

PPRAC

12 June 2019



Emerging Issues in Power Plant Licensing

Emerging Issues

- Solar Decommissioning
- CPCN Extension Requests
- CPCN Waiver Requests



Solar Decommissioning



- Purpose: To ensure that neither the state nor the county bear any burden in the event of abandonment (natural disaster, bankruptcy, etc.)
- Decommissioning Plans:
 - Submitted to PPRP and then to PSC for review and approval
 - Topics need to be addressed:
 - Cost estimates
 - Equipment removal and disposal
 - Site Restoration (stabilization, grading, and seeding)
 - County requirements
 - Financial Instrument for surety

Solar Decommissioning



- Continuous evolution of decommissioning recommendations as the solar power industry grows and we gain experience
- Salvage Value:
 - In some early solar projects, applicants were allowed to use the salvage value of panels to offset decommissioning costs when estimating future liabilities; however....
 - Market for solar panel recycling is not sufficiently mature to support reliable estimates of salvage value
 - Currently, PPRP is recommending that developers be allowed to consider salvage value **only if they have a commitment from a buyer at a specific price**
- Warranties, Insurance, and Lease provisions

Solar Decommissioning



- Financial Instrument:

- Corporate Guarantee: PPRP and the State unable to make assessments of creditworthiness of Applicants, so we deferred to the PSC.
- The PSC ruled at a February 2019 administrative hearing that they will not accept a corporate guarantee to cover the required costs
- Letter of Credit or a bond was needed

PSC Rulemaking



- PSC was recently asked to approve decommissioning plans for proposed solar facilities in Charles County (MD Solar 1 and 2)
- At the Administrative Meeting in February, the Commissioners:
 - Agreed that the Applicant may use a line of credit or a surety bond to address potential future decommissioning costs
 - **Rejected the use of a corporate guaranty** as a financial instrument
 - Directed the PSC Staff to open a **rulemaking on solar decommissioning**
- PPRP is supporting PSC Staff to help determine scope of the rulemaking and what parties will participate

CPCN Extensions



- CPCNs for solar projects typically include expiration dates:
 - Commence construction within 3 years of receiving CPCN
 - Commence operation within 4 years of receiving CPCN
- Many projects that have received a CPCN have not been built
- PSC has received many requests for extension of deadlines
- State is generally amenable to these requests, but will not recommend blanket extensions

Conditions for CPCN Extensions



- Applicant must show good faith in advancing the project (State wants to avoid developers prospecting future SRECs)
- State agencies will recommend modifications to bring CPCN conditions up to date with current solar project reviews
- State agencies will potentially recommend that PSC conduct a new public hearing
- Only one CPCN extension should be granted for a project
 - After 6 years, Applicant must apply for a new CPCN

CPCN Waiver Requests



- Under State law, PSC can waive the CPCN requirements for a transmission line modification if:
 - no new real property or additional ROW is obtained thru eminent domain, and
 - it does not require higher structures to accommodate higher voltage or larger conductors.
- PSC may grant discretionary waiver based on “good cause” even if some of these requirements are not met.

Recent CPCN Waiver Requests



- BGE Sparrows Point – 2.1 mile line, all replacement structures to be installed on Sparrows Point industrial site. The state did not oppose this discretionary waiver.
- BGE Five Forks – 1.8 mile line in Harford County from the Five Forks substation to the PA border.
 - 40 lattice towers will be replaced with 12 higher monopoles; conductor size will increase to be consistent with current BGE and NERC standards.
 - Existing line is ~100 years old and does not have a CPCN; the ROW has not been evaluated for environmental/cultural/historic resources.
 - PPRP and State agencies have recommended denial because there is no existing CPCN, there may be impacts to MD resources, no public engagement has occurred, and timing of the modification is not urgent.

PSC Ruling on Waiver



- April 2019 Administrative Hearing: Commission ordered PPRP to conduct a field visit for Five Forks modification, and prepare conditions in case the Commission grants a waiver.
- PPRP met with BGE and filed a letter on May 23rd stating that while our position recommending denial did not change, there were some recommended conditions that PPRP and BGE has agreed upon.
 - There was a section in the letter that listed topics PPRP was unable to review or address due to the time constraints (i.e., vegetation management; official public comment).
- PPRP is concerned this may set a precedent for an “alternative” CPCN process