



December 15, 2021

**MAREC Action Testimony
House Environmental Resources and Energy Committee Hearing on House Bill 2104**

Chairs Metcalfe and Vitali and other distinguished members of the House Environmental Resources and Energy Committee, thank you for the opportunity to provide written testimony on the matter of HB 2104, a bill providing for the decommissioning of alternative energy facilities.

I am testifying on behalf of MAREC Action, a non-profit organization representing over 35 businesses that develop and manufacture utility-scale solar and wind energy projects. With stable, pro-growth, responsible policies in place, our industry sees a major opportunity to continue investing in Pennsylvania. Many of our members already do business in Pennsylvania and employ Pennsylvania residents. According to the American Clean Power Association, Pennsylvania’s solar, wind and storage industries represents approximately \$4 billion in private investment to-date.¹

The renewable energy industry is committed to responsible decommissioning of our projects. Unlike utilities, independent developers of solar projects cannot employ eminent domain to develop a project. MAREC Action members rely on the support of landowners and broader community social license to operate—meaning the need for continual approval through various stages of development. Renewable energy companies that disregard their host communities face increasing opposition to their projects and significant challenges to new business in the long run.

That’s one of the reasons, along with reduction to regulatory risk for project financing, that the renewable energy industry supports reasonable decommissioning regulations—including requirements for financial assurance that decommissioning will be completed without imposing costs on landowners or local government.

¹ https://cleanpower.org/wp-content/uploads/2021/10/Pennsylvania_clean_energy_factsheet.pdf

However, MAREC Action is currently **not** able to support HB 2104. There are several aspects of the bill that raise serious concern.

The bill needs to strike a fair balance with other energy generators in PA by allowing salvage value.

Renewable energy developers are looking to compete with other energy generators on a level playing field. HB 2104 as currently constructed will make it difficult for our projects to pencil out or essentially make the numbers work if we are asked to take steps not required of other generators. For instance, the decommissioning bonding requirements for the natural gas industry amounts to less than 20 percent bonding; whereas HB 2104 requires bonding to start at 20 percent at construction and then over time gets raised to a 100 percent bonding requirement. This provision can significantly raise the cost of a solar or wind project and makes it more difficult to compete.

Other states that require bonding for the decommissioning of solar and wind farms, like Texas and West Virginia, explicitly allow for the value of salvaged materials (glass, steel, the solar panels themselves, and other materials) at the time of decommissioning to count toward assurance that the project owner will have the financial ability to decommission a project as required. This significantly reduces the upfront cost for developers to acquire financial assurance, while not decreasing the overall collateral in place to ensure decommissioning. The same third-party engineer that HB 2104 directs to be chosen to determine the cost of decommissioning would also determine the value of the salvaged materials at the end of a projects' life. The salvage value would be an offset to the overall cost of decommissioning. As the cost of decommissioning would be reevaluated every five years under this bill, the salvage value could also be reevaluated at the same time to ensure that value of the salvaged materials corresponds with the changes in decommissioning costs.

Allowing salvage value as an offset would reduce the level of financial assurance required for decommissioning and would place renewable energy decommissioning more on par with other generation industries' cost of decommissioning. While this is not a direct correlation to the percentage that other industries provide for financial assurance, this is in line with other states deemed reasonable for financial assurance for wind and solar projects.

A 20 percent landfilling cap on solar and wind energy facilities is unprecedented.

The other serious concern that we face from the bill is an unprecedented requirement that “[n]o more than 20% of the total combined mass of an alternative energy facility may enter into a landfill as part of the grantee's decommissioning plan.” [§ 4304 (b) (2)]. While this will have different cost implications

depending on the type of technology, wind or solar, we are not aware that any other state in the region, or any other energy technology in Pennsylvania that has a cap on the materials that can be landfilled. Both the wind and solar industries are striving to reduce their already comparatively low environmental impacts, but mandates to avoid landfilling, which is a legitimate and safe waste disposal option for their materials, would be expensive. This provision would also place these two industries on an unlevel playing field.

MAREC Action members are reviewing this legislation to better understand the impact the landfilling mandate would have on the financial viability of industry growth in PA. The costs and methods to decommission a utility scale solar facility versus that of a utility scale wind facility are very different. Since this is not a requirement in any other PJM marketplace state, MAREC Action members are gathering additional information on this issue and look forward to future discussion. Initial indications are that costs of the landfilling cap requirement would indeed increase the cost of solar and wind energy projects, but wind energy would likely be significantly more impacted due to the cost of recycling blades.

MAREC Action wants to emphasize that while we cannot support the bill as introduced, we want to work with the bill's sponsors and this Committee to amend the bill to ensure that the wind and solar industries are treated similarly with other energy technologies in Pennsylvania. We would hope that we could work together to incorporate salvage value when determining decommissioning costs and to not impose a strict limitation on the level of landfilling that can be done on decommissioned projects, when this requirement is not imposed on other energy technologies in the Commonwealth.

We appreciate the opportunity to provide this testimony.

Respectfully Submitted,



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