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FEATURED

Filings show NY green energy could cost consumers 64% more

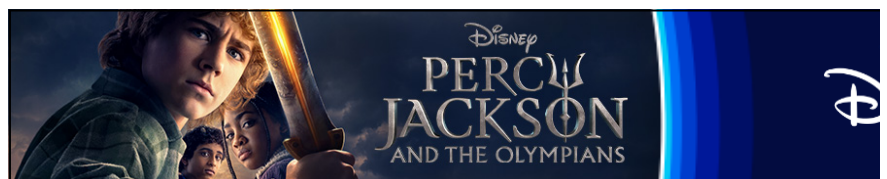
By RICK KARLIN Times Union, Albany
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The New York State Energy Research and Development Agency Electricity estimates prices could rise 64% in order to cover inflation and the higher-than-anticipated costs in the state's shift to renewable energy.

File

ALBANY (TNS) — Electricity prices could rise 64% in order to cover inflation and the higher-than-anticipated costs that are becoming apparent in New York's shift to renewable energy, according to a leading state agency.



“The impact of implementing ACE (Alliance for Clean Energy) NY’s requested relief ... would be an increase in weighted average strike (base) prices of 64%,” reads part of the comments from the New York State Energy Research and Development Agency, which sets contracts for electricity sales by solar and wind developers.

The comments were filed with the state Public Service Commission, which must eventually approve these wholesale energy prices. They came as part of an earlier request by ACE, a trade group, to increase the amount of money that solar and wind developers will get for the energy they produce.

While ACE’s request back in June cited the rising costs of converting from fossil fuels to renewables, the comments filed with the PSC on Monday brought those concerns into sharper focus.

Monday marked the deadline for petitions and comments on ACE’s request. Late in the day a flood of nearly three dozen documents were filed with the PSC.

They came from wind and solar energy developers, as well as unions representing the workers who are building these projects as well as environmental groups.

The over-arching message was that many projects that are planned or under development won’t be viable without guarantees of more money.

Nor has the inflation been limited to energy generators, or those developers building solar and wind farms.

The Champlain Hudson Power Express (CHPE), which is building a transmission line largely under the Hudson River to bring Quebec hydropower to New York City, also said they’ll need to charge more for carrying the electricity.

“Like the other many developers that have filed petitions, petitioners faced global supply chain shortages and market disruption, and the substantial negative impacts of inflation and interest rate increases on construction costs in both the United States and Canada,” reads part of the comment filed by Champlain Hudson Power Express.

“For this reason, the CHPE Project is similarly situated to the other major New York renewable energy project petitioners seeking cost adjustments and should be treated equally.”

The same conditions exist with the Clean Path NY transmission line and generating project, which also aims to bring green energy to NYC via the Hudson River.

According to the 2019 Climate Leadership and Community Protection Act, New York is supposed to have 70% renewable energy by 2030 and zero emissions by 2040.

Indications that the cost of this will be higher than expected have been coming in for a while, especially since the COVID-19 pandemic three years ago created supply chain snags and job vacancies.

CHPE, for example, last year requested and received from the PSC permission to increase its borrowing to \$6 billion from the earlier sum of \$4.5 billion.

And in February, the Port of Albany said the costs to build a wind tower factory have grown to \$604 million from earlier estimates of \$350 million, necessitating more aid.

Just this month, wind developers Equinor and BP said they would need to renegotiate contracts in light of inflation.

It wasn't immediately clear what impact these increases could have on consumer electricity prices.

The strike price represents a base line that power generators are guaranteed for their electricity. And NYSERDA's 64 percent estimate represents an average increase, if that were approved.

But ultimately consumers both residential and commercial will absorb higher power costs, short of some massive government subsidy, which would have to be shouldered by taxpayers.

Business groups who have questioned the green transition, were quick to note that the cost will be a problem.

"The filings make clear that these projects are going to cost far more than what was originally bid. However, what's truly astonishing is that virtually nobody knows exactly how much money it is going to ultimately cost utility customers. Those numbers simply are not being made public," Justin Wilcox, Executive Director of Upstate United, said in a prepared statement.

Upstate United is a group that supports lower taxes and regulation in order to boost the region's economy.

At least one energy developer was critical of how the state has proceeded in granting contracts to green energy projects.

"AES Clean Energy, LLC ("AES") opposes the method and basis for the price increase," reads the comments from that company, which is building solar and wind farms across the state.

They believe NYSERDA should cancel contracts on projects that aren't economically viable and invite them to rebid. They note that, since 2016, just eight of 117 projects in Tier I, or the renewable energy group, are operating so far.