

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE)	DOCKET RM 11-001
ADOPTION OF RULES)	
REGARDING RENEWABLE,)	
RECYCLED AND CONSERVED)	COMMENTS OF SOUTH
ENERGY)	DAKOTA RURAL ELECTRIC
)	ASSOCIATION

South Dakota Rural Electric Association (“SDREA”), on behalf of its member rural electric cooperatives, respectfully submits the following comments to the South Dakota Public Utilities Commission (“Commission”) in the above captioned proceeding.

In its Notice of Public Hearing to Adopt Rules, filed October 10, 2011, the Commission does not indicate that there will be an opportunity for reply comments in this docket. SDREA would request that an opportunity for further comments be provided so that all parties can fully respond to any specific rule changes that may be proposed. At this time, SDREA would offer some general comments related to this rulemaking inquiry, focusing on the following areas. First, SDREA will comment in support of a more explicit inclusion of reference to load management as counting towards the REO. Second, SDREA will comment on aggregating at the wholesale power supply level. Finally, SDREA will address inclusion of generation and transmission in the energy efficiency definition.

INTRODUCTORY COMMENTS

At the outset, we would note for the record that SDREA is generally supportive of the proposed rules. Our member rural electric cooperatives have been leaders in energy efficiency and conservation. SDREA applauds the adoption of standards that will uniformly apply to current and future technologies and programs.

LOAD MANAGEMENT

SDREA, together with member East River Electric (“East River”) generally supported Commission sponsored legislation in 2009 to allow energy efficiency and conservation measures to count toward a utility company’s renewable energy objective (“REO”). SDREA and East River requested that the statutory language include load management systems as qualifying toward a company’s REO. The Commission declined that request and suggested that we reiterate the request during the rulemaking process.

We are now engaged in the rulemaking process, and the current draft does not contain any specific reference to a load management system. SDREA believes the rules as drafted could be interpreted to include load management to qualify as conserved energy; however, SDREA believes the language could be modified to clarify inclusion of load management systems as conserved energy.

As noted by East River in its comments, East River operates the load management system in cooperation with its member systems. SDREA’s distribution members have marketed the voluntary use of load management in various ways. Some offer incentives in rates for consumers to participate, which is contemplated in the current definition of “demand response” in 20:10:38:01(2). Other distribution members engage in other marketing approaches to promote load management. SDREA supports the revisions to the language of the definition of demand response as proposed by East River, so that any control of high energy use meets the definition and qualifies as conserved energy. The language proposed by East River, which SDREA supports, is as follows.

20:10:38:01 (2) “Demand response”, temporary changes in energy use by end use customers from their normal consumption patterns in response to changes in the price of energy over time, periods of high energy use, or in response to incentive payments designed to induce lower energy use at

times of high wholesale market prices, high energy use, or when system reliability is jeopardized;

AGGREGATION AT WHOLESALE POWER SUPPLY LEVEL

There are several references throughout the rules to “retail provider” or “retail provider of electricity.” In particular, ARSD 20:10:38:02 provides that the provisions of these rules apply “only to retail providers who use conserved energy sources to meet the renewable, recycled, and conserved energy objective established by § 49-34A-101.”

SDCL § 49-34A-101, however, clearly allows for aggregation:

...Any municipal or cooperative utility that receives wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate the utility’s renewable, recycled, and conserved energy objective resources to meet this objective.

In order to clarify that the rules permit action and aggregating at the wholesale power level, SDREA would suggest inclusion of the following language.

20:10:38:02. Applicability of rules. The provisions of §§ 20:10:38:03 through 20:10:38:06, inclusive, apply only to retail providers who use conserved energy sources to meet the renewable, recycled, and conserved energy objective established by § 49-34A-101. Municipal and cooperative retail providers may aggregate the conserved energy with their wholesale municipal power agency or generation and transmission cooperative suppliers. The retail providers shall follow the requirements in this chapter to determine the amount of conserved energy.

GENERATION/TRANSMISSION LEVEL

SDREA member Basin Electric filed a letter in Docket RM09-002 advocating qualification of improvements at the generation and transmission level for REO. SDREA supports this concept. East River has also initiated significant upgrades to its transmission system and related facilities that it believes will yield energy efficiency benefits. SDREA believes generation and transmission level improvements should count toward the REO. Without such inclusion, cooperatives might not receive the same

benefit from generation and transmission improvements that investor-owned utilities could.

CONCLUSION

SDREA appreciates the opportunity to submit comments in this docket. SDREA reiterates its request to allow interested parties to submit Reply Comments, so that all issues raised may be fully explored and addressed by affected parties.

Respectfully submitted this 21st day of November, 2011.

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CERTIFICATE OF SERVICE


I, Darla Pollman Rogers, certify that a true and correct copy of Comments of South Dakota Rural Electric Association (SDREA) was emailed to the following on the 21st of November, 2011:

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