



Offshore Wind: The Enormously Expensive Energy Alternative

By Steve Goreham

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The US Department of the Interior [announced](#) the first offshore wind energy lease sale earlier this month. Interior plans a July auction of 164,750 acres off the southern coasts of Rhode Island and Massachusetts for commercial wind farms. But why are federal and state governments promoting expensive offshore wind energy?

The auction is a continuation of the “Smart from the Start” [program](#) for expediting offshore wind begun by former Energy Secretary Steven Chu and former Secretary of the Interior Ken Salazar in 2011. Sally Jewell, the new Secretary of the Interior, has embraced the program, [stating](#), “This is history in the making as we mark yet another major milestone in the President’s all-of-the-above energy strategy. Today we are moving closer to tapping into the enormous potential offered by offshore wind to create jobs, increase our sustainability, and strengthen our nation’s competitiveness in this new energy frontier.”

Several governors joined the chorus for offshore wind. Massachusetts governor Deval Patrick [supports](#) the program, “The U.S. Department of Energy projects 20,000 jobs by 2020 in offshore wind. Why not host those jobs here in Massachusetts?” Maryland governor Martin O’Malley [agreed](#), “Offshore wind is a potential win-win-win for Maryland. Today’s vote positions our State for greater job creation and opportunity, while moving us forward toward securing a more sustainable energy future.”

Governors also voicing strong support are Paul LePage of Maine, Pat McCrory of North Carolina, Bob McDonnell of Virginia, and even Ted Strickland of Ohio, who would place wind turbines in Lake Erie. In 2010, governors from ten states, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, North Carolina,

Rhode Island, and Virginia, signed a Memorandum of Understanding to establish the Atlantic Offshore Wind Energy [Consortium](#) to promote offshore wind development. Unfortunately, offshore wind is enormously expensive. The US Department of Energy (DOE) [estimates](#) the levelized cost of wind-generated electricity at more than double the cost of coal-fired electricity and more than three times the cost of power from natural gas. For example, the proposed Cape Wind project off the coast of southeast Massachusetts will initially [deliver](#) electricity at 18.7 cents per kilowatt-hour with a built-in increase of 3.5 percent per year over a fifteen-year contract. This is more than triple the wholesale cost of electricity in New England.

Offshore wind is only possible because of generous subsidies, tax breaks, and mandates from government. Today, 38 states offer property tax [incentives](#), 28 states offer sales tax [incentives](#), and 24 states offer tax [credits](#) for renewable energy sources. Twenty-nine states have Renewable Portfolio Standards [laws](#) requiring utilities to buy an increasing share of electricity from renewable sources, including all ten states in the Offshore Wind Energy Consortium.

At the start of the year, the US government extended the Wind Energy Production Tax Credit (PTC), providing 2.2 cents per kilowatt-hour for electricity generated from wind. The PTC will [cost](#) taxpayers \$12 billion this year. Look for the DOE to offer loan guarantees to offshore wind developers. Altogether, government incentives pay 30 to 50 percent of the cost of a wind installation.

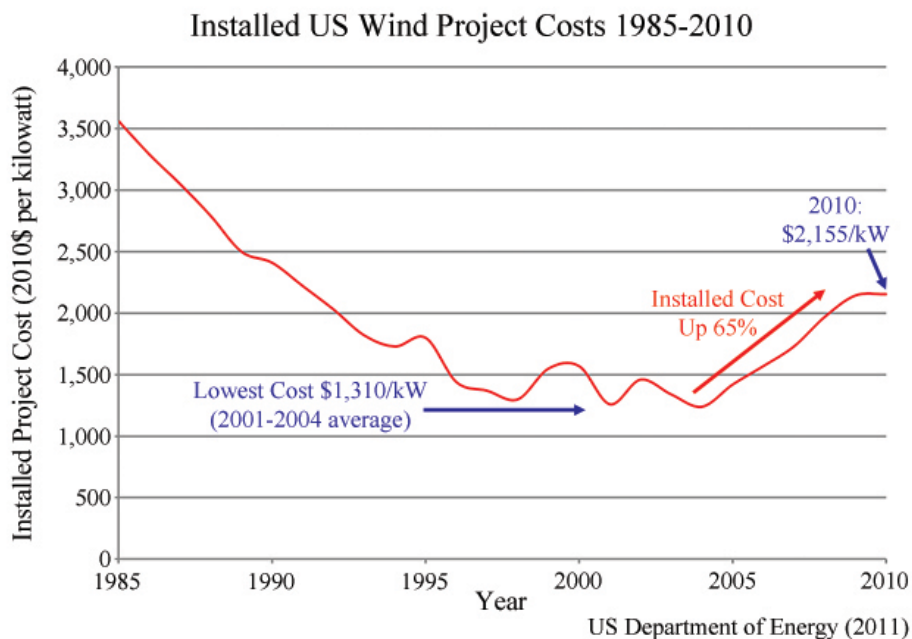
The consumer pays twice for offshore wind. First, consumer taxes fund wind energy subsidies and tax breaks. Second, states like Massachusetts force utilities to buy high-cost offshore wind electricity, which then increase electricity rates so the consumer pays again.

At the same time, we're in the midst of a hydrocarbon revolution. Advances in hydraulic fracturing and horizontal drilling will [provide](#) more than 100 years of natural gas at current usage rates. With electricity from natural gas at less than one-third the price of offshore wind, why the support for offshore wind from our political leaders?

Electricity from your wall outlet is standard voltage and current. No one can tell the difference between electricity from hydrocarbon sources or "green" sources such as wind. Would governors Patrick and O'Malley repurchase their current car at three times the price?

Wind energy backers claim that if the government subsidizes wind systems, the cost will come down. But that idea is false. Wind turbines are not new technology. After 25 years of installations, about 185,000 wind turbine towers were operating across the world at the end of 2011. Wind technology is already well down the cost learning curve.

In fact, data from the DOE shows that the installed cost of US wind systems *has been rising, not falling*. Installed costs have [risen](#) 65 percent over the last six years, from \$1,300 per kilowatt in 2004 to over \$2,100 per kilowatt in 2010.



Underlying the push for offshore wind is the ideology of Climatism, the belief that man-made greenhouse gases are destroying Earth's climate. But anyone who believes that building offshore wind turbines will stop the oceans from rising, make the hurricanes less severe, and save polar bears needs to reconsider. Suppose we invest in cost-effective electricity sources, rather than offshore wind?

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