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A Touchstone Energy® Cooperative 

June 26, 2012

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57504-5070

RE: East River Electric Power Cooperative – South Dakota Renewable Energy Objective Report

Dear Ms. Van Gerpen:

Enclosed please find East River Electric Power Cooperative's Renewable Energy Objective Report per SDCL 49-34A-105. This report is filed on behalf of the following members within South Dakota:

Bon Homme-Yankton Electric Association, Inc.  
Central Electric Cooperative, Inc.  
Charles Mix Electric Association, Inc.  
City of Elk Point  
Clay Union Electric Corporation  
Codington-Clark Electric Cooperative, Inc.  
Dakota Energy Cooperative, Inc.  
Douglas Electric Cooperative, Inc.  
FEM Electric Association, Inc.  
H-D Electric Cooperative, Inc.

Kingsbury Electric Cooperative, Inc.  
Lake Region Electric Association, Inc.  
Northern Electric Cooperative, Inc.  
Oahe Electric Cooperative, Inc.  
Sioux Valley Energy  
Southeastern Electric Cooperative, Inc.  
Traverse Electric Cooperative, Inc.  
Union County Electric Cooperative, Inc.  
Whetstone Valley Electric Cooperative, Inc.

Please do not hesitate to contact me if you have any questions.

Sincerely,



Robert K. Sahr  
General Counsel

RKS/sl

Enc.

# East River Electric Power Cooperative South Dakota Renewable Energy Objective Report July 1, 2012

In accordance with SDCL 49-34A-105, East River Electric Power Cooperative, Inc. ("East River") files this Renewable Energy Objective Report on behalf of its nineteen South Dakota members:

East River South Dakota Members	Location
Bon Homme-Yankton Electric Association, Inc.	Tabor, South Dakota
Central Electric Cooperative, Inc.	Mitchell, South Dakota
Charles Mix Electric Association, Inc.	Lake Andes, South Dakota
City of Elk Point	Elk Point, South Dakota
Clay Union Electric Corporation	Vermillion, South Dakota
Codington-Clark Electric Cooperative, Inc.	Watertown, South Dakota
Dakota Energy Cooperative, Inc.	Huron, South Dakota
Douglas Electric Cooperative, Inc.	Armour, South Dakota
FEM Electric Association, Inc.	Ipswich, South Dakota
H-D Electric Cooperative, Inc.	Clear Lake, South Dakota
Kingsbury Electric Cooperative, Inc.	DeSmet, South Dakota
Lake Region Electric Association, Inc.	Webster, South Dakota
Northern Electric Cooperative, Inc.	Bath, South Dakota
Oahe Electric Cooperative, Inc.	Blunt, South Dakota
Sioux Valley Energy	Colman, South Dakota
Southeastern Electric Cooperative, Inc.	Marion, South Dakota
Traverse Electric Cooperative, Inc.	Wheaton, Minnesota
Union County Electric Cooperative, Inc.	Elk Point, South Dakota
Whetstone Valley Electric Cooperative, Inc.	Milbank, South Dakota

These East River members have elected to aggregate their REO resources and have East River report on their behalf.

## I. EAST RIVER'S RENEWABLE ENERGY PORTFOLIO

As member owners of Basin Electric, East River and its members possess a sizeable, diverse, and growing renewable energy portfolio. This portfolio includes large wind projects; waste heat recovery units; and over forty small locally-owned wind and solar projects. These projects include:

- **Large Scale Wind Energy Generation: 718.9 MW**
- **Recycled Energy Generation: 44 MW**
- **Locally-Owned Small Wind Generation: 699 kW**
- **Locally-Owned Small Solar Generation: 55.3 kW**
- **Missouri River Hydroelectric Resources**

During the past several years, Basin Electric has significantly increased the amount of new renewable energy generation. Basin Electric should report these resources on its spreadsheet as they are either under contract or owned by Basin on behalf of its members including East River, Rushmore Electric, and the South Dakota distribution cooperatives. East River has reported its member sales and the green tag retirement on the attached spreadsheet.

The year 2011 was a landmark one for the rural electric cooperatives, including East River and its member, with the commissioning of the \$363-million Crow Lake Project.

The Crow Lake Project is an industry trifecta...it's the largest wind project in the United States owned solely by a cooperative, it's got a first-of-its-kind community wind investment partnership, and it's being used to educate future wind technicians. Of the 108 1.5-megawatt turbines – 100 are owned and operated by PrairieWinds SD 1, Inc. (a subsidiary of Basin Electric), one turbine has been sold to the Mitchell Technical Institute (MTI), Mitchell, S.D., and the remaining seven are owned by a group of community investors called the South Dakota Wind Partners.

The MTI turbine is providing real-world training for students and instructors and ensures MTI will remain at the forefront of technical renewable energy education.

South Dakota Wind Partners has enabled more than 600 individual South Dakota investors to own a share of the Crow Lake project. By utilizing the tax incentives created by Section 1603 of the 2009 American Recovery and Reinvestment Act, local investors fulfilled the long-standing dream of community ownership in a utility-sized, wind energy project. Through PrairieWinds, Basin Electric is purchasing the 10.5 megawatts of electricity produced from the South Dakota Wind Partners-owned turbines.

The rural electric cooperatives hope that South Dakota Wind Partners becomes a national model for community-based investment in renewable energy.

## **II. CONSERVED ENERGY**

East River and its members are very proud of their long track records in promoting smart energy choices, energy efficiency, and conservation. This has been achieved through substantial investment in marketing programs, public education and one of the most successful load management programs in this country. In fact, during 2011, utilization of East River's load management system avoided a total of approximately 799,700kW of wholesale power supply capacity requirements

East River coordinates a joint marketing program on behalf of its 19 all-requirements member systems in South Dakota. In 2011, this program continued to focus on the installation of Energy Star heat pump systems and energy efficient electric water heaters. East River members installed 676 Energy Star heat pump systems and 997 energy efficient water heaters. In addition, 755 members received incentives toward the purchase of Energy Star refrigerators, freezers, dish washers, and clothes washers replacing old inefficient models. During 2011 residential energy audits were conducted

on 96 homes. These comprehensive energy audits resulted in over \$164,000 in energy saving improvements being made to these structures. East River and its member systems provided the following financial incentives under these various programs: heat pump rebates - \$543,000; water heater rebates - \$328,000; Energy Star appliance rebates - \$62,000; Energy Audit/weatherization rebates - \$25,000; and EA/weatherization loans - \$36,000.

East River thanks the Commission for its leadership in adopting sensible administrative rules to implement the 2009 amendments to the South Dakota REO. We believe the rules recognize two key principles supported by East River and its members: 1) the vital role load management plays in conserving energy and 2) the on-going benefits of certain historical investments. We look forward to working with the Commission staff on the reporting and accounting requirements as time moves closer to the year 2015.

### **III. REO OBSTACLES ENCOUNTERED**

East River identifies three major barriers to renewable energy expansion in South Dakota:

1. Environmental Compliance
2. Transmission
3. Wind Energy Costs.

As to the first point, while an important part of any major projects, environmental reviews are taking more time and becoming more costly. If reviews unnecessarily stretch projects past important deadlines or become so expensive as to affect the financial viability of projects, this could have a chilling effect on wind development in this state and region. Secondly, as more projects tap existing transmission opportunities, there becomes an increasing need for new transmission solutions to enable future projects. And it has been noted that the Integrated System, owned and operated by Basin Electric and Western Area Power Administration, is reaching a point where it is becoming more difficult to integrate increased intermittent resources. Finally, the cost dynamics of wind energy, even with the assistance of federal tax incentives, still leave many potential wind farms unable to competitively price their projects. We urge the Commission to support federal tax incentives, such as the Production Tax Credit and 1063 Grant Program, that help spur renewable energy development at prices affordable to consumers.

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

Company:  
East River Electric Power Cooperative

Calendar Year 2011 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	3,320,496	EREPC Sales to ALL Members
SD (MWh)	2,920,976	EREPC Sales to SD Members
<b>Generation Capacity Owned</b>		
Total - All States (MW)	0	
SD (MW)	0	
<b>Renewable Generation Capacity Owned</b>		
Total - All States (MW)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total - All States (MW)	0	
SD (MW)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MW)	0	
<b>Renewable Energy Credits Retired for SD</b>		
Total - Generated In All States (MWh)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total - All States (MWh)	0	
Generated in SD (MWh)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total SD (MWh)	0	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)		
Wind	23,486	Source: FPL Energy Burleigh Co Wind LLC - Wilton Wind Project
Solar	X	
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
Total - All States (MWh)	23,486	2011: MN 7% REO/RES = 23,403 RECs, MN PrairieWinds Marketing Program = 83 RECs
Generated In SD (MWh)		
Wind	X	
Solar	X	
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
Total SD (MWh)	0	
<b>Conserved Energy &amp; Capacity</b>		
Conserved Energy (MWh)		
Total - All States	X	
SD	X	
Conserved Capacity (MW)		
Total - All States	X	
SD	X	