

Price-Anderson Act

Regulatory bill goes critical

Washington

AFTER months of hearings, meetings in smoke-filled rooms and political threats and counter-threats, Congress appears ready to extend the Price-Anderson Act. Due to expire next year, Price-Anderson establishes limits on the financial liability of commercial nuclear power plant owners in the event of an accident. With four different versions of the legislation currently floating around Congress, there still must be a lot of horse trading before a bill is passed. What finally emerges will go a long way towards determining the future of nuclear power in the United States.

The Price-Anderson Act, enacted into law in 1957, offered government indemnification to protect the fledgling nuclear power industry from financial losses resulting from a power plant accident. In its original form, Price-Anderson required utilities to insure themselves to the maximum amount commercially available — then \$60 million — and the government to provide indemnification for an additional \$500 million. In 1975, Congress modified the act, making utilities liable up to a fixed limit for claims not covered by their insurance. A \$5 million "retroactive premium" can be levied against utilities for each of their plants in the event of an accident. A key feature of the scheme is its "no-fault" provisions. Utilities will be liable collectively, regardless of which of them is at fault in an accident.

Today, with 101 operating plants and \$160 million in commercial insurance available, the total compensation to vic-

tims of a nuclear accident is \$665 million. The only real test of Price-Anderson was the accident at Three Mile Island, all claims related to which were settled out of the utility's commercial insurance cover.

A recent report* by the General Accounting Office (GAO) estimates that a \$665 million liability limit would be sufficient to settle claims related to a catastrophic accident for only 4 per cent of existing reactors. Even staunch supporters of Price-Anderson admit that the \$665 million figure is now unrealistically low. What the industry dreaded is that a new version of Price-Anderson would remove liability caps. But unlimited liability, vigorously supported by environmental groups, was shot down earlier this month when its principal congressional proponent, Senator Robert Stafford (Republican, Vermont) agreed to accept a relatively high, but fixed, limit on liability.

Current versions of the bills extending Price-Anderson vary widely in their liability limits. At one end of the spectrum, a bill sponsored by Representative Morris Udall (Democrat, Arizona) calls for retroactive premium payments of up to \$63-million per reactor per accident, limiting payments in a single year to \$10 million. The Udall bill also requires utilities to carry a minimum of \$200 million worth of insurance for each reactor, bringing the total liability limit for an accident to \$6,563 million. According to GAO calculations, this limit would be adequate to give full compensation for a catastrophic accident at 95 per cent of power

plants. At the other end of the spectrum, a bill reported from the Senate Committee on Energy and Natural Resources calls for a single payment, maximum \$20 million, per reactor per accident, for a total liability limit of \$2,180 million. GAO concludes that 64 per cent of reactors would be covered by this limit. The current prevailing view is that a cap in the region of \$5,400 will emerge in the final bill.

Industry reaction to the proposed changes in Price-Anderson is curiously mixed. Although industry may be forced to accept liability limits higher than it would like, the nuclear lobby appears to have prevailed on many aspects of its agenda. Environmental groups had sought changes in the law that would allow utilities to sue for recovery of their retroactive premiums from a negligent plant operator where an accident occurred. Keike Kehoe, director of the nuclear accountability and insurance project at the Environmental Policy Institute, says this would bring financial accountability to the industry, encouraging high safety standards to avoid huge financial losses. The industry position is likely to prevail.

Environmental groups are bitterly disappointed by the direction renewals are taking. Kehoe points out that in a 1983 report to Congress the Nuclear Regulatory Commission recommended shifting the full costs of a catastrophic nuclear accident to utilities, a position it has since backed away from. But Kehoe believes without unlimited liability, victims of a nuclear power plant accident may never receive fair compensation. Kehoe says the industry can provide \$10 million per year for as long as it takes to settle all claims. She points out that the industry is already committed to spending around \$5 million a year in insurance for each plant.

One contentious provision of proposed Price-Anderson extensions that could ultimately torpedo the bill's chances is indemnification of the government's own nuclear activities. Under current law, non-defence government nuclear activities have a \$500 million limit on liability. In some versions of the new legislation these liability limits would be removed entirely, both for nuclear plant activities and for nuclear waste activities.

If Price-Anderson is allowed to expire, all currently licensed nuclear plants would continue to be covered under existing law, meaning that liability would only rise slowly from its current \$665 million level as plants under construction come on-line. But without an extension to Price-Anderson, the next generation of power plants will face the prospect of unlimited liability. The industry says that means they simply would never be built. **Joseph Palca**

Change of priorities in French science

SUPPORT for basic research in France will be little changed next year, in real terms, from 1985, the last full year of the previous socialist administration, according to unofficial figures published by the newspaper *Le Monde*. But direct government aid for industrial research will be cut.

The level of support comes nowhere near that foreseen in the three-year research plan for which the French National Assembly voted last December. That would have given by 1987 some 8 per cent real growth in research budgets, and 2,800 new posts for scientists and technicians. The *Le Monde* report foresees just 280 new research posts and 500 technicians, engineers and administrators are to be sacked or not replaced.

The special funds of the ministry of research (spent directly in industry or government and university laboratories, rather than through research councils on applied topics) will also fall from FF1,200 million (£120 million) in 1985 to FF750

million in 1987. The new government is apparently not convinced that ministry research judgements, at least on the previous scale, are better than industry's own. ANVAR, the government agency promoting research in small and medium-sized industries, including the thousands of companies making up France's agro-food sector, can also expect to lose 30 per cent of its funds.

Senior government advisers appointed by the previous administration and still in post, do not think the new government has abandoned industry, however. They expect new tax breaks on research and development budgets to be announced. But many doubt whether such fiscal incentives will do much to change the present extreme concentration of French industrial research in a few major companies, or to treat the basic French malaise: poor links between academics and industry caused by traditional divisions in the education system. **Robert Walgate**

*Nuclear Regulation: Financial Consequences of a Nuclear Power Plant Accident (General Accounting Office, Washington DC, GAO/RCED-86-193BR).