



414 Nicollet Mall
Minneapolis, MN 55401

November 18, 2019

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

—Via Electronic Filing—

RE: REPLY 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 Reply Comments addressing parties' comments submitted pursuant 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

REPLY COMMENTS

INTRODUCTION

Northern States Power Company, doing business as Xcel Energy, submits to the Minnesota Public Utilities Commission these Reply Comments addressing comments submitted pursuant 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 reply to comments received by the Commission with regard to the Department of Commerce'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.

In our Reply, we provide input on some of the issues identified by various participants. Specifically, we want to reinforce that regulated utilities already broadly comply with the proposed reporting requirements and have sufficient financial assurances in place. It is important to acknowledge information that is already submitted and work that is presently 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).

REPLY COMMENTS

A. Financial Assurance

The Company has previously proposed that, due to the level of regulatory oversight and approval regarding utilities collecting revenues for future decommissioning costs, the Working Group's final recommendations should carve out regulated utilities from further financial assurance obligations outside of rate recovery for decommissioning.

If the Commission is inclined to adopt financial assurance requirements, including from utilities, we recommend they adopt a regulatory framework that allows for use of multiple types of financial assurance mechanisms to account for the diversity of owners that were identified by the Working Group. The financial assurance mechanisms defined in Minnesota Administrative Rules 7035.2705 to 7035.2751 provide good examples of the array of mechanisms that have been employed to provide options for owners that account for their specific conditions.

B. Inclusion of Salvage Value

Utility depreciation expense includes components for both the recovery of the original cost of the asset and an estimate of net salvage costs (gross salvage less cost of removal) at retirement. The depreciation rate utilized will ensure an appropriate level of total cost allocation to the customers who benefit from the asset's service, based upon the best estimate of useful service life. The Commission has accepted this long-standing utility practice of utilizing a net salvage rate, which includes the gross salvage value of assets, when calculating depreciation. If gross salvage were not included in the calculation of net salvage when setting depreciation rates, it would cause intergenerational inequities, as earlier customers would not benefit from the salvage assumptions and later customers would gain a windfall when the gross salvage would be realized. Thus, including both gross salvage and cost of removal estimates in setting the depreciation rate is consistent with utility accounting and rate-making procedures. Although there are variable factors involved in determining gross salvage, such as inflation, market price of scrap materials, changing environmental regulations, and potential reuse of materials, these changing market factors would be captured in the Working Group's recommendation of reevaluating decommissioning plans every five years.

C. Reasonable Level of Detail to Require in Decommissioning Plans

In our October 4, 2019 Comments, we recommended that the Commission utilize the decommissioning plans previously submitted for renewable projects as a guide for the development of a standardized initial decommissioning plan.

As discussed in the Solar and Wind Decommissioning Working Group Findings and EERA recommendations, “*The intent of the decommissioning plan is to ensure that, consistent with Minnesota Statutes, section 216F.05, subdivision 5, the site is restored at the end of the energy facility’s useful life, with the costs of the restoration borne by the permittee.*” Therefore, when establishing permit conditions to implement the Working Group’s findings, we believe that the Commission should avoid the inclusion of additional site permit conditions (such as reporting) that do not directly facilitate the statutory intent of the decommissioning plan. We also recommended additional detail should be added to this plan as the facility reaches the end of its useful life in order to allow the facility owner to provide the most current and up-to-date scope of work and cost estimates in the final decommissioning plan.

We agree with other commenters that the decommissioning activities associated with wind and solar assets should maximize recycling and minimize disposal through landfilling or incineration. However, we recommend caution before requiring initial decommissioning plans and subsequent revisions to include specific recycling targets. While some of the components of solar panels—aluminum frame, glass sheets, Plexiglas and wire—can be recycled or reused, there are some components that are more challenging. Specifically, we understand there are currently a limited number of specialized recyclers in the United States able to process silicon cells and reclaim the silicon and the various metals that are present. As more photovoltaic modules come out of service and recycling technology improves, our expectation is that the recycling of these materials may become more sustainable. In addition, while most of a wind turbine can be recycled, there are currently limited opportunities for recycling of wind turbine blades, and landfills are having difficulties managing this waste stream. While the recycling of these components should be encouraged, it is premature to establish recycling targets when there is no currently available practical means to recycle such materials.

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: November 18, 2019

Northern States Power Company

CERTIFICATE OF SERVICE

I, Paget Pengelly, 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 18th day of November 2019

/s/

Paget Pengelly
Regulatory Administrator

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
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| 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 |
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| Peder | Mewis | pmewis@cleangridalliance.org | Clean Grid Alliance | 570 N. Asbury St. #201 Saint Paul, Minnesota 55104 | 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 |
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| 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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