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Fox Administration Seeks Expansion of Nuclear, Wind Energy Sectors

by LADB Staff

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President Vicente Fox's administration is pushing to expand usage of nuclear and wind energy to supplement Mexico's electrical power needs, but some opposition has emerged because of environmental and safety concerns and the strong probability that any projects would have to include foreign investors.

Expansion of Laguna Verde nuclear-plant proposed

The proposal to boost usage of nuclear energy involves expanding and modernizing the controversial Laguna Verde plant in Veracruz state. The facility, which went into operation in 1989, was constructed against the wishes of residents of the nearby community of Alto Lucero. At that time, many critics questioned why the government would spend US\$3.5 billion to construct a facility designed to last only a few decades and which would supply only about 3% of Mexico's electrical power needs.

In March 2005, reports surfaced that authorities had created a special fund to cover the cost of dismantling the plant in 2025 or 2030. At that time, authorities admitted that the facility had a limited life but did not acknowledge any plans to dismantle the site. Some Fox administration officials, while not directly confirming or denying the reports, suggested the possibility that the life of the facility could be extended.

Juan Eibenschutz, director of the federal nuclear-safety agency (Comision Nacional de Seguridad Nuclear y Salvaguardas, CONASENUSA), told reporters that the life of Laguna Verde could be extended another 30 years as long as the state-run electrical utility the Comision Federal de Electricidad (CFE) took the necessary steps to modernize the facility.

In early 2006, Energy Secretary Fernando Canales Clariond confirmed the Fox administration's plans by announcing that the government had decided not to build any more reactors at Laguna Verde but instead would seek private investments of US\$800 million to modernize the facility, including expanding its productive capacity by about 256 megawatts.

In mid-July, the Secretaria de Energia (SENER) announced the creation of a new committee that would study and recommend actions on expanding the Laguna Verde plant. The committee is just a formality, as the Fox administration has identified four international companies as bidders for a concession: General Electric (US), Siemens AG (Germany), Mitsubishi (Japan), and Alstom (France). The four companies were to submit initial proposals by early September, with the project targeted for completion by 2010. The facility was constructed by GE Energy, a General Electric subsidiary, which may give the US company an advantage.

Officials at Alstom Mexico said, however, that the French company expects to be very competitive because of its presence in the Mexican market through a manufacturing plant in Michoacan state. The plant produces components for nuclear-power plants, exporting the majority of its output to France, India, China, South Korea, Finland, Sweden, and other countries.

Environmental advocates oppose plan

Some environmental advocates have come out against the government's proposal to extend the life of the Laguna Verde plant because the project will not eliminate the risks inherent to the facility. "Rather than continuing to try and fix Laguna Verde, a real leader would commit to phasing it out, along with its risks of human error, radiation contamination, and terrorist attack," said Talli Nauman, founder and co-director of Journalism to Raise Environmental Awareness. "The money saved could be used to replace jobs at the plant with others in development of clean, sustainable energy production."

Greenpeace Mexico and other environmental advocates have frequently raised concerns about the safety of the plant, including concerns that no quality-control guidelines were used during its construction. Furthermore, several operational lapses have been reported since the facility was inaugurated almost 20 years ago (see SourceMex, 2000-01-12, 2000-06-28, and 2001-05-09.) The World Association of Nuclear Operators (WANO) has confirmed some of these safety concerns (see SourceMex, 2002-02-20).

The most recent problem at the Laguna Verde plant was in March of this year, when a cooling mechanism failed. Greenpeace Mexico said this situation was serious because it could have led to a major emergency. "This would have caused a very serious nuclear accident, releasing into the atmosphere an amount of radioactivity similar to several atomic bombs," said the environmental organization. Still, authorities insist that the Laguna Verde plant is safe. "All the personnel and the facilities at the plant meet all national and international safety guidelines," Energy Secretary Fernando Canales Clariond said recently.

Beyond the safety concerns, the Laguna Verde facility faces the same waste-disposal problems as nuclear-power plants around the world. One controversial proposal, which the government has kept quiet, would have US-based Perma-Fix Environmental Services ship the waste to a US facility. "Transporting nuclear waste is always a dangerous thing, despite Perma-Fix Environmental Services' statement that no issues regarding national security or risk to public health and safety exist in a plan to ship it from Mexico's Laguna Verde atomic power plant to the United States," said Nauman. "The hazard is particularly high in this little-known scheme to send radioactive by-products from the southeastern state of Veracruz to the southeastern US state of Tennessee and then on to Utah state in the intermountain west."

Wind-energy proposal also controversial

The Fox government's plan to promote the expansion of wind-powered energy in Mexico has also generated some controversy. Under the government's proposal, private companies would be invited to invest about US\$600 million in a wind-energy project in southern Oaxaca state and other nearby areas in the Isthmus of Tehuantepec.

The Chamber of Deputies endorsed the wind-energy project in passing the renewable-energy law (*Ley para el Aprovechamiento de las Fuentes Renovables de Energia*) in December 2005. The legislation takes into account recommendations from the World Bank, which provided a grant of US\$70 million for the project. Under the plan, foreign companies would construct the facilities and operate them for a few years before turning them over to the state-run utility company, the Comision Federal de Electricidad (CFE). However, the renewable-energy law met resistance in the Senate in early 2006, with senators from the long-governing Partido Revolucionario Institucional (PRI) and the center-left Partido de la Revolucion Democratica (PRD) opposing the proposal to bring in private investors.

The opponents, led by PRI Sen. Manuel Bartlett Diaz, called the proposal a violation of the Mexican Constitution because it represented another step in the privatization of Mexico's electricity-generating sector. The World Bank proposal identifies several companies that are viable for the project, including US-based General Electric Wind, Electricite de France, and Gamesa and Indesa from Spain. Gamesa has already received one concession under the wind-energy project.

Victor Rodriguez Padilla, an energy researcher at the Universidad Nacional Autonoma de Mexico (UNAM), agreed with opponents in the Senate. He said that the scheme proposed by the World Bank for La Venta not only violates the Mexican Constitution but that a large portion of the energy produced at the site would be exported to the US and other countries.

The wind-energy project was also criticized by Subcomandante Marcos, the lead spokesperson for the Ejercito Zapatista de Liberacion Nacional (EZLN). Marcos denounced the project during a stop in Oaxaca as part of the EZLN's Other Campaign, which intended to bring attention to indigenous rights and other poverty-related issues during the presidential campaign (see SourceMex, 2006-01-18 and 2006-07-19).

Marcos accused multinational companies of attempting to exploit the resources of indigenous communities while not giving them anything in return. "This project implies the expulsion of indigenous peoples from their lands," said the EZLN leader. The project was opposed by environmental advocates, who raised concerns about the potential damage to wildlife. The Consejo Internacional para la Preservacion de las Aves (CIPAMEX) said the project would involve placing 300 wind turbines in the path of migratory birds. "This zone creates a topographic bottleneck that forces birds to gather in limited areas at low altitudes," said CIPAMEX president Raul Ortiz Pulido. "Unfortunately, the government failed to take this factor into account when conducting an environmental impact study."

Supporters of wind-generated electricity criticized the Fox government, but not because of the project. They accused the administration of lacking a formal strategy to promote this type of energy more widely. "What is missing is a pledge that as a country we will support the development of projects involving clean energy," said Eduardo Zenteno, president of the Asociacion Mexicana de Energia Eolica (AMEE). "The lack of conviction on the part of authorities is an obstacle to developing any projects."

Similar comments came from the Asociacion Mexicana de Energia Solar (AMES), which chastised the administration for promoting major projects like constructing hydroelectric dams while ignoring other types of renewable energy. "[This administration] has failed to define a policy regarding renewable energies," said AMES vice president Odon de Buen Rodriguez. [Sources: www.greenpeace.org/mexico; El Economista, 02/02/06; Agencia de noticias Proceso, 02/06/06; La Crisis, 04/25/05 02/07/06; El Universal, 02/21/06; Associated Press, 03/14/06; La Cronica de Hoy, 03/15/06; The Herald-Mexico City, 07/27/05, 03/20/06; La Jornada, 03/14/05, 03/15/05, 01/30/06, 02/08/06, 03/13/06, 03/15/06, 03/30/06, 06/12/06; Milenio Diario, 06/14/06; Excelsior, 05/23/06, 06/07/06, 06/15/06, 07/10/06; Reforma, 04/25/06, 06/06/06, 07/19/06, 07/20/06; Notimex, 07/19/05, 07/18/06, 08/11/06)

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