



E L E C T R I C

A Touchstone Energy® Cooperative 

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June 24, 2011

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,

A handwritten signature in black ink that reads "Robert K. Sahr". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Robert K. Sahr
General Counsel

RKS/sl

Enc.

East River Electric Power Cooperative South Dakota Renewable Energy Objective Report July 1, 2011

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: 718.9 MW**
- **Recycled Energy Generation: 44 MW**
- **Methane Digesters: 475 kW**
- **Solar Generation: 55.3 kW**
- **Missouri River Hydroelectric Resources**

During 2010, Basin Electric significantly increased the amount of new renewable energy generation with additional resources coming on-line in 2011. 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.

Looking forward, the year 2011 promises to be a landmark one for the rural electric cooperatives, including East River and its member, with the commissioning of the \$363 million Crow Lake Project in February of this year.

The Crow Lake Project is an industry trifecta... it's the largest wind project in the United States owned solely by a cooperative, it includes a first-of-its-kind local community wind investment partnership, and in partnership with the Mitchell Technical Institute is being used to educate future wind technicians. Of the 108 1.5-megawatt turbines, 100 will be owned and operated by PrairieWinds, SD1, Inc. (a subsidiary of Basin Electric), one turbine has been sold to the Mitchell Technical Institute (MTI), Mitchell, South Dakota, and the remaining seven are owned by about 600 South Dakota investors who own the South Dakota Wind Partners.

The MTI turbine will provide 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. Four South Dakota organizations formed South Dakota Wind Partners: East River Electric Power Cooperative, Inc.; South Dakota Corn Utilization Council; South Dakota Farmers Union, and South Dakota Farm Bureau. Another South Dakota company, Val-Add Service Corporation, spearheaded the business planning and fundraising efforts. PrairieWinds constructed the seven turbines for South Dakota Wind Partners and will operate them. Through PrairieWinds, Basin Electric will purchase 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. East River and its members encourage the Commission to support the extension of the federal Production Tax Credit and the 1603 program as sound national energy policy.

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 believes the Commission's revised proposed rules, if adopted, will effectively implement these changes.

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. We encourage the Commission to complete its rule making on this important matter.

East River coordinates a joint marketing program on behalf of its 21 all-requirements member systems. In 2010, this program continued to focus on the installation of Energy Star heat pump systems and energy efficient electric water heaters. East River members installed 908 Energy Star heat pump systems and 1,304 energy efficient water heaters. In addition, over 1,400 members received incentives toward the purchase of Energy Star refrigerators, freezers, dish washers, and clothes washers replacing old inefficient models.

A new Energy Auditing program rolled out in 2010 resulted in residential energy audits being conducted on 119 homes. These comprehensive energy audits resulted in over \$130,000 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 - \$545,000; water heater rebates - \$430,000; Energy Star appliance rebates - \$120,000; energy audit/weatherization rebates - \$25,000; and energy audit/weatherization loans - \$37,000.

During 2010, utilization of East River's load management system avoided a total of approximately 695,545 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 project, 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. 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 2010 RREO Report	Value	Comments
Retail Sales		
Total - All States (MWh)	3,136,435	EREPC Sales to ALL Members
SD (MWh)	2,739,613	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	22,745	Source: FPL Energy North Dakota Wind, LLC - Edgeley/Kulm Wind Program and Pipestone Wind Program
Solar	0	
New Hydro	0	
Old Hydro	0	
Hydrogen	0	
Biomass	0	
Geothermal	0	
Recycled	0	
Total - All States (MWh)	22,745	2010: MN 7% REO/RES = 22,713 RECs, MN PrairieWinds Marketing Program = 32 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	