

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. 1-22:

Has BHP noticed any trends regarding the popularity of cogeneration and small power production? How many additional customers does BHP estimate to receive cogeneration and small power production credits in the future?

Response to SDPUC Request No. 1-22:

Over the years, Black Hills has seen interest peak on the mechanics of integrating a small power production project into the utility's system. Customers usually inquire about what the costs would be to integrate a small power production project but once the customer becomes educated on the payback period interest usually fades. Black Hills has integrated about 20% of the yearly requests that the Company receives. In the 20% mentioned above, a few of the customers have already purchased their small power production system and move forward with interconnection application/agreement, regardless of payback concerns.

The Company has not estimated the number of customers that may participate in the future but on average the Company has been interconnecting approximately 5 small power production projects per year. There is a regional company that has been marketing small power production systems in our service territory, which could allow the Company to see an increase in interconnection requests. There are also USDA grants available to rural communities (all SD communities with the exception of Rapid City and Sioux Falls) that could subsidize the installation and purchase costs. These grants could produce an increase in interconnection requests that the Company receives. Also, solar panel production pricing has softened making the technology less expensive.

Attachments:

None