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December 17, 2010

Ms. Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

Re: **Revised Draft Rules for Docket No. RM09-002  
In the Matter of the Adoption of Rules Regarding Renewable,  
Recycled and Conserved Energy**

Dear Ms. Van Gerpen:

Northern States Power Company, a Minnesota Corporation operating in South Dakota, (“Xcel Energy” or the “Company”) respectfully submits these comments to the South Dakota Public Utilities Commission (“Commission”) regarding the revised draft rules issued in this docket on November 23, 2010. We appreciate the opportunity to comment in this matter and the work that has been done to date in this docket.

Our comments are organized to cover four sections of the proposed rules where we believe further changes are warranted. These sections are 20:10:38:01 Definitions, 20:10:38:03 Measurement and Verification of Energy Efficiency Measures, 20:10:38:06 Measurement and Verification of Demand Response Measures and 20:10:38:07 Annual Report Requirements.

*Proposed Rule 20:10:38:01 Definitions*

We believe that two of the definitions could be improved to be more consistent with widely-accepted definitions. We offer the following

suggestions, which attempt to clarify the definitions and expand them to include a wider range of energy saving efforts:

We suggest that proposed definition number (7) "Energy efficiency" be changed to read as follows: An absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

We suggest that proposed definition number (10) "Energy Efficiency Measure" be changed to read as follows: Measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

*Proposed Rule 20:10:38:03 Measurement and Verification of Energy Efficiency Measures*

We agree with the use of a deemed savings approach to estimate savings from energy efficiency measures. It is also common industry practice to validate savings through periodic impact evaluations conducted by third parties. However, we are concerned about what could constitute an "appropriate periodic interval" and recommend that the language be clarified to specify that the appropriate interval is no more frequent than once every three years. Requiring more frequent evaluations for each program would result in significant added cost for little added benefit. Further, we believe that measurement and verification is best addressed in the context of a DSM plan and the measurement and verification plan should be evaluated based on the characteristics of the specific program.

*Proposed Rule 20:10:38:06 Measurement and Verification of Demand Response Measures*

We are concerned that this section implies that a third party validation of data and our conclusions through an impact evaluation is needed. This can add costs to the measurement and verification process and should only be used as needed. Similar to our statement above, we would like to recommend that a measurement and verification plan be approved as part of the approval of the demand response program rather than attempting to create a one-size fits all approach.

*Proposed Rule 20:10:38:07 Annual Report Requirements*

The Company respects the Commission's right to query any information we hold regarding our utility operation on an ad hoc basis. We also believe that certain information is germane to the statutory intent of SDCL 49-34A-101 through 105. However, the annual report requirements listed in proposed Administrative Rule 20:10:38:07 appear to extend beyond the scope and intent of the statutes.

The Company believes that the scope of the statute requires companies to report annual energy related information pertinent to the requirements listed in SDCL 49-34A-105. Total company renewable energy information regarding qualifying electricity delivered reasonably categorized by fuel source, total company conserved energy, total company energy retail MWh sales information, and jurisdictional energy retail MWh sales information, support the calculation of company-wide conserved energy and qualifying electricity data and the allocation to the South Dakota jurisdiction.

However, we believe that the proposed annual reporting requirements calling for generation capacity data are extraneous to the intent of the statute and are unnecessary for the purpose of this reporting requirement. The Company is willing to provide this information, but we do not believe it is necessary to meet the reporting requirements outlined by the statute.

Further, Xcel Energy believes that the Commission has state administrator rights access to the M-RETS system and as a result has direct access to the renewable generator information and the certificates created by generator including each generator's capacity and location information. Requiring renewable generators' capacity information through this proposed reporting requirement would be duplicative and unnecessary.

Specifically the Company proposes to strike proposed Administrative Rules 20:10:38:07 subsections (2) and (3). We believe that SD Administrative Rule 20:10:21:04 already essentially provides for the collection of this same information and including this proposed reporting requirement would be duplicative and unnecessary.

Similarly, we propose to strike proposed Administrative Rules 20:10:38:07 subsections (8) and (9). This information will be a part of any energy efficiency plan annual update, therefore we believe adding this proposed reporting requirement would also be duplicative and unnecessary.

Xcel Energy appreciates the opportunity to comment and we will look forward to the opportunity to appear before the Commission at a hearing in this matter to discuss our recommendations further.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "J Wilcox".

Jim Wilcox