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**RECEIVED**

**JUN 24 2009**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

June 22, 2009

Ms. Patricia Van Gerpen, Executive Secretary  
South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> floor  
500 East Capitol Avenue  
Pierre, SD 57501-5070

RE: HCPD Renewable Energy Objective Progress Report

Dear Ms. Van Gerpen:

Heartland Consumers Power District (HCPD) submits this Renewable Energy Objective (REO) Progress Report on behalf of its South Dakota Customers, nineteen municipal utilities, one cooperative utility, and one State agency, pursuant to SDCL 49-34A-101 and SDCL 49-34A-105. This report is filed on behalf of the following HCPD Customers in South Dakota: Arlington, Aurora, Bryant, Colman, Estelline, Groton, Hecla, Howard, Langford, Madison, McLaughlin, Miller, Northern Electric, Parker, Plankinton, Sioux Falls, State of South Dakota, Tyndall, Volga, Wessington Springs, and White. This report outlines a twelve month period from January 1, 2008 through December 31, 2008.

If you have any questions regarding this report, please contact me at 605-256-6536 or njones@hcpd.com.

Respectfully submitted,

Nate Jones  
Market Operations Manager  
Heartland Consumers Power District

Copy via e-mail:

Amiel Redfish, Arlington Municipal Utilities  
Andy Studer, Aurora Municipal Utilities  
Garry Ladwig, Bryant Municipal Utilities  
Brent Nelson, Colman Municipal Utilities  
Dan DeWitt, Estelline Municipal Utilities  
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Mike Burkard, Sioux Falls Municipal Utilities  
Michele Farris, State of South Dakota  
Larry Chester, Tyndall Municipal Utilities  
Steve Meyer, Volga Municipal Utilities  
Roger Larson, Wessington Springs Municipal Utilities  
Dan DeYoung, White Municipal Utilities  
Tom Marvin, SD Municipal Electric Association

# **Heartland Consumers Power District South Dakota Renewable Energy Progress Report**

**June 22, 2009**

Pursuant to South Dakota Codified Law, Chapter 49-34A-101 outlines a state renewable and recycled energy objective (REO) that ten percent of all electricity sold at retail within the state by the year 2015 be obtained from renewable energy and recycled energy sources. The objective shall be measured by qualifying megawatt hours delivered at retail or by certificates representing credits purchased and retired to offset non-qualifying retail sales. This objective is voluntary, and there is no penalty or sanction for a retail provider of electricity that fails to meet this objective. The objective applies to each retail provider of electricity in the state, regardless of the ownership status of the electricity retailer. Any municipal or cooperative utility that receives wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate its renewable and recycled energy objective resources to meet this objective.

South Dakota Codified Law, the amended Chapter 49-34A-105 establishes a requirement that annual reports concerning the REO commence on July 1, 2009 and that each retail provider shall annually report to the Public Utilities Commission on the provider's energy sales during the twelve month period ending on the preceding December thirty-first. This report shall include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales, the amount of conserved energy as a percentage of annual retail sales, and a brief narrative report that describes steps taken to meet the state renewable and recycled energy objective over time and identifies any challenges or barriers encountered in meeting the objective.

Given the power supply relationship between HCPD and its Customers, HCPD has assumed the responsibility for the REO and the associated reporting requirements on behalf of its South Dakota Customer communities. The following South Dakota entities, nineteen municipal utilities, one cooperative utility, and one State agency, are Customers of HCPD:

- Arlington
- Aurora
- Bryant
- Colman
- Estelline
- Groton
- Hecla
- Howard
- Langford
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- McLaughlin
- Miller
- Northern Electric
- Parker
- Plankinton
- Sioux Falls
- State of South Dakota
- Tyndall
- Volga
- Wessington Springs
- White

HCPD acquires its renewable energy through a power purchase agreement (PPA) with Babcock & Brown, LLC. The PPA entitles HCPD to purchase the entire 51 MW of nameplate wind capacity and own all of the environmental attributes associated with such generation from the Wessington Wind I Project. (10 MW of the project are committed to another wholesale power supplier.) As was outlined in a preceding report for the period of October 1, 2007 through September 30, 2008 dated January 21, 2009 and titled HCPD Renewable Energy Objective Progress Report, HCPD plans to meet both the Minnesota Renewable Energy Standard (RES) and the South Dakota Renewable Energy Objective (REO) through its participation in the Wessington Wind I project. The January 21, 2009 report has been attached for reference.

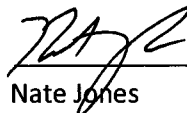
The attached spreadsheet report outlines HCPD's 2008 retail sales, generation capacity owned, renewable generation capacity owned, renewable energy credits (RECs) retired, and conserved energy and capacity. For the period from January 1, 2008 – December 31, 2008, HCPD's South Dakota retail load served was 203,560 MWh. HCPD's SD Customers conserved 93 MWh of energy equaling 0.05% of HCPD's SD 2008 retail sales. The Wessington Wind I commercial operation date was February 25, 2009, however, it produced a total of 10,505 vintage 2008 RECs. To comply with the MN RES, HCPD retired 4,956 vintage 2008 RECs corresponding to 1% of HCPD's 2008 MN retail load served (495,517 MWh). To date, HCPD has not retired any RECs corresponding to its 2008 SD retail load.

HCPD doesn't anticipate encountering any obstacles to meet South Dakota's REO with the execution of the Wessington Wind PPA.

In conclusion, HCPD currently has an adequate amount of renewable resource available and a plan to utilize the resource to meet the South Dakota REO of 10% by 2015 as part of its overall renewable energy goals for Customers in Minnesota, Iowa, and South Dakota.

Respectfully submitted this 22<sup>nd</sup> day of June, 2009.

HEARTLAND CONSUMERS POWER DISTRICT



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Nate Jones  
Market Operations Manager  
Heartland Consumers Power District  
203 W Center St  
Madison, SD 57042  
(605) 256-6536  
njones@hcpd.com

Please provide a value in each of the boxes below with an "X" in it.

**Company:**

Heartland Consumers Power District on behalf of its South Dakota Customers.

Calendar Year 2008 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	703,882	Arlington, Aurora, Bryant, Colman, Estelline, Groton, Hecla, Howard, Langford, Madison, McLaughlin, Miller, Northern Electric, Parker, Plankinton, Sioux Falls, State of South Dakota, Tyndall, Volga, Wessington Springs, White.
SD (MWh)	203,560	
<b>Generation Capacity Owned</b>		
Total - All States (MW)	55	Laramie River Station and Wessington Springs Diesel Generating Units 1 and 2.
SD (MW)	4	Wessington Springs Diesel Generating Units 1 and 2.
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)		HCPD has contracted via a PPA with Babcock & Brown for the entire output from the Wessington Wind I project: 51 MW project with 34 turbines.
Wind	-	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total - All States (MW)	-	
SD (MW)		HCPD has contracted via a PPA with Babcock & Brown for the entire output from the Wessington Wind I project: 51 MW project with 34 turbines.
Wind	-	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total SD (MW)	-	
<b>Renewable Energy Credits Retired for SD</b>		
Total - Generated In All States (MWh)		
Wind	-	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total - All States (MWh)	-	

Generated in SD (MWh)		
Wind	-	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total SD (MWh)	-	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)		
		REC's generated in South Dakota from the Wessington Wind I project and retired for HCPD's Minnesota Customers as required for the Minnesota RES (1% of 2008 load).
Wind	4,956	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total - All States (MWh)	4,956	
Generated In SD (MWh)		
		REC's generated in South Dakota from the Wessington Wind I project and retired for HCPD's Minnesota Customers as required for the Minnesota RES (1% of 2008 load).
Wind	4,956	
Solar	-	
New Hydro	-	
Old Hydro	-	
Hydrogen	-	
Biomass	-	
Geothermal	-	
Recycled	-	
Total SD (MWh)	4,956	
<b>Conserved Energy &amp; Capacity</b>		
Conserved Energy (MWh)		
Total - All States	107	Conservation for Madelia, Truman, Lake Crystal, Marshall, Grove City not included.
SD	93	Doesn't include those listed above as well as Akron, IA and Tyler, MN.
Conserved Capacity (MW)		
Total - All States	101	Conservation for Madelia, Truman, Lake Crystal, Marshall, Grove City not included.
SD	88	Doesn't include those listed above as well as Akron, IA and Tyler, MN.



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**January 21, 2009**

**Ms. Patricia Van Gerpen, Executive Secretary  
South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> floor  
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Respectfully submitted,

**Nate Jones  
Market Operations Manager  
Heartland Consumers Power District**

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# **Heartland Consumers Power District South Dakota Renewable Energy Progress Report**

**January 21, 2008**

Pursuant to South Dakota Codified Law, Chapter 49-34A-101 outlines a state renewable and recycled energy objective (REO) that ten percent of all electricity sold at retail within the state by the year 2015 be obtained from renewable energy and recycled energy sources. The objective shall be measured by qualifying megawatt hours delivered at retail or by certificates representing credits purchased and retired to offset non-qualifying retail sales. This objective is voluntary, and there is no penalty or sanction for a retail provider of electricity that fails to meet this objective. The objective applies to each retail provider of electricity in the state, regardless of the ownership status of the electricity retailer. Any municipal or cooperative utility that receives wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate its renewable and recycled energy objective resources to meet this objective.

South Dakota Codified Law, Chapter 49-34A-105 establishes a requirement that annual reports concerning the REO commence on December 1, 2008 and that each retail provider shall annually report to the Public Utilities Commission on the provider's energy sales during the twelve month period ending on the preceding September thirtieth. This report shall include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales and a brief narrative report that describes steps taken to meet the state renewable and recycled energy objective over time and identifies any challenges or barriers encountered in meeting the objective.

Given the power supply relationship between HCPD and its Customers, HCPD has assumed the responsibility for the REO and the associated reporting requirements on behalf of its South Dakota Customer communities. The following South Dakota entities, nineteen municipal utilities, one cooperative utility, and one State agency, are Customers of HCPD:

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In order to meet the South Dakota REO, HCPD will integrate the South Dakota objective into its current Renewable Energy Standard (RES) report and plan as filed with the Minnesota Public Utilities Commission. According to Minn. Stat. §216B.1691, each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated: 2012-12%, 2016-17%, 2020-20%, 2025-25%.

At the present time, HCPD acquires renewable energy resources through a single power purchase agreement (PPA) with Babcock & Brown, LLC. The PPA entitles HCPD to purchase the entire 51 MW of nameplate wind capacity and own all of the environmental attributes associated with such generation from the Wessington Springs Wind Project. (10 MW of the project are committed to another wholesale power supplier.) HCPD intends to meet its REO/RES goals by utilizing the contracted wind generation and associated renewable attributes.

For the period from October 1, 2007 – September 30, 2008, HCPD's South Dakota retail load served was 197,866 MWh. Given HCPD's current customer base and projected retail load served in South Dakota, Minnesota, and Iowa, Tables 1 identifies the projections of HCPD relating to compliance with the South Dakota REO goal.

HCPD doesn't anticipate encountering any obstacles to meet South Dakota's REO with the execution of the Wessington Springs Wind PPA.

In conclusion, HCPD currently has an adequate amount of renewable resource available and a plan to utilize the resource to meet the South Dakota Renewable Energy Objective of 10% by 2015 as part of its overall renewable energy goals for Customers in Minnesota, Iowa, and South Dakota.

Respectfully submitted this 21<sup>st</sup> day of January, 2009.

HEARTLAND CONSUMERS POWER DISTRICT



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Nate Jones  
Market Operations Manager  
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**Table 1: Heartland Consumers Power District Renewable Resource Utilization [1]**

Year	Renewable Resource (GWh) Weesington Springs Wind [2]	Minimum Obligation by Jurisdiction				Renewable Supply by Jurisdiction [3]			
		Retail Load Served (GWh)		Renewable Energy Supply (GWh)		Percentage of Retail Load		Unobligated Renewable Energy	
		MN	SD and IA	MN	SD and IA	MN	SD	MN	SD and IA
2012	162	702	449	84	0	12.0%	77	47	18.7%
2016	162	490	469	83	47	17.0%	31	16	20.3%
2020	162	274	493	55	49	20.0%	58	21	27.5%
2025	162	269	526	67	53	25.0%	42	14	30.3%

[1] Heartland plans for current and proposed renewable resources.

[2] 51 MW project with expected inservice date 12/15/2008. 10 MW of project committed to other wholesale supplier. 41 MW to be used as Heartland network resource.

[3] Includes both Minimum Obligation and Unobligated Renewable Energy Allocated to Load