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BLOG

LPO Announces Conditional Commitment to Holtec Palisades to Finance the Restoration and Resumption of Service of 800-MW Nuclear Generating Station

LPO has offered a conditional commitment of up to \$1.52 billion for a loan guarantee to Holtec Palisades, LLC to finance the restoration and resumption of service of an 800-MW electric nuclear generating station in Covert Township, Michigan.

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5 min



ADVANCED NUCLEAR | TITLE 17 EIR

HOLTEC PALISADES

COVERT TOWNSHIP, MICHIGAN



The repowering and upgrade of the Palisades Nuclear Plant, a first in U.S. history, will produce baseload clean power until at least 2051.



LPO
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FINANCED BY THE U.S. DEPARTMENT OF ENERGY

Today, the U.S. Department of Energy's (DOE) [Loan Programs Office](#) (LPO) announced a conditional commitment of up to \$1.52 billion for a loan guarantee to Holtec Palisades, LLC (Holtec Palisades) to finance the restoration and resumption of service of an 800-MW electric nuclear generating station in Covert Township, Michigan. The project aims to bring back online the Palisades Nuclear Plant, which ceased operations in May 2022, and upgrade it to produce baseload clean power until at least 2051, subject to U.S. Nuclear Regulatory Commission (NRC) licensing approvals. If finalized, Holtec Palisades will be the first recommissioning of a shut-down nuclear power plant in the United States—reinforcing American's status as a global energy leader while also driving critical investments in energy communities to support their economic revitalization, strengthen domestic supply chains, and help workers benefit from the growing clean energy economy.

The project also highlights President Biden's Investing in America [agenda](#) to support good-paying, high-quality job opportunities in communities across the country while also expanding access to affordable clean energy resources. The project is projected to support or retain up to 600 high-quality jobs in Michigan—many of them filled by workers who have been at the plant for more than 20 years—with approximately 45% of the workforce at the site being good-paying union labor upon restart. In addition to the workers supported by the facility's restart, if finalized the loan guarantee would support more than 1,000 jobs during the facility's regularly scheduled refueling and maintenance periods every 18 months.

The project is anticipated to avoid 4.47 million tonnes of CO2 emissions per year for a total of 111 million tonnes of CO2 emissions during the projected 25 years of operations—an amount roughly equivalent to the annual emissions of removing more than 970,000 gasoline-powered cars from the road. Reducing fossil fuel-based electricity generation also reduces other harmful pollution that is often also released during the process and can cause or contribute to local [health impacts](#)²⁷. Once operational, the Palisades Nuclear Plant will provide around-the-clock, zero-emissions electricity generation—a vital addition to Midcontinent Independent System Operator’s (MISO) resource mix as coal plants are retired. Holtec Palisades has already procured signed long-term Power Purchase Agreements (PPAs) for the full power output with rural electric co-ops Wolverine Power Cooperative and Hoosier Energy in Michigan, Illinois, and Indiana.

Holtec Palisades is the first project to be offered a conditional commitment through the [Energy Infrastructure Reinvestment](#) (EIR) program under Title 17 Clean Energy Financing Section 1706, first authorized and appropriated by President Biden’s Inflation Reduction Act. EIR can finance projects that retool, repower, repurpose, or replace energy infrastructure that has ceased operations or enable operating energy infrastructure to avoid, reduce, utilize, or sequester air pollutants or greenhouse gas emissions. This project will repower existing energy infrastructure that has been nonoperational and support reinvestment in the community, underscoring the Biden-Harris Administration’s deep commitment to ensuring no community is left behind as we build America’s clean energy future.

In addition to the main 800-MW reactor, Holtec intends to use the Palisades site as the location for its first two small modular reactor units, which will not be part of the project that may be financed under this conditional commitment. The two units will potentially add an additional 800 MW of generation capacity at the site, take advantage of existing infrastructure, and spur the domestic development of new reactor technologies, which is critical to combatting the climate crisis.

Innovative decarbonization technologies—including clean firm power like nuclear energy—will play a critical role in meeting President Biden’s goals of a 100% clean electric grid by 2035 and a net zero emissions economy by 2050. As highlighted in DOE’s Pathways to Commercial Liftoff [report](#)²⁸, nuclear energy will become an increasingly important source of safe, reliable, and flexible baseload power as the nation decarbonizes its energy systems. In fact,

U.S. reactors have supplied [nearly 20%](#) of the nation's power since the 1990s. Nuclear, along with other firm and flexible energy sources—which are constantly available and can be quickly ramped up or down—will help ensure there is reliable and affordable energy on a modern, decarbonized grid.

The project also supports President Biden's **Justice40 Initiative**, which set the goal that 40% of overall benefits of certain federal investments flow to disadvantaged communities that are marginalized by underinvestment and overburdened by pollution. The Palisades Nuclear Plant is located in a disadvantaged community, where residents face higher energy costs than 97% of communities in the United States. In addition, LPO works with all borrowers to create good-paying local jobs during construction, operations, and throughout the life of the loan and to adhere to a strong Community Benefits Plan that will provide information and opportunities for meaningful community input and engagement regarding the plant and its operations. Holtec is committed to remaining an actively engaged community partner to ensure the public and interested stakeholders are well informed of site activities and can seek information and provide feedback to the company, both directly to Holtec and through the relevant NRC restart process.

Since the plant's infrastructure already exists, the project does not involve traditional major construction activities, but it will require inspections, testing, refurbishment, rebuilding, and replacement of existing equipment. Holtec is currently pursuing a reauthorization of the Palisades operating license with the NRC, the Federal agency responsible for regulating and licensing commercial nuclear power plants in the United States. To date, Holtec has submitted three NRC licensing requests in pursuit of license reauthorization and anticipates submitting the remainder in spring 2024.

While this [conditional commitment](#) demonstrates the Department's intent to finance the project, the company must satisfy certain technical, legal, environmental, and financial conditions before the Department enters into definitive financing documents and funds the loan.

Learn more about LPO's [Energy Infrastructure Reinvestment](#) program.

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