Plant Vogtle costs call for policy reforms

Georgia utility customers are paying for nuclear plant delays and cost overruns.

By David Kyler

Georgia’s leaders enjoy enormous political benefits enabled by well-cultivated misconceptions, including the myth that free markets are upheld by state policies. This spring, Georgians will witness this fallacy at work, when the third reactor at Plant Vogtle is put into operation.

Vogtle’s new units remain the only nuclear-plant construction in the entire nation. At $35.7 billion, Plant Vogtle is the most expensive power plant ever built—anywhere on earth. That level of spending is more typical of a federal project, rather than a single venture of a power company operating as a regulated monopoly. Through a series of management errors, Vogtle units 3 and 4 have already cost nearly two-and-a-half times the price promised, and a six-year project is now seven years behind schedule.

Thanks to the PSC and the General Assembly, these performance failures have cost residential ratepayers dearly. With the PSC’s approval, projected average monthly bill increases soared from $5 to an estimated $17.20, solely due to the Vogtle expansion, according to documents filed with the PSC. By the time unit 4 is operational, that figure could rise to $20 a month or more, at least a $240 annual increase for the average customer.

Moreover, in 2011 Georgians began paying for Plant Vogtle when the General Assembly passed the Construction Work in Progress Act, the basis for Georgia Power collecting a nuclear tax on every residential Georgia Power bill, long before the new units would be operating. Including profits approved by the PSC on cost overruns, that tax has aided Georgia Power in amassing some $9.4 billion in profits to date, rewarding them for being years behind schedule and at least $20 billion over budget.

Those financial penalties on the public wouldn’t have occurred if free markets were honored. Yet, capitalism’s free markets are extolled by the same politicians who supported burdening the unwary public with private corporate costs. Since 2011, every month, on every bill, customers have paid this nuclear tax, totaling over $1,000 for each Georgia household. Surely that is not in the public interest.

Although some promote nuclear power as “green,” carbon-free energy was never a justification for Plant Vogtle. As officials of one of nine states with no goals for reducing carbon emissions or converting to renewable energy, Georgians’ leaders demonstrate little concern about climate change.

Furthermore, in July of 2022, Georgia’s PSC voted to approve 2,300 megawatts of new carbon-emitting natural gas plant capacity, proposed by Georgia Power.

Clearly, Plant Vogtle was undertaken because Georgia Power’s business model, and PSC practices, reward capital investment, since profits flourish as project costs increase. Monopoly utilities earning profits from building expensive projects was useful protocol in the 20th century when the country needed massive power-grid buildout and markets were capricious, but 21st century requirements are drastically different. Today we must rapidly transition to clean energy, increase grid resilience in the face of surging demand and extreme weather, and build a decentralized, digital grid that’s flexible, empowers customers, and saves money. Many states have begun transitioning using these goals.

Georgians must also understand that the project may burden them even more, because expenses can’t be tallied until each reactor becomes operational. Some construction costs are already approved for consumer billing, but ongoing cost overruns accumulate, and Georgia Power is likely to seek full recovery, compounding customer penalties.

The PSC should not approve such cost-shifting, because if a for-profit corporation like Georgia Power were operating in a market economy, its investors would suffer from Plant Vogtle’s well-documented management failures, not profit from them.

The record is telling: Georgians pay the 7th highest electric bills in the country and are among the bottom 10 states for cost-saving programs like energy efficiency and demand response. Energy poverty is among the highest in the nation, and over 20,000 Georgia Power customers are disconnected monthly for failure to pay.

The role of the PSC is to regulate in the public interest and set reasonable rates, yet with the Vogtle project it has failed to meet this lawful obligation. Regulatory reforms are urgently needed so that state policy serves urgent public needs and prevents such unfair, regressive outcomes.

The General Assembly should:

1.) Restore the defunct state’s Consumer Utility Counsel (CUC) a utility-advocate group protecting the public, deleted in 2008. If a CUC had existed, it’s unlikely that Plant Vogtle would have been approved without cost limits and other assurances.

2.) Mandate legally enforceable PSC guidelines that will prevent regulated utility companies from shifting excessive costs onto consumers.

3.) Immediately repeal the nuclear Construction Work in Progress legislation that was the basis for authorizing additional tax on residential consumers.

4.) Eliminate obsolete incentives for building large, expensive projects, first by forming an independent commission to explore options, including other states’ policies.

5.) Adopt a clean-energy transition plan that defends consumer interests so that Georgians can actively participate in an affordable energy future that will limit the harms of climate change.

6.) Change the Public Service Commission’s name to the “Public Utility Commission.” Since “service” has no legal definition, the term is misleading and enfeebleable.

Without such reforms, Georgia Power will continue building big, overpriced projects in pursuit of profits sustained at the public’s expense.

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