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# Vogtle, Summer nuclear plants face bleak outlook after Westinghouse bankruptcy

Billions in cost overruns mean power companies, politicians ready to walk away.

MEGAN GEUSS - 8/4/2017, 8:00 AM

Pallava Bagla / Getty Images



[Enlarge](#) / In 2013, atomic plant Vogtle was a 2-unit nuclear

power plant located in Burke County, near Waynesboro, Georgia, in USA. Each unit has a Westinghouse pressurized water reactor (PWR), with a General Electric turbine and electric generator, producing approximately 2,400 MW of electricity. The cost overruns incurred in making Westinghouse's AP 1000 reactors led to the Toshiba subsidiary's bankruptcy. (Photo by Pallava Bagla/Corbis via Getty Images)

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The Summer nuclear reactor expansion in South Carolina and the Vogtle nuclear plant expansion in Georgia may never come to fruition after the plants' original contractor, Westinghouse, [filed for bankruptcy in March](#).

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[Nuclear giant Westinghouse files for bankruptcy after costs skyrocketed](#)

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Last week, power company Santee Cooper and energy company SCANA Corp [announced that they would walk away](#) (PDF) from the Summer plant. They made the announcement after calculating that the plant could cost [an additional \\$11.4 billion to finish](#), which would bring the final bill to more than \$25 billion.

Santee Cooper owns 45 percent of the Summer plant and SCANA owns 55 percent. Westinghouse parent company Toshiba offered the two companies \$2.2 billion toward the completion of the plant, but the two companies found that sum insufficient to continue

construction.

Utility Dive noted that a factor compounding these financial woes is politics. If Summer were to be completed, the construction delays would move the completion date from somewhere between 2017 and 2018 to sometime after the end of 2021, when the Energy Policy Act of 2005 is set to expire. That act would have offered Summer's owners an important federal tax credit for nuclear energy, which they can't take advantage of after the act has expired.

In comments to the South Carolina Public Service Commission on Tuesday, SCANA CEO Kevin Marsh said that an extension of those tax credits passed the House of Representatives. But the extension has been stalled in the Senate, he continued, in part due to the contentious and protracted debate on the Affordable Healthcare Act.

This week, Marsh said that he and leaders from Southern Company—which partially owns the similarly unfinished Vogtle plant in Georgia—went to Washington, DC, multiple times since Westinghouse's bankruptcy. There, they had “very direct discussions with high officials in the White House, the Department of Energy, and other connected people to the energy business or sector, in Washington.”

“We delivered our message very directly, very clearly, in terms of what we were looking for to support the projects,” Marsh said. “I believe they made an effort to evaluate options they had available, where they thought they could help us. We went as high as Rick Perry, Secretary of Energy, in the last meeting we had up there, and we’ve not gotten a response. We did hear from the Department of Energy. They called and offered us a DOE loan, which we had evaluated earlier, but that doesn’t help the situation we’re in.”

That’s strange news given [how enthusiastic President Trump and Secretary Perry have been publicly about nuclear energy](#). The administration often points to nuclear and coal as top priorities for US energy development, distancing itself from wind and solar resources, whose prices, unlike nuclear and coal, continue to plummet.

## Georgia’s plant

The Vogtle plant is in a similar predicament, but its owners are holding out hope for the completion of the plant. Early this week, utility Southern Company [reported estimates that total costs would come to](#) more than \$25 billion to complete that plant as well. (Southern would only be on the hook for a fraction of that, as it

owns a 45.7-percent stake in the plant.)

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The ultimate decision on whether Vogtle's owners will stay with the plant or walk away from it will be announced in late August.

In a financial call on Wednesday, Southern Company CEO Thomas A. Fanning said that if Vogtle does get completed, the first of the two reactors to be constructed would be completed between February 2021 and March 2022, and the second would go online between February 2022 and March 2023.

Fanning expressed far more confidence in the federal government's political support for the Vogtle site than did SCANA's CEO.

Fanning said:

I want to throw some kudos out to the current administration and Congress; boy, people don't say that very often these days... But let me tell you, as we have traveled around the globe, making sure that we get the best outcomes possible

associated with the Toshiba Guarantee, with the Westinghouse portion, scope of the project, the Trump administration cabinet has been fantastic, whether it's been Rick Perry, Wilbur Ross, Mike Pence, any of those guys and their staffs have been exceedingly helpful in having us prosecute our interest here. Further in Congress, I'll say very clearly, folks like Kevin McCarthy, Kevin Brady were very helpful in getting a bill, Bipartisan Bill; Jim Clyburn, Nancy Pelosi, and getting a bill out of Congress, out of the house anyway, and we'll see where we'll go elsewhere in the Senate.

There is some difference in the timelines of the two plants. Vogtle is ahead of Summer in construction—while Vogtle is 44 percent complete, construction on Summer is only 35 percent complete. Vogtle's owners also seem to have struck a better deal with Toshiba, which will pay the project owners \$3.68 billion, "whether the project is completed or not," according to Southern.

Southern also noted that it costed out a possibility in which one

reactor is built and the other site is turned into a natural gas-burning plant, but the company said it preferred to either keep or abandon the nuclear project as a whole. "We would need to build a rather lengthy pipeline, and maybe other sites around Georgia [are] maybe more suitable for that," Fanning said. "Adding the nuclear units gives a much-desired quality to the state's integrated resource plan, that is, fuel diversity. It is resilience to future carbon potential outcomes."

The financial call was not only about Southern's financial investment in the Vogtle plant, but it also touched on the failed coal gasification facility at the Kemper plant in Mississippi. The company suffered a massive blow when it announced earlier this quarter that it would no longer pursue coal gasification in Mississippi. Instead, the company has decided that Kemper will burn cheaper natural gas rather than **gasify lignite coal into cleaner-burning synthesis gas**, before emissions are sent through a carbon capture and storage system.

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