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Testimony of David Murray, Director of Solar Policy, American Clean Power Association to the House Environmental Resources and Energy Committee

Public Hearing on HB 2104 and Bonding and Decommissioning of Solar and Wind Installations

Dec 15, 2021

POSITION: Oppose Unless Amended

Chairman Metcalfe and Ranking Member Vitali, members of the House Environmental Resources and Energy Committee, thank you for the opportunity to testify on House Bill 2104 and for your support for continuing clean energy development in the Commonwealth of Pennsylvania. I am David Murray, Director of Solar Policy at the American Clean Power Association (ACP).

ACP is uniting the power of America’s renewable energy industry to advance our shared goals and to transform the U.S. power grid to an affordable, reliable and clean power system. Our goal is to make clean energy the dominant electricity source in the United States by uniting the power of solar, wind, storage, and transmission companies along with manufacturers and construction companies, developers and owners/operators, utilities, financial firms, and corporate purchasers in the clean energy value chain.

With great appreciation for the policymakers and staff who have worked diligently on this bill, ACP must respectfully oppose the bill as drafted and request specific amendments. While the policy goals behind the bill are laudable, ACP is concerned whenever legislation singles out renewable forms of energy generation for regulatory scrutiny beyond what is required for other types of generation. As written, the bill would impose significant burdens on developers of renewable energy projects in Pennsylvania. Furthermore, these requirements depart significantly from industry best practices and standards established in other similarly positioned states.

We have worked with our members to understand and define best practices and build a framework of policy recommendations that meet the expectations of stakeholders while ensuring a viable economic path to project development.

“20% Landfill” Standard (Page Seven, Line 16)

HB 2104 would require wind and solar generation facilities to submit a decommissioning plan to the Department of Environmental Protection (DEP). This plan requires that “no more than 20% of the total combined mass of an alternative energy facility may enter into a landfill”. While reuse, recycling, sale or redeployment of components of wind and solar projects is a growing opportunity, the 20% maximum landfill standard exceeds what utility scale developers can commit to at this time. First, wind turbines and solar facilities rely on different components; this one-size-fits-all approach not only lacks a clear justification but is uniquely applied to renewable generation. This would place solar and wind energy at a distinct economic disadvantage relative to other forms of energy generation not subject to the requirement. Finally, it is worth underscoring the components of wind and solar projects are typically composed of inert, non-toxic materials, while other forms of generation are free to landfill byproducts or component materials without regard to toxicity, under this legislative construct.

Markets and processes to accommodate material recycling and reuse for typical wind and solar components are still developing, and while project developers may very well be able to meet the 20% landfill standard by the time of decommissioning, project finance partners are unlikely to be able to underwrite such commitments at this time. We urge this Committee to consider amending this provision out of the legislation or reworking it to provide greater flexibility to project developers. ACP welcomes the opportunity to discuss alternatives to achieve legislative priorities without thwarting Pennsylvania’s opportunity to attract wind and solar investments.

Salvage Value

As above, ACP members are concerned about legislation that uniquely targets wind and solar projects with regulatory requirements not broadly applicable across regulated generation technologies. The legislation’s omission of project component salvage value as a legitimate element of decommissioning bond formulas creates a significant and unnecessary burden on renewable project development. Several states, including Texas, Virginia and West Virginia, have reviewed this issue and recently advanced legislation securing decommissioning bond requirements for wind and/or solar projects. Those states have specifically identified salvage value as an important part of the total decommissioning cost calculation. ACP’s siting committee has identified this as a best practice.

The reason is that materials salvage value, as calculated by an independent third party engineer on a periodic basis over the life of the project, represent an important part of the investment model for project developers. Steel and other metals deployed on site – such as racking system for the solar panels - can be a large part of the cost of project development. Those materials are easily reused and recycled, and have real inherent value in robust markets across the region and nationally. In the unlikely event of project abandonment, these materials would significantly reduce the cost for a third party to decommission the project.

To impose a requirement on developers of wind and solar projects that they allocate funds to cover the cost of decommissioning while disregarding this essential revenue stream would mean a disruptive, duplicative and inefficient allocation of project resources. This would needlessly raise the cost of project development in the Commonwealth and slow deployment. Developers would inevitably look to invest project capital in neighboring states without such impediments.

Conclusion

We greatly appreciate this Committee's attention to responsible development of wind and solar projects in the state. We urge the Committee to reconsider these two elements of HB 2104 and develop language that will address stakeholder concerns while not imposing unworkable requirements on proposed renewable projects in the Commonwealth. It is our hope that the Committee will consider ACP as a resource in weighing these issues and let us know of any assistance we can offer in the development of practicable standards.

We deeply appreciate the opportunity to testify before this Committee and would be happy to answer any questions from the Chair or members of the Committee.