

Bottom Lines: Wind energy off coast of A.C. would cost far more

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By KEVIN POST

Business Editor

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The wind-energy demonstration project off Atlantic City seems destined to cost New Jersey residents double or more the existing rate for the electricity it produces.

For a while, it looked as if the state Board of Public Utilities — an organization that still seems to care about the ordinary people who pay the bills — might restrain this expensive attempt to demonstrate offshore wind-power technology that is fully deployed already in Europe.

But this week, an appellate division of state Superior Court ordered the BPU to base its decision on a lower anticipated price of electricity from the four wind turbines 3 miles off Atlantic City planned for Fishermen's Energy.

In April, the BPU had denied the project's application because the energy produced would be too expensive, estimating that it would cost \$263 per megawatt hour (mwh is 1 million watts for one hour).

The court, acting on a motion by Cape May-based Fishermen's Energy, ordered the BPU to reconsider the application based on an expectation that it would produce electricity costing \$199 per mwh.

Even at that reduced estimated price, wholesale electricity from the Fishermen's Energy project would be twice as expensive as what area residents currently pay for electricity supply on their monthly bills.

The projected \$199 per mwh equals \$0.199 per kilowatt hour (kwh is 1,000 watts for one hour).

Atlantic City Electric's current "price to compare" for residential electricity supply is \$0.099 per kwh.

People won't willingly pay double for their electricity, so the state will have to compel them to pay it by ordering the utilities to buy the expensive electricity and pass the costs along to consumers.

I suppose there is still a chance the Board of Public Utilities will stand firm and again reject the project as too costly to consumers. But the array of government and interest groups pushing the project suggest they won't be able to hold out.

The Appellate Court based its decision, in part, on the project getting a \$47 million grant in May from the U.S. Department of Energy, sort of a federal override of the BPU's decision in favor of consumers the prior month.

That \$47 million comes from taxpayers rather than ratepayers, and at least we in New Jersey can be glad there are more of those taxpayers in other states than here. Too bad we can't make them buy the expensive electricity, too.

Maybe in the long run, we can. Left unchecked, the federal government seems bent on following Germany in pushing offshore wind power on consumers regardless of the cost.

Germany has been pursuing a massive offshore wind-power project since the turn of the century, with 80 turbines much larger than those planned by Fishermen's Energy.

Even though the turbine builder, Siemens, is based in Germany, the project is about \$900 million over budget so far and yet to go online, The Wall Street Journal reported a few weeks ago.

Germany already has about 630 megawatts of offshore wind power deployed. The electricity it produces is expensive, costing up to 24 cents per kilowatt hour, compared with 11 cents for onshore wind power and as little as 5 cents for natural gas- or coal-generated electricity.

Germany expects subsidies covering the extra costs of various forms of renewable energy this year will exceed \$31 billion, paid by electricity consumers through a surcharge on their bills.

I think if the U.S. government feels paying more for electricity is worth doing, it should spread out the extra costs among all Americans, the presumptive beneficiaries of its energy-market schemes.

Electricity in New Jersey already costs about 30 percent more than the national average.

Emergency gas

Remember the gas shortage, mainly in North Jersey, after Hurricane Sandy knocked out power and gasoline stations couldn't run the pumps to fuel even emergency vehicles?

Presumably that won't happen again, under a plan announced this week for New Jersey to buy 52 portable emergency generators with a \$2.5 million FEMA Hazard Mitigation Grant.

These will be deployed to gas stations in an emergency when the power is out, under New Jersey's Retail Fuel Station Energy Resiliency Program.

Sal Risalvato, executive director of the New Jersey Gasoline, Convenience Store, and Automotive Association, praised another part of the program, as well.

Under it, gas stations can apply for a grant of up to \$65,000 to install their own permanent backup generators.

Or they can seek a grant of up to \$15,000 to install technology to allow them to quickly connect to the kinds of portable emergency generators the state is buying.

Contact Kevin Post:

609-272-7250

KPost@pressofac.com