

Nuclear power 'far from dead' as U.S. sees startup of first reactor in 20 years

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Launch unlikely to boost uranium prices in near term



Watts Bar Nuclear Plant in Tennessee.

The U.S. saw a nuclear reactor come online this month for the first time in 20 years, and more are set to follow—proving that nuclear power is alive and well in a post-Fukushima disaster world.

The Tennessee Valley Authority connected its Watts Bar Unit 2 reactor to the power grid on June 3. It was the first nuclear power plant in the country to come online since 1996, when the Watts Bar Unit 1 reactor started operations, the U.S. Energy Information Administration said [in a report](#) Tuesday.

The new reactor, currently in the testing stage and designed to add 1,150 megawatts of electricity generating capacity to southeastern Tennessee, is also the first to meet the new

regulations set by the U.S. Nuclear Regulatory Commission, or NRC, in the wake of the 2011 earthquake and tsunami that damaged the Fukushima Daiichi Nuclear Plant in Japan, the EIA said.

Read: [Nuclear power market still suffers from Japan's Fukushima disaster](#)

The startup is “a wonderful achievement for TVA and the U.S. nuclear industry at large,” Jonathan Hinze, executive vice president of international operations at Ux Consulting Company, told MarketWatch.

‘Although it took a long time in coming, it shows that nuclear power is far from dead in the U.S.’

Jonathan Hinze, Ux Consulting Company

“Although it took a long time in coming, it shows that nuclear power is far from dead in the U.S. and new units with lifetimes of 60 years or longer are still a viable option for new power generation in this country,” said Hinze, who’s company is a leading nuclear-fuel consultancy.

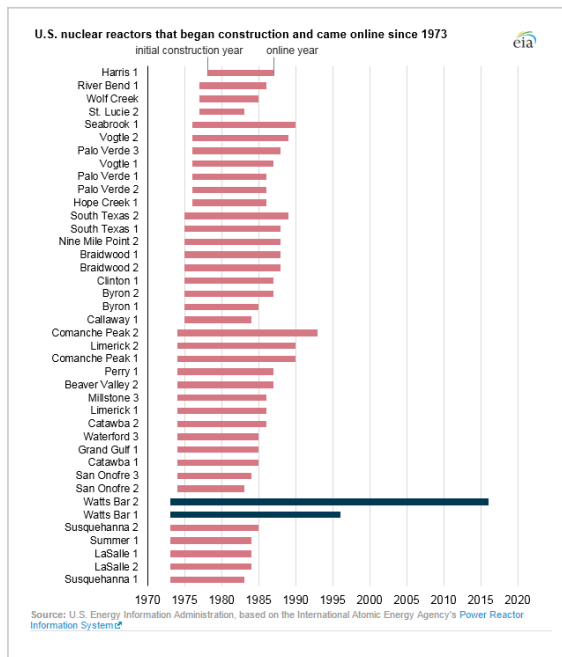
In the wake of the nuclear accident, nuclear power became somewhat of an outcast. Germany chose to completely phase out nuclear energy. By Sept. 15, 2013, all of Japan’s nuclear facilities were completely shut down in the wake of strict safety standards adopted after March 2011. Japan didn’t see any nuclear units come back online until August of 2015.

Construction of the Watts Bar Unit 2 had begun in 1973, but was then halted in 1985 after the NRC saw weaknesses in TVA’s nuclear program, according to the EIA. Construction restarted in 2007 and after going well over budget, was completed in 2015.

Environmental groups [unsuccessfully petitioned](#) the Nuclear Regulatory Commission in 2009 to halt the TVA from operating a second reactor at Watts Bar.

The project was paused “mainly due to a lack of power demand growth in the TVA region,” said Hinze. “Fukushima didn’t really slow the project down, [it was] just complicated engineering and lack of construction experience.”

For now, the impact on the uranium market is “unlikely to be significant,” because the new Watts Bar Unit 2 reactor has “already procured fuel and has been priced into the market for quite a while,” he said.



Still, “any new reactor demand is a net positive for the market and will lead to some support for price increases going forward,” said Hinze.

UxC uranium futures [UXN6, -0.71%](#) traded at \$28.05 a pound on Monday on volume of a few hundred contracts. They've lost around 20% year to date.

The startup of the U.S. reactor comes after news that Exelon Corp. [EXC, -1.60%](#) will [shut down two nuclear plants](#) due to a lack of progress on Illinois state legislation that would have helped to provide funding for nuclear power.

But another four U.S. reactors, with the potential to add 4,540 megawatts of generation capacity, are currently under construction: the Vogtle Electric Generating Plant Units 3 and 4 in Georgia and the Virgil C. Summer Nuclear Generating Station Units 2 and 3 in South Carolina, the EIA said.

“There are still many U.S. utilities that are considering new nuclear power plants for future generation, and depending on climate change and other policies, nuclear power is still seen as an important option for the future,” said Hinze.

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