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CH Energy Group, Inc. The Wall Street Analyst Forum Call Transcript

Question-and-Answer Session

Unidentified Speaker

(Inaudible Question)

Steve Lant

The question is in terms of renewable energy. What are the cost and where it requires subsidies going forward?

The simple answer to that question is today every form of renewable energy is more expensive than conventional forms of energy and so there is a gap that needs to be closed and that gap is being closed by government subsidy streams of one type or another, whether its federal tax credits, production tax credits or whether it's state renewal energy credits or other devices of that nature.

Now I say that's the case today, because one change that has likely to come is that there will be a price attached to the carbon emissions of traditional energy generation in the future, and to the extent that is an internalize cost that raise the cost of traditional or conventional forms of energy, with the exception of nuclear which of course does not emit carbon.

Then that gap will shrink and it could shrink to the vanishing point, depending on what that price of carbon ends up being. Of course that's a very difficult thing to predict at this point, but I think that is the direction that with a carbon tax or a carbon price that comes through a carbon trading system that the need for subsidies and the level of subsidies will diminish overtime.

Unidentified Speaker

(Inaudible Question)

Steve Lant

The question is what proportion of our customer's are involved in Green Energy Programs and do we see that growing?

At this point there is really not a lot of participation. We've had a couple of our municipal customers, sign up for what are called voluntary energy, green energy credits. That is really very small phenomenon at this point. We have not had a claimer on the part of our customer base to offer a green product. However, there are energy service companies, if you remember I said that we had a deregulated electric generation market in New York State and one of products that the energy services companies can sell is green energy.

However, I'm not aware that has made a great penetration and so I think with that concluding that leads to is that a voluntary approach. Your seeing a much greater proportion of lower carbon emission technologies is probably not going to have a big impact and that therefore some kind of mandatory machines such as a cap-and-trade law at the federal levels is going to be the only way that a material reduction in carbon emissions is going to come about.

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