



MANHATTAN INSTITUTE FOR POLICY RESEARCH

## Press Release

September 18, 2012

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## **New Report: The High Cost of Shutting Down and Replacing Indian Point**

*Lost jobs, sky rocketing electricity costs and economic impact to the region*

**New York, NY:** There have been frequent calls to close New York's Indian Point Energy Center (IPEC), a nuclear power station located 40 miles north of Manhattan. Critics have cited concern for the environment and the site's vulnerability to a terrorist attack as reasons to shutter the facility. But closing Indian Point will mean higher electric costs for all New Yorkers—not just those living in Manhattan—and the loss of tens of thousands of jobs in the Empire State a new report finds.

On Tuesday September 18, 2012 at an event in New York City, the Manhattan Institute's Center for Energy Policy and the Environment released a new report, "**The Economic Impacts of Closing and Replacing the Indian Point Energy Center,**" by economist Jonathan Lesser. This new paper addresses the economic impact of losing the source of 30 percent of New York City's electricity and whether Governor Cuomo's "Energy Highway" be enough to replace the reliability and power-capacity of Indian Point.

### **What shuttering Indian Point means for New Yorkers:**

- It will drastically increase the price New Yorkers pay for electricity by \$1.5 billion to \$2.4 billion each year.
- It will devastate the New York economy with an estimated 26,000 to 40,000 lost jobs annually.
- The MTA would pay another \$1 million to \$2 million per year for electricity—a bill to be passed on to straphangers and taxpayers.

### **If Indian Point is allowed to close, what will replace its output?**

#### **Natural Gas?**

- Thanks to shale gas discoveries, natural gas is increasingly abundant and low-cost. However, the state's pipeline infrastructure already operates at capacity. Moreover, building new pipelines is expensive and time consuming, especially through highly populated areas, such as Westchester County.

#### **Hydroelectric Power?**

- New transmission lines would allow New York to import hydroelectric power from Quebec. The proposed Champlain-Hudson line, which has yet to receive a permit, is projected to cost over \$2

billion, will not be ready until late 2016 at the earliest, and will provide only 1,000 megawatts of power. Indian Point produces 2,083 megawatts.

### **Wind and Solar?**

- Both are expensive, despite heavy subsidies. To produce power on the scale that's needed, wind and solar projects both require vast swaths of vacant land—a commodity in short supply in New York.
- Non-hydroelectric renewables are the most costly of all sources of electricity, largely because neither sun nor wind is a 24/7 resource—they must always be backed up with gas-fired generators.
- If the New York State Solar Industry Development and Jobs Act is passed, New York's total amount of solar capacity would be about 5,000 MW by 2025. However, capacity is not the same as actual output. Therefore 5,000 MW of solar PV capacity can be counted on to replace, at best, only about one-third of IPEC's annual output.

Finally, Lesser concludes that all alternatives for replacing IPEC are limited and costly, and all will result in higher electric prices for everyone in New York State. Those higher electric prices will have adverse impacts on the state's economy, resulting in the loss of thousands of jobs. Whether these trade-offs are greater than the benefits of closing IPEC is for New York politicians and policymakers to decide.

**Jonathan A. Lesser** is president of Continental Economics, Inc., an economic and litigation consulting firm specializing in issues affecting the energy industry. He has almost 30 years' experience in the energy industry, working for electric utilities, industry trade groups, and government energy policy and regulatory agencies. He holds an M.A. and a Ph.D. in economics from the University of Washington and a B.S. in mathematics and economics from the University of New Mexico.

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