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

REQUEST DATE : 1/13/17

RESPONSE DATE : 1/27/17

REQUESTING PARTY: Staff

SDPUC Request No. 2-2:

Explain why Exhibit 5 calculates the Generation Credit Rate based on the 10 MW Solar QF costs in Table A-1, when the cogeneration and small power production tariffs apply to customers who operate cogeneration or small power production facilities with a design capacity of 100 kW or less

Response to SDPUC Request No. 2-2:

As stated in Response No. 1-14, Black Hills' production cost model was developed to analyze and model utility scale generation facilities rather than small power production facilities. Black Hills did make an attempt to analyze a smaller 1MW solar project with the production cost model but the model produced erroneous results in a few months of the planning period. Since the model output for the smaller 1MW project produced consistent results in the majority of the planning period months as the 10MW output, Black Hills chose to use the results from the 10MW scenario as its avoided cost proxy for its generation credit rate in its Cogeneration and Small Power Production Serve tariff schedules.

Attachments:

None