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Public Document

June 27, 2012

Ms. Patricia Van Gerpen, Executive Secretary  
South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> floor  
500 East Capitol Avenue  
Pierre, SD 57501-5070

RE: HCPD Renewable Energy Objective Progress Report

Dear Ms. Van Gerpen:

Heartland Consumers Power District (HCPD) submits this Renewable Energy Objective (REO) Progress Report on behalf of its South Dakota Customers, nineteen municipal utilities, one cooperative utility, and one State agency, pursuant to SDCL 49-34A-101 and SDCL 49-34A-105. This report is filed on behalf of the following HCPD Customers in South Dakota: Arlington, Aurora, Bryant, Colman, Estelline, Groton, Hecla, Howard, Langford, Madison, McLaughlin, Miller, Northern Electric, Parker, Plankinton, Sioux Falls, State of South Dakota, Tyndall, Volga, Wessington Springs, and White. This report outlines a twelve month period from January 1, 2011 through December 31, 2011.

If you have any questions regarding this report, please contact me at 605-256-6536 or [njones@hcpd.com](mailto:njones@hcpd.com).

Respectfully submitted,

Nate Jones  
Market Operations Manager  
Heartland Consumers Power District

Copy via e-mail:

Amiel Redfish, Arlington Municipal Utilities  
Andy Studer, Aurora Municipal Utilities  
Garry Ladwig, Bryant Municipal Utilities  
Grant Groos, Colman Municipal Utilities  
Dan DeWitt, Estelline Municipal Utilities  
Ward Gilchrist, Groton Municipal Utilities  
Dennis Shelton, Hecla Municipal Utilities



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Kody Dawson, Howard Municipal Utilities  
Blair Healy, Langford Municipal Utilities  
Dennis Poppen, Madison Municipal Utilities  
Lornie Hach, McLaughlin Municipal Utilities  
Bill Lewellen, Miller Municipal Utilities  
Jim Moore, Northern Electric Cooperative  
Rob Buller, Parker Municipal Utilities  
Vern Hill, Plankinton Municipal Utilities  
Mike Burkard, Sioux Falls Municipal Utilities  
Michele Farris, State of South Dakota  
Bob Brattmiller, Tyndall Municipal Utilities  
Brent Brown, Volga Municipal Utilities  
Roger Larson, Wessington Springs Municipal Utilities  
Dan DeYoung, White Municipal Utilities  
Jeff Mehlhaff, SD Municipal Electric Association

# **Heartland Consumers Power District South Dakota Renewable Energy Progress Report**

**June 27, 2012**

Pursuant to South Dakota Codified Law, Chapter 49-34A-101 outlines a state renewable and recycled energy objective (REO) that ten percent of all electricity sold at retail within the state by the year 2015 be obtained from renewable energy and recycled energy sources. The objective shall be measured by qualifying megawatt hours delivered at retail or by certificates representing credits purchased and retired to offset non-qualifying retail sales. This objective is voluntary, and there is no penalty or sanction for a retail provider of electricity that fails to meet this objective. The objective applies to each retail provider of electricity in the state, regardless of the ownership status of the electricity retailer. Any municipal or cooperative utility that receives wholesale electricity through a municipal power agency or generation and transmission cooperative may aggregate its renewable and recycled energy objective resources to meet this objective.

South Dakota Codified Law, the amended Chapter 49-34A-105 establishes a requirement that annual reports concerning the REO commence on July 1, 2009 and that each retail provider shall annually report to the Public Utilities Commission on the provider's energy sales during the twelve month period ending on the preceding December thirty-first. This report shall include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales, the amount of conserved energy as a percentage of annual retail sales, and a brief narrative report that describes steps taken to meet the state renewable and recycled energy objective over time and identifies any challenges or barriers encountered in meeting the objective.

Given the power supply relationship between HCPD and its Customers, HCPD has assumed the responsibility for the REO and the associated reporting requirements on behalf of its South Dakota Customer communities. The following South Dakota entities, nineteen municipal utilities, one cooperative utility, and one State agency, are Customers of HCPD:

- Arlington
- Aurora
- Bryant
- Colman
- Estelline
- Groton
- Hecla
- Howard
- Langford
- Madison
- McLaughlin
- Miller
- Northern Electric
- Parker
- Plankinton
- Sioux Falls
- State of South Dakota
- Tyndall
- Volga
- Wessington Springs
- White

HCPD acquires its renewable energy through a power purchase agreement (PPA) with Wessington Springs Wind Energy Center, LLC, a subsidiary of NextEra Energy Resources. The PPA entitles HCPD to purchase the entire 51 MW of nameplate wind capacity and own all of the environmental attributes associated with such generation from the Wessington Springs Wind Energy Center. (10 MW's of the project are committed to another wholesale power supplier, and 5 MW's, from January '11 through June '11, and 7 MW's, from July '11 through December '11, of the project were committed solely to one of HCPD's Minnesota Customers.) As was outlined in past reports, HCPD plans to meet both the Minnesota Renewable Energy Standard (RES) and the South Dakota Renewable Energy Objective (REO) through its participation in the Wessington Springs Wind Energy Center project.

The attached spreadsheet report outlines HCPD's 2011 retail sales, generation capacity owned, renewable generation capacity owned, renewable energy credits (RECs) retired, and conserved energy and capacity. For the period from January 1, 2011 – December 31, 2011, HCPD's South Dakota retail load served was 210,195 MWh. HCPD's SD Customers conserved 65.79 MWh of energy. To comply with the MN RES for 2011, HCPD retired 45,838 RECs; 45,354 vintage 2010 RECs, and 484 vintage 2011 RECs corresponding to 7% of HCPD's 2011 MN retail load served (654,818 MWh). Per an agreement between the State of South Dakota and HCPD to provide the State of South Dakota Universities with 100% renewable energy, HCPD retired 8,506 vintage 2011 RECs corresponding to the energy supplied by HCPD to the State of South Dakota Universities (8,505,306 kWh). To date, HCPD has not retired any RECs corresponding to any other 2011 SD retail load served by HCPD.

HCPD doesn't anticipate encountering any obstacles to meet South Dakota's REO with the execution of the Wessington Springs Wind Energy Center PPA.

In conclusion, HCPD currently has an adequate amount of renewable resource available and a plan to utilize the resource to meet the South Dakota REO of 10% by 2015 as part of its overall renewable energy goals for Customers in Minnesota, Iowa, and South Dakota.

Respectfully submitted this 27th day of June, 2012.

HEARTLAND CONSUMERS POWER DISTRICT



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

**Company:**

Heartland Consumers Power District on behalf of its South Dakota Customers.

| Calendar Year 2011 REO Report                  | Value   | Comments  |
|--|---------|---|
| <b>Retail Sales</b>                            |         |   |
| Total - All States (MWh)                       | 870,436 |   |
| SD (MWh)                                       | 210,195 | Arlington, Aurora, Bryant, Colman, Estelline, Groton, Hecla, Howard, Langford, Madison, McLaughlin, Miller, Northern Electric, Parker, Plankinton, Sioux Falls, State of South Dakota, Tyndall, Volga, Wessington Springs, White. |
| <b>Generation Capacity Owned</b>               |         |   |
| Total - All States (MW)                        | 135     | Laramie River Station 1, Whelan Energy Center 2 and Wessington Springs Diesel Generating Units 1 and 2.   |
| SD (MW)  | 4       | Wessington Springs Diesel Generating Units 1 and 2.   |
| <b>Renewable Generation Capacity Owned</b>     |         |   |
| Total - All States (MW)                        |         | HCPD has contracted via a PPA with NextEra Energy Resources for the entire output from the Wessington Springs Wind Energy Center project: 51 MW project with 34 turbines.   |
| Wind   | -       |   |
| Solar  | -       |   |
| New Hydro                                      | -       |   |
| Old Hydro                                      | -       |   |
| Hydrogen                                       | -       |   |
| Biomass  | -       |   |
| Geothermal                                     | -       |   |
| Recycled                                       | -       |   |
| Total - All States (MW)                        | -       |   |
| SD (MW)  |         | HCPD has contracted via a PPA with NextEra Energy Resources for the entire output from the Wessington Springs Wind Energy Center project: 51 MW project with 34 turbines.   |
| Wind   | -       |   |
| Solar  | -       |   |
| New Hydro                                      | -       |   |
| Old Hydro                                      | -       |   |
| Hydrogen                                       | -       |   |
| Biomass  | -       |   |
| Geothermal                                     | -       |   |
| Recycled                                       | -       |   |
| Total SD (MW)                                  | -       |   |
| <b>Renewable Energy Credits Retired for SD</b> |         |   |
| Total - Generated In All States (MWh)          |         |   |
| Wind   | -       |   |
| Solar  | -       |   |
| New Hydro                                      | -       |   |
| Old Hydro                                      | -       |   |
| Hydrogen                                       | -       |   |
| Biomass  | -       |   |
| Geothermal                                     | -       |   |

|  |               |  |
|--|---------------|--|
| Recycled   | -             |  |
| <b>Total - All States (MWh)</b>                          | -             |  |
| <b>Generated in SD (MWh)</b>                             |               |  |
| Wind   | -             |  |
| Solar  | -             |  |
| New Hydro  | -             |  |
| Old Hydro  | -             |  |
| Hydrogen   | -             |  |
| Biomass  | -             |  |
| Geothermal   | -             |  |
| Recycled   | -             |  |
| <b>Total SD (MWh)</b>                                    | -             |  |
| <b>Renewable Energy Credits Retired for Other States</b> |               |  |
| <b>Total - Generated In All States (MWh)</b>             |               | REC's generated in South Dakota from the Wessington Springs Wind Energy Center project and retired for HCPD's Minnesota Customers as required for the Minnesota RES (7% of 2010 load). |
| Wind   | 45,838        |  |
| Solar  | -             |  |
| New Hydro  | -             |  |
| Old Hydro  | -             |  |
| Hydrogen   | -             |  |
| Biomass  | -             |  |
| Geothermal   | -             |  |
| Recycled   | -             |  |
| <b>Total - All States (MWh)</b>                          | <b>45,838</b> |  |
| <b>Generated In SD (MWh)</b>                             |               |  |
| Wind   | 45,838        | REC's generated in South Dakota from the Wessington Springs Wind Energy Center project and retired for HCPD's Minnesota Customers as required for the Minnesota RES (7% of 2011 load). |
| Solar  | -             |  |
| New Hydro  | -             |  |
| Old Hydro  | -             |  |
| Hydrogen   | -             |  |
| Biomass  | -             |  |
| Geothermal   | -             |  |
| Recycled   | -             |  |
| <b>Total SD (MWh)</b>                                    | <b>45,838</b> |  |
| <b>Conserved Energy &amp; Capacity</b>                   |               |  |
| <b>Conserved Energy (MWh)</b>                            |               |  |
| Total - All States                                       | 84            | Conservation for Madelia, Truman, Lake Crystal, Marshall, Grove City not included.   |
| SD   | 66            | Doesn't include those listed above as well as Akron, IA and Tyler, MN.   |
| <b>Conserved Capacity (MW-months)</b>                    |               |  |
| Total - All States                                       | 36            | Conservation for Madelia, Truman, Lake Crystal, Marshall, Grove City not included.   |
| SD   | 32            | Doesn't include those listed above as well as Akron, IA and Tyler, MN.   |