



**Section 7** of the bill would amend KRS 278.710 to require that the Siting Board require, before construction of a merchant electric generating facility begins, a bond or similar security be furnished to guarantee the plant is decommissioned at the end of its useful life. The Siting Board would set the amount of the bond/security equal to the estimated cost of full decommissioning in accordance with the plan approved by the Board, less the salvage value of the decommissioned facility. The decommissioning costs and salvage values are to be determined by an independent, experienced and expert third party. The bond amount is to be reviewed by the Board every 5 years and adjusted as necessary.

If the facility is located on leased property the security shall name the landowner as primary beneficiary and the local government bodies as secondary beneficiaries. If the facility is located on property owned by the person responsible for its decommissioning, the security shall name the local governing bodies as primary beneficiaries. The security shall be forfeited if work to decommission the facility is not begun within 12 months of the date the facility ceases to produce electricity for sale, or fails to complete the decommissioning plan within 18 months of that date. Proceeds from forfeited security shall only be used to complete decommissioning of the facilities on the property for which the security was posted. Neither the local government nor the Siting Board shall be liable for decommissioning any merchant electric generating facility.

SB 69 **Section 4** would require that a merchant electric generating facility notify the county/judge executive or mayor of all government entities with jurisdiction over a proposed site before exercising an option to acquire an interest in property within that jurisdiction. Any city or county official may request the facility hold a public hearing.

**The fiscal impact of SB 69 on local governments is indeterminable but would be minimal.** The posting of sufficient security makes it less likely the local government will be burdened with an eyesore and potential hazardous site once the facility is no longer operational. It also acts as an incentive for the facility owner to complete decommissioning in accordance with the approved plan, else risk forfeiture of the security, and negative impact on their ability to secure bonding for future projects. There is potential for some cost to the local government if it has to seek court assistance to enforce its right to forfeit the bond/security. This cost is indeterminable and a well-drafted decommissioning plan, approved by the Siting Board, and bond/security language should minimize such costs. The bill also states in no uncertain terms that the local government is not responsible for those costs.

### **Part III: Differences to Local Government Mandate Statement from Prior Versions**

Part II applies to SB 69 as introduced. There is no prior version for comparison.

**Data Source(s):** Public Service Commission; LRC staff

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