

May 5, 2022

Via eDockets

Public Advisor

Minnesota Public Utilities Commission 121 Seventh Place East, Suite 350
St. Paul, MN 55101-2147

RE: EERA Review and Comment
Decommissioning Plan Sherco Solar Project
Docket No. E-002/GS-21-191

Public Advisor:

Department of Commerce Energy Environmental Review and Analysis (EERA) staff has reviewed the draft decommissioning plan (draft plan) for the proposed Sherco Solar Project included as Appendix H of the Site Permit Application filed April 20, 2021.

EERA staff's review is guided by the recommendation of the Solar and Wind Decommissioning Working Group (SWDWG). As discussed in EERA staff's recommendations on decommissioning plans in Docket 17-123, the decommissioning plan should serve as a stand-alone document to orient the reader to the project as it is on the ground, as such, the final document will need to incorporate any site changes/revised layout post application issuance.

EERA staff understands and appreciates that the plan was prepared by an independent preparer and meets that expectation; the plan and cost estimate have been prepared by Westwood Professional Services.

Although the draft plan submitted with the permit application contains much of the recommended content and detail, the organization of the plan makes it difficult to locate the information. EERA recommends that the plan be revised to include some additional content as well as format changes and filed into the docket prior to the pre-construction meeting for the project.

EERA Recommendations

EERA staff recommends that Xcel Energy revise the draft plan to incorporate the following improvements prior to filing as a pre-construction document:

- **Project description.** EERA recommends the project description be updated to include:
 - The date of the plan and Commission's docket number for the project on the cover of the decommissioning plan.
 - The date and eDocket location of the site permit when issued. Future updates should also reference past decommissioning plans and provide a link to those plans.

- A site map showing the location of project components (arrays, roads, cabling, switching station, O&M facility).
 - Text describing the project, both the surrounding landscape (setting), the land use prior to construction of the facility in addition to the elements of the facility (fenced area, area of arrays, stormwater improvements, substation, length of access road, length of collector lines and cabling, etc.). Much of the information on the facility components is in Section 2.0 but setting that in the context of the size and location of the site can help the reader understand how the project sits on the landscape and the restoration goals.
 - Anticipated date of commercial operation (will be updated once this is certain).
 - The use of generation output (where does the power go, if there is a PPA, when does it expire?).
 - The pre-construction version of the plan should also include a site map identifying the location of major components (arrays, project substation, project O&M facility, inverters, access roads, collector lines, any stormwater retention areas).
 - The anticipated life of the facility.
 - A short statement on landownership. Will the land on which the facility is sited be owned by Xcel Energy or an affiliate, or will it be leased from independent landowners, or some combination?
- **Decommissioning Objective.** EERA recommends adding a separate heading and text describing the objective of the plan. The plan is prepared to meet the requirements of Section 9 of the sample site permit (June 29, 2021; eDocket No. 20216-175526-02). The text on page 1 “The goals for the Decommissioning Plan are to provide the plan and process for restoring the site so that it can be utilized for agricultural uses, or other economical land uses, after the project ceases to operate” is inconsistent with Section 9.2 of the sample site permit that requires the site be restored to pre-project conditions to the extent feasible. Striking the qualifying language “or other economical land uses” would bring the plan into compliance with the permit.
- **Permits and Notifications.** EERA recommends the following changes:
 - Add a heading on permits and notifications.
 - Add text on who will be notified (landowners, local governments, Commission, other agencies) and when.
 - Recently issued permits require decommissioning be provided to local governments – plan to document compliance with that provision once the plan is filed.
 - Identify any road permits required for oversize loads or temporary closures.
- **Tasks and Timing:** EERA recommends some reorganization and consolidation of text describing the decommissioning and restoration tasks into a separate heading that incorporates the tasks and the schedule. In addition, moving the text describing the decommissioning process from the executive summary to the section on project component removal and site restoration (Section 2.4 in the draft reviewed).
- **Cost Estimate:** EERA recommends the information on estimated costs be revised to:
 - Consolidate the cost assumptions and detail under a separate “Cost estimate” heading.

- Provide additional detail on cost and assumptions (see the Hayward Solar decommissioning plan eDocket ID [20215-173907-01](#)). Although both the Sherco Solar and Hayward decommissioning plans were prepared by Westwood, they differ in the level of detail in cost breakdown and assumptions.
- Clarify assumptions about which project components will be scrapped and which will be reused or sold. The text on page 3 indicates an assumption that most panels will be resold, while the text on page 5 indicates that the salvage value is based on resale and scrap value of the salvaged materials and not on sale or reuse of equipment in other installations. The table on page 5 has a large category “PV Site – Electrical Collection System” with a salvage value of ~ \$40 million, or approximately 80 percent of the salvage value of the project. The text on page 5 acknowledges the volatility of the scrap market. EERA notes that projecting the current resale market for solar arrays 30 years into the future is at least as speculative. EERA anticipates that the resale market will become more stable over time and EERA will continue to monitor for all solar projects. The decommissioning costs factor into the amount and type of financial assurance, and as the project approaches the point where financial assurance is established (no later than year 10 of operation) EERA anticipates highlighting this matter for Commission review.
- **Scheduled Updates:** EERA recommends adding a section on the schedule for updates at five-year intervals under a separate header. At this stage, EERA staff recommends a “permit version” of the decommissioning plan be filed with pre-construction documents, and then updated every five years thereafter. The plan should also be updated any time there is a change in ownership.
- **Financial Assurance:** EERA recommends the information on financial assurance be revised to:
 - Add a separate heading to make this information easier to locate.
 - EERA staff notes that the plan anticipates that Xcel Energy will use an undetermined method of financial surety for this project that is more typical of independent power producers (reserve fund, surety bond, escrow account, or “another form of security”) rather than the negative net salvage rate used in other Xcel Energy owned projects. The plan should explain why the approach to financial assurance would differ for the Sherco Solar project.
 - Consistent with SWDWG recommendations, EERA recommends establishment of a financial surety no later than year 10 of operation and that the surety be fully funded prior to the end of the permit, or the end of the power purchase agreement in cases where the power is sold.

EERA Recommendation Relative to Permit Language on Decommissioning

Consistent with EERA recommendations to the Commission on review of decommissioning plans in Docket E999/M-17-123, EERA has recommended that draft decommissioning plans be submitted with applications for wind and solar facilities. By including a draft version of the plan in the application, the plan is available for public review and comment to ensure that the project decommissioning plan can be considered at the time the Commission is making a final permit decision on the project. EERA recommends that a revised decommissioning plan, incorporating comments on the draft plan included in the application be filed prior to construction, rather than waiting until pre-operation.

EERA recommends the following changes to Section 9.1 of the Sample Site Permit to clarify the timing of the filings.

9.1 Decommissioning Plan

The Permittee shall comply with the provisions of the most recently filed and accepted Decommissioning Plan. The initial version of the decommissioning plan was submitted for this project as Appendix H of the April 20, 2021, site permit application. The Permittee shall ~~submit a file an updated decommissioning plan incorporating comments and information from the permit issuance process and any updates associated with the final construction plans, to~~ with the Commission at least fourteen 14 days prior to the ~~pre-operation pre-construction~~ meeting and provide updates to the plan every five years thereafter. The decommissioning plan shall be updated every five years following the commercial operation date.

The decommissioning plan shall provide information identifying all surety and financial securities established for decommissioning and site restoration. The decommissioning plan shall provide an itemized breakdown of costs of decommissioning all project components, which shall include labor and equipment. The plan shall identify cost estimates for the removal of solar panels, racks, underground collection cables, access roads, transformers, substations, and other project components. The plan may also include anticipated costs for the replacement of panels or repowering the project by upgrading equipment.

The Permittee shall also submit the decommissioning plan to the local unit of government having direct zoning authority over the area in which the project is located. The Permittee shall ensure that it carries out its obligations to provide for the resources necessary to fulfill its requirements to properly decommission the project at the appropriate time. The Commission may at any time request the Permittee to file a report with the Commission describing how the Permittee is fulfilling this obligation.

Sincerely,

William Cole Storm, Environmental Review Manager