

U.S. Nuclear Power Sector to Rebound; Will Create New Profit Plays for Energy Investors

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It's been 30 years since the accident at Three Mile Island effectively killed the commercial nuclear power industry in the United States. But strongly escalating concerns about global warming, growing worries about so-called "Peak Oil," and greatly improved nuclear-power technology are combining to make nuclear power an increasingly alluring option in the United States, [Money Morning](#) has been reporting.

The 30-year anniversary of the Three Mile Island accident – which occurred near Harrisburg, Pa., in the in the predawn hours of March 28, 1979 – has obviously resurrected some of these discussions. But thanks to these deep-seated and growing concerns – virtually every one of them sparked by globalization – [the nuclear power industry is moving ahead with plans to build a string of new reactors in the U.S. market](#), *The Washington Post* reported this weekend...

The revival faces many uncertainties, but will also re-open a vista of investment opportunities for energy-sector investors.

The crisis that grew out of the TMI accident, in which worker error and equipment malfunctions triggered a partial meltdown in the core of one of two reactors at the Pennsylvania power plant along the Susquehanna River, was long believed to have forever ended any chance that new commercial nuclear plants would be built in the United States.

But nuclear power is now making a comeback – largely out of necessity.

The United States generates about one-fifth of its electricity from the 104 reactors now in operation – all built before the TMI accident. Utilities have applied to build 26 new reactors, many of them expansions of existing nuclear facilities, and the Nuclear Regulatory Commission (NRC), which has to approve the plans, says the first approvals could come by 2011.

It could take nearly a decade before any of these approvals leads to a finished, operational nuclear plant.

But the revival faces tough barriers – including the multi-billion-dollar price tags of a nuclear plan today. Jone-Lin Wang, managing director of the global power group at [Cambridge Energy Research Associates](#), a consulting firm, told *The Post* that plant estimates "have gone up substantially, compared to just a few years ago."

A 1,000 megawatt unit could cost \$6 billion to \$8 billion; since many plans call for building twin units as part of a single project, that could push the total cost up to \$16 billion.

“For some of the companies going through the licensing process, that’s the same size as their entire market cap,” she told newspaper. And in today’s ultra-tight credit market, that could be a deal breaker.

Despite these uncertainties, the industry is growing again, particularly in Western Pennsylvania – a region long associated with nuclear businesses because it was the headquarters of one-time commercial-nuclear-power heavyweight Westinghouse Electric Corp., now part of Japan’s [Toshiba Corp.](#)

The Pittsburgh-based Westinghouse unit still builds and maintains reactors [as does the United States’ General Electric Co. ([GE](#))], added 1,400 workers last year to handle the influx of business, and says it will keep adding 650 a year for the next half a decade.

“The recession is something everyone is paying attention to, but it doesn’t seem to be having a significant impact on us,” company spokesman Vaughn Gilbert told ***The Post***.

Gilbert said that Westinghouse now has contracts to build six reactors in the United States, including a deal it signed in January.