



SENSIBLE SOLAR

South Dakota's electric cooperatives promote fair, sensible solar policies

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With summer in full swing, the sun is bearing down on South Dakotans. But that wasn't the case just five months ago when an unexpected polar vortex covered much of the country in a blanket of snow and ice.

As co-op members now reach for the sunscreen and a cold beverage, it's easy to forget that back in February the same solar panels that are streaming torrents of ions today were reduced to a trickle when a convergence of circumstances caused a series of rolling blackouts.

That historic event alerted policymakers from Texas to the Canadian border to hit the pause button and take another look at how renewable power fits into the national grid-based energy picture.

Across the country, the solar market is facing what can be described as growing pains. Those pains stem from the fact that the nascent stages of solar energy were heavily subsidized through taxpayer dollars, as early adopters benefited from an array of state, federal and municipal government tax credits, exemptions, incentives, rebates and subsidies designed to get the industry off the ground. Tapping into these programs, owners of solar installations have been able to deduct up to half of their costs.

But as more homeowners and businesses opt for solar and as the cost of solar has dropped 80 percent since 2010, those subsidies are shrinking and the industry is in the process of having to eventually stand on its own feet. At the federal level, for instance, the Investment Tax Credit (ITC) established in 2005

has allowed new residential and commercial solar owners to deduct 26 percent of their installation costs from their federal taxes. The ITC is set to be reduced to 23 percent in 2023 and eliminated for homeowners by 2024. The Biden Administration has proposed extending the program for another two years.

According to the Energy Information Administration, direct federal government subsidies for solar alone totaled \$34.4 billion between 2010 and 2019.

As solar subsidies decline, the true costs for ratepayers to have 24-hour access to both intermittent renewable power and more reliable traditional power at the same time are coming to bear.

In Nevada, for example, incentives for homeowners were phased out in 2016 after the state's largest energy company argued that its costs of creating and delivering power weren't being fully covered and the expenses of serving every home and business in the system were being shifted to those exercising their right not to have rooftop panels placed on their homes.

Predictably, once the incentives

Sensible Solutions for Our Energy Future



South Dakota's electric cooperatives support reasonable strategies for our energy future that make sense for our members:

- Renewable energy solutions that are both productive and practical
- Rate structures that take affordability into account
- Balanced strategies centered on the best interests of co-op consumers
- Technology-based policies that promote economic development

"WE RELY ON INTERMITTENT RENEWABLE SOURCES TO CURB EMISSIONS AND MORE RELIABLE FOSSIL FUELS TO DELIVER THE BASELOAD POWER OUR MEMBERS NEED."

ROBERT RAKER

West River Electric, characterized the state's electric cooperatives as being neither pro-renewable energy nor anti-renewable energy.

"We're pro-reliability and pro-affordability for our members," he explained. "We rely on intermittent renewable sources to curb emissions and more reliable fossil fuels to deliver the baseload power our members

to communicate with one another as each cooperative in the state has its own set of interconnection requirements and policies determined by their management.

"If one of our members wants to get involved in renewable energy, we need to know about it so we can work with the member to make sure the process goes as smoothly as possible," Raker said.

Chris Studer, chief member and public relations officer at East River Electric, echoed Raker's comments and emphasized another important factor in open member-to-cooperative communication: safety.

"Just make sure to call your co-op. It's a safety issue. Improperly installed equipment could put the homeowner's property and co-op employees who work on the infrastructure at risk and that's what we want to prevent."

Studer said the state's cooperatives will continue to play an active role as the renewable market evolves.

"At this stage in the emergence of the distributed generation market, the fixed costs that electric utilities have invested in their infrastructure needs to be taken under consideration as more members bring localized solar installations into the system," he said.

"Other states have addressed this issue by establishing fixed charges for distributed generation owners in a way that was fair for everyone, while also setting up a system to streamline the resolution of any disputes that may arise. We'll continue to serve as an advocate for all co-op consumers."

were sun-setted and solar owners had to pay for maintaining the same grid that they depend on when their panels aren't producing power, demand decreased.

In South Dakota, where there are no state government subsidies, investor-owned Black Hills Energy has followed Nevada's lead by proposing that the South Dakota Public Utilities Commission institute tariffs on homeowners to compensate the power company for those fixed costs required to keep the system functioning for all ratepayers who use it.

Opponents argue that the tariffs could potentially obliterate the state's growing solar market, which saw 462 MW installed through the first quarter of 2021.

As for South Dakota's electric cooperatives, the system's leaders paid close attention to the polar vortex event and the lessons learned in the aftermath. Robert Raker, public relations manager at

need. It's like a parent trying to determine which is their favorite kid. We favor both of them because we need to help protect the planet but we also need to fulfill our obligation to serve our members whether it's day or night, hot or cold, sunny or cloudy, windy or calm."

Raker noted that co-ops have embraced the integration of renewable power into the state's fuel mix. Electric co-ops were leaders in introducing wind power, which now makes up roughly 25 percent of the supply while 17 percent comes from hydroelectric dams along the Missouri River. Co-ops are also involved in the construction of Wild Springs solar farm, which is expected to go on-line next year as the largest solar array in the western part of the state.

Without a clear and complete set of rules in place for distributed generation, Raker said it's paramount that members and their cooperatives work together