

Mass. Cape Wind gets thumbs up, thumbs down

April 29 2010, JAY LINDSAY , Associated Press Writer



In this July 27, 2006 file photo, wind turbines stand clustered offshore in Dronten, the Netherlands. U.S. Interior Secretary Ken Salazar will announce Wednesday, April 28, 2010, his decision whether the Cape Wind project can proceed off the Cape Cod coast in Massachusetts, clearing the way for the construction of a 130-turbine wind farm in the Nantucket Sound. (AP Photo/Peter Dejong, File)

(AP) -- With federal approval behind them, developers of what would be the nation's first offshore wind farm still have a tough journey ahead before finally producing power in the waters off Cape Cod.

On Wednesday, the Obama administration approved the 130-turbine Cape Wind project in Nantucket Sound, and developers say they want to generate power by 2012.

Interior Secretary Ken Salazar's decision "allows our nation to harness an

abundant and inexhaustible clean energy source for greater [energy independence](#), a healthier environment and green jobs," Cape Wind president Jim Gordon said.

But opponents vow to kill the project in the courts, and the litigation could tie up development plans or scare off investors. If not, Cape Wind still faces major challenges to reach a deal with a local utility to purchase its power and to obtain financing for a project estimated to cost at least \$2 billion.

Salazar's approval was a big step forward for Cape Wind, but not near the last one, said R.J. Lyman, assistant environmental secretary under former Massachusetts Gov. William Weld and a partner at the Boston law firm Goodwin Procter.

"What this is, they've now succeeded in getting an invitation to the dance," Lyman said. "The question is, how well are they going to do at the party?"

Developers of Cape Wind, which was proposed in 2001, say it will provide a reliable, domestic [renewable energy source](#) and eventually supply three quarters of the power to the Cape's 225,000 residents. Offshore wind advocates are also hoping it will spark a new American industry, which has lagged behind the offshore wind business in Europe and China.

But Cape Wind has faced intense opposition from some environmentalists and residents, including the late Sen. Edward M. Kennedy, who fought the project as a special interest giveaway.

Others predict harm to local wildlife, increasing electricity costs and damage to historic vistas. Two Indian tribes said Cape Wind would destroy sacred rituals and could disturb tribal burial grounds, and one has

promised to sue.

Audra Parker, a Cape resident and head of the chief opposition group, The Alliance to Protect Nantucket Sound, said the project is so flawed the courts will inevitably overturn Salazar's decision.

But Salazar said the project was part of a "new direction in our nation's energy future" and would withstand court scrutiny.

As part of litigation, Cape Wind opponents plan to seek a preliminary injunction to stop construction on the project while their complaints are pending, which could lead to damaging delays.

Still opponents must show, in part, that their suits are likely to succeed. And that's a "really, really high bar for them to meet" because the comprehensive review the project has undergone has shown its merits, said Sue Reid, an attorney for the Conservation Law Foundation, a Cape Wind supporter.

But even without an injunction, the litigation may scare off some investors, Reid said. The project could get millions in federal stimulus money and tax credits but will be largely funded by private dollars.

"Some investment banks might be willing to put up that capital with litigation pending; others may not," Reid said.

Lyman thinks Cape Wind's biggest obstacle is quickly reaching a deal to sell power to a local utility. The project can't work without such a deal, he said, comparing it to building an office building but not securing tenants.

Cape Wind has been in negotiations with National Grid for a deal, but those haven't come easy for offshore projects.

In Rhode Island, regulators recently rejected a power purchase agreement between National Grid and the developer of a proposed wind farm off Block Island, citing the high cost of its electricity compared to power from conventional sources.

Massachusetts officials have emphasized that the price Cape Wind and National Grid agree on must be affordable for ratepayers.

Lyman wondered whether Cape Wind could reach an acceptable deal, considering its resources have likely been severely stretched by a long fight to win federal approval.

"I do know these guys are creative and thoughtful, and if anyone can do it, they can," Lyman said. "I just don't know if anyone can do it."

A Cape Wind spokesman did not immediately return a call for comment Wednesday.

Reid said that even with what's ahead, the challenge behind was huge. She's optimistic Cape Wind can be up and running by 2012.

"Getting this federal approval was the biggest hurdle to overcome," she said.

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