

Oglethorpe Power defends nuclear decision despite low gas prices

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Oglethorpe Power President and CEO Tom Smith Tuesday said he continues to believe the utility made the right choice in taking a 30% ownership stake in two new nuclear units in Georgia, despite the fact that low US natural gas prices have made gas-fired generation a viable option for baseload capacity.

In conference call with investors to discuss the utility's fourth-quarter financial results, Smith said "lower natural gas prices haven't changed our view at all about our investment" in Vogtle units 3 and 4." A number of utilities that had planned to build nuclear units have slowed those plans, citing low gas prices and the much cheaper cost of building gas-fired capacity.

He said said that for fuel diversification purposes it continues to make sense for Oglethorpe to retain a 30% stake in both the two planned Vogtle units and the two existing nuclear units at Vogtle. The two planned units, each of which will have a capacity of 1,117 MW, are under construction and scheduled to come online in 2016 and 2017.

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"You absolutely have to have a long-term time horizon" to invest in new nuclear capacity, Smith said, noting that Oglethorpe's investment in Vogtle units 1 and 2 more than 30 years ago was "very expensive at the time" but has "paid good dividends."

Mike Price, executive vice president and COO with the generation and transmission cooperative, said Oglethorpe's 36 cooperative utility members expect to see a 2.5% increase in demand this year and a 3.7% increase in their annual energy requirements. Over the next several years, the members' demand and energy needs are expected to increase by an average just over 2%/year, Price said.

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