



Nuclear Power Plants and the CEDS: Strategies & Approaches to Address Economic Impacts and Closure

Putting the Issues in Context

Nuclear power plants can bring significant economic benefits to the regions where they are located. In addition to generating reliable low-carbon power, these utilities provide high-paying jobs (often in rural communities), support municipal and school budgets through taxes and Payments in Lieu of Taxes (PILOTs), generate a wide network of indirect jobs, and can enhance civic life by sponsoring local events and funding scholarships. However, these power plants have a finite life span and will eventually close, removing from the community all the aforementioned benefits and resources. Additionally, competition for experienced employees within the nuclear power industry is high, so when a plant ends operations a majority of employees and their families will tend to leave town. And if the plant is located in a rural or otherwise lower income area, the loss of what are often outsized household incomes can have significant impacts throughout the larger community as less money is available to be spent locally. At the moment, over 20 nuclear power sites are in the closure and decommissioning process and between five and ten additional plants could close within the next few years. Each plant closure represents at a minimum a \$400 million annual economic loss to a region.

Given the economic and social contributions nuclear power plants make to their host communities, it is a natural fit to discuss their role and impact in a region's Comprehensive Economic Development Strategy, or CEDS. The CEDS, often prepared by an Economic Development District (EDD), is a locally-based, regionally-driven economic development planning process and document that creates the space for a region to identify its strengths and weaknesses and brings together a diverse set of partners to generate good jobs, diversify the economy, and spur economic growth. An effective CEDS allows a region to maximize its economic development potential, as well as engage with the U.S. Economic Development Administration (EDA) and other federal partners to access a variety of infrastructure and capacity building grants.

Despite the value in highlighting nuclear plant closure impacts in the CEDS, a national review of these documents reveals that these issues are often not thoroughly addressed. Many CEDS do not mention the existence of the nuclear plants at all; others only briefly discuss them in passing references to electricity generation and number of jobs created in the region. Not including this information in the CEDS is a missed opportunity as it means the CEDS doesn't present a full picture of the region's economy. It also may limit the region's ability to access funding and resources to support economic diversification and workforce development. There are, however, a handful of CEDS that do effectively call out the ongoing or potential economic impacts of closure and provide useful information and strategies for the region to adapt, diversify, and become more resilient.

The following observations and best practices are offered to encourage local organizations to incorporate nuclear community issues into the CEDS to better position their regions for recovery and resilience. Included in

these suggestions are examples from effective CEDS and also insights from Chris Campany, the executive director of the [Windham Regional Commission \(WRC\)](#). Though not an EDD, WRC served as a key organization in guiding the region in preparation for the Vermont Yankee Nuclear Power Station's closure in December 2014 and was part of a coalition of organizations that developed the [Southeastern Vermont Economic Development Strategy \(SeVEDS\)](#). (Learn more about Vermont Yankee closure experience and lessons learned [here](#)).

Economic Development Districts (EDDs) and other regional organizations that prepare the CEDS are well-positioned to facilitate the conversation around inevitable plant closure.

As trusted conveners in their regions, EDDs and other regionally-based organizations are able to facilitate discussions and meetings about nuclear power plant closure and the wider economic and social impacts that may follow. These can be highly sensitive and emotional topics, but as a trusted partner, EDDs can use the CEDS planning process and other regional economic development initiatives to create the space to talk constructively about these issues. "We weren't supporting or opposing the continued operations of Vermont Yankee," says Chris Campany. "But we knew it would close eventually and therefore began looking into what closure scenarios were in the region's best interest. It's the same process you should consider for any industry that may have a limited lifespan, whether that lifespan is driven by the availability of a specific resource or market conditions that could impact the economic viability of reliance on that resource. What has so greatly impacted the economic viability of nuclear plants is the availability of relatively cheap natural gas."

As federally-designated entities and EDA's key institutional partners, EDDs can leverage ongoing partnerships with many federal agencies to help translate the vision identified in the CEDS into action. EDD staff capacity and project expertise can be leveraged to prepare applications for communities to access funding and other resources and implement projects and initiatives identified through the CEDS planning process that support with closure issues. These funding sources include [EDA's Public Works and Economic Adjustment Assistance programs](#), including the Nuclear Closure Communities funding stream designed to support "regions that have been impacted, or can reasonably demonstrate that they will be impacted, by [nuclear power plant] closure(s)."

Nuclear power plants shut down for many reasons. Talking about a potential closure isn't one of them.

There may be a reluctance in some places to discuss these issues out of a concern that doing so might somehow lead to early closure or influence the utility's decision-making process about the future of a plant. However, evidence shows that economic considerations such as changes in the energy market, the high cost of deferred maintenance, and other plant-specific reasons are the primary reasons a plant may close early. Says Campany: "The plant isn't going to close just because you are asking questions and talking about these issues as a community. Vermont Yankee closed because it wasn't competitive and it cost too much to run the plant. It had everything to do with the economic climate."

It is never too early to discuss plant closure and economic diversification.

Too many places wait until it is too late to discuss important issues like economic diversification. When times are good and an economy or industry is booming, there seems to be little incentive to think about preparing for a possible (or eventual) economic downturn or closure. However, every community and region should always be thinking about diversifying its workforce and economic base. This is particularly important in places where there may be an industry or entity that has an outsize impact on the local or regional economy, such as regions that are home to a nuclear power plant. Over-reliance on one employer to provide jobs, a tax base, or other services puts a

community in a very tenuous position. Even if there is no sign at the moment of a plant closing, now is still the time to gather information, have conversations, and look at ways to make the economy more resilient. Even Cupertino, CA – home to Apple and other successful tech companies – [has explored local diversification strategies](#) in the event that those companies ever left town, downsized, or made a major change in their operations. If Cupertino of all places is discussing economic diversification, your community should, too!

Discussing nuclear power plant issues in the required sections of the CEDS is an effective way to highlight their contributions to the regional economy and anticipate the economic impacts of closure.

Each required section in the CEDS provides the potential to highlight the economic impacts of nuclear power plants and eventual closure. As a refresher: the Summary Background should give a clear explanation of the region’s current economic status; the SWOT analysis is a clear recognition of the region’s opportunities and challenges; the Strategic Direction/Action Plan sets a vision and approach for how to address the issues identified in the SWOT; the Evaluation Framework is a method for tracking progress; and Economic Resilience addresses strategies for how a region can best anticipate, withstand, and bounce back from shocks, disruptions, and stresses. For more information about the required sections of the CEDS, visit [here](#). Keep in mind that the CEDS is as much a process as it is the final document produced. Public engagement and outreach efforts, in particular during the SWOT analysis, are opportunities to address these issues as a region and provide a forum for candid, thoughtful discussions about these topics with a wide cross-section of the community.

Below are examples of how districts have incorporated nuclear plant issues into the different sections of the CEDS and the language that was used:

[\[Summary Background\] Crater Planning District Commission \(2020-2025 CEDS\)](#): “The period of the 1970s and 1980s was also a time of suburbanization in the counties adjacent to the District’s cities. Economic development/jobs generation/tax base expansion became a central focus in all of the District’s localities. A key example was the location in 1972 of the Dominion Virginia Power Surry Power Station, the company’s first nuclear station, in rural Surry County along the James River. It continues to be a major employment center and taxpayer in Surry County.”

[\[Summary Background\] Southeastern Connecticut Economic Development District \(2017-2022 CEDS\)](#): “The largest 6-digit NAICS industry within the [Energy and Environment] cluster is Nuclear Electric Power Generation, with over 1,000 jobs, or 18% of jobs in 2016. This industry specifically contributes \$757,449,697 to seCTer GRP...The Energy and Environment cluster within the seCTer region has declined over the past five years by 546 jobs, a 9% decrease and is projected to decrease by another 423 jobs in the upcoming five-year period which would contribute to an 8% decrease. Job losses have been driven by losses in the nuclear industry, electrical distribution, and engineering services.”

[\[SWOT\] Region 1 Planning Council \(2021-2024 CEDS\)](#): “Exelon Corporation’s announcement that the Byron nuclear power plant will close in 2021 is a reminder that the Northern Illinois Region, which has long enjoyed inexpensive electricity, must develop sustainable, alternative energy sources to mitigate the likelihood of higher electricity costs in the future.”

[\[Strategic Direction\] Bi-State Regional Commission \(2016-2021 CEDS\)](#): “Request EDA Technical Assistance funds to study the economic effects on the energy sector to the region including coal and nuclear plants within the region, as well as sustainable and future energy sources.”

[\[Evaluation Framework\] Old Colony Planning Council \(2020-2025 CEDS\)](#): “OCPC worked with U.S.EDA and the Towns of Kingston and Plymouth to plan a Regional Economic Diversification Summit (REDS) that was held at Kingston Town Hall on Thursday, September 19, 2019. This summit discussed and found solutions to the infrastructure needs and workforce development needs for these two communities to help them deal with the

impacts on their communities due to the closure and loss of jobs with the closure of the Entergy Pilgrim Nuclear Power Plant on May 31, 2019.”

[[Economic Resilience](#)] [Hudson Valley Regional Council \(2019-2023 CEDS\)](#): “The downturn in specific industries that make up a critical component of jobs or a local economy is currently happening in our region also. Currently, the Town of Cortlandt in Westchester County is taking actions, knowing that it will be experiencing adverse economic impact with the closure of Indian Point Nuclear Power Plant. Although hailed by many, the loss of several thousand jobs, and millions of dollars in tax revenue to the School District, the Town, several hamlets, villages, and the County will have a long-term impact on a large portion of our region. The Town of Cortlandt is working on feasibility studies and identifying areas for potential economic growth and development to offset the loss of revenues as well as create new employment opportunities for those affected. The Economic Development Administration as well as the State of New York are developing programs and funding opportunities to assist in rebuilding the economy in this area.”

Use the CEDS process to gather information to highlight how the nuclear power plant is positioned within the wider regional economy.

Use the information gathering process while preparing the CEDS to research and synthesize information about the plant, its workforce, and economic impact to paint a clearer picture of its impact on the wider regional economy. Chris Campany has the following suggestions for EDDs and other regional organizations: “Look at proceedings related to the plants to see what if any information can be gleaned from the plants themselves, including employment and income data. There may be other things included in [Nuclear Regulatory Commission](#) filings and state utility commission filings that provide an economic characterization of the plant. There may be information about what the decommissioning scenario will be – [SAFSTOR](#) or [DECON](#). That is incredibly useful information because it tells you how sharp the cliff will be when it comes to number of employees and how that translates into income leaving the region.” For EDDs that may be reluctant to highlight this information out of a fear it may be seen as “calling out” the nuclear industry, Campany suggests doing a similar analysis for all other major industries in the area to show the nature of the full regional economy. “If you want to take the sting out of it, if there are other major employers in the community – seek similar information from them as it is important to have anyhow for the CEDS.”

Don’t be afraid to admit what you don’t yet know about closure impacts.

The CEDS planning and public engagement process may reveal gaps in knowledge or raise additional questions for the region. Be transparent in the CEDS document about what information or data might be needed to allow for more informed decision making. For example, in the [Bi-State Regional Commission’s 2015 CEDS](#), the Summary Background included the following point: “The region has a nuclear power plant owned and operated by Exelon in Cordova, Illinois; however, the plant will need to be decommissioned in a few years. Changes in regulations for coal-fired plants may also cause the plants in the region to close in the future. The overall effects of a nuclear power plant decommissioning and/or coal-fired power plant closures are not known at this time and will require future study.” By including this information in the CEDS, the region is clearly identifying what else is needed to make these planning efforts part of a long-term, on-going strategy for economic resilience and diversification.

And at a bare minimum...at least mention the existence of the plant in your CEDS.

A surprisingly number of CEDS that cover regions home to nuclear power plants do not even mention there is a plant in the area at all. Regardless of the status of the plant – whether it is operating, undergoing decommissioning, or closed – it is a part of your region’s economic landscape and should be identified in your CEDS. Ideally, the CEDS will address some of the deeper economic and social issues discussed above, but if for

whatever reason that it not feasible, make sure that the plant is at least mentioned as a power generator, jobs creator, and part of the region’s industrial mix. This can help establish a solid foundation to address these issues in more detail during a CEDS update or rewrite, or through other regional economic development initiatives. Finally, you might consider taking a closer look at the experiences of communities where plants have already closed to frame questions your CEDS could address, and what some likely impact scenarios could be for your community. For a background on the socioeconomic impacts of nuclear power plant closure, please see the [Nuclear Decommissioning Collaborative’s](#) recent report [here](#).

April 2021

This brief was written by Brett Schwartz, Associate Director, NADO Research Foundation.
Special thanks to Chris Campany at the Windham Regional Commission for his time, expertise, and insight.

If your region is home to a nuclear power plan, you are eligible to receive free technical assistance through the [Nuclear Closure Communities Technical Assistance Program](#) funded by the [U.S. Economic Development Administration](#) and staffed by [Smart Growth America](#), the [Nuclear Decommissioning Collaborative](#), the [NADO Research Foundation](#), and the [Center for Creative Land Recycling](#). No matter where the power plant is in its lifecycle, the program team can provide support with a host of planning, evaluation, and implementation strategies. Click [here](#) to learn more about the program and [here](#) for a description of services available from the project team.

This effort utilizes Federal funds under award ED20HDQ3030068 from the [U.S. Economic Development Administration \(EDA\)](#), [U.S. Department of Commerce](#). The statements, findings, conclusions, and recommendations are those of the project team and do not necessarily reflect the views of EDA or the U.S. Department of Commerce.

