



414 Nicollet Mall
Minneapolis, MN 55401

October 4, 2019

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

—Via Electronic Filing—

RE: COMMENTS
WORKING GROUP ON DECOMMISSIONING OF WIND AND SOLAR FACILITIES
DOCKET NO. E999/M-17-123

Dear Mr. Wolf:

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission the enclosed Comments in response to the Commission's July 22, 2019 *Notice of Comment Period on Department of Commerce Decommissioning Report and Recommendations* and its September 19, 2019 *Notice of Extended Comment Period* in the above-noted docket.

We have electronically filed this document with the Minnesota Public Utilities Commission, and copies have been served on the parties on the attached service lists. Please contact me at bria.e.shea@xcelenergy.com or (612) 330-6064 or Mary Martinka at mary.a.martinka@xcelenergy.com or (612) 330-6737 if you have any questions regarding this filing.

Sincerely,

/s/

BRIA E. SHEA
DIRECTOR, REGULATORY AND STRATEGIC ANALYSIS

Enclosures
c: Service Lists

STATE OF MINNESOTA
BEFORE THE
MINNESOTA PUBLIC UTILITIES COMMISSION

Katie J. Sieben	Chair
Dan Lipschultz	Vice-Chair
Valerie Means	Commissioner
Matt Schuerger	Commissioner
John A. Tuma	Commissioner

IN THE MATTER OF THE DEPARTMENT
OF COMMERCE WORKING GROUP ON
DECOMMISSIONING OF WIND AND
SOLAR FACILITIES

DOCKET NO. E999/M-17-123

COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Comments in response to the Commission's July 22, 2019 *Notice of Comment Period on Department of Commerce Decommissioning Report and Recommendations* and its September 19, 2019 *Notice of Extended Comment Period* in the above-noted docket.

We appreciate this opportunity to comment on the Department's August 31, 2018 Working Group Decommissioning Report (Report) and its January 24, 2019 Energy Environmental Review and Analysis (DOC EERA), which are based on recommendations of the Solar and Wind Decommissioning Working Group (Working Group) the Commission authorized in March 2017¹ to provide a forum for stakeholder input on developing best practices for decommissioning these generation facilities.

We take this opportunity to provide input on some of the issues noted in the July 22, 2019 *Notice*. Specifically, we note that regulated utilities already comply with many of the proposed reporting requirements and already have sufficient financial assurances in place. It is important to acknowledge information that is already submitted and work that is already performed so as not to impose duplicative reporting requirements or additional administrative burdens for our regulatory agencies.

¹ *In the Matter of the Department of Commerce Workgroup on Decommissioning of Wind and Solar Facilities*, MPUC Docket No. E999/M-17-123, ORDER at 1 (March 8, 2017).

COMMENTS

A. Decommissioning Requirements of Regulated Utilities

The Company appreciates the efforts put forth by the Working Group. We agree with the importance of ensuring the responsible parties have the funds and the appropriate plans in place to restore solar and wind sites to the condition as required by the landowner agreements and all other legal obligations. The Report mainly refers to companies operating in a non-regulated environment where there is more potential risk of financial insolvency or poor fiscal management which might incentivize those companies to use funds for purposes other than site restoration and plant dismantling. Being a regulated utility, many of the recommendations proposed in the Report are already required of the Company.

In accordance with the Commission's September 8, 1978 Order, the Company must submit a comprehensive decommissioning study every five years for electric and gas production and gas storage facilities.² These extensive studies estimate the costs for the complete dismantlement of the Company-owned facilities in those segments. The two most recent studies were submitted in 2010 and 2015 (Docket Nos. E,G002/D-10-173 and E,G002/D-15-46, respectively). The Grand Meadow Wind Project was included in the 2010 decommissioning study, as it was the only Company-owned wind farm in-service at the time of filing. The 2015 study included the addition of the Nobles Wind Project, as it was in-serviced after the 2010 decommissioning study was filed. The Company has had three wind farms go in-service after the 2015 decommissioning study was complete (Border Winds, Pleasant Valley, and Courtenay). These three farms will be included in the upcoming study due to be filed in February 2020. As new regulated wind or solar farms are added to the Company's portfolio, they will in turn be added to the next filed decommissioning study. The Company advises the Working Group to reference these rules and require regulated utilities to include new wind and solar farms in their next scheduled decommissioning study filed subsequent to the farms' in-service date.

The level of detail provided in the five-year decommissioning study would seem to meet the Report's recommended requirements. The decommissioning study includes a breakout of items including: demolition of structures, backfill/grade/landscaping, project management, heavy equipment, labor, fees and insurance, scrap credit, and contingency, among other expenses. The study also includes details on the assumptions made by the dismantling expert as well as engineering details on the plant itself.

² *In The Matter of the Application of Northern States Power Company for Depreciation Certification*, MPUC Docket No. E002/D-77-1086A.

Thus, the five-year decommissioning study requirement for regulated utilities meets the Report's recommendations that decommissioning plans be "required, detailed, and adaptable."

1. *Financial Assurance*

The Company agrees with the Report's discussion that landowners and local taxpayers be protected from the risk of decommissioning, as the cost should be borne by the facility owner. Page 7 of the Report gives an excellent description of how a regulated utility differs from a non-regulated entity in this regard:

"For regulated utilities, estimated decommissioning costs (anticipated cost of removing an asset at the end of its useful life less the anticipated salvage value), are included in the depreciation expense for each facility. The depreciated plant balance is included in the utility's rate base. Funds collected for removal and restoration are included in the depreciation reserve for the facility. The Commission reviews these costs periodically to ensure that ratepayers are responsible only for reasonable and prudent costs."

The rates established in a utility's five-year decommissioning study are incorporated into rate cases which set the revenues at which the company collects decommissioning costs over the life of the asset in advance of its dismantling. The DOC EERA continues to address the difference between regulated and non-regulated entities by stating,

"The working group did not discuss in detail the treatment of facilities owned by regulated utilities. EERA staff is not aware of any reason to treat the utility-owned wind and solar assets differently from other types of generation assets."

Thus, the Company proposes that, due to the level of regulatory oversight and approval regarding collecting revenues for future decommissioning costs, the Working Group's final recommendations carve out regulated utilities from further financial assurance obligations.

Therefore, as the regulated utility business already has requirements set forth by the Commission regarding dismantling plans and financial assurances as described above, we would recommend the final report/requirements put forth by the Working Group more clearly identify the difference between regulated and non-regulated companies so as to acknowledge the work that regulated companies already perform related to dismantling plans and financial assurance.

B. Timeframes or Milestones Triggering Commission Evaluation of Established Decommissioning Plans and Cost Estimates

The Company agrees to the recommendation made by the Working Group for the Commission to require a facility owner to develop a decommissioning plan, which would also include an initial cost estimate of the decommissioning work for the entire facility prior to operation and for the plan to be updated subsequently through the decommissioning study performed every five years as described in Section A above.

One edit the Company suggests with regard to the cost estimate preparation is the requirement that the plan include cost estimates prepared by an experienced engineer. The Company proposes that the requirement be broader than an experienced engineer--perhaps the language could be expanded to have the estimate be prepared by a knowledgeable authority (e.g. the facility owner or owner's representative). By utilizing only an experienced engineer to prepare the cost estimate, details of the project may not be included in the estimate which the facility owner, owner's representative and/or original contractor that built the project are aware of. By using an experienced contractor or the original contractor, they would have the knowledge of local resources, permitting requirements and landfill and recycling centers.

C. What Should the Commission Consider in its Review and Implementation of Decommissioning Requirements for Permitted and Future Projects?

Because the renewable industry is not as advanced related to decommissioning of existing facilities as other areas of energy generation (e.g. fossil fueled generation), the Commission should take into consideration that decommissioning plans and estimates may vary. Specifically, the cost estimate on a \$/kW (NPV) basis may vary relative to comparable facilities due to assumptions made during the development of a decommissioning plan (e.g. scrap material costs, component refurbishment vs. scrap value, market availability of refurbished components, distance to nearest landfill, haul away costs, etc.).

D. Reasonable Level of Detail to Require in Decommissioning Plans

The Company has provided decommissioning plans on past renewable projects that provide sufficient detail to support an initial plan for Commission review to understand the scope of work required to fully decommission and restore the site to its expected future use (i.e. pasture, farmland, etc.). The Company suggests that these be used as a guide for the initial plan. We believe these plans have the appropriate scope of an initial decommissioning plan, which includes a high-level narrative of the scope of work and a corresponding template of the estimated costs based on general categories such as removal of turbines or solar panels and racking, site civil

restoration, collection system, substation, transmission line, site facilities (e.g. operating and maintenance building), indirect costs and contingency. Further details including additional sub-categories such as component removal or haul-away costs and site grading/restoration costs would be useful as the project approaches its end of life.

Additional details for the decommissioning plan's scope of work and cost estimate should then be increased as the facility reaches its end of useful life in order for the facility owner to provide the most current and up-to-date scope of work and cost estimate in the decommissioning plan. As the project nears the end of its life, additional details could be added such as best practices, means and methods and/or equipment type utilized for decommissioning, which may change over time.

CONCLUSION

We appreciate the Department's facilitation of the Solar and Wind Decommissioning Working Group and this opportunity to comment on their reported recommendations. We look forward to participating in continued dialogue regarding best practices for decommissioning solar and wind generation facilities.

Dated: October 4, 2019

Northern States Power Company

CERTIFICATE OF SERVICE

I, Lynnette Sweet, hereby certify that I have this day served copies or summaries of the foregoing documents on the attached list(s) of persons.

xx by depositing a true and correct copy thereof, properly enveloped with postage paid in the United States Mail at Minneapolis, Minnesota

xx electronic filing

Docket No. E999/CI-17-123

Docket No. E999/CI-17-123 (Special Service List – Interested Parties)

Dated this 4th day of October 2019

/s/

Lynnette Sweet
Regulatory Administrator

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_17-123_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_17-123_Official
Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_17-123_Official
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	Yes	OFF_SL_17-123_Official

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Annette	Fiedler	phydev@swrdc.org	Southwest Regional Development Comm.	2401 Broadway Ave Ste 1 Slayton, MN 56172	Electronic Service	No	SPL_SL_17-123_Interester Parties
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