-hour]. That's why the nuclear renaissance has collapsed. If you can't compete, you can't raise money to build these projects," said Mark Cooper in an interview, echoing his testimony in Price's 7th District Court.

Cooper's remarks on the fourth and last day of witness testimony came in stark contrast to the words of Blue Castle executives and experts who extolled the virtues of nuclear energy and affirmed its bright future as a U.S. power source.

The week-long trial before Judge George Harmond focuses on whether the state appropriately assigned 53,000 acre feet of water to the Blue Castle project. Closing arguments are scheduled Friday, but Harmond is not expected to rule right away.

The suit, brought by Utah environmental groups and local water users, attacks the only issue in the nuclear controversy where the state exercises control. Should Blue Castle secure the right to suck enough water out of the Green River to supply a city the size of Orem, its proposal will rest entirely in the hands of the U.S. Nuclear Regulatory Commission (NRC).

To secure a water right, state law requires a finding that the proposed purpose is economically and physically feasible, is in the public interest, and financing is available. Blue Castle fails on all these points, according to Cooper, a fellow for economic analysis in the Institute for Energy and the Environment at Vermont Law School.

The company has conceded it won't build the plant, but it intends to assemble a package of approvals and plans to sell to utilities as an "option" to diversify their power source portfolios to include nuclear.

The problem is that no regional utility has shown an interest, which makes the project too speculative to qualify for water rights, according to Cooper.

He contends nuclear power generation has become prohibitively expensive because of its myriad safety concerns and technological complexity.

"The only states where [nuclear reactors] are being built is in states where the risk has been shifted to the ratepayers," Cooper said.

New reactors have been approved for existing plants in Georgia and South Carolina, states that have "advanced cost recovery," a program in which some costs are covered in rate hikes imposed on those using the nuclear plant's electricity. Such subsidies are not available in Utah or in neighboring states that would be logical recipients of some of the 3,000 megawatts coming out of the proposed two-reactor plant near Green River.

In his testimony Tuesday and Wednesday, State Engineer Kent Jones, the public official who assigned the water to the project, acknowledged that Blue Castle has raised nowhere near enough money to build the plant, expected to cost \$16 billion to \$18 billion. Nor have commitments panned out from an investor, later fingered as a fraud by federal regulators, and an unnamed utility, both cited as project backers during the water rights hearing two years ago.

But Jones maintained that the Provo-based company, headed by former Republican lawmaker Aaron Tilton and former NRC chairman Nils Diaz, has a sound business plan for getting a license from the commission.

Nearly all the \$17 million Blue Castle has thus far raised came from a Colorado oil and gas pipeline company it acquired in exchange for a stake in the project, according to testimony from company executives. Willow Creek LLC generates about \$8 million in annual profit, money that Blue Castle is using to fund its work to secure approvals for the nuclear project, a process expected to cost \$100 million and take another five years.

Diaz revealed that his own \$53,000 investment in Blue Castle has secured an 8 percent stake in the project.

[bmaffly@sltrib.com](mailto:bmaffly@sltrib.com)

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