White tornado headed for Zion

Exelon Corp. is close to a deal to turn over its mothballed Zion nuclear power plant to an outside contractor that promises to clean up the North Shore site in 10 years — four decades faster than the current plan.

Exelon says it now favors a fast-track cleanup over another option that’s been on the table: refurbishing and restarting the shuttered plant. The company spent the last two
months feeling out state and local officials but concluded that the financial and political hurdles to restarting were too steep.

"We don't see a path forward on it," says Thomas O'Neill, vice-president in charge of new plant development for Exelon's nuclear power unit. Repairing and modernizing the plant for a restart would have cost Exelon between $1.5 billion and $2 billion, he says.

Now, Exelon is moving toward a first-of-its-kind plan to transfer control of the 260-acre Zion facility to Energy Solutions Inc. of Salt Lake City, which would guarantee full cleanup within 10 years at a cost low enough to be covered by an existing fund set aside to restore the site. That fund, financed by fees paid by customers of Exelon's Commonwealth Edison Co. over decades, now has about $900 million. Exelon will announce its intentions for Zion by yearend.

If the cleanup comes in under budget, Energy Solutions would remit the savings to Exelon, which would pass them on to ComEd customers, as required by law.

With a projected early 2009 start, the land would be ready for new development by late 2018 or early 2019. Federal regulations give Exelon until 2058 to clean up the site.

Exelon's Zion nuclear power plant was shut down in 1998 after operational problems drew the attention of federal regulators.

PHOTO: STEPHEN J. SERIO
The Zion plant was shut down in 1998 after a series of operational problems that drew the attention of federal regulators. Exelon recently began to look at options for Zion because the Chicago company would have had to notify regulators soon if it intended to restart the plant.

Under the fast-track cleanup proposal now in the works, Exelon would keep about 60 of the 260 acres for permanent storage of high-level radioactive fuel in concrete casks. Currently, that spent fuel is stored onsite in heavily guarded cooling pools. The remainder of the site would be available for redevelopment and possibly a lakefront park.

Reaction to the cleanup plan from Zion-area politicians is generally positive. "It could really be an economic development opportunity," says state Sen. Michael Bond, D-Grayslake.

Energy Solutions owns one of the country's only disposal sites for low-level radioactive waste and is an amalgam of several firms that have specialized in aspects of nuclear waste cleanup and disposal. But the company is new and just went public last month in a $690-million offering. The Zion contract, which would be the company's first big project, would be groundbreaking in terms of how quickly a shuttered nuclear plant site could be reclaimed, Exelon's Mr. O'Neill notes.

Energy Solutions did not return a call seeking comment.

The Energy Solutions option is attractive because Exelon would cede responsibility for cleanup to another firm more expert in the field. If Exelon were to handle the project itself, it estimates the costs would run up to $1.3 billion, well above the $900 million now in the cleanup fund, Mr. O'Neil says. That could require more money from ComEd customers.

"There's not a profit Exelon makes here," he says.

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