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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
CAPITOL BUILDING, 1ST FLOOR
500 EAST CAPITOL AVE
PIERRE, SD 57501

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: DOCKET EL21-011 PROPOSED AMENDMENT TO COGENERATION AND SMALL POWER PRODUCTION SERVICE TARIFF

The South Dakota Office of the State Engineer opposes Docket EL21-011 with which Black Hills Power (BHP) seeks to amend the cogeneration tariff.

For many years green energy generation systems (such as solar power, wind power, solar walls, geothermal, etc.) have been talked about with increasing urgency for implementation. Green energy has several benefits, it reduces our carbon footprint, is sustainable, and reduces the demand on the power grid. The Federal Government's substantial funding of subsidies to implement green energy signifies its support of these principles. Many of the large installations of power generation in South Dakota are completed by companies whose sole purpose is to generate electricity to sell to utility companies, such as BHP. The proposed tariff amendment would not affect these large companies, rather it would affect the individual energy-conscious consumers.

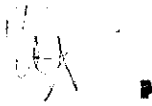
As the price of solar panels has decreased and their efficiency increased, more entities (large and small) are opting to install solar generation to offset the demand on utilities, to save money, and reduce their carbon footprint. Currently any solar energy produced by a consumer is done behind the meter, meaning all energy produced provides power to the owner, thereby reducing the demand on the utility grid. This has a direct impact on both the utility's and owner's bottom line.

The State of South Dakota has invested in green energy statewide. For example, Black Hills State University, the State Veteran's Home, several South Dakota National Guard armories, and South Dakota State University, use green energy systems to generate electricity and provide for their power needs while also offsetting demand on the power grids. These existing state-owned systems have approximately a 10 to 15-year return on investment. This return on investment ultimately saves taxpayer dollars that would otherwise be used to pay utility bills. BHP's proposed tariff amendment would inhibit future solar projects based on a failure to return the investment and is counterintuitive to a green energy position. It is also counterproductive to being a good steward of the public's tax dollars. The State also has an interest in its citizens obtaining cost effective energy. The State recognizes that the electrical infrastructure needs to be maintained and that solar co-generators need to be responsible for their fair share of those costs. However, the proposed amendment is not an equitable solution. Currently, it is

inequitable for the people who cannot afford to co-generate power, but if the proposed tariff amendment is adopted, then it becomes inequitable to everyone.

The Office of the State Engineer opposes Docket EL21-011 and the amendment to the cogeneration tariff. This proposed change would halt future solar projects in and for the State of South Dakota and would result in further inequities. Halting these solar projects will eliminate the potential for saving thousands of South Dakota tax dollars.

Respectfully,



Stacy Watters, PE
State Engineer

