



June 5, 2019

Public Utilities Commission
Attn: Patricia Van Gerpen, Executive Director
Capitol Building, 1st Floor
500 E. Capitol Avenue
Pierre, SD 57501-5070

RE: Triple H Wind Project – EL 19-007

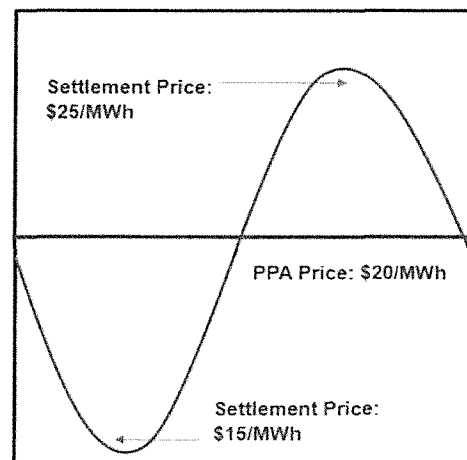
Dear Ms. Van Gerpen:

I understand that a series of questions were asked by the Public Utilities Commissioners at the May 28, 2019 meeting with regard to the Triple H Wind Project. This letter is intended to provide responses to the questions that were presented.

How does the Walmart Power Purchase Agreement (PPA) that has been executed with the Project work?

As leading corporations have adopted sustainability and renewable energy targets, Virtual Power Purchase Agreements (VPPAs) have become one of the most preferred vehicles to achieve such targets due to ease of adoption, scale and quantifiable sustainability and financial impacts. The Walmart PPA is an example of a VPPA. A VPPA is a contract that includes both power and renewable energy credits (RECs). The purchaser retains and retires the RECs to meet its GHG and renewable energy goals, while the power is settled through a fixed-for-floating swap, where the fixed price equals the product of the agreed-upon PPA price and the MWh generated by the project, and the floating equals the product of the Real-Time (RT) price at the trading hub and the MWh generated by the project.

VPPAs typically settle monthly by aggregating the generation and pricing for each hour over the course of the previous month. Independent System Operators (ISO) in the US typically require several business days at the end of each month to properly calculate price settlements and issue invoices. Using this information, the seller will provide an invoice to the buyer informing them of the VPPA settlement amount.





Would Triple H agree to shutting down turbines within 2 miles of an observation of a Whooping Crane?

Yes, Triple H Wind Project, LLC will agree to a revision to the Whooping Crane condition that would change 1 mile to 2 miles leaving all else in the condition unchanged.

Would the merchant component of the power sales from the Project sell for a negative price?

Some of the ISOs experience hourly pricing intervals which settle at negative prices. This is largely driven by a localized proliferation of renewable energy projects which qualify for Production Tax Credits (PTCs) – roughly \$30 of tax credit to pre-qualified renewable energy projects for each MWh of production. During such intervals, renewable energy projects will continue to generate power as the value proposition remains positive. Non-qualified facilities, however, will no longer continue to generate power as the value proposition turns negative. Triple H is a pre-qualified renewable energy generating facility and as such, will generate power during any negative intervals, should they occur.

Are there drain tiles within the Triple H Project area?

To Engie's knowledge, there are no drain tiles. We inquire about the presence of drain tiles with the landowners when we sign an easement. Our land agents have asked each participating landowner about drain tiles on their property. In addition, there is a landowner questionnaire that is included that asks this specific question in order to confirm drain tile presence. In any event, all of Engie's easements have a provision for compensating the landowners if drain tiles were damaged during construction. Again, we are not aware of any drain tiles in the project area.

Discussion of a 45 decibel noise standard that was adopted by Hyde County.

45 decibels was set by Hyde County as the maximum standard that was adopted for wind energy projects in the County through an update to their zoning ordinance. The County started the update process with a series of meetings in 2017 and then through a local citizen board that researched various standards for wind project in order to make recommendations to the County Commissioners. The County Commissioners approved the final version of the Zoning Ordinance in October of 2018. Triple H submitted its CUP application based on the standards adopted in the Zoning Ordinance thereafter.

In addition, to the noise standard that the County approved, a minimum setback standard from established dwelling units was also adopted. The County requires a minimum setback of 2,640 feet but allows for this setback to be decreased to 1,400 feet with the approval of the landowner. The 45 decibel noise level surrounding a turbine extends to approximately 1,400 feet from the turbine which aligns with the County's setback requirements. Thus, the setbacks and the noise standard are designed to work hand in hand to achieve similar results.



General Electric (GE) safety manual references to an ice detection system.

PUC staff has indicated in supplemental testimony that they were unclear whether an “ice detector” would be used in conjunction with the GE turbines that would be used for the Triple H Wind Project. Engie is intending to utilize a product offered by GE called a Winter Ice Operation Mode (WIOM) system. The WIOM system is an ice detection system as confirmed by GE. This product is used to detect when there is ice that builds up on the turbines and modifies operations to protect the machine and anyone or anything in the immediate area from the effects of ice buildup.

If you have any questions regarding this letter, I can be reached by phone at 805-569-6185 or via email at Casey.Willis@engie.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Casey Willis".

Casey Willis
Senior Project Developer