

Report on wind power cost disputed

PACE Global Energy Services sank Long Island wind power plan

By AARON NATHANS, *The News Journal*

Posted Saturday, November 10, 2007

A new report commissioned by Delmarva Power says average electricity customers will pay between \$21 and \$34 more per month if a proposed offshore wind farm is built.

The report, done by PACE Global Energy Services, a Virginia-based consulting firm, says the project would be financially unstable because the developer, Bluewater Wind, has opted to absorb increases in commodity costs instead of passing them on to customers.

"Given the magnitude of the impact to our customers, we felt it was important to bring in a fresh perspective," Delmarva President Gary Stockbridge said in an interview Friday, when the report was released. He said the report was unbiased and would hold up to scrutiny.

The PACE study came under immediate and heavy scrutiny from Bluewater and its allies, who questioned the consultant's methods and assumptions.

Bluewater Wind spokesman Jim Lanard said the report was "sloppy" and had "many flaws that should be of concern to any serious reader."

Bluewater wants to build a 150-turbine wind farm 11.7 miles off the coast of Rehoboth Beach, and sign a 25-year power purchase agreement with Delmarva Power for its residential customers.

Four state agencies are expected to discuss the proposed wind farm at a meeting on Nov. 20 at Legislative Hall.

The report says the wind farm, standing alone, would result in a \$22-per-month increase to the average Delmarva customer. If the project is backed up by a natural gas plant, it would cost \$34 per month if NRG Energy built the backup, and \$21 per month if Conectiv built it, the report said.

Buying on-shore wind would cost \$11 per month above market prices, the report noted.

PACE's report identifies a higher "green premium" than the one outlined in a Public Service Commission staff report last month, which suggested the wind farm alone would cost the average ratepayer \$11.71 per month over market.

The difference is largely because the PACE report projects a lower price for buying traditional electricity off the grid, said Greg Adams, who co-wrote the report for PACE.

University of Delaware researcher Jeremy Firestone said the report also assumes Delmarva Power would be buying more electricity from Bluewater than the PSC staff report identified. That would boost the price, he said. He called the report "not particularly transparent."

Adams confirmed the larger electricity estimate, saying it was based on independent research the company had done from federal wind data.

PACE recently gained attention for authoring the report that effectively sank the Long Island Power Authority's proposed offshore wind farm in Uniondale, N.Y., by noting electricity from that project would cost twice the amount of buying from traditional sources.

The Long Island report was commissioned by the Long Island Power Authority, which had originally championed the proposed wind farm there. Conversely, the Delaware report was commissioned by Delmarva, which has consistently fought the wind farm project.

The Delaware report notes that the Long Island offshore wind farm would have resulted in an increase of just \$5.75 per month for LIPA customers, compared with the \$21 to \$34 Delaware premiums.

But the Delaware wind project would deliver more wind power to a smaller population. LIPA wanted to build a wind farm less than one-third the size of the Delaware project, spread out over more than three times the population.

On a per-megawatt-hour basis, the Delaware project is less expensive, the report said.

Long Island project developer [Florida](#) Power & Light offered an average levelized price of \$291 per megawatt hour, according to PACE's Aug. 22 report on that project. That's compared with the Bluewater cost of \$172 per mwh.

In September, Bluewater and Delmarva had agreed to allow the price of wind power to increase as the commodities used to build a wind farm, such as steel, increase. The PSC staff said that could create massive cost overruns. On Tuesday, Bluewater announced it would agree to remove the "escalators."

But even with the "escalators" gone, the Bluewater proposal has risks of price instability, the consultants wrote. Instead of increasing the price of wind power as commodities go up, Bluewater takes the risks upon itself, adversely impacting the company's [credit](#) and the stability of the project itself, the consultants wrote.

Removing the "escalators" allows Bluewater to begin its project and seek more money at a later date as commodity prices "financially impair their financial condition."

"This creates a large and uncapped risk for Delmarva," the report says.

"The risk doesn't go away, and may come back to affect Bluewater's ability to maintain the project's viability," Adams said.

Lanard replied that Bluewater's parent company owner, Babcock and Brown, believes any risk is "narrow," and it is a large enough company to honor its price despite any changes in the market.

The report describes other risks to the Bluewater project, including the possibility of the cancellation of a federal tax credit, volatility in the offshore turbine market, and the possibility of stranding Delmarva ratepayers with higher costs while customers leave for competing suppliers.

The report says it made no effort to quantify the health benefits of a wind farm in dollar figures.

Lanard said the state has the power to address stranded costs; the federal tax credit would be locked in once the turbines begin construction, he said.

"It's just one series of what-ifs after another," Lanard said.

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Posted by: kavips- Mon Nov 12, 2007 3:18 am

The full development of the argument is at this site:

<http://kavips.wordpress.com/2007/11/11/delmarva-talks-mumbo-jumbo-delaware-gets-screwed-financially/>

But did you know that \$362,500,000 in bonuses to the top 5 officers of Delmarva, will be paid out from the money you and I pay out for our 60% higher electric bills over the next 25 years!!!!

If you add the 2.5% cost escalator, that total soars to \$672,054,590! \$1310 per customer!

DELAWARE CANNOT AFFORD DELMARVA POWER IF THE BONUS PLANS ARE ALLOWED TO CONTINUE.

The PSC must act on this immediately, especially if the Bluewater deal does NOT go through. With the rising cost of carbon fuels, and the frenzied bidding war on what little green energy Pennsylvania has to offer, adding on Delmarva's bonus plus the astronomical price of gas and coal, many Delmarva customers will be paying over \$1000 a month for what they use today....

Posted by: tallmanj- Sat Nov 10, 2007 9:35 am

ismurray. This is the longest post I have ever seen. If we could just harness the wind you expended in this post, we would be energy independent for years.

Posted by: ismurray- Sat Nov 10, 2007 9:08 am

DELMARVA BACKS MORE PROFITS BY POLLUTION

THE NEED TO COMPARE:

As the public examines wind energy, the overwhelming choice continues to be:

- 1) LOWEST FUEL PRICE. That would be wind, at zero fuel cost.
- 2) STABLE FUEL PRICE. That would be wind, as wind fuel is endlessly free.
- 3) RENEWABLE SOURCE. That would be wind, as it is endlessly renewable
- 4) FUEL EFFICIENCY. That would be wind, as wind would save dwindling fossil fuel resources.

5) CONSERVATION. That would be wind, as wind is conservation

6) CLEAN TECHNOLOGY. That would be wind, as wind is an industry that developed clean energy.

7) CLEAN ENERGY FUTURE. That would be wind, as wind has zero toxic emissions always.

😄 NO FREE RELEASING CO2. That's wind energy. No by-products. No greenhouse gases

ON THE OTHER HAND,

CONSERVATION is up the smokestack, as fossil fuel power plants burn a VOLATILE, RISING COSTLY FUEL while it has not developed an affordable and workable CLEAN PLANT TECHNOLOGY. The burning of the NON RENEWABLE ENERGY only ADDS TO POLLUTION and DIMINISHES RESOURCES. THE SAME CORPORATE POWER PLANTS operate with NO CLEAN ENERGY FUTURE in sight for Delawareans.

FREE - AT NO COST

RELEASING - UP THE SMOKESTACKS

CO2 - CARBON DIOXIDE, THE GREENHOUSE GAS

A NEW POLLUTING PLANT

A new polluting and "free releasing CO2" gas plant is Delmarva's corporate sister's best embarrassing offer.

Fossil fuel energy has not addressed and conquered its most outrageous, destructive industrial practice of "FREE RELEASING CO2" into the air. The upcoming and absolute necessity of ending "FREE RELEASING CO2" has not been entered into the kilowatt price of fossil fuel production, thus Delmarva arrives at a false comparative, using power by pollution "kilowatt price" as the wrong unit of measurement.

THE TRUE UNITS OF MEASURE

The true measurement of fuel cost would be:

ZERO wind cost compared to UNKNOWN volatile and rising fossil fuel costs

The true comparison of energy production would include:

FACILITY COSTS FOR CLEAN ENERGY BY WIND VS.

FACILITY COSTS FOR CLEAN ENERGY PRODUCTION BY FOSSIL FUELS*

*THIS COMPARISON CANNOT BEEN MADE,

BECAUSE THERE IS NO CLEAN FOSSIL FUEL PLANT.*

Delmarva, the corporate connected fossil fuel partner instead has "reluctantly" delayed and driven up the cost of production of wind energy. THE FOSSIL FUEL PLANTS CONTINUE TO SAVE ON EXPENSES OF CONTAINING POLLUTION AND THE EXPENSES OF DEVELOPMENT AND OPERATION OF A CLEAN FOSSIL FUEL PLANT.

A FILTHY FOSSIL FUEL PLANT IS A FILTHY CHEMICAL PLANT

The public is aware that Delmarva is "negotiating" with NRG and Conectiv, (its corporate partners) whose past and present facilities lack the use of available technology to protect the environment and the public health. Delmarva (but not the public) ignores the fact that NRG and Conectiv (its corporate partners) offer Delawareans UN STABLE FUEL PRICES, POLLUTING, "FREE RELEASING CO2" from UN CLEAN INDUSTRIAL PRODUCTION with uncalculated costs of global greenhouse gas consequences, passed off on the public.

DECISION MAKERS QUESTIONED

How, in the world full of advancing technologies, environmental awareness, stable prices, clean energy possibilities, did fossil fuel NRG, and Conectiv arrive at the bidding table before their corporate partner Delmarva, to offer rising, unstable fossil fuel prices and dirty technology, is very questionable. However inappropriately, Delmarva, is in the position to arrange for a losing bidder to have a costly polluting plant anyway.

Delmarva refuses to commit to purchasing clean energy.

Delmarva reduces Bluewater Wind energy's capacity.

Delmarva delays negotiations.

Delmarva raises Bluewater Wind's materials costs.

Delmarva raises Bluewater Wind's construction costs.

Delmarva raises Bluewater Wind's continuing production costs.

Delmarva doesn't want a clean technology on the market.

Under these extremely questionable circumstances, the corporate related Delmarva, the Minner appointed decision makers, the Delmarva legislators, are not even fairly comparing production methods, but instead refer to wind's "Delmarva raised kilowatt price" instead of calculating the unstable and rising fuel costs and considering fossil fuels costly filthy obsolete industrial practices which support the lowered suspect fossil fuel kilowatt rate.

THE HONEST COMPARISON, FUEL TO FUEL, PLANT TO PLANT

(1) The fuel cost of wind is FREE.

(2) The fuel cost of fossil fuels is proven to be HIGH and DRAMATICALLY RISING.

(1) The plant costs of producing CLEAN ENERGY are included in Bluewater's figures.

(2) The plant costs of producing CLEAN fossil fuel energy,

*** D O N' T E X I S T***

**** The fossil fuel power plants have chosen the cheap and easy route - building a smokestack, POLLUTING, CONTAMINATING, DESTROYING PUBIC RESOURCES AND SELLING THE FUTURE OF GENERATIONS, (while manipulating governmental regulations to accept continuing pollution and "free releasing of CO2."

The resulting fossil fuel kilowatt unit is used as an ill structured comparison to the cost of clean wind energy.

Negotiations provide for a fossil fuel "back up" gas plant that can operate full time, polluting Delaware, with provisions to sell its power to the grid, while negating extremely valuable clean wind energy gains, with more fossil fuel pollution and "free releasing of CO2."

DECIDING INDIVIDUALS

Individuals responsible for governmental regulations have seen regulations manipulated to accommodate damaging pollution and releases. Many of the same individuals who have allow such environmental and health destruction to continue, are now asked by the public to stop the destruction and change to a stable price, clean energy.

WIND ENERGY COSTS - INCLUDE CLEAN PRODUCTION,

FOSSIL FUEL ENERGY COSTS - DO NOT INCLUDE CLEAN PRODUCTION

It is past the time for the fossil fuel industry to take responsibility for PAST and present day destruction but also for FUTURE DESTRUCTION, through its continuing refusal and/or inability to move forward with innovative clean technology and commercialization of a clean competitive industrial process that does not pollute and does not add to horrendous greenhouse gas damages.

Even the failed coal to gas bid attempt of sequestration, only aimed at changing air pollution to ground pollution, and was un tested and unproven and would have been experimental in Delaware's un accommodating soil conditions, putting citizens at dangerous risk.

SELLING THE FUTURE

The US Congress and our General Assembly resist and delay passing laws that would require a proper disposal of contaminated, toxic and hazardous waste by-products of the fossil fuel power plants.

Even as the effects and destruction of climate change became evident, the federal and state governments still protect fossil fuels corporate "right" to pollute, harm and destroy the air and the public. Delmarva's claim is that it only sells energy. Delmarva is part of the corporate group that profits by fossil fuel pollution and destruction. Delmarva also is a dealer in power by pollution.

DAMAGING BY POLLUTION, NOT YOUR OPTION

Carbon dioxide released today, will last for centuries to the detriment of future generations, as present day filthy power plants (and their dealers) profit by future environmental destruction. Decision makers should not follow the marching orders of polluters.

NO EXCUSES, CLEAN ENERGY HAS COME TO DELAWARE

Deciding that polluting, destructive energy is still OK for the public is not an option.

GLOBAL WARMING DENIERS - WHERE IS YOUR

CLEAN FOSSIL FUEL POWER PLANT?

Still clinging to the cheaper, destructive production methods, fossil fuel plants do not have clean production but should WORK ON THE TECHNOLOGY for clean energy, not DEMAND to keep on polluting and DEMAND to keep clean energy from the market.

Bluewater Wind has done its' work and is accepting the costs of producing clean energy.

The fossil fuel plants on the other hand, have no stable, clean, non polluting energy to offer, but are busy continuing to 'WORK ON OFFICIALS' as they continue selling power by pollution.

SPECIAL INTEREST

One of the five legislators, who recently took orders from Delmarva to have legislators decide the energy choice, in a same conversation said, special interest money is especially important to winning elections.

Because the system exists at the center of the state government, it is at the center of this energy decision. It is the personal gifting system, which many legislators, public officials, etc. participate in for personal gifts from lobbyists and campaign contributions. The public would want any elected or appointed officials, legislators, agency heads, to reveal any influence by this system that is in place as a decision as important as a clean energy future is at hand.

The reason pollution is allowed to happen, is because the federal and state lawmakers, public officials leave the smokestacks and regulations wide open so polluters can profit by pollution. Deals are made to let deadly pollution continue for years into the future, as is the arrangement for NRG's tens of thousands of tons of nitrogen oxides, sulfur dioxide and mercury from its un retrofitted and obsolete units.

The public knows, this is the time and opportunity to be bring clean energy production to Delaware.

WHY IS IT THAT EVEN AS CLIMATE CHANGE IS HAPPENING, FOSSIL FUEL POWER PLANTS ALONE, RELEASE HUNDREDS OF MILLIONS OF TONS OF CO2 IN THIS COUNTRY EACH YEAR, FURTHER DESTROYING THE AIR - FOR FREE?

IT IS BECAUSE A CLEAN FOSSIL FUEL PLANT WOULD BE EXTREMELY EXPENSIVE (AND WOULD REVEAL THE ACCURATE FIGURE FOR A KILOWATT OF CLEAN FOSSIL FUEL ENERGY.)

THE INDUSTRY WOULD RATHER BUILD NEW DIRTY PLANTS, FREE RELEASE CO2, SELL THE FUTURE AND CONVINCED THE POLITICIANS AND REGULATORS GO ALONG WITH THE POLLUTING SCAM.

FOSSIL FUELS' PERK - POLLUTING FOR FREE

There is no question (there never was, deniers) of the environmental harm caused by fossil fuel power

plants.

In Delaware, the federal and Delaware administration, DNREC and the Delaware General Assembly are allowing the fossil fuels power plants to continue to pollute the citizens' air, land and waters.

Having a costly fossil fuel, "free releasing CO2" gas plant corporate related interests at the negotiation table is directly opposed to the real issue, stable price, and clean energy.

Even as NRG's coal plant sits in the middle of a cancer cluster, the Minner administration says a study is needed, with a focus on cigarette smoking, instead of focusing DIRECTLY on what is escaping from fly ash stockpiles, flowing out of outfalls, belching out of smokestacks, freely flowing and accumulating in the public air, land and waters and the citizens.

DELAWARE'S CORPORATE FAVORITISM

Delmarva and PSC officials may knowingly grant undue favoritism and consideration, by considering corporate related polluters equal competitors to STABLE PRICE, CLEAN ENERGY, when neither NRG nor Conectiv operate with stable priced fuel or have viable plans and drawings for a clean energy plant.

Furthermore, with clean wind energy, equal amounts of polluting energy could be eliminated and this, of course, could be yet another reason corporate connected Delmarva has been 'reluctant' to purchase wind energy.

DECISION MAKERS CONSIDER

(1) Do (NRG and Conectiv) Delaware fossil fuel plants contribute to costly global warming?

Yes.

(2) Can and should "FREE RELEASING OF CO2" in Delaware continue?

No.

(3) Are the volatile fossil fuels prices and the enormous "costs" of developing a competitive CLEAN FOSSIL FUEL FACILITY included in the negotiation kilowatt price?

No

(4) Is the lower kilowatt price of filthy, obsolete, fossil fuel industrial plant practices including "free releasing of CO2" deceptively and wrongly being compared to the kilowatt price of clean (wind) energy production?

Yes

FOSSIL FUELS' OBSOLETE PLANTS

"FREE RELEASING CO2" contamination remains in the air for centuries, robbing citizens of their right to clean natural resources.

There is even a worse moral issue of fossil fuel power plant owners deliberately continuing to pollute and "free releasing CO2" as future citizens of the world, not yet able to defend themselves, will suffer from fossil fuel's present day greed and profits. Think of the generations to come, who will never even know what a natural environment was and will have to deal with unimaginable climate change destruction.

FOSSIL FUEL'S FILTHY "KILOWATT PRICE"

The decision makers must calculate the "costs" of the PAST environmental damages and the FUTURE centuries of carbon dioxide's released destruction plus the REAL FIGURES for a fossil fuel plant that produces CLEAN FOSSIL FUEL ENERGY (ops, conveniently, none exists), instead of knowingly, recklessly and destructively accepting the LOWERED PRICE of old filthy fossil fuel production methods for a comparative "cost per kilowatt." as the false unit of measure against wind's clean energy costs.

COMPARING WIND'S (APPLES) TO VOLATILE PRICES AND DESTRUCTIVE POLLUTION

Will Bluewater Wind hold Delaware's FUEL cost steady for the next 25 years?

Yes

Has NRG or Conectiv promised to hold its FUEL cost steady for the next 25 years?

No.

Has Bluewater Wind calculated in their costs for providing a CLEAN ENERGY FACILITY?

Yes

Has NRG or Conectiv calculated in their costs for providing a CLEAN ENERGY FACILITY?

No. (Ops, no clean fossil fuel plant, but smokestacks, free pollution and CO2 releasing)

APPLE OF DELMARVA'S CORPORATE EYE -

A NEW POLLUTING CO2 GAS PLANT

Delmarva negotiates plans for its' corporate partner for a COSTLY, NEW POLLUTING, "FREE RELEASING CO2" gas plant as it calls clean wind energy.. costly.

NO SMALL OVERSIGHT

The lack of clean fossil fuel technology is the greatest environmental threat to mankind. The fossil fuel plants must face its' rising fuel prices. The fossil fuel plants must face its VOID of the existence of an affordable clean fossil fuel plant design. The public knows the fossil fuel interests at the negotiation table, are not offering affordable fossil fuel and an affordable innovative plant, but are relying on government officials to continue allowing pollution and free releasing of CO2, even in the face of worldwide environmental crisis and an absolute planet wide challenge to change to clean production of energy.

SELLING NATURE'S CAPITAL, IS NOT DELMARVA'S RIGHT

It's stealing from future generations.

Some people don't seem to mind that nature capital is being destroyed and sold. Profiting polluters don't have that right. The majority of good folks know, it must stop. Energy officials cannot be enablers to the destruction of the planets air, lands and waters for fast fossil fuel sales and polluting plant profits.

We're told the free releasing CO2 gas plant can be up and running in two years. (How about spending some time and effort on eliminating those climate changing CO2 smokestacks?)

Environmental officials need to stop catering to destructive plans.

Failing, polluting, damaging plants, decades overdue for upgrading, available but stalled retrofitting, and now plans for another free releasing CO2 gas plant lacking innovative clean technology, - why are these polluters even at the negotiation table? Corporate polluters need to go back to their boardrooms and drawing boards and work on plans for a non-polluting, clean fossil fuel plant.

WIND ENERGY WITH SOLUTIONS

Engineers and scientists have spent years on development, gaining experience in offshore energy production to provide stable, clean energy and are willing to put that knowledge to work in a well supported business venture. Bluewater Wind has the public backing because, finally Delawareans could have a clean energy facility up and running, pay their electric bill, without contributing to destruction of the future generations' livable planet. It's a pathetic situation, as clean natural resources are a right belonging to all present and future citizens, not for enabling politicians, agencies, regulators, to decide to keep on destroying.

AT THE WRONG TABLE, WITH NOTHING TO OFFER

NRG, Conectiv and Delmarva, of the same corporate group, are at the negotiation table, offering volatile fossil fuel prices and dirty old fossil fuel technology and irrelevant kilowatt comparatives.

Thanks to Delmarva, NRG and Conectiv, how thoroughly considerate they are, to the public who pay their bills and citizens who have their natural resources destroyed and poisoned, to those who are sick or worse, or who have lost loved ones from the poisons of pollution. Thanks for doing all they can, contributing to global warming, climate changes and everything it will involve. For continuing to release those damaging pollutants, keeping those killer bargain prices at any health and social cost, for wrecking havoc with the climate and future generations, way to go. How good and upstanding Delmarva is, doing all they can to make sure their corporate partners are the only game in town. Too bad they couldn't come to the table, with a stabilized fuel price and clean energy technology.

Decision makers must realize, the right decisions need to be made everywhere, one clean energy facility at a time, always with a commitment to a future in mind. Even third world countries need to aim above greed, power by pollution and more greenhouse gases.

Stable affordable priced clean energy production wind energy is the only choice.

Posted by: amuller- Sat Nov 10, 2007 9:02 am

Much of the power sold as "green" or renewable is actually very undesirable, highly-polluting burner power. One can't intelligently speak in generalities about "renewable energy."

Delmarva Power will stop at nothing to kill this wind project. But the recent history of Delmarva should teach everybody not to believe anything from them....

I agree that many elements of the Bluewater project could be better set up, such as not isolating the costs onto "standard offer" customers. We would rather see all electricity customers in Delaware sharing the costs as they will share the benefits. And the "gas backup" component could be structured differently.

Underlying all this is the necessity of moving away from greenhouse-gas emitting energy sources (!!!!)

But I think the Pace spin is far-fetched. No matter what the cost of "market" energy (nobody really knows what this will be, so people pick any estimate that fits the argument they wish to make), the operating costs of the wind project should be reasonably stable. The main risk, in my view, is extensive, early equipment failure.

Reporting on this issue in the News Journal, recently, has been very narrow.

Posted by: master_of_obvious- Sat Nov 10, 2007 8:08 am

An offshore wind farm built by Bluewater Wind and paid for by ME and other Delmarva Power customers does not have to be a source of renewable energy for Delaware. I understand that the State has legislated the development of "green" electricity projects and that our legislators want to lead the way in developing environmentally-friendly energy, but I am concerned that they are trying too hard to make THEMSELVES look good at the expense of their constituents. I'm sorry--just Delmarva Power customers.

Delaware can take a first step toward environmental leadership by securing long-term, renewable energy contracts with existing "green" suppliers in a truly competitive bidding process--not by forcing one unproven wind farm project on its constituents.

Delaware politicians should remember that they were elected to serve their constituents, not themselves.