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New England energy prices expected to be higher than last summer: We're in trouble here, folks

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If you're a business that relies on the grid, electricity costs are becoming highly unpredictable, making it hard to keep your budget in check. This summer, electricity prices in just about all areas of the United States are expected to be higher than last summer, according to the U.S. Energy Information Agency. New England retail electricity prices are expected to rise by 9.6%, but the average bill is "only" expected to increase 5.6% because of reduced electricity usage (aka - Yankee ingenuity and sacrifice). A recent report from Kiplinger puts this cost increase closer to 7%.

Here's something to ponder: New Englanders spent \$5.1 billion in electricity last winter (December to February), compared to \$5.2 billion for all of 2012, according to ISO-New England, a regional power grid administrator. As ISO-NE's report shows natural gas pipeline constraints and higher demand in New England caused the average price of natural gas to rise 76% in 2013, which in turn pushed wholesale electricity prices up by 55% over 2012's record low price. This is not good news for New Englanders, especially businesses - and if we get another brutal winter like this past one, the projections could get even worse.

It doesn't end there. When ISO-NE completed its annual "forward capacity" auction for 2017-2018, it encountered a deficit of supply for the first time since the auctions began in 2006. In other words, New England has abruptly moved from a capacity surplus and low prices in previous auctions to a capacity shortfall and relatively high prices looking ahead.

As The Kiplinger Letter suggests, it's time to act and get more and more of our electricity from "off the grid" via renewable energy sources such as solar. Massachusetts in particular has seen tremendous support from the state and federal government in terms of incentives and tax credits for businesses that choose solar energy. Those incentives are still in place for 2014 and create strong ROI for businesses looking for an alternative way to power their operations. In most cases, businesses can see payback for their systems in less than 5 years on systems projected to last 25 years.

This summer will bring scorching heat that will push your electricity usage higher, followed by another frigid New England winter. It's time to act on solar and start offsetting those costs now. Talking with an experienced solar developer will help you determine how your business can best benefit from solar energy and if your property is a good candidate for solar.

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