



Colorado Solar & Storage Association

1536 Wynkoop St, Suite 104
Denver, Colorado 80238

Memorandum on Bond Requirement in Routt County's Draft Land Use Codes

To Whom It May Concern:

The Colorado Solar and Storage Association has concerns about the posting of a decommissioning bond upon construction starting on a project because it is unnecessary and will add additional cost to a project, potentially making the project uneconomic to build.

If the county is requiring a bond to be placed when construction starts, then the developer will have to account for/estimate in modeling more operational expenses, leading to a less favorable Power Purchase Price with Xcel or Tri-State and therefore decreasing the chances of a project being selected in Routt County and the county seeing increased investment and subsequent tax revenue.

For example, assume a developer must post a \$50 million bond at year 0. In simple math, a \$50 million bond at a 1.5% annual rate at year 0 vs year 15 is an additional \$1,125,000 unnecessary expense that developers will have to account for. That increase in operational expenses could be the deciding factor of being awarded a PPA vs not and a county with more favorable regulations becoming home to that winning project.

Additionally, an issue that may have been overlooked is that the more items developers are required to "have in place prior to construction" only increases the risk of having our contractors standing by with a shovel in hand. Each day that a critical item is missing eats away at the buffers that are built into construction schedules.

From our experience, missing crossing agreements or associated administrative "red tape" can hold up construction and increase the risk of costly delays on PPAs, contractor availability etc. Developers want to build good projects that are not rushed, not projects that are rushed, which can result in myriad future problems. While this may sound like "please go easy on us," that isn't what we are advocating for. This bond is just another thing to check off which will result in a real risk of increased construction costs due to delays on actually being able to start.

Finally, we have concerns about the term "starting construction." Tax incentives, getting Best Management Practices for erosion control in place, perimeter fencing erected, roads graded – all things that would constitute as construction are low-impact, preliminary activities. Developers need the flexibility to make projects work around nature, utility needs and local community desires. Requiring that a bond be in place prior to some minor earth work would be pointless and add cost.

We request that the bond be in place five years prior to end of the Power Purchase Agreement to protect the local community and to ensure projects are economically viable.

Sincerely,

Mike Kruger
President and CEO