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January 13, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**
Docket No. E111/M-14-34

Dear Dr. Haar:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Filing by Dakota Electric Association Regarding the Monthly Rate for the Optional Renewable Energy Rider.

The petition was filed on January 9, 2014 by:

Douglas R. Larson
Vice President of Regulatory Services
Dakota Electric Association
4300 220th Street West
Farmington, Minnesota 55024

The Department recommends **approval** and is available to answer any questions the Commission may have.

Sincerely,

/s/ MICHAEL ZAJICEK
Rates Analyst

MZ/ja
Attachment

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE
DIVISION OF ENERGY RESOURCES

DOCKET No. E111/M-14-34

I. INTRODUCTION

On January 9, 2014, Dakota Electric Association (DEA) submitted a filing to the Minnesota Public Utilities Commission (Commission) regarding the monthly rate for its Optional Renewable Energy Rider. The Optional Renewable Energy Rider offers DEA's consumers the opportunity to purchase renewable energy at a price that reflects the incremental cost difference in providing the desired renewable energy.

II. BACKGROUND

On April 22, 1997, in Docket No. E111/M-97-178, the Commission issued its *Order Granting Petition and Requiring Filings* in response to DEA's petition for approval of an Optional Renewable Energy Rider. DEA's filing of such "green pricing" service for its consumers was the first of its kind in Minnesota. Among other things, this Order required DEA to submit a filing on March 1 each year to update the monthly rate applicable to the Optional Renewable Energy Rider.

On October 25, 2006, in Docket No. E111/M-06-1189, the Commission approved a petition by DEA to change the timing of this annual filing for updating the monthly rate of Optional Renewable Energy Rider from March 1 to early January of each calendar year.

The instant filing is in compliance with DEA's annual filing requirement. DEA's petition documents and requests approval of a monthly rate of \$0.40 per 100 kWh block of renewable energy. DEA is not proposing any change to the Monthly Renewal Energy Rate; this rate is same as last year's rate.

III. DEPARTMENT ANALYSIS

The monthly rate for the Optional Renewable Energy Rider reflects a pass-through of wholesale power costs from DEA's wholesale supplier, Great River Energy (GRE). Exhibit I of DEA's petition showed that the revenue collected through DEA's Renewable Energy Rider in 2013 equaled DEA's renewable energy contract obligation to GRE; therefore no true-up adjustment is necessary for the monthly rate.

Exhibit II of DEA's petition showed its proposed 2014 Renewable Energy Monthly Rate per 100 kWh block to be \$0.40. This rate corresponds to GRE's Renewable Energy Rate. Therefore, DEA's monthly rate for its Optional Renewable Energy Rider reflects the incremental cost difference in providing the desired renewable energy. Since GRE's renewable energy rate reflects the current lowest incremental cost for DEA to provide this service, basing DEA's monthly rate for its Optional Renewable Energy Rider on GRE's Renewable Energy Rate is appropriate. The Department notes that the currently proposed rate has been in place since January 1, 2009 (see Docket No. E111/M-09-37).

IV. RECOMMENDATION

The Department concludes that DEA's calculations are correct and appropriate and recommends that the Commission approve DEA's petition as filed.

/ja