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June 29, 2010

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, 2010

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; 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 include:

- *Large Scale Wind Energy Generation: 452 MW*
- *Recycled Energy Generation: 44 MW*
- *Methane Digesters: 475 kW*
- *Solar Generation: 2 kW*
- *Missouri River Hydroelectric Resources*

During 2009, Basin Electric significantly increased the amount of new wind generation and recycled 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.

By the end of 2011, Basin Electric expects to add up to 281 MW of new wind resources in North Dakota and South Dakota to its portfolio. Basin Electric will own and operate the 101 turbine, 151.5 MW SD PrairieWinds 1 project near Crow Lake, South Dakota. Scheduled for competition in early 2011, this project will be the largest cooperative-owned wind project in the United States.

Basin also has committed to buying the output of two community wind projects--the 10.5 MW South Dakota Wind Partners project to be constructed adjacent to the Crow Lake wind project and the 20 MW Harvest Wind project to be constructed near Strandburg, South Dakota.

In 2009, Union County Electric and Dakota Valley School District partnered on a Wind for Schools project at North Sioux City, South Dakota. South Dakota's first Wind for Schools site, a partnership between Central Electric and Sanborn Central School District established in 2008, continues to operate. In 2010, 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.

East River is also assisting Mitchell Technical Institute in developing an application for federal funding to help purchase a commercial-size wind turbine to use in its windsmith training 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 exceeding this goal.

## **II. 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. East River will file comments in the pending rule-making docket. While we intend to suggest some changes, our initial take on the draft proposed rules is very positive.

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.

East River coordinates a joint marketing program on behalf of our 21 all-requirements member systems. In 2009, this program focused on the installation of Energy Star heat pump systems and

energy efficient water heaters. All told East River members installed 1,237 Energy Star heat pump units and 1,605 energy efficient water heaters during the year.

During 2009, utilization of East River's load management system avoided a total of approximately 789,982 kW of wholesale power supply capacity requirements. We urge the Commission to recognize load management as a key component to its future REO administrative rules.

### **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.

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

Company:

East River Electric Power Cooperative, Inc.

Calendar Year 2009 RREO Report	Value	Comments
<b>Retail Sales</b>		
Total - All States (MWh)	3,022,692	EREPC Sales to ALL Members
SD (MWh)	2,667,934	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	
<b>Total - All States (MW)</b>	<b>0</b>	
SD (MW)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total SD (MW)</b>	<b>0</b>	
<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	
<b>Total - All States (MWh)</b>	<b>0</b>	
Generated in SD (MWh)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total SD (MWh)</b>	<b>0</b>	
<b>Renewable Energy Credits Retired for Other States</b>		
Total - Generated In All States (MWh)		
Wind	3,591	Source: FPL Energy South Dakota Wind LLC - Hyde County Wind Project and Pipestone Wind Project
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total - All States (MWh)</b>	<b>3,591</b>	2009: MN 1% REO/RES = 3,556 RECS, MN PrairieWinds Marketing Program = 35 RECS
Generated In SD (MWh)		
Wind	0	
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
<b>Total SD (MWh)</b>	<b>0</b>	
<b>Conserved Energy &amp; Capacity</b>		
<b>Conserved Energy (MWh)</b>		
Total - All States	X	
SD	X	
<b>Conserved Capacity (MW)</b>		
Total - All States	X	
SD	X	