

Testimony of Craig Sundstrom
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Joint Senate Agriculture & Rural Affairs Committee and
Senate Environmental Resources & Energy Committee hearing on SB 284

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Chairs Yaw, Vogel, Comitta and Schwank and other distinguished members of the Senate Agriculture & Rural Affairs Committee and Senate Environmental Resources & Energy Committee, thank you for the opportunity to speak on the matter of renewable energy facility decommissioning and specifically to Senate Bill 284.

My name is Craig Sundstrom, and I am the Director, Government and Regulatory Affairs at RWE Renewables. I am here to testify on behalf of the Mid-Atlantic Renewable Energy Coalition (MAREC). My company, RWE, is a member of MAREC and I am part of MAREC's Board of Directors.

MAREC consists of many of the leading wind and solar developers in the region, many of which are developing projects in PA. RWE operates Stony Creek Wind, a 52.5 megawatt wind facility in Somerset County, Pennsylvania. Stony Creek was constructed on a reclaimed surface coal mine, testament to Pennsylvania's diverse energy economy. RWE is also developing Sugar Maple Wind, which would bring another 80 megawatts, \$115 million in investment, and over 100 construction jobs to Somerset County, and we have solar farms in early-stage development here. We also have business offices in Pittsburgh.

RWE and the other MAREC developers are committed to responsible decommissioning of projects, and support reasonable requirements for decommissioning agreements, with financial assurance, that are in line with industry best practices.

In Somerset County, for example, we are required by county ordinance to secure a third-party, independent engineer to estimate the cost of decommissioning, turbine removal, site restoration and, importantly, salvage value. The inclusion of salvage value is a very important provision, since wind and solar equipment is made primarily of steel, aluminum, and other valuable components. Since these materials can be sold on the market, an inherent incentive exists for developers and operators to never abandon equipment in the field.

The engineer's report is submitted to the county planning commission following the first year of operation and is updated every fifth year after that, and is also shared with each landowner. The current process ensures that the local government and landowners have the information they need to understand the costs we will incur when it comes time to decommission the site. When that time does come, there is a clear plan for reverting the land back to other beneficial uses.

At Stony Creek Wind, we updated our decommissioning report in 2020 per the five-year update schedule. The engineer's assessment was submitted, accompanied by a worksheet detailing total decommissioning costs for turbines and their major components, and a worksheet on salvage value based on scrap metal values and used parts value for the generator, gearbox and main shaft. Finally, the updated report provides current mobilization and demolition costs, which we noted have increased significantly since the project began commercial operations in 2009.

To our knowledge, only one Pennsylvania renewable energy project—a wind farm not owned by RWE in Somerset County—has stopped producing electricity. It was successfully decommissioned in 2015 and neighbors were reportedly sad to see those turbines go.

We appreciate the intent of SB 284, but are concerned that, as written, the bill would create substantial regulatory uncertainty. Specifically, SB 284 lacks flexibility in the acceptable forms of financial assurance for project decommissioning, and features no guardrails limiting financial assurance requirements to the total projected cost of decommissioning minus salvage value of materials.

As the Senate considers decommissioning legislation, we hope you will take these best practices into account:

1. Require best practices and financial assurance for local decommissioning agreements, rather than creating a new state bond program. Most developers already enter into these agreements, and we would be glad to work with the legislature to develop a model decommissioning agreement that ensures state-wide consistency.
2. Provide for other forms of financial assurance beyond bonds, including the flexibility to post cash in escrow accounts, parent company guaranties, and letters of credit. Similar flexibility is granted in the 2012 Oil and Gas Act.
3. Tie financial assurance requirements to the factual projected cost of decommissioning a facility, minus the substantial value of salvage, as estimated by a qualified independent engineer. Following best practice methods makes costs and regulatory outcomes predictable.

4. Grandfather existing decommissioning agreements, to ensure these binding commitments can be kept. We appreciate that SB 284 largely accomplishes this, though projects that have entered agreements prior to construction should also be grandfathered.

5. Limit financial assurance for decommissioning to a single point of regulation. SB 284 provides for this at the state level, but we believe compliance with a state-level rule should also exempt a facility from any similar local government decommissioning rules.

The wind and solar industries have already invested \$3 billion dollars in PA and these projects currently provide approximately \$11.4 million in annual payments to farmers and other landowners in the Commonwealth. Local communities receive significant annual tax payments as well from these projects. The solar and wind energy industries support 6,600 well-paying jobs in Pennsylvania. We believe that these numbers are just the tip of the iceberg, assuming that there will be consistent, and sound public policy going forward for the industry to rely upon. Renewable energy job creation and investment are especially critical for Pennsylvania's economic recovery from the pandemic.

Thank you again for the opportunity to provide this testimony. RWE and MAREC's other members would welcome an opportunity to work with the legislature to amend SB 284 or identify an alternative rule that would achieve the protective aims of SB 284 while better aligning with best practices to reduce uncertainty for business. Ultimately, our goal is to align Pennsylvania law with best practices for decommissioning plans, backed by financial assurance, that will not end up discouraging the potential for the billions of dollars of investment in responsible solar and wind energy development within its borders.