

Testimony of Audra Parker
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House Committee on Science, Space, and Technology
Subcommittees on Oversight and Energy
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Introduction

Chairman Broun, Chairman Lummis, Ranking Members Maffei and Swalwell, and members of the Committee, thank you for the opportunity to provide testimony to you on behalf of the Alliance to Protect Nantucket Sound.

The Alliance to Protect Nantucket Sound is a non-profit 501(c)(3) environmental organization dedicated to the long term protection of Nantucket Sound, located in the Commonwealth of Massachusetts. Nantucket Sound is a historically significant and environmentally sensitive body of water that lies between Cape Cod and the islands of Martha's Vineyard and Nantucket. It is an area that should be off limits to industrial development.

The Alliance was formed in 2001 in response to the multiple threats posed by Cape Wind, an industrial offshore wind project which consists of 130 wind turbines, each 440 feet in height, spanning an area the size of Manhattan, and a 10 story transformer substation holding 40,000 gallons of oil. The project would not only devastate the seascape, the rich history, sacred Tribal lands, and the very essence of the vibrant tourist industry on the Cape and Islands, but would also pose threats to the environment, put public safety at risk, and burden both ratepayers and taxpayers with excessive costs.

Significant adverse economic impacts

Cape Wind would result in a high net cost to the public due to duplicative subsidies and tax credits, increased electric costs, and negative impacts to tourism, jobs, and property values. The project would impose billions of dollars in additional electricity costs for businesses, households, and municipalities throughout Massachusetts. Scores of commercial fishermen, who earn the majority of their income in the area of the proposed site, believe this project would displace commercial fishing and permanently threaten their livelihoods. (Exhibit 1) A decline in tourism would lead to the loss of up to 2,500 jobs according to the Beacon Hill Institute at Suffolk University. Property values would also decline by \$1.35 billion.

Risks to public safety

Located in an area with over 200 days of fog per year and quickly changing weather, Cape Wind would create significant navigational hazards for thousands of commercial and recreational

vessels and pose an unacceptable hazard to aviation safety. It would cause both marine and aviation radar interference and be dangerously close to shipping lanes and Air Traffic Control operations. It would be located between the three navigation channels and shipping lanes connecting the Cape and Islands and in the center of three of Massachusetts' busiest airports, threatening over 400,000 flights per year. The project would crowd main navigation channels for ferries, cargo ships, and fishing boats, posing a serious risk of collision. The local ferry lines, which transport more than three million passengers every year, have called the project "an accident waiting to happen." (Exhibit 2) All three local airports strongly oppose the project and have expressed safety concerns for the millions of passengers flying over the Sound each year. The Town of Barnstable, which owns and operates the Barnstable Municipal Airport on Cape Cod, has filed an appeal of the 2012 Federal Aviation Administration (FAA) Determination of No Hazard which is currently pending. This is the second appeal filed by Barnstable, in conjunction with the Alliance, after a win in the U.S. Court of Appeals revoking the FAA's 2010 Determination.

Significant impacts to sacred tribal lands and historic properties

Nantucket Sound is an irreplaceable national treasure. The near-shore lands of the Sound are packed with historic structures, districts, and landscapes, including two National Historic Landmarks (NHLs) - Nantucket Historic District NHL and the Kennedy Compound NHL. In 2010, the National Park Service deemed Nantucket Sound to be eligible for listing on the National Register of Historic Places as a Traditional Cultural Property (TCP) because of its cultural significance to the local Wampanoag tribes. (Exhibit 3) The Sound is now recognized as the largest water body TCP ever determined eligible for listing in the National Register. Nantucket Sound is also on the Site Evaluation List for National Marine Sanctuary status.

The Massachusetts Historic Commission, the National Trust for Historic Preservation, and the Advisory Council on Historic Preservation have all expressed concerns about the impact of Cape Wind on Tribal and historic properties.

The Mashpee Wampanoag Tribe on Cape Cod and the Wampanoag Tribe of Gayhead/Aquinnah on Martha's Vineyard believe that Cape Wind would not only desecrate sacred land, but also harm their traditional religious and cultural practices. In their vocal opposition to Cape Wind, these Tribes have the support of the United States Eastern Tribes (USET), a group of 25 federally-recognized Tribes. Wampanoag means "People of the First Light" and, as such, an unobstructed view of the sun rising over Nantucket Sound is integral to their way of life and traditional practices. (Exhibit 4) The Tribes have repeatedly stated that Cape Wind's effects on Tribal and historic properties would be profound and cannot be mitigated - except by relocating the project to another site. The Wampanoag Tribe of Gayhead/Aquinnah currently has a lawsuit pending in U.S. District Court in DC.

Adverse environmental effects

Nantucket Sound is home to several species of endangered and protected birds and marine mammals and has been designated an Essential Fish Habitat. Cape Wind's construction and operations would threaten this rich and fragile environment. Numerous environmental organizations led by Public Employees for Environmental Responsibility have a lawsuit pending for violations of the Endangered Species Act and the Migratory Bird Treaty Act.

The Cape Wind project, with its transformer substation holding over 40,000 gallons of oil, would introduce the chance of a devastating oil spill into Nantucket Sound. Cape Wind's own studies indicate a 90% chance that oil from the transformer substation would reach the shoreline of the Cape & Islands in less than five hours in the event of a spill.

Dredging, pile driving, and jet plowing to install 130 turbines and nearly 100 miles of cable in the seabed would devastate the sea floor, potentially harm marine mammals, smother bottom dwelling organisms, kill juvenile fish, and drive off adult fish. The project would endanger the dense population of songbirds, sea ducks, and federally protected piping plovers and roseate terns. Moreover, the project would devastate the struggling commercial fishing industry in Nantucket Sound and is vehemently opposed by numerous commercial and recreational fishing groups.

Better alternatives

Because of the many conflicts and risks posed by Cape Wind in its proposed location just off the coastline in Nantucket Sound, the Alliance and the project's multiple opponents have long advocated relocation to a less conflicted alternative site. In November of 2010, Interior launched an aggressive offshore wind energy development program called "Smart from the Start" to facilitate the siting, leasing, and construction of new offshore projects. Wind Energy Areas (WEAs) have been announced along the east coast from Massachusetts to North Carolina, confirming the current availability of numerous alternative sites all along the East Coast.

Despite the fact that historically Cape Wind claimed that there were no viable alternatives for its project, Energy Management, Inc., Cape Wind's private developer, has now formally expressed interest in two new lease areas offshore in the joint Massachusetts/Rhode Island WEA. Furthermore, numerous stakeholders opposed to Cape Wind in its current proposed location in Nantucket Sound, have supported the project in an alternative location further south outside of the sacred tribal lands and congested marine and aviation routes of the Sound in an area called South of Tuckernuck Island (STI). STI was one of the alternatives evaluated in the federal review of Cape Wind under the National Environmental Policy Act.

While relocation does not address the following issues related to the exorbitant financial cost of the project to the public, it would resolve the many tribal, environmental, and public safety conflicts inherent in Cape Wind's present siting.

Exorbitant federal and state incentives

Cape Wind is a real world example of the duplication of existing financial incentives identified in the recent Government Accountability Office (GAO) report. It is a project that is controversial, extremely expensive, and one that has been propelled forward by process shortcuts, bending of rules and political favoritism.

Federal incentives could be in excess of \$1.3B

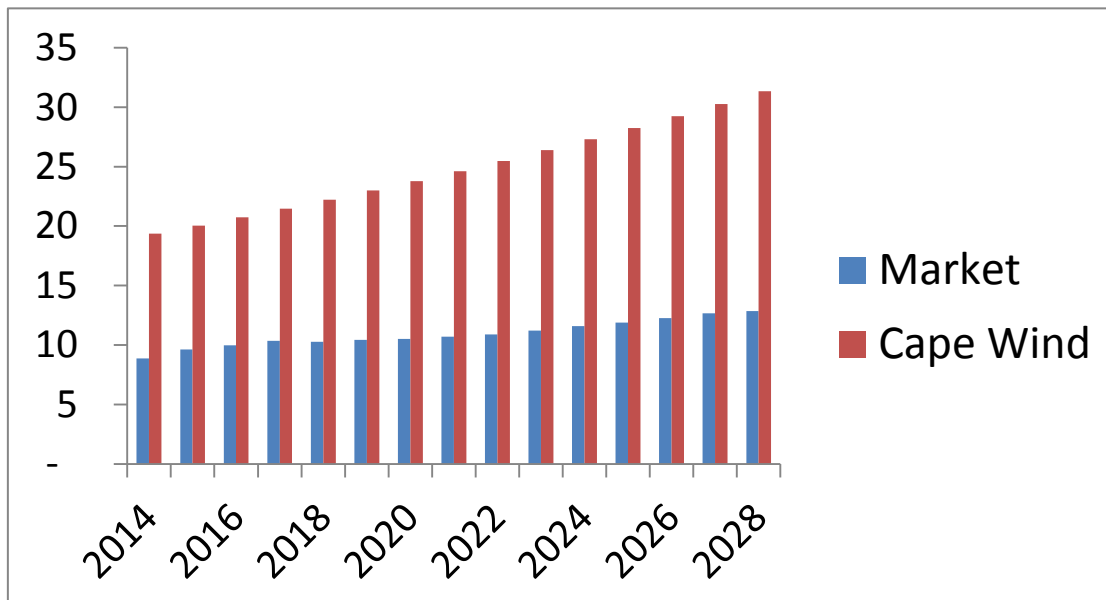
The GAO report states: "It is possible for a single wind project to receive federal support from a section 1603 grant, accelerated depreciation, and a DOE loan guarantee, along with state support from tax incentives and indirect subsidies due to a state RPS." This perfectly describes the Cape Wind boondoggle. At a \$2.6 billion estimated cost of construction, Cape Wind could receive a \$780 million energy investment credit. At the same time, Cape Wind could also get a Department of Energy (DOE) loan guarantee. FOIA documents released to the Alliance show that Cape Wind originally sought nearly \$2 billion under the now expired 1705 program. (Exhibit 5) Recent media reports have indicated that a lower amount in the \$350 million range is now under consideration. In addition to the energy investment credit and loan guarantee, Cape Wind would also qualify for accelerated depreciation. Based on the lower cost of the land-based Shepherd's Flat example provided in the GAO report, it appears that the value of this accelerated depreciation to Cape Wind would be in excess of \$200 million. Thus, the total federal incentive package could be over \$1.3 billion or more than 50% of the \$2.6 billion project.

State incentives approach \$3B

In addition to these federal incentives, Cape Wind would also receive massive state incentives. The Commonwealth of MA not only has an RPS requirement, but also passed the Green Communities Act in 2008 for Cape Wind's advantage. The Green Communities Act was passed to require utilities to purchase long term renewable energy contracts from MA generators and allow significant above market contract costs to be forced on MA ratepayers. This Act enabled Cape Wind to secure two Power Purchase Agreements for a total of 77.5% of its power in very expensive above market contracts whose surcharges would be passed through to MA households, businesses, and municipalities. For example, the NSTAR contract for 27.5% of Cape Wind's power calls for a starting price of over 19 cents per kilowatt hour (kWh), with a guaranteed annual increase of 3.5% over the 15 year contract life, culminating in a final year

price of over 31 cents per kWh. This is an average rate of 25 cents per kWh, in contrast to current MA rates of only 7 cents per kilowatt hour. According to NSTAR’s calculations, the above market cost would be nearly \$1 billion for its customers. (Exhibit 6) This contract was signed only because the Patrick Administration made the purchase of Cape Wind’s power a condition of approving its merger with another utility. Combining the NSTAR contract with National Grid’s contract to buy an additional 50%, the above market cost to Massachusetts commercial and residential ratepayers would approach \$3 billion.

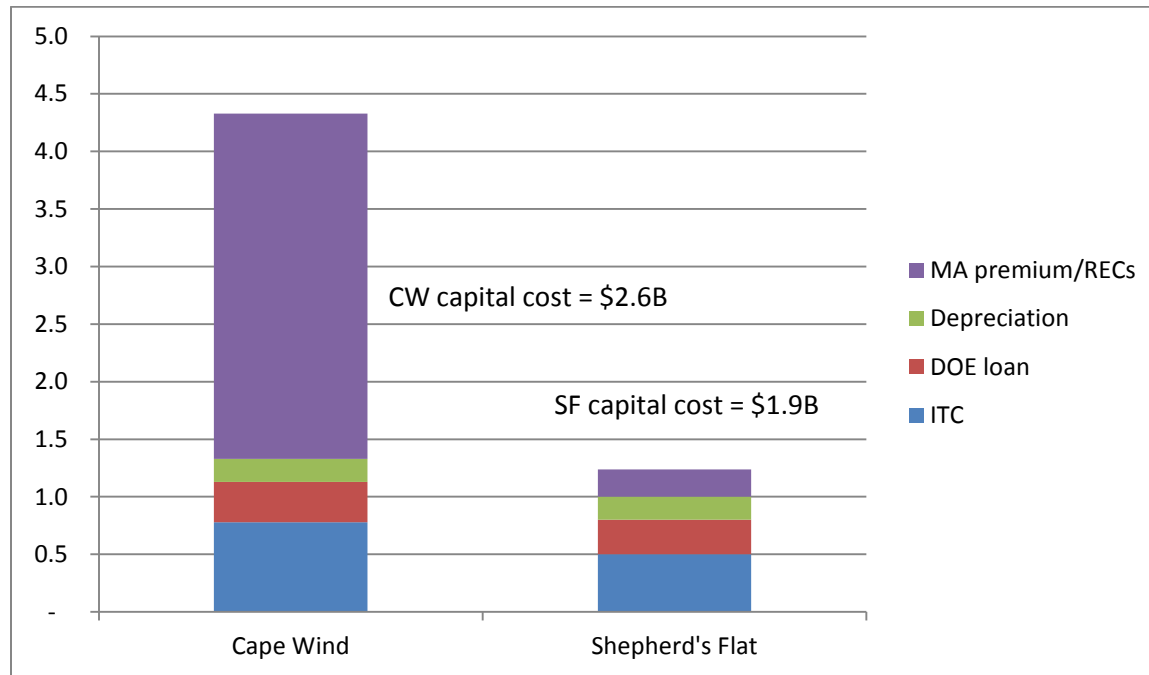
The following chart shows Cape Wind contract price versus market in cents per kilowatt hour.



Federal and state incentives combined are \$4.3B

The GAO report states that even with anti-double dipping provisions, “federal initiatives have provided cumulative financial support worth about half of project costs for many wind projects.” For a large wind project in Oregon cited in the report, it was 65% of project costs. Incredibly, for Cape Wind, a state and federal incentive package of \$4.3B actually exceed the capital costs at 167% of the estimated \$2.6 billion project. Furthermore, for Cape Wind’s claims of creating only 50 permanent jobs, this amounts to a staggering public cost of \$86 million per job.

The following chart shows a possible total incentive package of \$4.3B for the estimated \$2.6B Cape Wind project (167%) versus \$1.2B for the \$1.9B Shepherd’s Flat project (65%).



In the currently constrained fiscal environment and with goals of increasing renewable energy production, it is outrageous to allocate billions of dollars of state and federal money to one single project that poses so many conflicts to local stakeholders.

Net job losses

One of the purported claims to support massive federal and state incentives for Cape Wind is local job creation. However, not only would Cape Wind cause net job losses due to higher electricity costs, many of the claimed green jobs would be overseas. Cape Wind plans to use Siemens turbines from Germany, is working with the Bank of Tokyo to obtain financing, and recently turned its back on an agreement to use a local Massachusetts company to manufacture the bases of its wind turbines to instead go overseas. Cape Wind now plans to buy its massive foundations from a European firm, abandoning Mass Tank after using the company for political gain and local public relations. In a recent press article, Stephen Lynch, Executive Vice President of Mass Tank, stated, “Cape Wind basically is going to be built by foreign suppliers. If they had gone with us, it would have supported about 150 permanent jobs. We don’t think taxpayers should have to finance the project if it’s not going to create jobs in the U.S.”

Furthermore, increases in electricity costs will lead to job losses in the U.S. According to a 2010 paper by Dr. Jonathan Lesser, President of Continental Economics, “Subsidized renewable resources will drive out competitive generators, lead to higher electric prices, and reduce economic growth.” Dr. Lesser refers to Cape Wind as the “poster child for green energy excesses,” stating that “the billions of dollars Massachusetts ratepayers will be forced to pay for the electricity it generates will not provide economic salvation but will simply hasten the exodus of business, industry, and jobs from the state.” (Exhibit 7)

Dr. Lesser estimates that for each \$100 million in increased electricity costs, 640 jobs would be lost. As Cape Wind’s own claims for permanent job creation number only 50, because of increased electricity costs for MA businesses, thousands of jobs would actually be lost by forcing consumers and businesses to buy above-market power. These job losses would far exceed the temporary construction and permanent maintenance jobs created by Cape Wind.

Political favoritism

Cape Wind is also an example of a project that has profited from special legislation, process short-cuts, political favoritism, and coordinated decisions across agencies and between federal and state administrations.

The Obama and Patrick Administrations are closely allied and working together to push Cape Wind forward for political advantage. The Patrick Administration has consistently pressured and collaborated with Interior to get Cape Wind approved. Throughout the process, rules were broken and corners were cut to advance Cape Wind.

Documents received through Alliance FOIA requests and through the House Oversight Committee show:

There was significant coordination between the Patrick and Obama Administrations through the Department of Interior (DOI) to push Cape Wind forward and gain financial assistance for Cape Wind through the loan guarantee program.

For example, a June 24, 2011, email describes a request by the White House to include Cape Wind in an economic briefing for the President on the loan guarantee program. “The WH was very direct about what should be included in the slides so we don’t have much flexibility.” The email specifically stated that the White House wanted “1 slide on status of Cape Wind (because he [the President] has heard from Gov. Patrick a few times – they are close friends).” (Exhibit 8) In the months prior and after Cape Wind was notified that its application for section 1705 assistance was put on hold, there were numerous meetings and calls between MA state officials including Governor Patrick with senior officials at DOE and the Loan Guarantee Program, including Jonathan Silver and Secretary Chu.

Interior overrode federal historic agency recommendations to deny or relocate Cape Wind. MA coordinated a lobbying effort for a multi-state letter to influence and provide cover for Interior to do so.

As previously mentioned, in 2010, the National Park Service deemed Nantucket Sound to be eligible for listing on the National Register of Historic Places as a Traditional Cultural Property because of its cultural significance to the Wampanoag tribes. This greatly increased the significance of the national historic consultation process and made the role of the federal Advisory Council for Historic Preservation (ACHP) particularly important. After Interior Secretary Salazar terminated historic consultation—a procedure rarely invoked—the ACHP issued formal comments to deny or change the location of Cape Wind and criticized Interior for its belated and inadequate consideration of impacts to cultural resources. The ACHP recommended that Interior not approve the Project, stating that “The indirect and direct effects of the Project on the collection of historic properties would be pervasive, destructive, and, in the instance of seabed construction, permanent. By their nature and scope, the effects cannot be adequately mitigated at the proposed site.” (Exhibit 9)

MA responded to the ACHP letter by engaging in a lobbying campaign to get Governors of New England and Mid-Atlantic states to urge Secretary Salazar to overturn the ACHP recommendation to reject Cape Wind. Six Governors signed the Massachusetts orchestrated letter, urging Secretary Salazar to reject the Advisory Council recommendation to reject Cape Wind. As urged by the MA coordinated Governors’ letter, Secretary Salazar ignored ACHP’s recommendations and instead approved Cape Wind.

The timing of key permits was orchestrated to be issued within very short timeframes for maximum press impact to create the perception of project inevitability as well as to keep the project on track for expiring federal subsidies and tax credits.

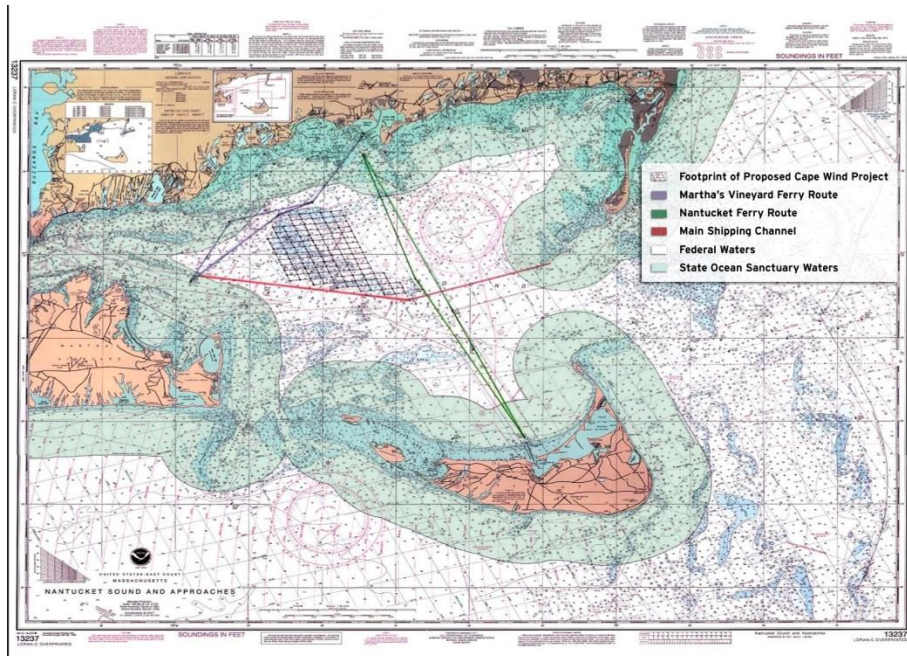
For example, the Record of Decision to approve Cape Wind was issued April 28, 2010, followed closely by the National Grid contract on May 7, 2010, and the FAA Determination of No Hazard on May 10th. Similarly, the National Marine Fisheries Service issued its revised biological opinion under the Endangered Species Act, dismissing impacts on right whales on December 20, 2010, followed by the Army Corps of Engineers permit on January 5, 2011, and the EPA Clean Air Act Permit on January 7, 2011.

Rules that have been used elsewhere have not been applied to Cape Wind.

Safe separation zones between navigational routes and wind turbines are being used to identify offshore wind energy areas for development. However, these buffer zones were not applied in Nantucket Sound, sacrificing public safety for the sake of approving Cape Wind.

This is particularly egregious because the Cape Wind project site spans a 25 square mile area surrounded by three main shipping routes and is a highly congested area used by shipping operators, ferry lines, commercial fishermen, and recreational mariners. The two ferry operators alone transport 3 million passengers per year between Cape Cod and the Islands, with much of this traffic concentrated in the few summer months. The risk of collision, including high speed passenger ferries with the turbines, would increase especially during the frequent fog and storms for which the area is known.

The following navigational chart shows Cape Wind's proposed location:



A 2012 U.S. Coast Guard Port Access Route Study states: “any areas <1 NM from existing shipping routes pose a high risk to navigational safety and are not considered acceptable for the placement” of offshore renewable energy installations. The Cape Wind site is unacceptably close to navigation routes with some of the turbines less than only 0.2 NM from the channel boundary. (Exhibit 10)

Another blatant example of rule bending is the fact that Interior ignored its own offshore renewable energy regulations in approving Cape Wind's Construction and Operating Plan (COP). It gave Cape Wind an exemption from conducting required surveys of the Nantucket Sound seabed prior to COP approval as required in the Outer Continental Shelf regulations solely in deference to Cape Wind's economics and the pursuit of federal subsidies.

A September 2010 Interior email regarding a memo for Interior Secretary Salazar on Cape Wind COP options states, “I agree with the memo. What it misses is the litigation angle. Cape Wind

Associates (CWA) is doubtful it will be able to attract financing until it has won a federal district court victory against its critics. Initially, CWA pushed the Government not to raise ripeness defenses to the four pending lawsuits, but it now recognizes that the court might decide the case on these grounds whether or not we raise it. Therefore CWA has concluded that it needs to pursue fairly prompt approval of a construction and operations plan (COP) and draw a fully ripe challenge on the broad array of issues raised by its critics. For that reason, and because it does not now have approximately \$30 million to expend on geological/cultural survey work, it has asked BOEM not to put into the lease a term requiring that the surveys be conducted before it submits a COP for approval.” The email continues with, “As the briefing paper acknowledges, this conflicts with a BOEM regulation which requires core drilling results be submitted with the COP. Therefore BOEM would have to grant a ‘departure’ (that’s their term for variance) to the regulations.” (Exhibit 11)

Less than two weeks later, on October 4, 2010, Interior sent a letter to Cape Wind granting it the requested departure from the regulations. The letter stated, “The BOEMRE has decided that it will not require surveys to be completed prior to COP submittal to afford CWA an opportunity to obtain the financing necessary to support the additional survey work.” (Exhibit 12)

Agencies have prioritized the financial interests of the developer over public safety and to the detriment of the environment.

The USCG prioritized the financial interest of the developer over the safety of mariners and the public. The USCG initially recommended a buffer zone of 1.5 nautical miles (nm) between the proposed footprint and the main channel, but later removed it due to the economic interests of the developer.

U.S. Coast Guard emails discovered through FOIA include:

- “If 1.5 NM offset applied to Cape Wind proposal in Nantucket Sound, this would drastically reduce the size of the wind farm footprint (might well scuttle it).” (Exhibit 13)
- “If Cape Wind were to use these measures, the proposed wind farm would hold too few WTGs to be economical.” (Exhibit 14)
- Referring to the local port Captain, “He purposely did not recommend the creation of “buffers of navigation” around the turbine array because he believes that would have caused a change in the “footprint of the project” that could unnecessarily “kill the project”. (Exhibit 15)

In another example, the U.S. Fish and Wildlife Service (USFWS) found that Cape Wind should shut down wind turbines on a temporary and seasonal basis to reduce bird kills in its draft biological opinion, but did not require such mitigation in the final opinion solely because Interior and Cape Wind rejected a shut down as too costly. USFWS stated that it “considered”

temporary shut-down as a reasonable and prudent measure to minimize impacts on listed species, but that "it was determined by BOEMRE and [Cape Wind Associates] to not be reasonable and prudent." (Exhibit 16) USFWS itself never made an independent finding of whether a temporary shut-down would be reasonable.

Despite FAA's safety-first mandate, it made mitigation recommendations to accommodate Cape Wind's profitability at the expense of public safety. The proposed 25 square mile, 440 foot high Cape Wind footprint lies in the center of three busy airports in a heavily trafficked low altitude airspace. 400,000 flights per year traverse the airspace over Nantucket Sound transporting millions of passengers through an area characterized by frequent fog and quickly changing weather patterns. However, despite objections by all three local airports and even after acknowledging multiple aviation safety impacts and expressing uncertainty regarding the effectiveness of proposed mitigation options, the FAA deferred to Cape Wind's economics and bottom line. In discussion of potential unresolved radar interference due to Cape Wind, the acting head of the FAA's Obstruction Evaluation group stated, "Shutting them down midstream will create an undue burden on the developer and could possibly bankrupt them." (Exhibit 17)

The following map shows one day of flight paths over Nantucket Sound:



FAA succumbed to political pressure in its previous aviation safety determinations and issued new regulatory notices to try to circumvent rulings by the U.S. Court of Appeals.

The FAA has consistently ignored the warnings of the local aviation community, including airplane pilots, regional airports, and airline owners that the proposed Cape Wind project would pose unacceptable risks to the safety of local pilots and passengers. It also ignored concerns from its own technical experts. FAA documents obtained through FOIA make clear that FAA has made decisions based on political and economic factors rather than the recommendations of the pilots, who use this airspace every day, thereby failing to discharge FAA's statutory safety-first mandate and protect the pilots and passengers who use this airspace.

Internal FAA emails received by the Alliance in response to a FOIA request clearly show political pressure and White House and Department of Energy involvement. FAA personnel openly acknowledge the political sensitivity of the project, pressure to rush the review to meet deadlines despite the clear risks, and difficulty to deny the project given the political pressure to promote a green energy agenda by the federal administration.

A May 3, 2010, FAA PowerPoint presentation to Eastern Service Area Directors includes a slide titled "Political Implications" which states, "The Secretary of the Interior has approved this project. The Administration is under pressure to promote green energy production. It would be very difficult politically to refuse approval of this project." (Exhibit 18)

A December 27, 2006, email from Cape TRACON, the radar air traffic control facility for the Cape Cod and Islands airspace, outlining its concerns states, "I will tell you that this will have an adverse impact on our operation..." The FAA response to this email states, "Keep in mind that if an objection is issued, it will be based pretty much on your comments, so no smoke, please. Any 'objection' to a wind turbine project will be scrutinized at the highest level (White House, DOE, etc.) so be thorough and exact." (Exhibit 19)

A Congressional investigation for undue political influence was launched in July 2012 by both the House Oversight and Government Reform Committee and the Transportation and Infrastructure Committee.

Furthermore, the FAA's 2010 Determination of No Hazard was challenged in the U.S. Court of Appeals by the Alliance and the Town of Barnstable, which owns and operates the Barnstable Municipal Airport on Cape Cod. In October, 2011, the U.S. Court of Appeals revoked the ruling, remanding it back to the FAA, and faulted the FAA for several factors including: "fail[ing] to supply any analysis of the record evidence concerning the wind farm's potentially adverse

effects on VFR operations”; “cut[ting] the process short ... and never calculate[ing] the risks in the first place”; and “catapult[ing] over the real issues and the analytical work required.” (Exhibit 20)

On remand, the Court directed the FAA to “address the issues and explain its conclusion.” Rather than follow this Court’s instructions, FAA not only repeated the same misinterpretation of its Procedures for Handling Airspace Matters, but also relied on a last-minute amendment to its Handbook, issued after the public comment period had closed, to once again avoid issuing a Hazard Determination which would halt Cape Wind’s ability to begin construction. In August of 2012, just two months after its last-minute amendment, the FAA issued another Determination of No Hazard, which is once again under appeal by the Alliance and Town of Barnstable.

National security issues may not be resolved.

Several emails written shortly before the FAA issued its 2010 Determination of No Hazard express concern that the Cape Wind turbines may pose threats to national security. It is unclear whether the proper agencies addressed this issue especially given the scenario that aircraft operating without a transponder could remain unseen.

- An April 1, 2010, email questions, "Has anyone checked to see if we have any national security issues if we filter primary data out around the windmills that are in the middle of the bay along the coast?" (Exhibit 21)
- An April 5, 2010, email states, “Tech Ops would not coordinate security issues under the Obstruction Evaluation either. Based on our study it is possible that a plane without a transponder could essentially not be picked up over the wind farm.” (Exhibit 22)
- A May 3, 2010, PowerPoint presentation to Eastern Service Area Directors includes a slide titled “National Security Issues” which states, "The masking of primary RADAR data along the coast may have national security implications." (Exhibit 18)

Furthermore, studies done in 2006 and 2007 by the Department of Defense confirm the threat of wind turbines to national security. The 2006 study entitled “The Effect of Windmill Farms on Military Readiness” concluded “wind farms located within radar line of sight of air defense radar have the potential to degrade the ability of that radar to perform its intended function. The magnitude of the impact will depend upon the number and locations of the turbines. Should the impact prove sufficient to degrade the ability of the radar to unambiguously detect and track objects of interest by primary radar alone this will negatively influence the ability of U.S. military forces to defend the nation.” (Exhibit 23)

It also concluded that the “previous study of the impact of the proposed Cape Wind project on PAVE PAWS at Cape Cod Air Force Station was overly simplistic and technically flawed.” PAVE

PAWS is one of the only two early warning missile defense radars in the continental U.S. In 2007, an additional study was conducted entitled “Wind Turbine Analysis for Cape Cod Air Force Station Early Warning Radar and Beale Air Force Base Upgraded Early Warning Radar.” This study confirmed that “utility class wind farms could have a significant impact on radars, including missile defense early warning radars” and recommended a wind project offset zone of 25 km from missile defense radar systems. (Exhibit 24)

However, the study’s recommended offset zone of 25 km is too close for comfort; Cape Wind would be located only 26 km from PAVE PAWS. It is also unclear from the study whether the current height of the turbines at 440 feet was used or an outdated lower height was improperly used, potentially affecting the radius of the safe offset zone for the PAVE PAWS early warning radar system.

DOE loan guarantee for Cape Wind poses taxpayer risk

Following the bankruptcies of Solyndra and other failed projects, the DOE loan program has been mired in controversy. For Cape Wind’s private development, the financial risk to federal taxpayers is high.

First of all, numerous lawsuits face the federal government for its flawed reviews of Cape Wind. Lawsuits have been filed by the Wampanoag Tribe of Gayhead/Aquinnah, Public Employees for Environmental Responsibility, the Town of Barnstable, the Alliance, and others, challenging determinations by Interior, the U.S. Fish and Wildlife Service, the Federal Aviation Administration, the U.S. Army Corps of Engineers, and the U.S. Coast Guard, among other agencies, for violations of the National Environmental Policy Act, the Endangered Species Act, the National Historic Preservation Act, and the Outer Continental Shelf Lands Act. The National Trust for Historic Preservation has also filed an amicus brief to support the Tribal lawsuit. These ongoing legal challenges present a serious risk to the viability of the Project. The Alliance and the Town of Barnstable have already won one federal lawsuit in the October 2011 revocation of the FAA’s Determination of No Hazard for Cape Wind by the U.S. Court of Appeals. DOE should not waste any additional taxpayer resources on this highly conflicted proposal and reject Cape Wind’s application for a loan guarantee. DOE should not sacrifice the opportunity to fund other viable projects in the name of one risky, heavily subsidized, and extremely expensive project. At a minimum, the pending lawsuits which could clearly halt the construction of Cape Wind should first be resolved before committing hundreds of millions of taxpayer dollars.

Secondly, Cape Wind’s power is not fully sold and there is no guarantee Cape Wind will have a buyer for the remaining 22.5 percent of its output. More importantly, under the terms of the power purchase contracts, if Cape Wind does not commence physical construction by December 31, 2015, both contracts will be terminated leaving Cape Wind with no buyers for its power. (Exhibit 25)

Approval of this controversial and problematic proposal would be a terrible legacy. It would devastate the regional economy and environment, threaten public safety, put taxpayers at risk, and saddle MA ratepayers with billions of dollars in additional electricity costs to primarily create manufacturing jobs overseas. It would also further undermine the long-term credibility of the offshore renewable energy program.

Conclusion

In its proposed location in Nantucket Sound, the Cape Wind industrial project would devastate the local tourist based economy, pose threats to the environment, and put public safety and potentially national security at unacceptable risk. It would saddle MA ratepayers with excessive electricity costs, result in net job losses, and burden taxpayers with an inordinate amount of cost through overlapping federal and state financial incentives.

Throughout this review process, rules were broken and corners were cut to advance Cape Wind. Cape Wind has profited from special legislation, process short-cuts, political favoritism, and coordinated decisions across agencies and between federal and state administrations – all at the expense of the public.

The Alliance respectfully requests that the Committee instruct the Government Accountability Office to conduct an independent assessment of the Cape Wind project, including a cost-benefit analysis. This analysis should include economic, historic, tribal, environmental, public safety, and other public interest factors. It should also assess if the federal agencies involved in decision making had predetermined the outcome of the review and applied overly lenient standards for review and action based on a policy goal favoring the expedited development of renewable energy. We also request that the Committee require that no action be taken on loan guarantee or investment tax credit decisions until this independent report is complete and pending lawsuits are resolved to minimize potential taxpayer risk.