Feds wind plan may zap Massachusetts

Ratepayer could see double-digit increases

By Jay Fitzgerald | Sunday, January 2, 2011 | http://www.bostonherald.com | Business & Markets


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Massachusetts electric ratepayers could get jolted by plans to open up huge swaths of federal waters south of Martha's Vineyard and Nantucket for more offshore wind farms.

About a million National Grid ratepayers are already expected to get hit with a 2 percent hike in their electric bills due to the planned Cape Wind project in Nantucket Sound.

But if 3,000 square miles of additional federal waters are fully developed, as envisioned by the U.S. Interior Department and the Patrick administration, then ratepayers could see double-digit rate hikes valued at tens of billions of dollars, business and industry experts warn.

"It's very expensive news for New Englanders," Robert McCullough, an energy analyst in Oregon, said of the announcement last week that the federal government is looking to lease deep-ocean waters for up to 4,000 megawatts of additional offshore wind development.

"We need to get our arms around the economics of these (offshore) wind farms," said John Regan, a vice president at Associated Industries of Massachusetts, a harsh critic of the Cape Wind project's costs.

Offshore wind farms generally have to charge much higher prices for electricity because their turbines are installed out to sea, dramatically increasing costs. At current prices, offshore wind energy costs about twice as much as land-based wind power and three times more than electricity generated by fossil fuels.

The 130-turbine Cape Wind project, which is expected to cost more than $2 billion to build, will have a maximum power capacity of about 468 megawatts.

Using the Cape Wind rate prices as a model, then full development of the designated area south of Martha's Vineyard and Nantucket could lead to a 17 percent rate hike for electric ratepayers, according to calculations by the Herald.

Most observers don't expect a full 4,000-megawatt build-out in the federal waters. But a two-thirds build-out could lead to an 11.2 percent hike in electric rates, based on Cape Wind's prices. A one-third build-out would lead to a 5.6 percent hike in rates.

The full cost of Cape Wind's power is expected to come in at about $5.4 billion over 15 years - and 4,000 megawatts of additional wind power would cost about $45 billion if the same Cape Wind rates are used.

Knowing the unpopularity of such high prices, federal and state officials are vowing to invest in new technologies that will lower the price of offshore wind in coming years. The U.S. Department of Energy is hoping that prices could be cut by nearly two-thirds by 2030.

Ian Bowles, Gov. **Deval Patrick**'s former energy and environmental czar who played a key role in pushing wind power in Massachusetts, said prices for future offshore wind won't be nearly as expensive as Cape Wind.

"We have every reason to think prices will come down," said Bowles, who stepped down last week as Patrick's environmental chief. He noted that the price of solar power has fallen 50 percent in recent years - and the same should happen to offshore wind.

Bowles also indicated that it's unlikely all of the potential 4,000 megawatts of offshore wind power will be developed.

But McCullough, an analyst who testified against wind turbines off the shores of Block Island, said the entire deep-water leasing idea is "amateurish" and "all unnecessary."

While the prices of offshore wind may come down, the prices of other clean-energy sources will also fall with technological advances, always keeping offshore wind the more expensive option, other experts say.

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