



# Oregon

Kate Brown, Governor



550 Capitol St. NE  
Salem, OR 97301  
Phone: 503-378-4040  
Toll Free: 1-800-221-8035  
FAX: 503-373-7806  
[www.oregon.gov/energy](http://www.oregon.gov/energy)

**To:** Energy Facility Siting Council

**From:** Sisily Fleming, Fiscal Analyst

**Date:** January 14, 2022

**Subject:** Agenda Item B (Action Item):  
Annual Financial Assurance Update for the Retirement of Energy Facilities for  
the January 28, 2022 EFSC Meeting

**Attachments:** Attachment 1: Proposed Financial Institution List 2022  
Attachment 2: Proposed Bond Template 2022  
Attachment 3: Proposed Letter of Credit Template 2022

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## STAFF RECOMMENDATION

Staff recommends Council approve the list of proposed pre-approved financial institutions, and the proposed letter of credit and bond templates for use in 2022.

## BACKGROUND

To implement Council procedure, annual approval of the Council's pre-approved financial institution list, and templates for Bonds and Letter for site certificate holder's use in obtaining financial assurance instruments is needed.

Council last updated its pre-approved financial institution list and letter of credit template in January 2021. In August 2021 Council amended its bond template to bond template to ensure that a bond would perform if a surety gives written notice of its intent to cancel a bond and the certificate holder fails to provide a replacement.

## PROPOSED MODIFICATIONS

The proposed financial institution list includes the firms Council approved for use in 2021 and recommends adding one additional. Credit ratings for each of the previously approved firms remained acceptable when researched and evaluated January 6, 2022. Sumitomo Mitsui Banking Corporation (SMBC, NY Branch) is the firm proposed for addition. John Hobbs, Project Development Officer from the Department's Loan Development Division reviewed the qualifications of Sumitomo Mitsui Banking Corporation and concluded that the company demonstrates sufficient financial strength to act as issuers for coverage provided by the state of Oregon.

In August 2021, Council modified its bond template to provide that (1) the bond will not expire, but may be cancelled by the surety with 120 days' notice and (2) the Surety will become liable for payment if the certificate holder does not provide an acceptable replacement for the bond at least 30 days before the cancellation date. The template proposed for 2022 requires that a certificate holder must provide an acceptable replacement 60 days before the cancellation date to afford the state adequate time to take action if needed, while still providing adequate time (60 days) for the certificate holder to secure an acceptable replacement . This change is detailed in Section 6 of Attachment 2.

The proposed letter of credit template proposes an increase of the notification period that a bank must provide the department in the event the bank does not intend to extend the letter of credit from 60 days to 120 days. This change, detailed on page 1 of Attachment 3, is consistent with the notification period required in the in the bond template Council approved in August 2021. No further modifications are proposed.

**RECOMMENDED COUNCIL ACTION**

Staff recommends Council approve the list of pre-approved financial institutions, and the proposed letter of credit and bond templates as presented for use in 2022.

**ATTACHMENTS:**

- Attachment 1: Proposed Financial Institution List 2022
- Attachment 2: Proposed Bond Template 2022
- Attachment 3: Proposed Letter of Credit Template 2022