BIG energy seminar series

Addressing the scale and complexity of the global energy challenge.

Corporate Incentives and Nuclear Safety

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Date: Monday, February 4th, 2013 at 3:30–5:00 PM
Location: Economics Building, ECON room 117
(Building is near the intersection of Broadway and College Avenue)

Abstract: Beginning in the late 1990s, approximately half of all commercial U.S. nuclear power reactors were sold by price-regulated public utilities to independent power producers. At the time of the ownership transfers, some policy makers raised concerns that these profit-maximizing corporations would ignore safety. Others claimed that corporations would improve reactor management, with positive effects on safety. This paper pro-vides the first comprehensive evidence of the effect of these ownership transfers on plant safety. Using data on a variety of safety measures and a difference-in-difference estimation strategy, I find no evidence that safety deteriorated; for some measures, it even improved following divestiture. Moreover, for given levels of generation, safety substantially improved. Ownership transfers led to increased operating efficiency, and these gains do not appear to have come at the cost of public safety. To provide intuition for these endings, I show how these results are consistent with the incentives faced by nuclear plant operators

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