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June 30, 2010

Ms. Patricia Van Gerpen
SD Public Utilities Commission
500 E. Capitol Ave.
Pierre, SD 57501

Re: In the Matter of the Adoption of Rules Regarding
Renewable, Recycled and Conserved Energy
RM09-002

Dear Ms. Van Gerpen:

Attached for filing please find Initial Comments of South Dakota Rural Electric Association (SREA) relative to the above.

If you have any questions, please contact me.

Sincerley yours,

RITER, ROGERS, WATTIER &
NORTHROP, LLP

By:

Darla Pollman Rogers

DPR-wb

Enclosure

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE)	DOCKET RM09-002
ADOPTION OF RULES)	
REGARDING RENEWABLE,)	
RECYCLED AND CONSERVED)	INITIAL COMMENTS
ENERGY)	
)	

South Dakota Rural Electric Association (“SDREA”), on behalf of its member rural electric cooperatives, respectfully submits the following initial comments to the South Dakota Public Utilities Commission (“Commission”) in the above captioned proceeding.

In its letter of May 25, 2010, the Commission does not indicate that there will be an opportunity for reply comments in this docket. SDREA would request that an opportunity for further comments be provided so that all parties can fully respond to any specific rule changes that may be proposed. At this time, SDREA would offer some general comments related to this rulemaking inquiry, focusing on the following areas. First, SDREA will comment in support of inclusion of reference to load management as counting towards the REO. Second, SDREA will address inclusion of generation and transmission in the energy efficiency definition. Finally, SDREA will comment on some concerns about the reporting requirements contained in the current draft of the proposed rules.

INTRODUCTORY COMMENTS

At the outset, we would note for the record that SDREA is generally supportive of the proposed rules. Our member rural electric cooperatives have been leaders in energy

efficiency and conservation. SDREA applauds the adoption of standards that will uniformly apply to current and future technologies and programs.

LOAD MANAGEMENT

SDREA, together with member East River Electric (“East River”) generally supported Commission sponsored legislation in 2009 to allow energy efficiency and conservation measures to count toward a utility company’s renewable energy objective (“REO”). SDREA and East River requested that the statutory language include load management systems as qualifying toward a company’s REO. The Commission declined that request and suggested that we reiterate the request during the rulemaking process.

We are now engaged in the rulemaking process, and the current draft does not contain any reference to a load management system. The definition of “demand response” in subsection (2) of 20:10:38:01 refers only to temporary changes in energy use by end user customers (emphasis added). We concur with comments submitted by East River that the definition of demand response should include temporary changes in energy use by the utility on behalf of its customers. SDREA also supports the addition of “direct control of member load by the utility” in the demand response definition (20:10:38:01(2)).

GENERATION/TRANSMISSION LEVEL

SDREA supports inclusion in the rules of energy savings impacts of projects on the generation/transmission level. Energy savings improvements at that level should also qualify for the REO. SDREA supports the comments of Basin Electric and East River in this regard.

REPORTING REQUIREMENTS

SDREA generally has four areas of concern with the reporting requirements in proposed rule 20:10:38:06.

1) The first issue is to whom the reporting requirements apply. The rule states that “a retail provider of electricity” must provide the information required within the rule, which would seem to indicate that each individual rural electric cooperative would have to comply. SDREA would suggest clarifying this language to allow aggregate reporting by a wholesale supplier. This would allow a wholesale supplier such as East River to provide the report on behalf of its members, which East River is prepared to do. To place the requirement on each rural electric cooperative could be unduly burdensome, and may not result in meaningful information for the Commission.

2) Subparagraph (5) of proposed rule 20:10:38:06 does not include contracted recycled energy, only contracted renewable generation capacity. This is inconsistent with subparagraph (4), which includes both renewable generation capacity and recycled energy system capacity. SDREA would suggest adding contracted recycled energy to subparagraph (5), so that the language of the two subsections ((4) and (5)) is consistent.

3). SDREA supports the comments and concerns of East River regarding the apparent inconsistencies between the measurement/verification provisions of the rules and the reporting requirements. 20:10:38.02 provides the measurement and verification methodology for energy efficiency measures: “The amount of conserved energy achieved through energy efficiency measures shall be validated by the use of an energy

efficiency impact evaluation . . .” (emphasis added) using either a “deemed savings” approach (defined in 20:10:38:03) or a “measured savings” approach (20:10:38:04). The annual reporting requirement for energy efficient measures found in 20:10:38:06(8), however, requires reporting of not only the amount of energy the retail provider conserved, but also a report of the amount of capacity the retail provider conserved. Yet there is no methodology contained in the rules to give guidance to the reporting entity on how to report capacity conserved through energy efficient measures.

Concerning demand response measures, there is also an with regard to reporting requirements. 20:10:38:05 provides that the amount of energy conserved through demand response measures is to be measured by the use of a “demand response impact evaluation.” 20:10:38:06(9) requires that the report for use of demand response measures include not only the amount of the reduction of energy achieved, but also the amount of reduction of capacity achieved.

As noted by East River, it has a developed methodology for the determination of the capacity of energy conserved from use of demand response measures, but 20:10:38:05 does not refer to capacity, rather to conserved energy achieved. Further discussion/clarification is needed to these sections of the rules to insure consistency between the measurement provisions of the rules and the reporting requirements of the rules, and to ensure utilities have adequate time to develop any new methodologies that may be required by the rules.

4) 20:10:38:06 requires an annual report of retailer providers of electricity, and enumerates 13 items that need to be included in the annual reports. There are some energy efficiency and demand response measures that include benefits that continue

beyond one year. SDREA would propose amending the annual reporting requirement rule to clarify that the utility is allowed to count and report the benefits of those types of ongoing energy-saving measures not just in the first year, but each year thereafter that the measure continues to result in energy savings.

CONCLUSION

SDREA appreciates the opportunity to submit comments in this docket. SDREA reiterates its request to allow interested parties to submit Reply Comments, so that all issues raised may be fully explored and addressed by affected parties.

Respectfully submitted this 30th day of June, 2010.

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CERTIFICATE OF SERVICE

I, Darla Pollman Rogers, certify that a true and correct copy of the Initial Comments of South Dakota Rural Electric Association (SDREA) were emailed to the following on the 30th day of June, 2010:

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