

Cape Wind rate shock

Electricity will cost twice as much as power plants

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The controversial Cape Wind project will cost taxpayers and ratepayers more than \$2 billion to build - three times its original estimate.

That colossal cost is the driving force behind the sky-high electric rates it plans to charge Massachusetts customers in coming years.

Cape Wind, which wants to build 130 wind turbines off the coast of Cape Cod, and National Grid announced yesterday that they've reached an agreement to start charging customers 20.7 cents per kilowatt hour in 2013 - more than double the current rate of electricity from conventional power plants and land-based wind farms.

Under the 15-year National Grid contract, the price of Cape Wind's electricity would increase 3.5 percent each year, pushing the kilowatt price to about 34.7 cents by the time the contract ends.

The current price of National Grid's non-wind electricity is now about 9 cents per kilowatt. That means the cost of fossil-fuel generated electricity would have to increase nearly four-fold just to keep pace with Cape Wind's prices over the next 15 years.

"I'm glad it's your electric bills and not mine," said Robert McCullough, president of McCullough Research, an Oregon energy consulting firm, referring to Cape Wind's prices.

He said Massachusetts would have been better off going with less costly land-based wind farms.

"Why are you spending billions (on offshore wind) when you can pay half that with traditional wind?" he asked.

The release of the Cape Wind-National Grid rate numbers, which still must be approved by the Department of Public Utilities, allowed experts for the first time to calculate Cape Wind's construction costs.

Experts now project it will cost at least \$2 billion, and possibly in excess of \$2.5 billion. Three sources familiar with the Cape Wind-National Grid negotiations confirmed yesterday that Cape Wind's final price tag will be above \$2 billion.

Because of available federal tax credits, Cape Wind could reap about \$600 million in taxpayer subsidies if the final cost is \$2 billion, in addition to its higher power rates.

Cape Wind president Jim Gordon yesterday again refused to say how much construction will cost, citing competitive talks he's now in with construction companies.



Photo by AP

Cape Wind and National Grid, which is planning to buy half the energy the wind farm will produce, said their rate deal will add about \$1.59 a month, or about 5 cents a day, to the current ratepayer's bill in 2013.

"The question is whether folks are prepared to pay five cents a day for a better energy future," said Gordon.

Ian Bowles, Gov. **Deval Patrick's** secretary of energy and environmental affairs, said the National Grid prices are competitive if renewable energy credits are deducted.

But energy experts said the proposed National Grid rates, especially with the annual inflation adjustments, add up to a very high price.

"This would seem to me to be a most unwelcome additional energy tax" on customers, said Peter Beutel, an energy analyst at Cameron Hanover in Connecticut.

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