

ENC 2002 Conference Invited Paper

The Essential Importance of Long-Term Procurement Contracts to New NPPs In Competitive Markets

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This presentation will discuss the essential change that has occurred from the past, when nuclear power plant construction and ownership could be financed on the basis of compensatory rates paid by captive consumers, to the present and future when financing will depend on market-based revenues. The speaker will refer to experience with electric industry restructuring in the United States, particularly in California, to illustrate the impact on financing costs and availability, and the affect on technology choices which results from this impact. The presentation will describe how long-term procurement contracts by a creditworthy, load-serving entity become essential to support the financing required by any large, new generating plant requiring large capital investment.