

Foxtail Wind Energy Center

Decommissioning Plan

NDPSC Informal Hearing
Sept. 3, 2019



Overview

- Project Overview
- Decommissioning Estimate
 - Methodology
 - Cost
- Financial Assurance
- Net Salvage Percent



Foxtail Wind Energy Center (150 MW)



- 20,000 acre site in Dickey Co. (near Kulm, ND)
- 75 2.0 MW Vestas wind turbines
- 150-200 construction jobs; ~ 8 FT employees
- \$30 million in landowner payments
- \$20 million in property taxes to local gov.
- Turbine offloads completed
- 41 of 75 turbines erected
- Energization
- Est. in-service date of Oct. 1

2018 Data
XcelEnergy



Two cranes are used to remove blades from rail cars. The blades are 194 feet long and weigh approximately 21,000 pounds.



Blades are stacked at the project's laydown yard.



Base and mid sections of tower completed.

Foxtail Decommissioning Plan



- Scope
 - Towers, generators, transformers, cables
 - Foundations
 - Underground cables
 - Buildings, substations, ancillary equipment
- Removal
- Site Restoration
- Costs
 - Baseline: \$20,893,746
 - Estimated Salvage: \$4,265,480
 - Alternative teardown/removal approaches

2018 Data
Xcel Energy

Turbine Teardown/Removal Approaches

- Baseline - \$20,893,746
 - Dismantle → downsize (cut up) → scrap
 - Assumes local transportation radius
- Option B - \$24,502,532
 - Dismantle → transport whole parts → recycle
 - Assumes more trucks and longer transport distance to specialized facility (600 miles)
 - Estimated Salvage: \$4,265,480
- Option C - \$17,467,913
 - Tip over → downsize → scrap
 - Estimated Salvage: \$4,265,480



2018 Data
Xcel Energy

Pre-Operational Financial Assurance

- NDAC 69.09.09.08
 - “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.”
- Xcel Energy Guaranty
 - \$16.6 million
 - Reflects full site decommissioning cost less estimated salvage
 - $\$20,893,786 - \$4,265,480 = \$16,628,306$



Foxtail Production Asset Net Salvage %

- Foxtail *production* assets include all infrastructure except substation and transmission assets
- Estimated removal costs and salvage proceeds are netted to form the “net salvage” for an asset
 - Ex: \$100M asset, and \$5M more estimated removal costs than salvage proceeds (i.e., -\$5M net salvage)
 - Net Salvage % is $-\$5M/\$100M = -5.0\%$
- The decommissioning cost (removal) and salvage estimates form the basis for the net salvage %
 - $\$20.9M$ less $\$0.9M$ (Subst & Transm) = $\$20.0M$ prod. decommissioning
 - $\$4.3M$ (salvage) less $\$20.0M$ (decomm.) = net salvage of $-\$15.7M$
 - $-\$15.7M / \$244.5M$ (total prod. investment) = -6.4%



Questions?