



EAST RIVER
ELECTRIC POWER COOPERATIVE

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Madison, SD 57042 Telephone (605) 256-4536

July 1, 2009

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.
Whetstone Valley Electric Cooperative, 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.

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, 2009

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. OVERVIEW

East River filed its first South Dakota Renewable Energy Objective Report on behalf of its members on December 1, 2008, (“First REO Report”) and will reference that document where applicable. This document will provide updated information on our renewable energy portfolio and obstacles encountered, and, in accordance with changes made during the 2009 South Dakota Legislative Session, furnish information on our conserved energy efforts. We also have attached the completed spreadsheet as requested by Commission staff.

II. 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; small locally-

owned wind projects; waste heat recovery units; solar power generation; and methane digesters with several more renewable energy projects, large and small, in the works.

These projects were detailed in East River's First REO Report and include:

- *Wind Energy Generation: 136 MW*
- *Recycled Energy Generation: 22 MW (now 33 MW)*
- *Methane Digesters: 475 kW*
- *Solar Generation: 2 kW*
- *Missouri River Hydroelectric Resources*

Two additional recycled energy units have been brought on line since the First REO Report bringing the total to 33 MW.

Under the parameters of the new reporting form sent by PUC staff for the July 1, 2009, report, 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.

As to near-term future plans, Basin Electric expects to add two more 5.5 MW recycle energy units and an additional 270 MW of wind in North Dakota and South Dakota. In 2008, Central Electric and Sanborn Central School District partnered on South Dakota's first Wind for Schools project at Forestburg, South Dakota. In 2009-10, East River members plan to expand the Wind for Schools program to other schools within their service areas. We thank the Commission for their leadership and support of the Wind for Schools program.

Taken together, these projects put into action the aggressive renewable energy goals voluntarily set by Basin Electric members including East River in 2005. Regardless of whether or not a state renewable energy objective or standard exists, Basin Electric and its members agreed to achieve 10% renewables by 2010. We are well on our way to this goal.

III. REO OBSTACLES ENCOUNTERED

East River's First REO Report noted five major barriers to renewable energy expansion that remain in place:

1. Environmental Compliance
2. Wind Energy Costs
3. Procurement of Wind Turbines
4. Transmission
5. State Renewable Energy Policies

We thank the Commission for its thoughtful comments on the pending federal Programmatic Environmental Impact Statement being considered by Western Area Power Administration and U.S. Fish and Wildlife Service.

Since our first report, East River and its members have identified two additional obstacles that we will number issues six and seven:

6. Efforts to Increase the Five-Year Development Standard.

During the 2009 South Dakota Legislative Session, an attempt was made to change the state law requiring wind energy developers to show good faith with landowners by developing wind resources within five years. Proposals included raising the five-year standard to ten or fifteen years. While defeated largely by the efforts of the rural electric cooperatives and pro-landowner state legislators, we expect this issue to resurface in 2010.

SDCL 43-13-17 has afforded South Dakota landowners important protections for more than a decade. The five-year standard does not obstruct the typical development window of three to four years. Basin Electric and Heartland Consumers Power District both have indicated that the five-year period has had no detrimental effect on current or planned wind energy projects. If a developer has a legitimate project and is nearing the end of the five-year period, the developer in question always has the option to negotiate a new contract.

Finally, the public policies behind the original law - namely, ensuring fair treatment of landowners, requiring developers to make good faith efforts to develop wind energy resources, and protecting the landowner who may have made a bad decision - remain valid today.

7. Business Practices of Wind Energy Developers.

What appears to be a growing small number of wind energy developers are engaging in business practices that could hamper landowner-wind developer relationships. These possibly include:

- Using easement-option combinations to skirt the five-year development standard;
- Questionable compensation schemes and encumbrances on the real property; and
- Blocking generation, transmission, and distribution upgrades.

Public information efforts by the Commission, Governor's Office, State Legislators, agricultural-based groups, utilities, and the newly formed South Dakota Wind Energy Association are critical to landowner education. Legislative action may be necessary as well. These could include bills to restrict certain practices and to promote greater transparency in landowner-wind developer dealings.

IV. CONSERVED ENERGY

Commission-led changes to the South Dakota REO during the 2009 South Dakota State Legislature added the opportunity to count conserved energy towards the Objective and put into place certain reporting requirements.

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. We hope that any administrative rules implementing the REO acknowledge the ongoing conservation achieved because of these past investments.

Here are just a few examples of our conserved energy efforts. One of the most recent and publicly visible programs has been the highly successful “Ed the Energy Expert” advertising campaign and the accompanying stopenergyleaks.com website. These efforts promote both renewable energy and wise energy usage through things like compact fluorescent light bulbs, Energy Star products, and affordable home improvements.

East River coordinates a joint marketing program on behalf of our 21 all-requirements member systems. In 2008, this program focused on the installation of Energy Star heat pump systems and energy efficient water heaters. All told East River members installed 845 Energy Star heat pump units and 2,028 energy efficient water heaters during the year.

East River members also made significant conserved energy efforts on individual bases. One such program was Sioux Valley Energy’s Project E² (Energy Efficiency). This program helps educate members, contractors, and employees about the importance of energy efficiency and conservation. Project E² included the 2008 construction of an affordable, energy efficient home in Brandon, South Dakota, with “off-the-shelf” technologies (systems and products that can be purchased locally) and a public awareness campaign. The project is endorsed and supported by the Home Builders Association of the Sioux Empire and the Commission.

Finally, East River has operated a direct load control system since 1984. East River activates the load management system on a monthly basis with full control of all available member loads each month during the East River monthly system peak. Currently, approximately 20% of East River monthly peak load levels are controllable. During 2008, utilization of this system avoided a total of approximately 919,000 kW of wholesale power supply capacity requirements. We urge the Commission to recognize load management as a key component to conserved energy in its future REO administrative rules.

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

Company:

East River Electric Power Cooperative, Inc.

Calendar Year 2008 RREO Report	Value	Comments
Retail Sales		
Total - All States (MWh)	2,869,251	EREPC Sales to ALL Members
SD (MWh)	2,560,929	EREPC Sales to SD Members
Generation Capacity Owned		
Total - All States (MW)	0	
SD (MW)	0	
Renewable Generation Capacity Owned		
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	
Renewable Energy Credits Retired for SD		
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	
Renewable Energy Credits Retired for Other States		
Total - Generated In All States (MWh)		
Wind	2,379	Source: FPL Energy Burleigh County (North Dakota) Wind LLC - Wilton Wind Project
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total - All States (MWh)	2,379	2008: MN 1% REO/RES = 2,343 RECS, MN PrairieWinds Marketing Program = 36 RECS
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	
Conserved Energy & Capacity		
Conserved Energy (MWh)		
Total - All States	X	
SD	X	
Conserved Capacity (MW)		
Total - All States	X	
SD	X	