The Nuclear Waste Fund: Historical Context, CBO Scoring, and Legislative Fix

35 Years of “Pay Something for Nothing: The Creation of the Nuclear Waste Fund

More than 30 years ago, the Nuclear Waste Policy Act (NWPA) established a “fee-for-service” financing mechanism in which those that benefited from electricity generated by nuclear power paid the federal government for a multi-generational program to dispose of the spent nuclear fuel (SNF). Ratepayers, through utilities, paid into the Nuclear Waste Fund (NWF). The NWPA initiated a one mil per kilowatt-hour fee, or tenth of one cent, on nuclear-generated electricity (Fee), to support the NWF.

**Vital Numbers:**

- **More than $40 billion:** Amount of money ratepayers paid the federal government since 1983 to site, construct, and operate a permanent nuclear waste repository.

- **~$750 million:** Amount of money previously paid to DOE by ratepayers every year to fund a nuclear waste management program.

- **$15 billion:** Total amount of money spent on Yucca Mountain to date.

- **0:** Tons of spent nuclear fuel that the federal government has taken for disposal.

**Spending Nuclear Waste Fee on Anything but Permanent Disposal: CBO Accounting Rules**

A series of actions since 1982 altered the NWF collection and use away from the original intent by Congress and resulted in a mismatched way the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) account for the fund. The current CBO accounting rules have effectively taken the money that was paid for nuclear waste and spent it on other government programs. Revenues from the Fee were classified as “mandatory” receipts and CBO scoring policy applied that funding to “deficit reduction” the year in which the money was collected. But spending on nuclear waste programs is subject to annual appropriation, therefore is classified as “discretionary” spending. Discretionary spending is subject to annual budget caps and only scored the year in which money is spent. Because spending was classified as discretionary outlays, each dollar that was spent on nuclear waste management counted against the budget cap and directly competed with other federal programs. However, CBO considers the interest generated on the NWF, which the NWPA directed be invested in U.S. treasuries, to be an intergovernmental transfer. This means the funds are not counted as new revenue.

**Vital Numbers:**

- **$39 billion:** Current NWF balance, which is the total value of all ratepayer contributions and accounting for annual interest accrual.

- **~$2 billion:** Interest generated from NWF investment in U.S. government securities during FY2016.

- **20:** Years past the statutory deadline to dispose of nuclear waste.

- **$34 billion:** Amount of money taxpayers are liable for because of court-ordered claims due to the lack of Yucca Mountain that is not subject to budget caps and paid out from a special separate Treasury Fund.
Phantom CBO Baseline: How Congress Spends Money That Doesn’t Exist

In 2013, following the Obama Administration’s termination of the Yucca Mountain Project, the D.C. Circuit Court of Appeals ruled that DOE could no longer collect the Fee, as the secretary had no credible cost estimate to justify its collection. Then Secretary of Energy Ernest Moniz set the Fee to zero, as directed by the court. However, CBO continues to score collection of the Fee as “50-50” because law does not prohibit the Fee from being reinstated. Therefore, CBO’s baseline projects Fee collection every year.

Vital Numbers:

~$3 billion: Amount ratepayers paid from October 2010 through May 2014 to the federal government.

$3.6 billion: OMB’s total projected Fee revenue in its 10-year scoring window.

$0: Amount of annual fee revenue that has been collected since May 2014.

~$350 million: Amount of money that CBO annually claims in Fee baseline projections since the courts stopped collection of the Fee in 2014.

~$1.4 billion: Amount spent on other government programs from 2014-2017 because of CBO’s “phantom baseline” nuclear waste fee.

How does H.R. 3053 fix all of this?

H.R. 3053, the Nuclear Waste Policy Amendments Act, would reform the Nuclear Waste Fund to protect ratepayers. These commonsense fixes to the broken financing mechanism outlined above include:

- Prohibiting collection of the Fee until the federal government finally gets an answer whether the Yucca Mountain repository can move forward; and

- Limiting future rate payer payments to the federal government to 90% of what is spent annually to end CBO’s accounting gimmicks

For more information visit: energycommerce.house.gov/nwpaa