

Docket Number: EL24-024  
Subject Matter: First Data Request  
Request to: Gevo, Net-Zero 1, LLC  
Request from: South Dakota Public Utilities Commission Staff  
Date of Request: August 30, 2024  
Responses Due: September 16, 2024

Gevo Net-Zero 1, LLC (“Gevo NZ1”) submits the following answers and responses to PUC Staff’s First Data Request to Gevo NZ1:

- 1-1) Please provide the expected electrical demand of each major component, arranged by system, in the ethanol plant and the ethanol to jet plant.

***Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1: The figures below represent the “operating load” (considering the load factor and utilization) of Gevo Net-Zero 1’s major components. The corn receiving, storage and handling facility will have 2.9 MW of demand. The ethanol facility (13.3 MW) and associated balance of plant (3.6 MW) will have aggregate 16.9 MW of demand. The ethanol-to-jet hydrocarbon facility (14.2 MW) and associated balance of plant (5.6 MW) will have 19.8 MW of demand.***

- 1-2) On page 10 of the Petition, NZ1 states: “East River and KEC expect to invest approximately [Trade Secret Data Begins] \$■ [Trade Secret Data Ends] million in new transmission and related infrastructure to reliably serve the new NZ1 load (including DRH).”

- a) Does this amount include all the facilities identified in East River’s upgrade plan provided as Exhibit 5? In no, please identify which facilities the estimate applies to.

***Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1 based on information received from Mark Hoffman, East River Electric Power Cooperative, Inc.’s Chief Operations Officer: The facilities reflected in Exhibit 5 reflect all of East River’s upgrade plan. The plan includes the rebuild of facilities along with a conversion from 69 kV to 115 kV for three sections of the East River system from the Carpenter substation to the Kingsbury County substation (across the road from the project location), Arlington substation to Kingsbury County substation, and VT Hanlon substation to Kingsbury County substation.***

- b) Would any of East River’s proposed upgrades identified in East River’s Transmission Upgrade Plan – Map be constructed should NZ1 not seek interconnection to Kingsbury Electric?

**Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1 based on information received from Mark Hoffman, East River Electric Power Cooperative, Inc.'s Chief Operations Officer: The facilities reflected in Exhibit 5 and explained in Section 1-2(a) all are included in East River's long-range plan for rebuild and upgrade and would still be constructed. If NZ1 did not seek interconnection, the Kingsbury County substation would likely be sited further east near the City of Arlington to reduce the line rebuild mileage but would still be required to be constructed. The only facility that would not be constructed if NZ1 would not seek interconnection would be the distribution portion of the Kingsbury County substation that transforms the voltage from 115 kV to 34.5 kV which is only required to serve the prospective loads.**

- 1-3) Will there be any rate impacts to other customers on the system in order for East River and Kingsbury to build out the facilities needed to serve the NZ1 load? If yes, please quantify those impacts in terms of East River's Annual Transmission Revenue Requirement.

**Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1 based on information received from Mark Hoffman, East River Electric Power Cooperative, Inc.'s Chief Operations Officer: In this response, the rate impacts are assumed to be the network transmission rate impacts for the interconnection of the NZ1 load with the Southwest Power Pool (SPP) transmission system. We don't expect NZ1 and the other new load to adversely impact the rates of other customers.**

- 1-4) Please provide financial projections to support the following statement on page 11 of the Petition: "[t]hough not regulated by the Commission as a public utility, the Commission can be assured that the rates KEC will charge NZ1 and DRH are sufficient to recover its costs associated with serving the load."

**Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1 based on information received from Evan Buckmiller, Kingsbury Electric Cooperative ("KEC"), General Manager: NZ1 and DRH intend to purchase power from KEC via a large load rate. The large load rate recognizes the competitive nature of large end use loads while recovering power supply and investment costs associated with these loads. The rate is set at power supply cost plus margin, which recovers maintenance, administrative expenses, and system-wide costs. The large load rate is subject to periodic review by the KEC Board of Directors and can be modified to reflect the cost of operations and/or changes in wholesale rates.**

- 1-5) Did NZ1 receive a project scope and cost estimate from Otter Tail Power Company to serve its load? If yes, please provide that information.

***Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1: Over the course of almost two years of working with Otter Tail, the Otter Tail team provided significant cost and related information to NZ-1, DRH and the project teams. It was an interactive and iterative process. The company (as has DRH) executed a confidentiality agreement with Otter Tail. While there is an exception in the agreement to provide confidential information “required by” any judicial or regulatory proceeding, in deference to Otter Tail, we take a narrow interpretation to such exception and do not believe this data request constitutes a regulatory “requirement.” Because it is ultimately Otter Tail’s information and Otter Tail is a party to this proceeding, we believe it is appropriate that Otter Tail provide such information and Gevo does not object to Otter Tail providing such information.***

- 1-6) Please provide an explanation as to why Otter Tail Power Company was unable to meet the needs of NZ1.

***Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1: It is not a question of whether Otter Tail was unable to meet NZ1’s needs. We worked closely with Otter Tail for more than one year trying to come to terms acceptable to both parties. Otter Tail was professional throughout in its attempt to secure the NZ1 and related load. We have selected Kingsbury, East River and Basin Electric to serve the load because in the end we found them easier to work with and more flexible in their approach related to documents and the ability to negotiate provisions that are critical to the financing parties for NZ1, DRH, and the Kingsbury County Wind Fuel wind project. This includes provisions related to cooperation with lending institutions, atypical restrictions on assignment and transferability, requirements for costly bank letters of credit to secure various risks that OTP perceived to be incurring, and specific provisions related to the wind farm. For instance, Otter Tail wanted to require the wind farm (Kingsbury County Wind Fuel, LLC) to agree to contractual restrictions, including the payment of significant liquidated damages in the event of any breach of such contractual commitments, the waiver of its rights under Federal law with respect energy sales, and even permanent restrictions on transferability. These restrictions would have made it impossible for the wind farm to obtain financing on reasonable terms or even at all. Because the wind project is an integral piece to the overall project, its failure to obtain financing would have jeopardized the entire project. Kingsbury Electric and East River are imposing no such similar, and we would suggest, unreasonable terms on the***

***project. In addition, our business model includes corn and soil, and working with the cooperatives and the farm and related agricultural interests makes sense to Gevo as a company.***

- 1-7) Since the ESA [Trade Secret Data Begins] [REDACTED] [Trade Secret Data Ends] , please explain why the Commission should not wait to make its determination on this matter until after that contingency is resolved.

***Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1: For this answer, I refer you to the answer provided by Dakota Renewable Hydrogen, LLC to data request no. 1-6 in Docket EL24-025.***

- 1-8) Why doesn't East River Electric Cooperative, Inc. need to sign the ESA given that some of the terms with the ESA are applicable to East River?

***Answered by Chris Ryan, President & Chief Operating Officer, Gevo NZ1 based on information received from Danny Brown, East River General Counsel: East River is a wholesale power supplier and is not authorized to sell retail power. As such East River does not sign the ESA. East River and KEC are parties to a wholesale power contract that requires East River to sell wholesale power to KEC.***

Dated this 16<sup>th</sup> day of September 2024.