

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Nancy Lange
Dan Lipschultz
Matthew Schuenger
Katie J. Sieben
John A. Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

To: Service List

SERVICE DATE: March 8, 2017

DOCKET NO. E-999/M-17-123

In the Matter of the Department of Commerce Workgroup on Decommissioning of Wind and Solar Facilities

The above-entitled matter was considered by the Commission on March 2, 2017 and the following disposition made:

Authorized the creation of a wind and solar decommissioning workgroup as outlined in the Department's January 25 and February 17, 2017 memoranda.

The Commission agrees with and adopts the recommendations of the Department of Commerce, which are attached and hereby incorporated into the order. This order shall become effective immediately.

BY ORDER OF THE COMMISSION



Daniel P. Wolf
Executive Secretary

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MEMO

Date: January 25, 2017

To: Daniel P. Wolf – Minnesota Public Utilities Commission

From: William Grant – Deputy Commissioner, Division of Energy Resources



Subject: Proposed Working Group on Wind and Solar Decommissioning

Recommendation

For the reasons outlined below, the Department is proposing the Commission establish a working group on decommissioning of wind and solar projects. Over the course of three to four meetings, the working group would gather stakeholder input on decommissioning best practices for use in Commission site permits and report to the Commission by the end of 2017. The Department proposes that Suzanne Steinhauer from the Department facilitate the working group.

Background

As you are aware, site permits issued for wind and solar facilities require permittees to develop a decommissioning plan for each project. The intent of the decommissioning plan is to ensure that the permittee restores the site to its original condition at the end of the energy facility's useful life, with the costs of the restoration borne by the permittee.

Department of Commerce (Department) staff has recently provided the Public Utilities Commission (Commission) with review comments on several decommissioning plans filed pursuant to siting permits for wind and solar facilities. These comments are in keeping with the Department's compliance review role as established in the Memorandum of Understanding between the Department and the Commission.

Each plan details the steps required to remove the project and restore the site at the end of its life, and provides an estimate of decommissioning costs and how sufficient funds will be available to accomplish the required decommissioning tasks. Historically, the anticipated decommissioning expenses are estimated at the time of permit issuance, but no specific bonding or fund set-aside requirements are imposed. Most plans call for a re-evaluation of cost estimates and the establishment of a funding mechanism between years 10-15 of operation.

Including permits currently undergoing review, nearly 50 Large Wind Energy Conversion System (LWECS) Site Permits have been issued since 1995, and many of those permits are approaching the 15-year milestone requiring the establishment of a financial instrument to ensure funding for decommissioning. However, there are no agreed-upon best practices currently established for the decommissioning plans. Consequently, the level of information on proposed decommissioning of facilities has varied by project. The absence of best practices has proved somewhat frustrating for both developers, who want to understand their long-term financial obligations, and for local units of government, who worry that they may end up bearing the financial cost of decommissioning of these projects.

Department staff concludes that investigating best practices on the decommissioning of wind and solar facilities would assist the Commission in developing consistent and well-reasoned permit conditions that benefit developers, local governments, and landowners.

The Department proposes to convene a working group to identify current decommissioning funding, planning, and execution practices and make recommendations regarding which are best practices that should be adopted as reasonable decommissioning requirements. As envisioned by Department staff, in consultation with Commission staff, the working group would be comprised primarily of local governmental agencies and developers, but could include other interested stakeholders.

The Department proposes that Suzanne Steinhauer facilitate the working group. Ms. Steinhauer facilitated the Department's 2014 Solar Siting Working Group. Upon completion of the working group, after three to four meetings, the Department proposes to 1) provide a summary of working group discussions, 2) provide an overview of regional and national best practices for the planning, funding, and execution of decommissioning activities, and 3) provide recommended project decommissioning options for the Commission's consideration by the end of 2017.

February 17, 2017

Daniel Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

RE: Comments and Recommendations of Department of Commerce
Energy Environmental Review and Analysis Staff on Decommissioning Working Group
Docket No. E999 /M-17-123

Dear Mr. Wolf,

Commission-issued site permits for wind and solar facilities require that permittees file a decommissioning plan for each project prior to the project coming online. These plans are required in order to ensure that developers restore sites developed for wind or solar generation to their original condition at the end of the energy facility's useful life and that the cost of the restoration is borne by the developers,

The decommissioning plans to date have not specified what type of financial assurance is required to accomplish decommissioning tasks. Ensuring adequate funding of project decommissioning is particularly timely given that a number of older wind projects are entering into the final portion of their power purchase agreements.

As noted in Deputy Commissioner Grant's January 23, 2017 memo (eDocket ID: [20172-128852-01](#)), the Department believes that a working group would provide useful stakeholder input for developing best practices for decommissioning of these facilities. Although the Department has the authority to commission such a working group under Minn. Stat. § 216A.07, the Department believes that the involvement of the Commission would help to ensure that the group addresses issues that are particularly relevant to the concerns identified.

The Department, in consultation with Commission staff, has identified five questions to guide the working group as it develops recommendations on the planning, funding, and execution of decommissioning activities.

- What are the essential elements of a Decommissioning Plan?
- Are there special considerations for different types of projects (e.g. wind or solar) that should be addressed in a Decommissioning Plan?
- How frequently should decommissioning costs be reevaluated?

- What form should decommissioning security take to ensure that funds are available to accomplish decommissioning tasks?
- What is the appropriate timeframe (e.g. at permit issuance, prior to commercial operation, at the end of the power purchase agreement) for establishing financial security?

The Department believes that keeping the working group to a manageable size will help to keep the group's conversations focused and moving towards a final report and recommendations to the Commission by the third or fourth quarter of 2017. Department staff recommends that the working group be composed of approximately 10 – 12 stakeholders representing local governments, wind and solar developers, utilities, and at least one non-profit organization. A possible configuration might look something like this:

- 3-4 county or local government representatives
- 2-3 developers
- 1 non-profit
- 2 utilities

Based on previous facilitation experience with the Solar Siting Working Group convened in 2014, Department staff has offered to facilitate the working group.

Staff is available to answer any questions the Commission may have.

Sincerely,

A handwritten signature in cursive script that reads "Suzanne Steinhauer".

Suzanne Steinhauer
Environmental Review Manager
Energy and Environmental Review and Analysis