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June 30, 2010

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

RE: In the Matter of the Adoption of Rules Regarding Renewable, Recycled and
Conserved Energy, Docket No. RM09-002

Dear Ms. Van Gerpen:

Missouri Basin Municipal Power Agency, d/b/a Missouri River Energy Services ("MRES"), provides these comments on draft rules regarding renewable, recycled and conserved energy recently filed by the Public Utilities Commission (the "Commission"), in accordance with the letters of the Commission dated May 25, 2010 and June 4, 2010. These comments are provided to assist the Commission in making changes to the draft rules. MRES appreciates the opportunity to comment on the efforts of the Commission as it proceeds to further refine its rules for the Renewable, Recycled and Conserved Energy Objective, as defined by SDCL 49-34A-101 through 106.

If you have any questions regarding these comments, please contact me at 605-338-4042 or mrgsimon@mrenergy.com.

Sincerely,

A handwritten signature in blue ink that reads "Mrg Simon".

Mrg Simon, Attorney at Law
Director, Legal

Enclosures

**COMMENTS OF MISSOURI RIVER ENERGY SERVICES
ON DRAFT RULES REGARDING
RENEWABLE, RECYCLED AND CONSERVED ENERGY**

June 30, 2010

Missouri River Energy Services (MRES) is a multi-state, not-for-profit provider of wholesale electricity to member municipal utilities located in the four states of Iowa, Minnesota, North Dakota, and South Dakota. On May 25, 2010, the Commission filed draft rules regarding the Renewable, Recycled and Conserved Energy Objective (RRCEO), SDCL 49-34A-101 through 106. MRES provides the following comments for itself and on behalf of the twelve South Dakota MRES member communities of Beresford, Big Stone City, Brookings, Burke, Faith, Flandreau, Fort Pierre, Pickstown, Pierre, Vermillion, Watertown and Winner.

MRES appreciates the Commission's effort to formalize through rules the procedures relating to reporting compliance with the RRCEO. Overall, the rules offer utilities a more clear understanding of the information desired by the Commission to evaluate the extent and nature of expanding utilization of renewable energy and conservation efforts. MRES has identified five changes that it believes should be made to the proposed rules regarding information to be included in the annual report. For the convenience of the reader, MRES comments each relate to the proposed section 20:10:38:06, Annual Report Requirements. Comments on the draft rule are presented in the order in which the subparts appear.

First, MRES suggests that the portions of the draft rules requiring identification of the location of the renewable generation facility should be modified. In instances where renewable energy is contracted for either on a long-term or short-term basis, it is possible that the source of purchased power might not be known or knowable. At a minimum, the provisions should be modified as shown below, to specify that the "general" location of the facility is to be disclosed, if known. Language requiring a general location of the facility, such as the nearest community, would be useful in situations in which a facility does not have a physical address. For example, a wind project may not have an address, and a legal description may be overly burdensome to obtain if the wind farm spans several sections of land. Also, it may be beneficial to require the name of the generator/project to be disclosed.

Second, there would be no need to include subparts 4 and 5 regarding renewable generation capacity if items 2 and 3 included language requiring the fuel source to be listed. MRES proposes that the phrase "and fuel source" be inserted as shown below, and subparts 4 and 5 be stricken.

20:10:38:06 Annual Report Requirements

* * *

- (2) The total generation capacity owned by the retail provider and the general location and fuel source of each generation facility;
- (3) The amount of total generation capacity contracted for in purchase power agreements and the general location and fuel source of each generation facility, if known;
- ~~(4) The amount of renewable generation capacity and recycled energy system capacity owned by the retail provider and the location of each renewable generation facility;~~
- ~~(5) The amount of renewable generation capacity contracted for in purchase power agreements and the location of each renewable generation facility;~~

Third, MRES suggests subpart 7 be stricken. Subpart 7 is not relevant to meeting South Dakota's RRCEO and should not be included in the draft rules. MRES believes that the requirement of subpart 6 to report the amount of renewable energy credits retired by the retail provider to meet South Dakota's RRCEO is sufficient to comply with the RRCEO.

Fourth, the draft rules should require every provider that relies on renewable energy to comply with South Dakota's RRCEO to demonstrate compliance by retiring renewable energy credits through a multi-state tracking system. Compliance can be proven and verified through the Midwest Renewable Energy Tracking System (M-RETS). M-RETS provides the ability to verify certificate retirement without the need for additional state-specific standards. This allows the Commission and its staff to verify compliance with the specific terms of the South Dakota RRCEO, and lends additional credibility to the RRCEO. Such a step would not eliminate the ability to utilize recycled or conserved energy for compliance, nor would it eliminate the assessment of the economic viability of measures used to comply with the RRCEO.

Finally, under 20:10:38:06, subparts 12 and 13 should be clarified by qualifying language to define what is intended by requiring an "explanation" of energy efficiency and demand response impact evaluations. MRES energy efficiency staff notes that the word "explanation" is susceptible to widely varying interpretation. For example, if the intent is to require only general overview of each type of approach that MRES used to measure conserved energy, the filing requirement could be relatively brief. However, if the intent is for utilities to provide, in addition to deemed savings measures, a detailed description of the approach used for each and every custom measure (e.g. everything that does not fit deemed savings), then the reporting requirement would be significantly more extensive and potentially very burdensome. Likewise, a detailed and specific explanation of each customer's calculated demand response capability would be burdensome and difficult. If a qualifier were added to the proposed language such as a "general" explanation or "an overview of each energy efficiency impact," it could be helpful in clarifying what is required and avoiding overly burdensome reporting requirements.

MRES appreciates the opportunity to provide comments on the draft rules regarding the South Dakota RRCEO on behalf of our agency and its municipal utility members in Iowa, Minnesota, North Dakota, and South Dakota. MRES requests that these comments be incorporated into the draft rules proposed by the Commission.

Respectfully submitted this 30th day of June, 2010.

MISSOURI RIVER ENERGY SERVICES

A handwritten signature in blue ink that reads "Mrg Simon". The signature is written in a cursive style and is positioned above a horizontal line.

Mrg Simon, Attorney at Law
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