

Decommissioning Solar Panel Systems

Information for local governments and landowners on the decommissioning of large-scale solar panel systems.



NYSERDA

Solar Guidebook for Local Governments
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Overview

We provide information for local governments and landowners on the decommissioning of large-scale solar panel systems through the topics of decommissioning plans and costs and financial and non-financial mechanisms in land-lease agreements.

As local governments develop solar regulations and landowners negotiate land leases, it is important to understand the options for decommissioning solar panel systems and restoring project sites to their original status.

From a land use perspective, solar panel systems are generally considered large-scale when they constitute the primary use of the land and can range from less than one acre in urban areas to 10 or more acres in rural areas. Depending on where they are sited, large-scale solar projects can have habitat, farmland, and aesthetic impacts. As a result, large-scale systems must often adhere to specific development standards.

1. Abandonment and Decommissioning

Abandonment occurs when a solar array is inactive for a certain period of time.

- Abandonment requires that solar panel systems be removed after a specified period of time if they are no longer in use. Local governments establish timeframes for the removal of abandoned systems based on aesthetics, system size and complexity, and location. For example, the Town of Geneva, NY, defines a solar panel system as abandoned if construction has not started within 18 months of site plan approval, or if the completed system has been nonoperational for more than one year.²²
- Once a local government determines a solar panel system is abandoned and has provided thirty (30) days prior written notice to the owner it can take enforcement actions, including imposing civil penalties/fines, and removing the system and imposing a lien on the property to recover associated costs.

Decommissioning is the process for removing an abandoned solar panel system and remediating the land.

- When describing requirements for decommissioning sites, it is possible to specifically require the removal of infrastructure, disposal of any components, and the stabilization and re-vegetation of the site.

1.1 Decommissioning Plans

Local governments may require having a plan in place to remove solar panel systems at the end of their lifecycle, which is typically 20-40 years. A decommissioning plan outlines required steps to remove the system, dispose of or recycle its components, and restore the land to its original state. Plans may also include an estimated cost schedule and a form of decommissioning security (see Table 1).

²² Town of Geneva, N.Y. CODE § 130-4(D)(5) (2016):

1.2 Estimated Cost of Decommissioning

Given the potential costs of decommissioning and land reclamation, it is reasonable for landowners and local governments to proactively consider system removal guarantees. A licensed professional engineer, preferably with solar development experience, can estimate decommissioning costs, which vary across the United States. Decommissioning costs will vary depending upon project size, location, and complexity. Table 1 provides an estimate of potential decommissioning costs for a ground-mounted 2-MW solar panel system. Figures are based on estimates from the Massachusetts solar market. Decommissioning costs for a New York solar installation may differ. Some materials from solar installations may be recycled, reused, or even sold resulting in no costs or compensation. Consider allowing a periodic reevaluation of decommissioning costs during the project's lifetime by a licensed professional engineer, as costs could decrease, and the required payment should be reduced accordingly.

Table 1: Sample list of decommissioning tasks and estimated costs

Tasks	Estimated Cost (\$)
Remove Rack Wiring	\$2,459
Remove Panels	\$2,450
Dismantle Racks	\$12,350
Remove Electrical Equipment	\$1,850
Breakup and Remove Concrete Pads or Ballasts	\$1,500
Remove Racks	\$7,800
Remove Cable	\$6,500
Remove Ground Screws and Power Poles	\$13,850
Remove Fence	\$4,950
Grading	\$4,000
Seed Disturbed Areas	\$250
Truck to Recycling Center	\$2,250
Current Total	\$60,200
Total After 20 Years (2.5% inflation rate)	\$98,900

2. Ensuring Decommissioning

Landowners and local governments can ensure appropriate decommissioning and reclamation by using financial and regulatory mechanisms. However, these mechanisms come with tradeoffs. Including decommissioning costs in the upfront price of solar projects increases overall project costs, which could discourage solar development. As a result, solar developers are sometimes hesitant to provide or require financial surety for decommissioning costs.

It is also important to note that many local governments choose to require a financial mechanism for decommissioning. Although similar to telecommunications installations, there is no specific authority to do so as part of a land use approval for solar projects (see Table 2). Therefore, a local government should consult their municipal attorney when evaluating financial mechanisms.

The various financial and regulatory mechanisms to decommission projects are detailed below.

Table 2: Relevant Provisions of General City, Town, and Village Laws Relating to Municipal Authority to Require Conditions, Waivers, and Financial Mechanisms

Site Plan Review	General City Law	Town Law	Village
Conditions	27-a (4)	274-a (4)	7-725-a (4)
Waivers	27-a (5)	274-a (5)	7-725-a (5)
Performance bond or other security	27-a (7)	274-a (7)	7-725-a (7)
Subdivision	General City Law	Town Law	Village Law
Waivers	33 (7)	277 (7)	7-730 (7)
Performance bond or other security	33 (8)	277 (9)	7-730 (9)
Special	General City Law	Town Law	Village Law
Conditions	27-b (4)	274-b (4)	7-725-b (4)
Waivers	27-b (5)	274-b (5)	7-725-b (5)

Source: Referenced citations may be viewed using the NYS Laws of New York Online

Excerpts from these statutes are also contained within the “Guide to Planning and Zoning Laws of New York State,” New York State Division of Local Governments Services, June 2011: https://www.dos.ny.gov/lg/publications/Guide_to_planning_and_zoning_laws.pdf

2.1 Financial mechanisms

Decommissioning Provisions in Land-Lease Agreements. If a decommission plan is required, public or private landowners should make sure a decommissioning clause is included in the land-lease agreement. This clause may depend on the decommissioning preferences of the landowner and the developer. The clause could require the solar project developer to remove all equipment and restore the land to its original condition after the end of the contract, or after generation drops below a certain level, or it could offer an option for the landowner to buy-out and continue to use the equipment to generate electricity. The decommissioning clause should also address abandonment and the possible failure of the developer to comply with the decommissioning plan. This clause could allow for the landowner to pay for removal of the system or pass the costs to the developer.

Decommissioning Trusts or Escrow Accounts. Solar developers can establish a cash account or trust fund for decommissioning purposes. The developer makes a series of payments during the project’s lifecycle until the fund reaches the estimated cost of decommissioning. Landowners or third-party financial institutions can manage these accounts. Terms on individual payment amounts and frequency can be included in the land lease.

Removal or Surety Bonds. Solar developers can provide decommissioning security in the form of bonds to guarantee the availability of funds for system removal. The bond amount equals the decommissioning and reclamation costs for the entire system. The bond must remain valid until the decommissioning obligations have been met. Therefore, the bond must be renewed or replaced if necessary to account for any changes in the total decommissioning cost.

Letters of credit. A letter of credit is a document issued by a bank that assures landowners a payment up to a specified amount, given that certain conditions have been met. In the case that the project developer fails to remove the system, the landowner can claim the specified amount to cover decommissioning costs. A letter of credit should clearly state the conditions for payment, supporting documentation landowners must provide, and an expiration date. The document must be continuously renewed or replaced to remain effective until obligations under the decommissioning plan are met.

2.2 Nonfinancial mechanisms

Local governments can establish nonfinancial decommissioning requirements as part of the law. Provisions for decommissioning large-scale solar panel systems are similar to those regulating telecommunications installations, such as cellular towers and antennas. The following options may be used separately or together.

- **Abandonment and Removal Clause.** Local governments can include in their zoning code an abandonment and removal clause for solar panel systems. These cases effectively become zoning enforcement matters where project owners can be mandated to remove the equipment via the imposition of civil penalties and fines, and/or by imposing a lien on the property to recover the associated costs. To be most effective, these regulations should be very specific about the length of time that constitutes abandonment. Establishing a timeframe for the removal of a solar panel system can be based on system aesthetics, size, location, and complexity. Local governments should include a high degree of specificity when defining “removal” to avoid ambiguity and potential conflicts
- **Special Permit Application.** A local government may also mandate through its zoning code that a decommissioning plan be submitted by the solar developer as part of a site plan or special permit application. Having such a plan in place allows the local government, in cases of noncompliance, to place a lien on the property to pay for the costs of removal and remediation.
- **Temporary Variance/Special Permit Process.** As an alternative to requiring a financial mechanism as part of a land use approval, local governments could employ a temporary variance/special permit process (effectively a re-licensing system). Under this system, the locality would issue a special permit or variance for the facility for a term of 20 or more years; once expired (and if not renewed), the site would no longer be in compliance with local zoning, and the locality could then use their regular zoning enforcement authority to require the removal of the facility.

2.3 Examples of abandonment and decommissioning provisions

The New York State Model Solar Energy Law provides model language for abandonment and decommissioning provisions in the Model Law section of this Guidebook.

The following provide further examples that are intended to be illustrative and do not confer an endorsement of content:

- Town of Geneva, N.Y., § 130-4(D): ecode360.com/28823382
- Town of Olean, N.Y., § 10.25.5: <https://www.cityofolean.org/council/minutes/ccmin2015-04-14.pdf>

2.4 Checklist for Decommissioning Plans

The following items are often addressed in decommissioning plans requirements:

- Defined conditions upon which decommissioning will be initiated (i.e., end of land lease, no operation for 12 months, prior written notice to facility owner, etc.).
- Removal of all nonutility owned equipment, conduit, structures, fencing, roads, and foundations.
- Restoration of property to condition prior to solar development.
- The timeframe for completion of decommissioning activities.
- Description of any agreement (e.g., lease) with landowner regarding decommissioning.
- The party responsible for decommissioning.
- Plans for updating the decommissioning plan.
- Before final electrical inspection, provide evidence that the decommissioning plan was recorded with the Register of Deeds.

Questions?

If you have any questions regarding the decommissioning of solar panels, please email questions to cleanenergyhelp@nyscrda.ny.gov or request free technical assistance at nyscrda.ny.gov/SolarGuidebook. The NYSERDA team looks forward to partnering with communities across the state to help them meet their solar energy goals.