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June 30, 2010

Ms. Patricia Van Gerpen, Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

Re: Docket RM09-002 – In the matter of the Adoption of Rules Regarding
Renewable, Recycled and Conserved Energy.

Dear Ms. Van Gerpen:

Xcel Energy is pleased to have the opportunity to submit comments in this matter. We appreciate the efforts made by the Public Utilities Commission (“PUC” or “Commission”) to develop these draft rules. In the following paragraphs, we offer our suggestions and comments for your review.

Definitions

Regarding proposed SDAR 20:10:38:01 Definitions (1) Conserved Energy: The Company suggests adding the following language: “and conserving through educational, informational and behavioral enabling tools.” The definition as stated in the draft rules addresses energy conservation through applied and installed measures only, and does not take into account conservation that may occur through educational means that actually change consumer behavior. For example: Xcel Energy has an informational brochure available online and given out at trade shows, etc, called “*60 Simple Ways To Save Money On Your Energy Bill* - a range of energy-savings tips to help you save money year-round. Other types of education and energy saving behavioral methodologies also help customers to save energy. One such program is the behavioral modification program currently being piloted/used around the country by OPower. This program compares your home consumption to a ‘neighbor’ or someone with a similar house size in your immediate area. The program also provides energy saving tips and options. More information about the program can be found at - <http://www.opower.com/>. These types of

educational programs have been shown to save energy and the Company believes that incorporating education into the definition of conserved energy would be useful.

Measurement & Verification

Regarding proposed SDAR 20:10:38:02 Measurement and verification of energy efficiency measures. As written, the draft rules do not differentiate two important elements to ensure the energy savings being claimed are accurate; those are developing initial energy savings estimates for applicable measures and actual measurement and verification of installed energy savings to validate the savings claims. The draft rules themselves appear to assume these elements are combined in the planning process and they actually consist of at least two separate elements in the planning and validating of data.

Initial energy savings estimates can be developed using a deemed savings approach where all parties agree upon and use the same energy savings estimates for each measure offered by the utilities. In other states these energy savings estimates are typically maintained in a database by the PUC for reference and use by all parties. Initial energy savings estimates can also be developed for each measure used, proposed in each energy efficiency plan, and analyzed and approved (or denied) by the Commission.

Measurement and verification (M&V) of installed measures occurs post (and sometimes includes pre) installation and validates actual energy savings. M&V consists of various methodologies and rigor including invoice verification at the time of rebate processing, site visits to make sure installation was performed correctly and that the installed measure matches the rebate form, a formal program impact evaluation in which a random sample of projects are measured and verified or for very large projects an actual on-site pre-and post metering. The metering option is the most expensive and may be cost prohibitive. We believe that the options that are eventually chosen should be based on the type of program and keeping the costs of M&V in line with overall program costs. We propose that these options not be prescribed at this time but instead be discussed and decided within workshops dedicated to discussing M&V standards.

Annual Reporting Requirements

Regarding proposed SDAR 20:10:38:06 Annual report requirements, subsections 2-7, the Company believes that the term "location" as it is used to refer to the location of generating facilities may need to be defined in the definitions section of proposed rule 20:10:38:01. We suggest that, if the term "location" is necessary to enhance the information collected through this rule making, and then it should be defined as the county and state of the generating facility, but not be as detailed as requiring the address or gps coordinates of that facility.

Differentiating Rules and Statutes

There may be some confusion regarding the similarities and differences between these proposed rules and the supporting statute SDCL 49-34A-105. It is clear that proposed rule 20:10:38:06 would specify that the proposed rule reporting requirements would be “in addition” to those specified in SDCL 49-34A-105. The confusion arises in that several of the reporting requirements proposed in the rules are similar, but not exactly, the same as the reporting requirements required by statute.

The Company hopes to have an opportunity to discuss these reporting requirements and gain a better understanding as to how the proposed rules are intended to work in conjunction with existing statutory requirements so that we may be able to work out a unique set of reporting requirements.

Please call me at 339-8350 with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "J Wilcox".

Jim Wilcox