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News Releases

National Grid and Cape Wind Sign Power Purchase Contract

Landmark Agreement Facilitates Development of Nation's First Large-Scale Off-shore Wind Farm at Reasonable Cost to Customers

Agreement to Be Filed At Mass. DPU Monday

Waltham, Mass. – In a landmark move, National Grid and Cape Wind will file a contract with the Massachusetts Department of Public Utilities on Monday under which National Grid will buy clean power from the nation's first large-scale, off-shore wind farm, which is expected to come online by the end of 2012. Under the Green Communities Act, all of the Commonwealth's investor-owned utilities are required to enter into long-term contracts to purchase at least three percent of their electricity supply from renewable generators.

"It's truly fitting that the next milestone in our nation's clean energy revolution is taking place in the Bay State and New England. We believe this project will provide long-term economic and environmental benefits here, throughout the region and across the nation," said National Grid President Tom King.

"We absolutely must develop our homegrown renewable energy resources if we are to meet state and federal renewable goals, secure our energy future and seize the leadership position in the global clean energy economy."

"Cape Wind looks forward to working with National Grid to diversify their energy portfolio with pollution-free, inexhaustible wind off our shore," said Cape Wind President Jim Gordon. "National Grid's decision to move forward with this agreement helps put Massachusetts at the forefront of this emerging industry and provides their customers with secure and stable-priced renewable energy."

Under the terms of the contract, which must be approved by the DPU, beginning in 2013, National Grid would purchase from Cape Wind 50 percent of the wind farm's output including electricity, renewable energy certificates (RECs), and other potential market attributes for 20.7 cents per kilowatt hour. That price, which assumes existing federal tax incentives, would increase 3.5% per year during the 15-year term of the contract. Based on its forecasts of what customers will pay for electricity in 2013, National Grid projects this will translate to a total monthly bill increase of \$1.59, roughly two percent per month, for a typical residential customer who uses 500 kWh per month. It is important to note that National Grid will only be purchasing slightly more than three percent of its total electricity supply from Cape Wind.

"We recognize that all renewable energy, be it on- or off-shore wind, solar or other sources, has a cost associated with it," King asserted. "Carbon-based generation comes with its own set of long-term costs – to our health and our environment. Cape Wind is an investment in our future, and one that we must support if we are to achieve a lower-carbon energy portfolio."

King added that if future federal energy or climate change legislation includes a price for carbon emissions, Cape Wind could have a significant price advantage because it is a low-carbon generator. Monday's filing actually includes two contracts. The first, if approved, would enable National Grid to purchase 50 percent of the output of the wind farm for its customers. The second contract would facilitate the purchase of the remaining 50 percent by another party or parties. According to King, by agreeing to purchase 50 percent of Cape Wind's output, National Grid will more than meet the three percent renewable energy long-term contracting requirement of the Green Communities Act.

"We applaud the Patrick administration for taking action to create a cleaner, greener Commonwealth," King said. "We worked very hard to craft an agreement that would balance achieving a cleaner environment and a more secure energy future with the need to keep prices reasonable for our customers. We believe this contract will deliver on all of these goals."

National Grid is an international energy delivery company. In the U.S., National Grid delivers electricity to approximately 3.3 million customers in Massachusetts, New Hampshire, New York and Rhode Island, and manages the electricity network on Long Island under an agreement with the Long Island Power Authority (LIPA). It is the largest distributor of natural gas in the northeastern U.S., serving approximately 3.4 million customers in Massachusetts, New Hampshire, New York and Rhode Island. National Grid also owns over 4,000 megawatts of contracted electricity generation that provides power to over one million LIPA customers