

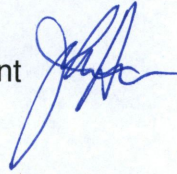
# Memorandum

To: Files for

Public Service Commission  
Public Utilities  
Rulemaking  
PU-16-775

Public Service Commission  
Public Utilities – Wind Decommissioning  
Rulemaking  
PU-17-23

From: John Hamre - Administrative Assistant



Date: 13 June 2017

Re: Final version of rules to be considered by Administrative Rules Committee

The 11 May 2017 e-mail from Legislative Council notifying the Commission of the Administrative Rules Committee hearing on 14 June 2017 (docket numbers 51 and 56) includes an incorrect link to the rules under consideration by the Administrative Rules Committee.

The correct link is below and a copy of the rules to be considered is attached.

<http://www.legis.nd.gov/admcode/arc201707365.pdf>

57 PU-17-23 Filed 06/13/2017 Pages: 13  
Memo with attached rules to be considered by Admin. Rules Committee  
Public Service Commission Staff  
John Hamre

52 PU-16-775 Filed 06/13/2017 Pages: 13  
Memo with attached rules to be considered by Admin. Rules Committee  
Public Service Commission Staff  
John Hamre

**TITLE 69**  
**PUBLIC SERVICE COMMISSION**

JULY 2017

**CHAPTER 69-06-08**

**69-06-08-01. Energy conversion facility siting criteria.**

The following criteria must guide and govern the preparation of the inventory of exclusion and avoidance areas, and the site suitability evaluation process.

1. **Exclusion areas.** The following geographical areas must be excluded in the consideration of a site for an energy conversion facility.
  - a. Designated or registered national: parks; memorial parks; historic sites and landmarks; natural landmarks; historic districts; monuments; wilderness areas; wildlife areas; wild, scenic, or recreational rivers; wildlife refuges; and grasslands.
  - b. Designated or registered state: parks; forests; forest management lands; historic sites; monuments; historical markers; archaeological sites; grasslands; wild, scenic, or recreational rivers; game refuges; game management areas; management areas; and nature preserves.
  - c. County parks and recreational areas; municipal parks; parks owned or administered by other governmental subdivisions; hardwood draws; and enrolled woodlands.
  - d. Prime farmland and unique farmland, as defined by the land inventory and monitoring division of the soil conservation service, United States department of agriculture, in 7 C.F.R. part 657; provided, however, that if the commission finds that the prime farmland and unique farmland that will be removed from use for the life of the facility is of such small acreage as to be of negligible impact on agricultural productions, this exclusion does not apply.
  - e. Irrigated land.
  - f. Areas critical to the life stages of threatened or endangered animal or plant species.
  - g. Areas where animal or plant species that are unique or rare to this state would be irreversibly damaged.
  - h. Areas within one thousand two hundred feet of the geographic center of an intercontinental ballistic missile (ICBM) launch or launch control facility.
2. **Additional exclusion areas for wind energy conversion facilities.** The following geographical areas must be excluded in the consideration of a site for a wind energy conversion facility:

- a. Areas less than:
  - (1) One and one-tenth times the height of the turbine from interstate or state roadway right of way;
  - (2) One and one-tenth times the height of the turbine plus seventy-five feet from the centerline of any county or maintained township roadway;
  - (3) One and one-tenth times the height of the turbine from any railroad right of way;
  - (4) One and one-tenth times the height of the turbine from a one hundred fifteen kilovolt or higher transmission line; and
  - (5) One and one-tenth times the height of the turbine from the property line of a nonparticipating landowner, unless a variance is granted. A variance may be granted if an authorized representative or agent of the permittee and affected parties with associated wind rights file a written agreement expressing all parties' support for a variance to reduce the setback requirement in this subsection. A nonparticipating landowner is a landowner that has not signed a wind option or an easement agreement with the permittee of the wind energy conversion facility as defined in North Dakota Century Code chapter 17-04.
  
- 3. **Avoidance areas.** The following geographical areas may not be approved as a site for an energy conversion facility unless the applicant shows that under the circumstances there is no reasonable alternative. In determining whether an avoidance area should be designated for a facility the commission may consider, among other things, the proposed management of adverse impacts; the orderly siting of facilities; system reliability and integrity; the efficient use of resources; and alternative sites. Economic considerations alone will not justify approval of these areas. A buffer zone of a reasonable width to protect the integrity of the area must be included. Natural screening may be considered in determining the width of the buffer zone.
  - a. Historical resources which are not designated as exclusion areas.
  - b. Areas within the city limits of a city or the boundaries of a military installation.
  - c. Areas within known floodplains as defined by the geographical boundaries of the hundred-year flood.
  - d. Areas that are geologically unstable.
  - e. Woodlands and wetlands.
  - f. Areas of recreational significance which are not designated as exclusion areas.
  
- 4. **Additional avoidance areas for wind energy conversion facilities.** A wind energy conversion facility site must not include a geographic area where, due to operation of the facility, the sound levels within one hundred feet of an inhabited residence or a community building will exceed fifty dBA. The sound level avoidance area criteria may be waived in writing by the owner of the occupied residence or the community building.
  
- 5. **Selection criteria.** A site may be approved in an area only when it is demonstrated to the commission by the applicant that any significant adverse effects resulting from the location, construction, and operation of the facility in that area as they relate to the following, will be at an acceptable minimum, or that those effects will be managed and maintained at an acceptable minimum. The effects to be considered include:
  - a. The impact upon agriculture:

- (1) Agricultural production.
  - (2) Family farms and ranches.
  - (3) Land which the owner demonstrates has soil, topography, drainage, and an available water supply that cause the land to be economically suitable for irrigation.
  - (4) Surface drainage patterns and ground water flow patterns.
  - (5) The agricultural quality of the cropland.
- b. The impact upon the availability and adequacy of:
- (1) Law enforcement.
  - (2) School systems and education programs.
  - (3) Governmental services and facilities.
  - (4) General and mental health care facilities.
  - (5) Recreational programs and facilities.
  - (6) Transportation facilities and networks.
  - (7) Retail service facilities.
  - (8) Utility services.
- c. The impact upon:
- (1) Local institutions.
  - (2) Noise-sensitive land uses.
  - (3) Light-sensitive land uses.
  - (4) Rural residences and businesses.
  - ~~(4)~~(5) Aquifers.
  - ~~(5)~~(6) Human health and safety.
  - ~~(6)~~(7) Animal health and safety.
  - ~~(7)~~(8) Plant life.
  - ~~(8)~~(9) Temporary and permanent housing.
  - ~~(9)~~(10) Temporary and permanent skilled and unskilled labor.
- d. The cumulative effects of the location of the facility in relation to existing and planned facilities and other industrial development.
6. **Policy criteria.** The commission may give preference to an applicant that will maximize benefits that result from the adoption of the following policies and practices, and in a proper case may require the adoption of such policies and practices. The commission may also give preference to an applicant that will maximize interstate benefits. The benefits to be considered include:

- a. Recycling of the conversion byproducts and effluents.
- b. Energy conservation through location, process, and design.
- c. Training and utilization of available labor in this state for the general and specialized skills required.
- d. Use of a primary energy source or raw material located within the state.
- e. Not relocating residents.
- f. The dedication of an area adjacent to the facility to land uses such as recreation, agriculture, or wildlife management.
- g. Economies of construction and operation.
- h. Secondary uses of appropriate associated facilities for recreation and the enhancement of wildlife.
- i. Use of citizen coordinating committees.
- j. A commitment of a portion of the energy produced for use in this state.
- k. Labor relations.
- l. The coordination of facilities.
- m. Monitoring of impacts.
- ~~n. A commitment to install lighting mitigation technology for wind energy conversion facilities subject to commercial availability and federal aviation administration approval.~~

**History:** Amended effective August 1, 1979; July 1, 2006; April 1, 2013; July 1, 2017.

**General Authority:** NDCC 49-22-18

**Law Implemented:** NDCC 49-22-05.1

**ARTICLE 69-09  
PUBLIC UTILITY DIVISION**

Chapter	
69-09-01	Standards of Service - Gas
69-09-02	Standards of Service - Electric
69-09-03	Pipeline Safety
69-09-04	Uniform Sign Standards - Railroad
69-09-05	Standards of Service - Telephone
69-09-05.1	Accounting Practices
69-09-06	Prohibition on Sale and Direct Industrial Use of Natural Gas for Outdoor Lighting [Repealed]
69-09-07	Small Power Production and Cogeneration
69-09-08	Renewable Electricity and Recycled Energy Tracking System
69-09-09	Wind <del>Turbine</del> <u>Facility</u> Decommissioning

**CHAPTER 69-09-02**

**69-09-02-35. Installation and maintenance - Conformance to National Electrical Safety Code.**

The installation and maintenance of electric supply and communication lines shall conform to rules and regulations established in the ~~2012~~2017 edition of the National Electrical Safety Code which is adopted by reference. Copies of these regulations may be obtained from the public service commission, state capitol, Bismarck, North Dakota 58505-0480.

**History:** Amended effective September 1, 1984; January 1, 1988; December 1, 1990; August 1, 1993; July 1, 1997; March 1, 2003; July 1, 2008; April 1, 2013; July 1, 2017.

**General Authority:** NDCC 49-02-04

**Law Implemented:** NDCC 49-02-04, 49-20-02

**CHAPTER 69-09-09**  
**WIND ~~TURBINE~~FACILITY DECOMMISSIONING**

Section	
69-09-09-01	Definitions
69-09-09-02	Decommissioning Responsibility
69-09-09-03	<u>Abandonment and Useful Life - Certificate of Operation</u>
69-09-09-04	Decommissioning Period
69-09-09-05	Decommissioning Requirements
69-09-09-06	Decommissioning Plan
69-09-09-07	Existing Facilities
69-09-09-08	Financial Assurance
69-09-09-09	Failure to Decommission

**69-09-09-01. Definitions.**

1. "Capacity factor" means the ratio of the actual output generated by a facility for a period of time, to the output that could be produced at the nameplate generating capacity of that facility.
2. "Certificate of operation" means an affidavit executed by the owner certifying to the commission a facility's:
  - a. Nameplate generating capacity;
  - b. Annual capacity factor;
  - c. Annual megawatt hour output; and
  - d. Monthly megawatt hour output.
3. "Commercial wind energy conversion facility" means a wind energy conversion facility ~~of~~with one or more wind turbines that has a total nameplate generating capacity equal to or greater than five hundred kilowatts ~~in total nameplate generating capacity.~~
- ~~2.4.~~ "Commission" means the public service commission.
- ~~3.5.~~ "Wind turbine" means a wind turbine of equal to or greater than five hundred kilowatts in total nameplate generating capacity. "Construction" means any clearing of land, excavation, or other action that would affect the environment of the site of a facility, but does not include activities incident to preliminary engineering or environmental studies.
6. "Decommissioning plan" means a plan filed with the commission that includes:
  - a. The anticipated life of the facility;
  - b. A decommissioning cost estimate, excluding salvage value of the turbines and equipment;
  - c. A description of the method used for determining the decommissioning cost estimate;
  - d. The anticipated manner in which the project will be decommissioned;
  - e. A description of any expected effects on present and future natural resource development; and
  - f. A detailed plan of financial assurance sufficient to ensure decommissioning.

7. "Existing facility" means a facility for which a certificate of site compatibility has been issued prior to July 1, 2017.
8. "Facility" means a commercial wind energy conversion facility, including wind turbines, turbine towers, tower bases, blades, pad transformers, collector lines, substations, facility access roads, meteorology towers, and all areas disturbed by the construction, operation, maintenance, or decommissioning activities.
9. "Owner" means a person who holds a certificate of site compatibility pursuant to North Dakota Century Code chapter 49-22.

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27

**69-09-09-02. Decommissioning responsibility.**

The owner ~~or operator of a commercial wind energy conversion facility~~ is responsible for decommissioning ~~that~~the facility and for all costs associated with decommissioning ~~that facility and associated facilities.~~

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27

**69-09-09-03. ~~Useful~~Abandonment and useful life - Certificate of operation.**

~~—A commercial wind energy conversion facility or individual wind turbine is presumed to be at the end of its useful life if the facility or turbine generates no electricity for a continuing period of twenty-four months. The presumption may be rebutted by submitting to the commission for approval a plan outlining the steps and schedule for returning the commercial wind energy conversion facility or wind turbine to service.~~

1. After construction of a facility is complete, the owner annually shall file a certificate of operation with the commission for that facility by April first of each year.
2. If no energy is generated by one or more wind turbines for the time period specified in the certificate of operation, a written explanation for the nongenerating wind turbines must accompany the certificate of operation.
3. A facility is presumed to be at the end of its useful life if its annual capacity factor is less than ten percent for two consecutive years.
4. A facility is presumed to be abandoned if, after commencement of construction and prior to completion, a period of twenty-four consecutive months has passed with no significant construction.
5. A presumption under this section may be rebutted by filing a plan for commission approval outlining the steps and schedule for continuing construction or operation of the facility or wind turbine.

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27

#### 69-09-09-04. Decommissioning period.

The ~~facility owner or operator~~ shall begin decommissioning ~~a commercial wind energy conversion facility or wind turbine~~ within ~~eight~~twelve months after ~~the time the facility abandonment or turbine reaches~~ the end of its useful life, ~~as determined in section 69-09-09-03~~. Decommissioning must be completed within ~~eighteen~~twenty-four months after ~~the facility abandonment or turbine reaches~~ the end of its useful life unless the commission approves a plan specifying the steps and schedules to return the facility to operation.

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27

#### 69-09-09-05. Decommissioning requirements.

Decommissioning ~~and site restoration~~ includes ~~dismantling~~;

1. Dismantling and removal of all towers, turbine generators, transformers, and overhead cables; ~~removal~~

2. Removal of underground cables to a depth of twenty-four inches [60.96 centimeters]; ~~removal~~

3. Removal of foundations, buildings, and ancillary equipment to a depth of ~~three~~;

a. Three feet [91.44 centimeters] for facilities constructed before July 1, 2017; and removal of surface road material and restoration of the roads and turbine sites to substantially the same physical condition that existed immediately before construction of the commercial wind energy conversion facility or wind turbine. The site must be restored and reclaimed to the same general topography that existed just prior to the beginning of the construction of the commercial wind energy conversion facility or wind turbine and with topsoil respread over the disturbed areas at a depth similar to that in existence prior to the disturbance. Areas disturbed by the construction of the facility and decommissioning activities must be graded, topsoiled, and reseeded according to natural resource conservation service technical guide recommendations and other agency recommendations, unless the landowner requests in writing that the access roads or other land surface areas be retained.

b. Four feet [121.92 centimeters] for facilities constructed on or after July 1, 2017;

4. Site restoration and reclamation to the approximate original topography that existed prior to construction of the facility with topsoil respread over the disturbed areas at a depth similar to that in existence prior to the disturbance; and

5. Grading and topsoil of areas disturbed by the facility, and reseeded according to natural resource conservation service recommendations, unless the commission approves an owner request signed by the applicable landowner, identifying the surface features the landowner prefers to remain in place, and the reason the landowner prefers those features to remain.

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27

#### 69-09-09-06. Decommissioning plan.

~~Prior to commencement of operation of a commercial wind energy conversion facility or wind turbine, the facility or turbine owner or operator shall file for commission review the estimated decommissioning cost per turbine, in current dollars at the time of filing, for the proposed facility or~~

~~turbine and a comprehensive decommissioning plan that describes any expected effect on present and future natural resource development and how the facility or turbine owner or operator plans to pay for decommissioning the facility or turbine as required by section 69-09-10-05 at the appropriate time. The commission may at any time require the owner or operator of a commercial wind energy conversion facility or wind turbine to file a report with the commission describing how the facility or turbine owner or operator is fulfilling this obligation.~~

- ~~1. Prior to the commencement of operation of a facility, the owner shall have an approved decommissioning plan.~~
- ~~2. The commission shall make a determination on the decommissioning plan no later than sixty days after the decommissioning plan is deemed complete by the commission.~~
- ~~3. A decommissioning cost estimate for a facility:
  - ~~a. Must be made by a professional engineer licensed by the state of North Dakota and at the owner's expense;~~
  - ~~b. May include a decommissioning cost estimate, including salvage value, in addition to the decommissioning cost estimate, excluding salvage value;~~
  - ~~c. Must be updated and filed with the commission ten years after initial approval of the decommissioning plan and then continue to be updated and filed with the commission every five years until decommissioning is complete.~~~~
- ~~4. The commission, at any time, may require the owner to file an updated decommissioning plan.~~

~~History: Effective October 1, 2008; amended effective October 1, 2010; July 1, 2017.~~

~~General Authority: NDCC 28-32-02, 49-02-27~~

~~Law Implemented: NDCC 49-02-27~~

#### **69-09-09-07. Existing facilities.**

~~Owners and operators of existing commercial wind energy conversion facilities shall file with the commission the information required in section 69-09-09-06 within one year after July 1, 2008. The owner of an existing facility shall provide financial assurance after the tenth year of operation sufficient to complete decommissioning.~~

~~History: Effective October 1, 2008; amended effective July 1, 2017.~~

~~General Authority: NDCC 28-32-02, 49-02-27~~

~~Law Implemented: NDCC 49-02-27~~

#### **69-09-09-08. Financial assurance.**

~~After the tenth year of operation of a commercial wind energy conversion facility or wind turbine, the commission by order may require the owner or operator to secure a performance bond, surety bond, letter of credit, corporate guarantee, or other form of financial assurance that is acceptable to the commission to cover the anticipated costs of decommissioning the commercial wind energy conversion facility or turbine. The commission may accept a corporate guarantee if the corporation has a tangible net worth of at least ten million dollars, a ratio of total liabilities to net worth of 2.5 or less, and a ratio of current assets to current liabilities of 1.2 or greater; or if it has an investment grade current rating for its most recent bond issuance of "Baa" or higher as issued by Moody's Investors Service "BBB" or higher as issued by Standard and Poor's Corporation, or an equivalent rating by any other nationally recognized statistical rating organization, as defined and approved by the United States securities and exchange commission.~~

1. Prior to commencement of construction of a facility, the owner shall provide financial assurance equal to five percent of the estimated cost of construction of the facility that may be used to decommission the facility in the event it is abandoned prior to operation. Within sixty days of receipt of written notice from the owner that the facility is commercially operational, the commission shall return or release said financial assurance provided to the commission.
2. Prior to commencement of operation of a facility, the owner shall provide financial assurance that is acceptable to the commission and sufficient to ensure complete decommissioning.
3. Financial assurance may be in the form of a performance bond either as, or combination of, a surety bond, irrevocable letter of credit, self-guarantee, parent guarantee, or another form of financial assurance that is acceptable to the commission to cover the anticipated costs of decommissioning.
4. The commission may allow the owner to provide financial assurance through an incremental bond schedule. To be given consideration, an incremental bond schedule must include an initial bond increment prior to commencement of operation.
5. The commission may accept a self-guarantee or parent guarantee if:
  - a. The owner has been in continuous operation as a business entity for five years preceding the application. The commission may accept a self-guarantee with less than five years of continuous operation if guaranteed with a parent guarantee and the parent company has been in operation for at least five years preceding the application; and
  - b. The owner or parent guarantor has or is one of the following:
    - (1) A current rating in the "A" category or higher for its most recent bond issuance or issuer rating as issued by Moody's Investors Service, Standard and Poor's Corporation, or an equivalent rating by any other nationally recognized statistical rating organization, as defined and approved by the United States securities and exchange commission, which is acceptable to the commission. If an organization has different ratings among various rating organizations, the commission shall accept the higher of the ratings;
    - (2) A tangible net worth of at least ten million dollars, a ratio of total liabilities to net worth of 2.5 or less, and a ratio of current assets to current liability of 1.2 or greater; or
    - (3) An electric public utility as defined by subsection 2 of North Dakota Century Code section 49-03-01.5.
6. The total amount of an outstanding self-guarantee for decommissioning may not exceed twenty-five percent of the owner's tangible net worth in the United States.
7. The combined total amount of an outstanding self-guarantee and parent guarantee for decommissioning may not exceed twenty-five percent of the owner's and parent guarantor's combined tangible net worth in the United States.
8. If any financial assurance is modified, canceled, suspended, or revoked, the owner immediately shall notify the commission and provide financial assurance as soon as practicable sufficient to ensure complete decommissioning.
9. The commission may require additional financial assurance upon a finding that the current financial assurance for a facility is not sufficient to ensure complete decommissioning.

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27

**69-09-09-09. Failure to decommission.**

If the ~~commercial wind energy conversion facility~~ owner or operator does not complete decommissioning, the commission may take ~~such action as may be necessary~~ to complete decommissioning, including ~~requiring action to require~~ forfeiture of ~~the~~ bond. The entry into a participating landowner agreement shall constitute agreement and consent of the parties to the agreement, their respective heirs, successors, and assigns, that the commission may take such action as may be necessary to decommission a ~~commercial wind energy conversion facility or wind turbine~~, including the exercise by the commission, commission staff, and their contractors of the right of ingress and egress for the purpose of decommissioning the ~~commercial wind energy conversion~~ facility.

**History:** Effective October 1, 2008; amended effective July 1, 2017.

**General Authority:** NDCC 28-32-02, 49-02-27

**Law Implemented:** NDCC 49-02-27