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Westinghouse CEO expects nuclear power to grow in energy-hungry U.S.



Philip G. Pavely | Tribune-Review

Westinghouse CEO Danny Roderick stands near a model of an AP 1000 nuclear simulator in Cranberry Tuesday, March 19, 2013.



By [David Conti](#)

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When Westinghouse Electric Co. hired Danny Roderick as its CEO two years ago, some wondered whether anyone would ever break ground on another nuclear reactor in the United States.

The Cranberry-based company increasingly looked to the U.K United Kingdom, China, and former Soviet bloc countries as more realistic customers for its AP1000 reactors as regulators reacted to the Fukushima disaster in Japan and some domestic projects halted plans.

International markets account for 60 percent of Westinghouse's business, but Roderick sees potential for increased nuclear power in the United States, especially in the West

and the Southeast, where construction began on four AP1000 reactors at two sites in Georgia and South Carolina.

Westinghouse this year became the exclusive negotiator in a plan to build reactors at a Utah power plant proposed by developer Blue Castle Holdings, and it announced what it calls its "seismic option," an AP1000 reactor modified to address concerns about earthquakes in Utah and other Western states.

Roderick spoke with the Tribune-Review about the challenges nuclear development has faces and its potential for increased greater development. Some excerpts from that conversation:

Trib: What kind of promise does the domestic market hold?

Roderick: For the non-regulated markets, the influx of government subsidies of renewables has created a little bit of a perversion in what should have been a free market. That market design was about everybody competes with everybody else on a level playing field. Unfortunately, what you have is, if these intermittent sources take away those times when the wind is blowing or the sun is shining, then you can't just sit and throw power plants up and down all the time and stay efficient. The valuation of having a knowledge that power comes on 24 hours a day is something that we as Americans take for granted. The world doesn't. The world knows this is a real problem. You may be able to get cheap energy 12 hours a day. And then you may not be able to get any energy. This is the strategic part of an energy policy that's lacking in the non-regulated markets.

Trib: And in the regulated markets?

Roderick: We still see new plants are going to be built in Florida; we see new plants that are going to come up in the Carolinas. Those are all progressing right now. In the last year, we've seen an announcement that Georgia intends on building more than the Vogtle project that we're already building there. Florida Power and NextEra Energy has announced they're going to start work on the Turkey Point project in South Florida. And Duke has continued discussion about building another unit in the Carolinas. So what you're seeing is, the regulated market, which actually does give a valuation to 24/7 power, and recognizes the need for long-term investments of infrastructure like a nuclear power plant.

The other thing in the U.S. is we've now started seeing more interest on the West Coast, which is why we initiated the new seismic design. Power plants on the West Coast are built a little different than on the East Coast. They are much more oriented into purchase-power agreements, where a developer comes in, builds the plant and then gets a contract for the off-take of the plant for the next 60 years or whatever the case may be.

Trib: That's how Blue Castle is doing it, right?

Roderick: Yes. That model is a little foreign to the Northeast and really foreign to the Southeast United States. Yet, it seems to be a model on the West Coast that we're going to have to try figure out how to do that.

Trib: Do you see the West Coast developing beyond what we see on the drawing board?

Roderick: Yes, I believe that Arizona is going to have a significant need for power in the next 15 years. That's going to take a state that has not that many natural resources from

an energy standpoint and that's why one of the largest nuclear power complexes in the world is just outside Phoenix, at Palo Verde, which is a great customer of ours. We know that at some point in time, those units are going to have to retire.

With the fluctuations of power needs in California, what you're seeing is a lot of people wanting to build nuclear power plants just across the border (from) California.

And then, when you get a development request, you have to try to find two things on the West Coast. One is water. That's the biggest challenge of anything on the West Coast. The second is transmission corridors to be able to get into California. So, when you look around at where is water and where are the transmission corridors, these are key siting locations for us. There's plenty of water in the Northwest ... and then a little further south into the Utah area and some points of Arizona.

Trib: Is there any room for reducing the large capital cost of a plant?

Roderick: We build most (reactors) in two units, and what we're seeing in China, we see this, and we see this in the U.S., too the second unit is coming up 30 percent less cost than the first unit. You're seeing that we started eight projects at once, four first units at a time. Instead of building one and getting all the learning done, we have four first-of-a-kinds going in. In all the second-of-a-kinds at those sites, we're seeing a 30 percent reduction in cost.

Now that the designs are done, and the regulatory changes seems to have slowed down, I think our ability to get that capital cost down is going to become much more important.

We will come out of this with a licensed plant that has regulatory certainty, that's fully designed, that our supply chain has matured in now, and so we will just be able to continue to drive that cost down.

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