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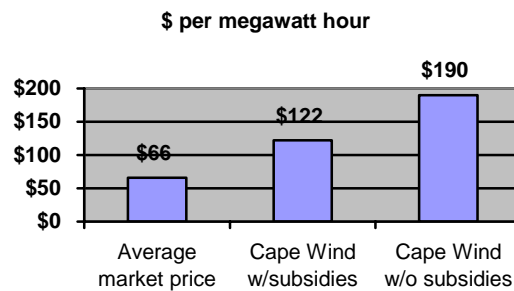
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Feds Say Cape Wind Power Would Cost Two to Three Times Current Electric Prices

Buried deeply in the federal Minerals Management Service (MMS) Draft Environmental Impact Statement (DEIS) is a whopping admission that Cape Wind’s offshore wind plant would produce electricity at two to three times current wholesale prices in the area.

The DEIS indicates electricity produced by Cape Wind is projected to cost \$122 per MWh – more than double the recent price of wholesale electricity in the ISO New England electricity market that supplies part of the Cape and Islands’ demand. According to the report, ISO New England average prices were \$66 per MWh price over the last two years in southeastern MA.

That cost doesn’t include the state and federal subsidies that Cape Wind is lining up – over \$1 billion in MA renewable energy credits and an additional \$300 million from the federal Production Tax Credit. Add those subsidies in, and the average cost for a megawatt hour of electricity is three times the current average price, or over \$190 per MWh. (The Alliance’s team of experts is further analyzing potentially unaddressed or miscalculated costs.)



Source: MMS DEIS Appendix F

Several other offshore projects have been cancelled in the last year because of similar issues - high electric costs to consumers. According to Alliance CEO Glenn Wattley, "If Cape Wind builds it, the public will pay dearly. On top of massive tax subsidies, Cape Wind would have a devastating effect on the cost of electricity to the consumer. Without a doubt, our electric bills would go up."

While Cape Wind has been touting the financial benefits its project would hold for consumers by locking in rates over a long term period, the DEIS admits this is a doubtful possibility. In the just released federal document, MMS consultant Lessly Goudarzi, CEO and Managing Director of OnLocation, Inc./Energy Systems Consulting, reported: "Given the estimated cost of energy is

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\$122/MWh, twice that of the current market and that this is after the full benefit of tax and RPS incentives, the prospects of entering a long-term purchase power contract would seem low.”

Failing to be able to offer attractive long-term market rates, several other offshore projects have been cancelled in the last year. Following the termination of a multibillion-dollar project off the coast of Texas, the controversial Long Island Power Authority project was also cancelled. Reports showed the power from this wind project would be significantly higher than traditional forms of energy at an outrageous \$290 per MWh. Similarly in Delaware, the Bluewater offshore proposal received a serious setback when a report by the state Public Services Commission showed the proposal resulted in a *premium* of nearly \$120 per Mwh, or if commodities continued to escalate in price, the additional price per MWh could be as high as \$550. Calculations by the Public Services Commission showed the project could increase electric bills by as much as \$55 per month.

Despite the high costs of other offshore wind projects and data in MMS' just released DEIS, Cape Wind developer Jim Gordon continues to try to convince the public that "the project is going to provide long-term value because we don't have to contend with fuel costs." Contrary to Gordon's unsubstantiated claims, the DEIS itself reports that "none of the sites [including Horseshoe Shoal] appear to be profitable at today's electricity prices." According to Wattley, "Anyway you slice it, electricity generated by offshore wind is going to hurt consumers' pockets."

While various media outlets are erroneously describing the DEIS as a victory for the wind project, the report does not, in any way, endorse Cape Wind. This damning economic evidence reinforces the reality that Cape Wind would unfairly burden the people of New England for the profit of a wealthy private developer.

Cape Wind was recently denied a permit by the Cape Cod Commission, which found the developer had run out the time clock and failed to answer fundamental questions. As communicated by Commissioner William Doherty, cost to consumers was a chief concern unanswered by Cape Wind: "Energy, that I suggest, according to testimony of the Cape Wind people, will not lower the electric bill of Cape Cod consumers."

Public comment, which has yet to begin, is at the crux of the federal review process. Cape Wind is not a done deal and the voices of Cape Codders, as well as all New Englanders who would pay dearly for this irresponsible endeavor, have yet to be heard.

MMS DEIS Study Referenced: Appendix F: Economic Model

- Description of Economic Model: Results and Discussion, pages 16-18
- Peer Review, Comments of Lessly Goudarzi, pages 32-38