

June 9, 2021

*Via Electronic Mail*

Mr. Adam Renfandt  
Analyst, Public Utility Division  
North Dakota Public Service Commission  
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In re: Tatanka Wind Power, LLC  
Decommissioning  
Case No. PU-10-073  
Our File No. 010268-000001

Dear Mr. Renfandt:

I am writing on behalf of Tatanka Wind Power, LLC (“Tatanka”), a subsidiary of Acciona Wind Energy USA LLC (“Acciona”), in regard to the informal hearing held on May 18, 2021 pertaining to Tatanka’s April 2021 Updated Decommissioning Plan and Cost Estimate filed as Docket No. 13 in Case No. PU-10-073 (hereinafter the “April 2021 Plan”). The following information is provided in response to discussion at the May informal hearing.

**April 2021 Plan Methodology**

On behalf of Tatanka, Acciona engaged consultant Westwood to evaluate estimated decommissioning costs utilizing the felling (or pulling) methodology to dismantle wind turbines. Jay Wetmore, April 2021 Plan author, appeared on behalf of Westwood at the May 2021 informal hearing and provided additional details regarding the felling methodology. Westwood explained advancements in technology and methodology have caused the felling technique to gain popularity in recent years with one particular contractor alone utilizing the technique across at least ten separate facilities. Westwood went on to explain that felling has successfully been used to remove turbines with 80 to 90-meter hub heights, tip heights ranging upwards of 450 to 500 feet, and for turbines with generating capacities ranging between one-megawatt (“MW”) to 2.3 MWs. *See* Docket No. 14, approx. 11:55-12:50. The size and generating capacity of Tatanka’s turbines (1.5 MW & 80-meter hub height) are consistent with the size range of turbines in which the felling method has been applied with success. The felling method not only minimizes costs but minimizes

the extent of environmental impacts associated with crane dismantling. Felling eliminates impacts otherwise associated with large industrial cranes traversing across facilities to remove turbines. Additionally, Westwood discussed that felling also minimizes safety risks by reducing the amount of workers exposed in the immediate vicinity of turbine removal. During the informal hearing Westwood briefly referenced a wind facility in Cerro Gordo County, Iowa as a recent example of a facility that utilized the felling methodology. An electronic file containing a short video clip of felling at this facility is provided herewith.

While discussing methodology and anticipated surface impacts, the Commission inquired as to Tatanka's standards and practices regarding landowners, landowner communications, and whether Tatanka would address resulting surface impacts resulting from turbine felling. In response, Acciona explained it is standard practice for all of its facilities to interact with landowners regarding facility operations, to notify landowners of planned maintenance, and to discuss potential impacts. Acciona further explained Tatanka would continue landowner engagement after turbine removal to address any concerns regarding surface impacts caused by felling. *See* Docket No. 14, approx. 18:20-19:30.

### **Useful Life**

The April 2021 Plan incorporates a 30-year useful life for the Tatanka Wind Farm with decommissioning commencing in 2038. A 30-year useful life is consistent with assessments under accepted industry standards and modeling. Over the past eight years, the wind energy sector has reacted to increases in facilities' operational life and has developed methods for assessing service life and life management which has culminated in the form of various internationally recognized standards (ex. DNVGL-ST-0262 Standard; American National Standards Institute (ANSI)/Underwriters Laboratories (UL) 4143 Standard; International Electrotechnical Commission (IEC) 61400-28 Standard). Additionally, a 30-year useful life remains consistent with: 1) the useful life previously proposed for the Tatanka Wind Farm and approved by the Commission (*see* Case No. PU-10-073, Docket Nos. 8 & 10); 2) the useful life proposed for the Velva Wind Farm operated by Acciona's subsidiary Velva Windfarm, LLC and approved by the Commission (*see* Case No. PU-10-109, Docket Nos. 8 & 10); and, 3) the useful life approved for various other North Dakota wind facilities that commenced operations in the early to mid-2000's.

Aging facilities have provided the wind industry opportunity to observe operating conditions and associated maintenance issues. This has allowed the industry to better predict potential issues, enhance modeling, optimize preventive check tasks, and take preemptive maintenance measures thus maximizing the service life of assets. Acciona's Energy Division focuses its strategy on maximizing the life of the assets, for which it has an operations and maintenance engineering team with mastery of the technologies of its wind farms, a staff of highly qualified operators and maintainers, an operations strategy based on constant attention to every one of its wind turbines worldwide, and a maintenance strategy based on a good balance between predictive, preventive and corrective tasks and the optimizing of operating costs. As technological advances continue, Acciona anticipates that existing facilities may be able to extend their useful life upwards of 35 to 40 years.

## **Decommissioning Cost Estimate**

Tatanka's April 2021 Plan includes a cost estimate that both accounts for and excludes salvage value. *See* N.D. Admin Code § 69-09-09-06(3)(b) (permitting a cost estimate to include salvage value in addition to excluding salvage value). Tatanka hereby clarifies its intent is to place a financial assurance in accordance with the *gross* decommissioning cost estimate of \$8,878,377.00, which excludes salvage value.

As discussed at the informal hearing, the gross estimate is conservative in that it accounts for potential variances by incorporating a ten percent (10%) contingency adding \$807,012.00 to the estimate for additional potential costs. The estimate also accounts for impacts to county roads from decommissioning activities and includes anticipated repair costs, which are estimated to total \$899,550.00. Tatanka's decommissioning cost estimate voluntarily includes the contingency and anticipated costs for public roadway repairs, neither of which is required to be included under N.D. Admin. Code Chapter 69-09-09. *See* April 2021 Plan, Docket No. 13, pg. 13.

## **Depth of Removal**

Pursuant to the Commission's rules governing facilities constructed prior to 2017, the April 2021 Plan references and incorporates the requirement for Tatanka to remove facility foundations, buildings and ancillary equipment to a depth of three feet. *See* N.D. Admin Code § 69-09-09-05(1)(c)(1). This requirement increases to four feet for facilities constructed on or after July 1, 2017. N.D. Admin Code § 69-09-09-05(1)(c)(2). At the May informal hearing, the Commission inquired if Tatanka would voluntarily agree to increase depth of removal to four feet.

In consideration of the Commission's comments, Tatanka further consulted with Westwood regarding feasibility and estimated cost associated with increased depth removal. Upon approval of the April 2021 Plan, Tatanka hereby expressly commits to increase the facility's above-referenced depth of removal requirement from three to four feet. Tatanka acknowledges and agrees that upon such approval, all references to a three-foot depth of removal under § 69-09-09-05(1)(c)(1) in the April 2021 Plan shall be superseded by Tatanka's commitment herein. The increase in removal depth is estimated to total approximately \$415,464.00 in additional costs. The additional cost is adequately covered by the existing April 2021 Plan through Tatanka's voluntary built-in contingency, which is approximately double the additional estimated removal cost. *See* April 2021 Plan, Docket No. 13, pg. 13.

## **Financial Assurance**

As explained at the informal hearing, Tatanka proposes to meet its financial assurance obligation through an accelerated cash escrow. The Commission's decommissioning rules expressly provide that a cash escrow is a permissible form of financial assurance. *See* N.D. Admin. Code § 69-09-09-08(3). The Commission commented that Tatanka was the first entity to propose this form of financial assurance and would take the proposal into consideration once additional information was provided. Attached hereto as Exhibit A, is Tatanka's proposed accelerated cash escrow deposit schedule for the gross decommissioning cost estimate of \$8,878,377.00. As

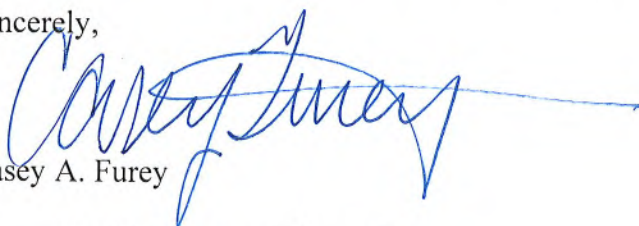
demonstrated in Exhibit A, all deposits are proposed to be tendered prior to the facility's 2038 end of useful life. Tatanka further agrees to expeditiously work with Commission counsel and staff on an associated escrow agreement.

As explained at the informal hearing, Tatanka's investing partner's corporate formation and governance restricts its ability to take on debt obligations impacting the parties' collective ability to provide alternative forms of financial assurance. Additionally, Tatanka and Acciona are not electric public utilities and neither Tatanka nor Acciona hold issued credit ratings and do not meet the guarantee criteria set forth in § 69-09-09-08(5)(b). Notably, the Tatanka Wind Farm commenced commercial operations in December 2008; however, it was not until July 2020 that the Commission adopted wind facility decommissioning rules expressly requiring decommissioning financial assurance for non-sited wind facilities. Because the Commission's decommissioning rules were not adopted until almost twelve years after the facility started operating, financial assurance obligations totalling multi-millions of dollars were not built into the project's cost modeling assumptions during initial planning and were not contemplated in its financing arrangements. A cash escrow is the most liquid form of financial assurance and reflects Tatanka's good-faith efforts to reach a workable solution that complies with the Commission's rules but also recognizes constraints stemming from retroactive regulation. Tatanka's proposed accelerated cash escrow balances the need for Tatanka to come into compliance with the Commission's regulations while reasonably maintaining the financials necessary to support operations and promote project longevity.

For the above reasons, Tatanka respectfully requests the Commission approve the April 2021 Updated Decommissioning Plan and Cost Estimate, as supplemented by the commitments set forth herein, and approve Tatanka's corresponding proposed accelerated cash escrow attached hereto as Exhibit A.

Please feel free to contact me with any questions. Thank you.

Sincerely,



Casey A. Furey

cc: Emilie Beavers (via email)  
Brian Johnson (via email)

# TATANKA – Decommissioning Schedule



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May 2021

Asset Management Department

## Decommissioning Schedule

Decommissioning Cost			
	Payment Quarter	%	\$8,878,377
2021	Q3	5.0%	\$443,919
2022	Q1	5.1%	\$448,358
2023	Q1	5.1%	\$448,358
2024	Q1	5.5%	\$488,311
2025	Q1	5.5%	\$488,311
2026	Q1	5.5%	\$488,311
2027	Q1	5.5%	\$488,311
2028	Q1	5.8%	\$514,946
2029	Q1	5.8%	\$514,946
2030	Q1	5.8%	\$514,946
2031	Q1	6.0%	\$532,703
2032	Q1	6.0%	\$532,703
2033	Q1	6.5%	\$577,095
2034	Q1	6.5%	\$577,095
2035	Q1	6.5%	\$577,095
2036	Q1	7.0%	\$621,486
2037	Q1	7.0%	\$621,486
2038*	End Project Life-Q3	0%	\$0
Total		100%	\$8,878,377