

State findings: Sewer plant turbine not worth it

By [Tim Gannon](#) | May 4, 2011

A study on constructing a wind turbine at the Riverhead Town sewer plant underestimates the costs of building the facility and overestimates the amount of energy it would generate, according to the New York State Power Authority.

The Town Board asked NYPA to review the study — which was commissioned by the town — by the private consulting firm Neutral Group. NYPA's report was issued Wednesday.



Its conclusion raised concerns about the ultimate benefit of the turbine and contrasted the conclusions reached by Neutral Group. That firm said the project would generate over \$5 million in energy savings over 25 years.

“I feel good that we had the Power Authority look at this, because originally we had an industry source doing the study and I was never comfortable with that,” said Councilman George Gabrielsen, who met with NYPA officials Wednesday, along with Supervisor Sean Walter.

“Now that we had NYPA come in and look at it, I feel better,” he continued, “because this is what they do throughout the state and according to their study, it’s a negative. It doesn’t pay.”

Mr. Gabrielsen told the News-Review Wednesday that Neutral Group left out the so-called “soft costs,” such as site preparation costs, in its initial study.

Peter Rusy of Neutral Group said staffers there are willing to speak with NYPA officials to go into further detail on what numbers to use in computing cost estimates.

“There are a couple variables we have to come to agreement on,” he said in an interview Wednesday. “NYPA’s estimates were very conservative, and we have a good understanding of the costs for a project like this.”

He feels NYPA hasn’t looked at how Neutral Group arrived at its estimates.

“We’ve done a lot of work on this,” Mr. Rusy said. “I would have told [town sewer plant supervisor] Michael Reichel from day one if I thought this was not feasible.”

NYPA estimates the construction costs of the 750 kw turbine would be \$2.6 million, which is about \$1 million more than the \$1.6 million estimate in Neutral Group’s April 2010 study. NYPA also estimated that the electrical cost per kilowatt hour was 12 cents and the energy escalation rate, or LIPA rate hikes, to be 2.5 percent per year. Neutral Group put the cost per kilowatt hour at 18 cents and the annual cost of escalation rate at five percent. Based on these numbers, NYPA estimates that the project would not generate money for the town.

Neutral Group altered their estimates in April of this year and upped the construction cost to \$2.295 million.

NYPA also altered its electrical cost estimate to match Neutral Group’s new estimate of 14.5 cents per kilowatt hour.

But even with those changes, NYPA officials still questioned if the project would work financially.

“Based on our more conservative approach, NYPA still has concerns regarding the ultimate economic benefit to the town of the proposed wind turbine,” NYPA officials wrote.

Residents of Riverside Drive and other streets near the sewer plant have raised opposition to the turbine project, citing noise and other factors.

Mr. Walter has visited wind farms in Atlantic City and upstate Madison County and reported that the plants were relatively quiet.

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