

# **New Study Clarifies Which Industries Benefit From Federal Energy Subsidies**

## **Issue Critical as Policymakers Grapple With Impact of Incentives on Electric Grid**

*WASHINGTON, D.C., May 10, 2017*— The federal government has spent hundreds of billions of dollars since World War II supporting energy technologies with large shares going to fossil fuels, a new study shows.

The study by [Management Information Services](#) which was sponsored by the [Nuclear Energy Institute](#) (NEI), calculated that the total comes to more than \$1 trillion inflation-adjusted dollars. The subsidies came in many forms. By far the largest was in tax policy, which accounted for 40 percent of the incentives, and took forms like the oil depletion allowance.

Government incentives come in so many different forms, and have stretched across so many years, that compiling a comprehensive overview is difficult. The new study breaks down the total by technology type and by type of aid. It finds that nuclear power received 8 percent of the total spent by the federal government on energy research, development and deployment.

Energy subsidies are drawing intense attention now as federal and state policymakers grapple with a variety of incentives that are straining competitive electricity markets and driving baseload generation off the grid. Recently in Washington, the [Federal Energy Regulatory Commission sponsored a technical conference on the issue](#), while [U.S. Secretary of Energy Secretary Rick Perry has directed his staff at the Department of Energy](#) to produce a study which will offer policy recommendations to ensure that reliable, baseload generation sources like nuclear energy are preserved.

“What we’re seeing now in New York and Illinois is a course correction that’s designed to preserve power plants that generate clean electricity around the clock and serve as the foundation for reliable service to consumers,” said John Kotek, NEI’s vice president for policy development and public affairs. “If you’re going to deny equal treatment to nuclear energy, the largest source of emission-free generation in America, then that’s an argument for eliminating all energy subsidies,” Kotek said.

Help came to some technologies when they were exempted from government regulations, or when the expense to the government of regulating them was borne by all taxpayers, not by the industry itself. (Nuclear power, in contrast, pays 90 percent of the government’s cost of regulation through fees on the reactors.) Some industries received technology transfer from government labs, and others benefited from procurement mandates, with government agencies required to buy electricity from specified sources.

There are some surprises in the totals. For example:

- For decades the federal government has helped pay for the construction and operation of oil tankers. However, for nuclear power, the resources flow in the other direction; payments into the Nuclear Waste Fund, which now totals over \$40 billion, far exceed what is disbursed on its behalf.
- Over the years the natural gas industry, which has now flooded the energy markets with cheap fuel and [results in more carbon dioxide emissions in the U.S. than coal does](#), has received nearly twice as much in federal incentives as nuclear energy, \$140 billion versus \$78 billion.
- For the last 30 years, the government has spent more on coal research than nuclear research. It has spent more on renewable research than nuclear research since 1994.

The study did not put a value on state-level non-cash incentives in the energy industry, including Renewable Portfolio Standards and tax breaks for drilling and fracking.

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