



CENTER *for* RURAL AFFAIRS

June 4, 2021

South Dakota Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

Attn: Docket # EL21-011

Re: Center for Rural Affairs Letter of Opposition

The Center for Rural Affairs is a private non-profit organization that works to promote opportunity. We engage people in decisions that affect their community and the quality of their lives, including how they use electricity to power their homes and businesses, and the way that energy is generated.

Distributed energy generation offers benefits to rural communities as well as to the grid. Many rural residents and small businesses have identified the potential of distributed generation, particularly solar, to offset their energy costs. Residential solar panels and other distributed energy generation systems provide important benefits to the electrical grid, such as reducing energy demand during peak hours, which lowers the cost for everyone, and greater reliability of electrical service.

Under the proposed “buy all, sell all” tariff, customers of Black Hills Energy will no longer find investing in a distributed generation system to be a financially feasible option. Removing customers’ ability to utilize the energy they produce and instead forcing them to sell all of the energy at the avoided-cost rate and then require them to turn around and purchase that same energy back at the retail rate will ensure that almost all energy cost savings are eliminated.

Customers of Black Hills Energy have calculated that, under the proposed tariff, energy costs for those using distributed generation systems would be double or greater than what they currently are, and the payback period on a solar system investment would extend to 40 years or more, far outlasting the expected lifetime of the equipment, which is typically 25 to 30 years.

Black Hills Energy claims customers who self-generate aren’t paying their “fair share” to use the grid. That claim is false. Customers currently pay a fee to connect their systems to the grid and purchase any energy they consume at the standard retail rate. They also supply the utility with low-cost renewable energy when electricity demand is highest, allowing the utility to avoid activating costly and inefficient “peak” generators. This claim wholly ignores the value of distributed solar energy generation systems to the overall power grid.



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Multiple states, including Minnesota, have conducted Value of Solar (VOS) studies to quantify the value of privately-generated solar to the grid and set a fair compensation rate. These studies calculate the benefits and costs of solar, taking into account the cost savings provided by the avoided transmission, fuel, and other costs. In 2020, the state of Iowa passed Senate File 583, which wrote net-metering into law and also authorized an independent VOS study to take place by 2027, or when distributed generation penetration rate is equal to five percent. This bill was passed through cooperation between numerous stakeholders, including utilities, agriculture groups, trade associations, and environmental groups. South Dakota would benefit by taking a similar approach and conducting a VOS study that would determine fair compensation for excess energy sent back to the grid through private distributed generation systems.

Instead of turning back the clock on renewable energy expansion in the state, South Dakota needs to be planning for a clean energy future and encouraging investments in private distributed generation. This tariff is a step in the wrong direction and should be rejected.

Respectfully submitted,

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