

WIND ON THE WIRES: Responses to Questions posted to Michigan Energy Forum Website

4. What are the predicted costs of new energy generation by type in the future? How would a carbon tax, increased carbon regulation, and the elimination of specialized tax treatment impact those cost estimates?

Wind energy costs are predicted to remain close to stable or even decrease in the future. Lawrence Berkley National Lab reported on the long-term price hedge offered by wind energy, concluding that “on average, and in real dollar terms, wind power will cost...no more (and even slightly less) in 2031 than it does today.” (LBNL, *Revisiting the Long-Term Value of Wind as Hedge*, at 8 (draft March 7, 2013)). This is the result of the up-front nature of costs for wind energy, with much of the cost being attributed to capital costs and lower operations and maintenance and fuel costs throughout a generation facility’s life than traditional energy sources. This allows wind energy to provide long term price stability in power purchase agreements.

Any forthcoming carbon tax or regulation will make renewable generation such as wind more cost competitive in the future.

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