

## NEW CONSTRUCTION

# DOE grants \$3.7 billion in new loan guarantees for Vogtle project

*Project owners Georgia Power, MEAG Power, and Oglethorpe Power also confirmed the receipt of Toshiba's first guarantee payment.*

**O**n September 29, Energy Secretary Rick Perry announced conditional commitments for up to \$3.7 billion in loan guarantees to the owners of the Vogtle nuclear power plant construction project in Georgia. According to a Department of Energy press release, Georgia Power Company will receive \$1.67 billion; Oglethorpe Power Corporation, \$1.6 billion; and three subsidiaries of MEAG Power, \$415 million. The DOE has already guaranteed \$8.3 billion in loans to support the continuation of construction of Vogtle-3 and -4. If the new loan guarantees are approved, they will be the first issued under the \$12.5-billion Advanced

Nuclear Energy Projects Solicitation issued in December 2014, according to the press release.

"I believe the future of nuclear energy in the United States is bright and look forward to expanding American leadership in innovative nuclear technologies," Perry said. "Advanced nuclear energy projects like Vogtle are the kind of important energy infrastructure projects that support a reliable and resilient grid, promote economic growth, and strengthen our energy and national security."

Then, on October 2, Georgia Power and MEAG Power announced the receipt of the first parent guarantee payments from

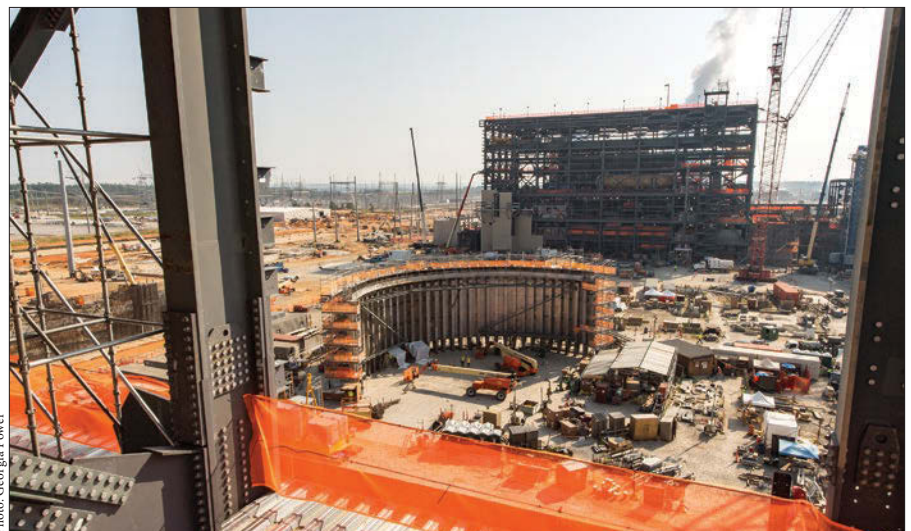


Photo: Georgia Power

The placement of the 237-ton CA03 module, a critical component of the in-containment refueling water storage tank, was one of many construction milestones reached at the Vogtle construction site in recent months.

Toshiba Corporation. Of the \$300-million initial payment, Georgia Power received \$137 million; MEAG Power, \$68 million; Oglethorpe Power, \$90 million; and Dalton Utilities, \$5 million. Toshiba's parent guarantee obligation was set at \$3.68 billion, to be paid in installments from October 2017 to January 2021 (*NN*, July 2017, p. 15), following the March 29 bankruptcy filing of Toshiba subsidiary Westinghouse Electric Company (*NN*, Apr. 2017, p. 17). "This payment is a positive indication of Toshiba's commitment to meeting its financial obligation under the parent guarantee," Georgia Power's press release stated. "Today, the total expected rate impact of the project remains less than the original estimate, after including anticipated customer benefits from federal production tax credits, interest savings from loan guarantees from the U.S. Department of Energy, and the fuel savings of nuclear energy."

Georgia Power and Oglethorpe on August 31 filed recommendations to complete the two new AP1000 reactors, based on the results of a comprehensive schedule, cost-to-complete, and cancellation assessment launched following Westinghouse's bankruptcy filing (*NN*, Oct. 2017, p. 17). According to Georgia Power's revised schedule, approved by the Georgia Public Service Commission on September 19, the PSC will render a decision on February 6, 2018, regarding the fate of the

Vogtle expansion project. Georgia Power owns 45.7 percent of the project, Oglethorpe owns 30 percent, MEAG Power owns 22.7 percent, and Dalton Utilities owns 1.6 percent.

### **Construction milestones**

Vogtle has reached a number of construction milestones in recent months, despite the uncertainty surrounding the future of the project. According to press releases from Georgia Power on October 6 and 12, the milestones achieved include the placement of the second steam generator for Unit 3, a critical concrete "super placement" for Unit 3, and the lift of the 237-ton CA03 module for Unit 4.

The 1.4-million-pound steam generator was lifted into the Vogtle-3 nuclear island on October 10 and positioned adjacent to the unit's other steam generator, which was placed in August (*NN*, Sept. 2017, p. 15). The 71-hour continuous concrete placement included 1,844 cubic yards of concrete—enough to create a sidewalk more than six miles long, according to Georgia Power. New concrete was poured in four key areas of the Vogtle-3 containment vessel: the refueling cavity, the bottom of the in-containment refueling water storage tank, the west steam generator cubicle walls, and the pressurizer cubicle walls. The CA03 module placed in Vogtle-4 is a critical component and part of the 75,300-cubic-foot in-containment

refueling water storage tank. Once the units are operational, the tank will be filled with borated water to provide a passive heatsink within containment and backup cooling for the reactor vessel.

Other significant milestones achieved over the past 30 days, according to the October 6 press release, include the placement of the 35-ton CA33 floor module for Unit 3, and the placement of the 148-foot, 300-ton deaerator inside the Unit 4 turbine building.

### **EPC cancellation objection**

On September 25, Westinghouse filed an objection with the U.S. Bankruptcy Court for the Southern District of New York in an attempt to prevent Georgia Power from terminating Westinghouse's contract to continue the construction of Vogtle-3 and -4. Georgia Power filed a motion with the court on August 15, alleging that Westinghouse's March 29 bankruptcy filing showed that it had abandoned the Vogtle project, thereby voiding its engineering, procurement, and construction (EPC) agreement. Westinghouse's objection challenges the claim of abandonment, arguing that Georgia Power does not have sufficient grounds to request termination of the EPC agreement. A hearing regarding Georgia Power's motion to cancel the EPC agreement was to be held on October 26 before Judge Michael E. Wiles.