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June 19, 2013

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, appearing to read "Robert K. Sahr", 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, 2013

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, waste heat recovery units, and over forty-five small locally-owned wind and solar projects. These projects include:

- **Large Scale Wind Energy Generation: 718.9 MW**
- **Recycled Energy Generation: 44 MW**
- **Locally-Owned Small Wind Generation: 621 kW**
- **Locally-Owned Small Solar Generation: 111.4 kW**
- **Missouri River Hydroelectric Resources**

During the past several years, Basin Electric has significantly increased the amount of new renewable 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.

II. CONSERVED ENERGY

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. In fact, during 2012, utilization of East River's load management system avoided a total of approximately 834,600 kW of wholesale power supply capacity requirements.

East River coordinates a joint marketing program on behalf of its 19 all-requirements member systems in South Dakota. In 2012, this program continued to focus on the installation of Energy Star heat pump systems and energy efficient electric water heaters. East River members installed 784 Energy Star heat pump systems and 1,119 energy efficient water heaters. In addition, 613 members received incentives toward the purchase of Energy Star refrigerators, freezers, dish washers, and clothes washers replacing old inefficient models. During 2012, residential energy audits were conducted on 64 homes. These comprehensive energy audits resulted in over \$127,000 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 - \$561,000; water heater rebates - \$370,000; Energy Star appliance rebates - \$43,600; Energy Audit/weatherization rebates - \$25,400.

East River thanks the Commission for its leadership in adopting sensible administrative rules to implement the 2009 amendments to the South Dakota REO. We believe the rules recognize two key principles supported by East River and its members: 1) the vital role load management plays in conserving energy and 2) the on-going benefits of certain historical investments. We look forward to working with the Commission staff on the reporting and accounting requirements as time moves closer to the year 2015.

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. 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. We urge the Commission to support federal tax incentives, such as the Production Tax Credit and 1063 Grant Program, that help spur renewable energy development at prices affordable to consumers.

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

Company:
East River Electric Power Cooperative

Calendar Year 2012 RRCEO Report	Value	Comments
Retail Sales		
Total - All States (MWh)	3,367,424	EREPC Sales to ALL Members
SD (MWh)	2,983,983	EREPC Sales to SD Members
Generation Capacity Owned		
Total - All States (MW)	0	
SD (MW)	0	
Renewable Generation Capacity Owned		
Total - All States (MW)	0	
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	38,690	Source: Chamberlain, Day County, and Hyde County Wind Projects
Solar	X	
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
Total - All States (MWh)	38,690	2012: MN 12% RES = 38,599 RECs, MN PrairieWinds Marketing Program = 91 RECs
Generated In SD (MWh)		
Wind	X	
Solar	X	
New Hydro	X	
Old Hydro	X	
Hydrogen	X	
Biomass	X	
Geothermal	X	
Recycled	X	
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	