

# State of South Dakota

EIGHTY-NINTH SESSION  
LEGISLATIVE ASSEMBLY, 2014

480V0719

## HOUSE BILL NO. 1254

Introduced by: Representatives Hawks, Feickert, Kirschman, and Nelson and Senators Frerichs, Begalka, and Jones (Chuck)

1 FOR AN ACT ENTITLED, An Act to provide for producer payback for distributed generation  
2 to small-scale renewable energy systems.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 49-34A be amended by adding thereto a NEW SECTION to read  
5 as follows:

6 Terms used in this Act mean:

- 7 (1) "Customer-generator," any customer of an electricity provider that generates  
8 electricity on the customer's side of the billing meter with renewable energy  
9 generation;
- 10 (2) "Electric utility," an electric utility as defined in § 49-34A-1;
- 11 (3) "Rural electric cooperative," a rural electric cooperative established in accordance  
12 with chapter 47-21;
- 13 (4) "Distributed generation," any small, modular electricity generator system close to the  
14 customer load, connected to the electrical grid, and used to offset electric energy  
15 provided by the electric utility to the customer-generator during the applicable billing



1 period;

2 (5) "Renewable energy generation," an electrical energy generation system that uses any  
3 of the energy sources specified in § 49-34A-94.

4 Section 2. That chapter 49-34A be amended by adding thereto a NEW SECTION to read  
5 as follows:

6 Each electric utility and rural electric cooperative is subject to the following:

7 (1) Any distributed generation from customer-generators with renewable energy  
8 generation that is interconnected and operated in parallel and in compliance with  
9 interconnection rules promulgated by the Public Utilities Commission shall be  
10 allowed. The rated capacity of the renewable energy generation may not exceed one  
11 hundred fifty kilowatts;

12 (2) If a customer-generator generates electricity in excess of the customer-generator's  
13 monthly consumption, all such excess energy, expressed in kilowatt hours, shall be  
14 carried forward from month-to-month and credited at a ratio of seventy percent  
15 against the charged rate of the customer-generator's kilowatt hour consumption;

16 (3) Within sixty days of the end of each calendar year, or within sixty days of when the  
17 customer-generator terminates its retail service, the electric utility shall compensate  
18 the customer-generator for any accrued excess kilowatt hour credits, at the electric  
19 utility's average hourly incremental cost of electricity supply over the most recent  
20 calendar year. However, the customer-generator may make a one-time election, in  
21 writing, on or before the end of a calendar year, to request that the excess kilowatt  
22 hours be rolled over as a credit from month-to-month indefinitely until the customer-  
23 generator terminates service with the electric utility, at which time no payment may  
24 be required from the electric utility for any remaining excess kilowatt hour credits

1 supplied by the customer-generator;

2 (4) An electric utility or rural electric cooperative shall provide to customer-generators  
3 electric service at nondiscriminatory rates that are identical, with respect to rate  
4 structure, retail rate components, and any monthly charges, to the rates that a  
5 customer-generator would be charged if not a customer-generator, including choice  
6 of retail tariff schedules; and

7 (5) An electric utility may not charge a customer-generator any fee or charge, or require  
8 additional equipment, insurance, or any other requirement not specifically authorized  
9 under this Act or the interconnection rules promulgated by the Public Utilities  
10 Commission, unless the fee, charge, or other requirement would apply to other  
11 similarly situated customers who are not customer-generators.

12 Section 3. That chapter 49-34A be amended by adding thereto a NEW SECTION to read  
13 as follows:

14 The following interconnection standards and related requirements apply to distributed  
15 generation systems:

16 (1) Any distributed generation system shall meet all applicable safety and performance  
17 standards as set forth by applicable statute and regulation;

18 (2) The customer-generator shall, at the customer-generator's expense, provide lockable  
19 switching equipment capable of isolating the distributed general system from the  
20 electric utility's or rural electric cooperative's system;

21 (3) The electric utility or rural electric cooperative is not liable directly or indirectly for  
22 any act or omission of the customer-generator that causes loss or injury, including  
23 death, to any third party; and

24 (4) The customer-generator shall carry applicable liability insurance, which may be

1 included in homeowner's insurance.