BLACK HILLS POWER, INC.
d/b/a BLACK HILLS ENERGY
SD PUC DOCKET: EL16-042

REQUEST DATE : 1/6/17

RESPONSE DATE : 1/20/17

REQUESTING PARTY: Staff

SDPUC Request No. 1-14:

Why did BHP use the 10 MW Solar QF rates in Table A-1 to determine the Generation Credit Rate in Exhibit 5 (versus the rates in the other categories)?

Response to SDPUC Request No. 1-14:

The Company used production cost modeling to calculate the avoided cost credit rate for a variety of qualifying facility (QF) size scenarios - 10 MW, 20 MW, 30 MW and 40 MW facilities. In addition, Black Hills modeled a 1 MW QF using the same production cost modeling software that was used for the other QF scenarios. However, the model results that included the 1 MW QF provided erroneous results in certain months of the planning period. After consultation with ABB, the software vendor, it was determined that the software was developed to analyze and model utility scale generation facilities rather than small distributed generation facilities. Evaluation of the modeling results for the 1 MW case showed that for the majority of the months the results were consistent with the 10 MW case and therefore the Company chose to use the results from the 10 MW scenario for the Tariff avoided cost rate for small generators.

Attachments:

None