

Regulatory Assistance Project Electric Resource Long-range Planning Survey¹
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Name of Agency: Public Utilities Commission

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Policies

1. Is any form of long-range electrical resource and/or investment planning required?
 Yes No

2. If yes, what planning processes are going on?
Ten-year plans are filed. There is little activity surrounding generation expansion planning since South Dakota's demand growth has been slow during the last 15 years.²

3. Please describe the ten year plans.

Utilities file 10-year plans biennially. Plans must include demand forecasts, existing and proposed energy sources, existing and proposed transmission capacity, risk avoidance, load management, and coordination with other utilities. The plans are used on an as-needed basis to provide a frame of reference when problems arise. For example, if reliability becomes an issue, the plan might be referred to. The plans have also been used as a starting point for computing avoided costs during a dispute over a new wind generation installation.

4. Is it statewide or utility-specific planning? What types of entities are required to participate?

¹ All responses written from notes compiled and edited by Liz Baldwin, RAP researcher. Corrections to the draft document, suggested by the contact persons, have been incorporated.

² South Dakota has experienced little demand growth during the last 15 years, but is anticipating becoming an exporter of energy to other states and is in the process of creating an Energy Infrastructure Authority to develop production and transmission facilities. In order for new facilities to be built, they must meet the approval of the PUC's siting authority. To be included in rates, a project must show that it is used and useful, necessary for safe, adequate and reliable service, and cost-effective as compared to alternatives. For projects designed to meet out-of-state needs, costs will be allocated to the creators or beneficiaries of those costs.

They are individual utility plans and there are no exemptions. Any utility that owns or operates or plans to own or operate energy conversion facilities within the next ten years is supposed to comply. The plans are mostly utility-specific, but companies that are contiguous will coordinate their planning when they upgrade transmission lines.

5. Is there any relationship between this process and other decisions, e.g. construction permits, likelihood of inclusion or pre-approval of rate treatment for the anticipated resource investments?

No. The plans don't include enough information to streamline other processes, but they give the PUC an indication about what to expect.

6. This form of planning has been required since what date?

1978

7. How is this process enforced, if at all? If a utility does something inconsistent with the Plan, does it have to explain itself satisfactorily to avoid a charge of imprudence? Is it routine for utilities to diverge from a Plan with an explanation? Are there any consequences for non-compliance?

Compliance is very simple -- all that has to be done is file a plan with the PUC -- and noncompliance has not been an issue. If a utility failed to comply, there would be no penalty, but it might precipitate some questions on the part of the PUC.

8. Is anything similar required for natural gas-related planning? Yes No

If yes, what is that process called?

Required Elements

9. Back to the ten year reports. Which of the following resources must be explicitly evaluated/included:

Generation

Transmission

Distribution

Energy efficiency

Load Management

Other demand side measures

Specific generation (e.g. renewable, distributed)

Others

What tests must be included/utilized?

No specific tests are required; however, some of South Dakota's utilities also serve regions in other states where IRP is required. When this happens, the PUC often reviews this analysis for those utilities during rate proceedings.

10. Describe the analysis required by the regulatory body (what is compared to what to make decision? How are resources compared to each other? Cost with one set of resources vs. another, economic, environmental?)

A list of alternatives must be provided, with a comparison showing that the chosen resources were the most prudent choices for either transmission or generation. Least cost is looked at, but the prudence standard is used because sometimes there are reasons why the least cost might not be the best choice. More specific analysis is not formally required.

11. Does the process investigate how the employment of one strategy vs. another may increase the consumers' exposure to risk (e.g. natural gas prices)? If so, how?

Not formally. The Commission does express concern about that, but so far there has been little trouble, in part because activity is limited due to South Dakota being a low-growth region.

12. Is a comparison of supply or T&D infrastructure and demand side options/resources required? Yes No

This is not a formal requirement, but demand side resources are often asked about on an individual case basis.

13. The plan's objectives, from the regulatory perspective:

To keep the Commission informed of ongoing needs and activities of each company.

14. The plan's objectives, from the utility perspective:

To comply with the administrative rule and statute, and to inform the PUC about their activities.

15. Are alternative scenarios analyzed as part of the plan? Yes No

16. Are externalities considered? No

17. What is the planning horizon? 10 years

Length of Energy and Demand forecasts 10 years

Length of Short-term Action Plan Varies on a case-by-case basis

18. How often do utilities have to file plans? Update plans? What actually happens?

Updated plans are filed every two years.

19. What monitoring or other processes are used to determine consistency of investments with plans? Are there consequences for non-compliance?

Monitoring is done informally on a case-by-case basis. Historically, enforcement action for noncompliance hasn't been necessary, but the Commission could employ normal enforcement strategies if needed. For example, a utility could be required to conduct an investigation on its activities and produce an in-depth report, the expense of which could amount to a penalty. This type of enforcement action is available to the PSC if needed, but has never been used in regard to the ten-year plans.

20. Are environmental issues considered in the planning process? Yes No

21. Is reduction or elimination of carbon emissions an issue? No

Agency Process

22. Is there a formal acceptance and/or acknowledgement process used for the resource filing? Yes No

23. Does the agency hold public hearings on draft/final utility plans? Yes No
If not, describe what does happen. Plans are accepted informally and archived

24. Other ways the public participates and comments on plans are:

None

25. What action can the Commission take on the plan(s)?

Review it

Accept it

Approve it

Reject it

Acknowledge it

Require utility to modify and resubmit it

Other

26. Have resource acquisition decisions changed as a result of the planning process?
Yes No

27. Are competitive processes used to acquire new resources? Yes No
Competitive bidding is common, but not required.

28. If yes, do you require regulatory review and approval of the competitive solicitations used? No

29. Do utilities file an energy efficiency or DSM plan? Yes No
If yes, is it separate or integrated with other plans?

The plans are separate and voluntary. South Dakota doesn't require DSM plans, but some of the surrounding states do, so there is some filing of efficiency plans by utilities that serve adjacent states.

30. Is competitive bidding used to acquire EE resources? Yes No

There is no formal requirement, but in many cases they do use competitive bidding.

31. Does the regulatory agency have open dockets, or is it considering opening a docket investigating any long-range electrical investments? Yes No

32. Citation and description:

33. Are utility plans available on-line? Yes No If so, what is the address? Plans are not available yet, but they probably will be soon. South Dakota is in the process of making more documents publicly available. The documents are also available upon request. Is on-line publication voluntary or mandatory? Voluntary

34. Citation and description of State policies (legislation, rules/regs, PUC orders) governing this planning process:

South Dakota Code:

<http://legis.state.sd.us/statutes/index.aspx?FuseAction=DisplayStatute&Type=Statute&Statute=49-41B-3>

Public Utilities Rules: <http://legis.state.sd.us/rules/rules/2010b.htm#20:10:21>

35. When conducting transmission planning, who has eminent domain powers? How are they obtained?

The utilities have eminent domain power; the power is statutory.

36. Do you anticipate any changes to this process in the near future? Yes No

37. Does your state do performance-based regulation? Yes No

38. Are there any regulatory incentives specifically for energy efficiency, other DSM, or renewables? Yes No

39. Do any tariffs include a fuel/purchased power clause? Yes No

If so, how does it work?

If the price is beneath a given level (from an index, or the price from the last rate case) then the company gets to retain some of that savings. If the price exceeds that, the company has to eat some of the cost. There is a neutral range, and then a sharing mechanism that changes the further you get from the index cost.

40. Does your state have any renewable mandates (e.g. from a legislated standard or goal, or a regulatory settlement or Order)? Yes No

State Energy Plan

41. Is there a State Energy Plan? Yes No