

Cape Wind rates will whack businesses, hospitals, schools Blown away by costs

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The Bay State's hard-pressed businesses, cash-strapped schools and expensive hospitals will get whacked especially hard by Cape Wind's high electric rates even though there's far cheaper wind energy available from existing turbines in nearby Maine and elsewhere, a Herald review shows.

Gov. [Deval Patrick](#), who strongly backs the controversial off-shore wind project, has brushed off concerns about Cape Wind's costs, saying residential customers will pay roughly the equivalent of a cup of coffee, or \$1.25 a month more. But a review of National Grid's own estimates of the above-market prices it would pay for Cape Wind power shows that local businesses, nonprofits and other large energy users will be paying far more - in some cases as much tens of thousands of dollars per year.



And experts say most of those costs will be passed on to the same consumers who, as rate- and taxpayers, will be paying for the cost of planting the turbines off Nantucket Sound - and footing higher energy bills once the project is running.

"As they say, there are lies, damned lies and statistics," said energy analyst Robert McCullough. "This is a very expensive project."

A small mom-and-pop grocery store or a medium-sized restaurant will see monthly electric bills rise by about \$100 a month, or \$1,200 a year, based on National Grid's own estimates of the above-market prices it would pay for Cape Wind power.

A typical supermarket will get slapped with a monthly increase of about \$500, or \$6,000 a year, according to estimates.

A medium-size suburban hospital would see a \$2,500 jump in its monthly bills, or \$30,000 a year.

Large industrial businesses, many of which are already struggling to survive in a high-cost state like Massachusetts, would get hit the hardest.

Erving Paper, a paper mill that uses about 3.8 million kilowatts of electricity a month, would see its National Grid bills spike by about \$9,500 a month, or \$114,000 a year.

Morris Housen, owner of Erving Paper, said he previously favored Cape Wind.

“I used to look at Cape Wind and think, ‘Oh, wind power. That’s great,’ ” said Housen, whose firm is one of National Grid’s largest customers. “I don’t say that anymore. Cape Wind is going to cost us significantly more.”

To offset the increased expense, Housen said he’ll probably have to pass along the increase to customers or delay hiring any new employees. The last thing heavy industrial companies need is higher electric rates in Massachusetts, whose energy costs are already among the highest in the nation, he added.

The proposed Cape Wind rates, now under review by state regulators, are in stark contrast to the lower prices for land-based wind power now available from turbines in Maine, New York and Canada.

At a recent state regulatory hearing, TransCanada Energy, which owns 44 wind turbines in Maine, said it could sell its wind electricity to National Grid for less than 11 cents per kilowatt hour, or 41 percent lower than the 18.7 cents per kilowatt hour that the offshore Cape Wind will cost in its first year in 2013.

From New York to New Brunswick, other land-based wind farms are popping up to meet growing demand for renewable energy - and they’re charging roughly the same lower prices as TranCanada’s Kibby Wind Farm in Maine.

“TransCanada believes we can provide wind power from our Kibby facility at prices that are highly competitive,” the company said in a statement.

The higher prices for Cape Wind - and the lower prices elsewhere for renewable energy - leave some business leaders fuming at Patrick’s support for the \$2 billion offshore Cape Wind project.

“It is unconscionable for this administration to support Cape Wind, knowing its rate impact on National Grid ratepayers across Massachusetts, especially when equally green projects are available for almost half the price,” said Bob Rio, senior vice president of the Associated Industries of Massachusetts.

Steve Moore, executive director of the Randolph Public Schools, said the extra \$9,480-a-year price tag for Cape Wind power is “disappointing,” especially after Randolph schools struggled for years to cut electricity costs by hiring a private energy-management firm.

National Grid says it’s merely following new state laws mandating increased use of renewable energy.

National Grid opted to go with Cape Wind because it was the fastest and most efficient way to way to comply with renewable-energy quotas. With a maximum 468 megawatts of capacity, Cape Wind is larger than Kibby Wind Farm's 132 megawatts.

"There's an environmental policy being advanced on behalf of all our customers," said Ron Gerwatowski, deputy general counsel for National Grid.

He noted that electric bills for commercial and industrial customers will rise about 1.9 percent to 2.3 percent to pay for Cape Wind.

Cape Wind Associates, the developer of the 130-turbine wind project planned for Nantucket Sound, argued that the offshore development will ultimately drive down wholesale costs for all customers.

Offshore wind projects produce more energy than land-based wind turbines, the firm said in a statement, and the developer is confident Cape Wind's prices will be competitive if fossil-fuel prices increase in coming years, as many experts expect.

Robert Keough, a spokesman for Patrick, said Cape Wind's abundance of clean-energy represents a "public good" that everyone needs to pay for with the proposed rate increases.

But critics say Massachusetts homeowners and businesses are already burdened with paying the fourth highest electric rates in the nation.

"There's a lot of concern out there about Cape Wind's prices," said Jon Hurst, president of the Retailers Association of Massachusetts.

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