

# Cape Wind's big win

## Critics slam costs as state OKs National Grid's electric deal

By Jay Fitzgerald | Tuesday, November 23, 2010 | <http://www.bostonherald.com> | Business & Markets

Massachusetts regulators yesterday approved an electricity rate deal between Cape Wind and National Grid that could force consumers and businesses to pay \$1.4 billion extra on their energy bills over 15 years.

"This decision will not only raise costs for our members, but also establishes a dangerous precedent of regulatory rubber-stamping of renewable energy contracts with absolutely no concern for the ratepayer," said Robert Rio, vice president at the Associated Industries of Massachusetts.

Critics immediately said they will file an appeal with the Massachusetts Supreme Judicial Court to overturn the Department of Public Utilities' decision.

The DPU's ruling was no shock - its three members were handpicked by Cape Wind supporter Gov. **Deval Patrick**'s administration - but it was surprising to some observers that state regulators approved the \$2.7 billion deal with no effort to soften the blow to ratepayers.

The deal, which will cost National Grid ratepayers about 2 percent more on their average monthly bills, calls for a starting electricity rate of 18.7 cents per kilowatt-hour, with guaranteed annual 3.5 percent increases.

That starting price is more than twice the cost of electricity generated by natural gas. It's also about 8 cents more per kilowatt-hour than the cost of land-based wind power.

The DPU acknowledged that the contract will cost National Grid customers between \$420 million and \$695 million above market prices over 15 years.

National Grid is buying half the project's power - so if other utilities buy the rest of the electricity from Cape Wind at the same rates, the total above-market prices could range from \$840 million to \$1.39 billion.

"The power from this contract is expensive in light of today's energy prices," the DPU wrote. But the DPU ruling stated it was "abundantly clear" that the environmental "benefits outweigh the costs."

Opponents of the plan weren't so sure.

"We will appeal this misguided and politically motivated ruling," said Audra Parker, president of the Alliance to Protect Nantucket Sound.

"The Department of Public Utilities has shown its willingness to let Cape Wind gouge consumers by whatever amount is necessary to make money for its backers," said David Tuerck, executive director of Suffolk University's Beacon Hill Institute.

But supporters shot back that the long-term environmental and economic benefits of Cape Wind, which will cost more than \$2 billion to construct, will be appreciated in the future.

"Approval of this contract between Cape Wind and National Grid is a major milestone toward ensuring that the nation's first offshore wind project will rise off the Massachusetts coast," said Ian Bowles, Gov. Patrick's energy and environmental secretary.

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