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In Support of Allowing the Advanced Nuclear Production Tax Credit to Spur Public Power Investment in Nuclear Power

The Energy Policy Act of 2005 created the Internal Revenue Code §45(j) advanced nuclear production tax credit (“PTC”) to offset the first-of-a-kind risk of the first 6,000 megawatts of new nuclear generating capacity built after 2005, but placed in service prior to 2021.

Four new nuclear reactors are currently under construction in Georgia and South Carolina – the first new, advanced design reactors built in the United States, and the first reactors to start construction in the United States since the 1970s. Additional projects, including the first of a new generation of small modular reactors, are moving through the licensing process at the Nuclear Regulatory Commission, and will be ready for commercial deployment in the first half of the next decade.

Nonetheless, business conditions have changed significantly since the nuclear PTC was created and the pace of new nuclear plant construction is not as rapid as had been expected in 2005, meaning credits for 1,600 megawatts of new nuclear power will be stranded by the 2020 placed-in-service deadline. Still more of the credit will be lost to utilities investing in new nuclear generation because Congress has failed to modify the credit to reflect the substantial investments in these new facilities by investor-owned companies, electric cooperatives, and public power utilities.

These new nuclear plants now being developed will provide needed baseload electricity; create tens of thousands of new jobs during construction and operation of the plants and through the entire nuclear supply chain; and reduce the electric power industry’s carbon dioxide emissions, but public power utilities – and projects placed in service in 2021 or later – cannot use the PTC.

NOW, THEREFORE, LET IT BE RESOLVED: That the American Public Power Association (APPA) reiterates its strong desire that Congress should modify the production tax credit for nuclear facilities to permit a public power utility or cooperative to reallocate its allocation of the production tax credit to an investor-owned utility project co-owner or an entity engaged in the design or construction of the project in a manner agreeable to each party; and

BE IT FURTHER RESOLVED: That APPA urges Congress to allow the nuclear production tax credit to be claimed for the full 6,000 megawatts of new capacity as Congress intended by eliminating the placed in service deadline for the nuclear production tax credit.

As adopted June 14, 2016, by the membership of the American Public Power Association at its annual meeting in Phoenix, Arizona.