



Oregon

Kate Brown, Governor



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To: Oregon Energy Facility Siting Council

From: Maxwell Woods, Senior Policy Advisor

Date: September 12, 2019

Re: Agenda Item D - Consultant Appointment for preliminary Application for Site Certificate Exhibit W (Retirement and Financial Assurance) for proposed Bakeoven Solar Project for the September 26-27, 2019 EFSC Meeting (Action Item)

Introduction

Pursuant to Oregon Revised Statute (ORS) 469.470(6), the Energy Facility Siting Council (Council) is authorized to appoint and utilize technical contractors in support of its review of materials contained in an Application for Site Certificate (ASC) or Requests for Amendment of a Site Certificate (RFA). In accordance with this statute, the Oregon Department of Energy (Department) requests Council approval to appoint a contractor for technical support in review of preliminary Application for Site Certificate (pASC) Exhibit W – Council’s Retirement and Financial Assurance Standard at OAR 345-022-0050 - for the proposed Bakeoven Solar Project. The proposed Bakeoven Solar Project includes a 303 megawatt photovoltaic solar energy facility and related or supporting facilities that would occupy up to 2,717 acres within a 4,138 micro-siting corridor, to be located in Wasco County, Oregon.

Applicant’s Proposed pASC Exhibit W Approach

In the evaluation of compliance with Council’s Retirement and Financial Assurance Standard (OAR 345-022-0050), as presented in pASC Exhibit W, Bakeoven Solar, LLC (applicant), a subsidiary of Avangrid Renewables, LLC requests Council consideration of scrap metal value (estimated at \$5 million) as a discount to the decommissioning bond obligation (estimated at \$20 million) required under the standard because scrap metals removed from the proposed facility site could be sold to offset decommissioning costs. The applicant proposes to review and adjust commodity prices as part of annual updates to the Department to account for fluctuation in scrap value over time. The applicant also requests Council consideration of a proposal where for the first 20 years of operation, or the anticipated term of the Power Purchase Agreement (PPA), the bond or letter of credit would be maintained at \$1 based on a business case of bankruptcy protection afforded by the project’s banks and investors

undersigned with the PPA, returning to the full decommissioning amount less scrap metal value or some percentage of scrap metal value after year 20 of operation.

Staff Recommendation

The Department and Council currently evaluate compliance with the Council's Retirement and Financial Assurance standard without consideration of scrap metal value based on the adopted 2007-08 policy where Council removed the option for consideration of discounted decommissioning amounts based on scrap metal due to risk from the wide variability in market price value and due to inconsistency, if considered, with OAR 345-025-0006(8). Based on the length of time since Council's last formal review (nearly 10 years), and based on the approach presented pASC Exhibit W for the proposed Bakeoven Solar Project, the Department requests Council approval for the assistance of a consultant in reviewing the current risks associated with the applicant's request.

The Department has identified the technical consulting firm, Golder Associates, Inc (Golder), as the most qualified to assist with review of pASC Exhibit W. Golder is an international firm with an office in Lake Oswego. Based upon the qualifications provided by the firm, Golder has a team of professionals providing specialized technical consulting services, including expertise related to Exhibit W (decommissioning estimates and risk assessment).

The Department recommends that the Council find that Golder is qualified and capable to serve as a consultant to assist with the Department's review of pASC Exhibit W for the proposed Bakeoven Solar Project.