

Decision No. C23-0588

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO**

PROCEEDING NO. 16A-0436E

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IN THE MATTER OF THE APPLICATION OF BLACK HILLS COLORADO ELECTRIC INC. FOR (1) APPROVAL OF ITS 2016 ELECTRIC RESOURCE PLAN, AND (2) APPROVAL OF ITS 2018-2021 RES COMPLIANCE PLAN

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**COMMISSION DECISION GRANTING  
MOTION FOR APPROVAL OF BLACK HILLS  
COLORADO ELECTRIC 2022 RENEWABLE ENERGY  
STANDARD COMPLIANCE REPORT**

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Mailed Date: September 7, 2023  
Adopted Date: August 30, 2023

**I. BY THE COMMISSION**

**A. Statement**

1. This Decision grants Black Hills Colorado Electric, LLC's (Black Hills or Company) Motion for Approval of 2022 RES Compliance Report filed on June 1, 2023, pursuant to Rule 3662 of the Commission's Renewable Energy Standard (RES) Rules, 4 Code of Colorado Regulations (CCR) 723-3-3650, *et seq.* As discussed below, we find that Black Hills complied with the RES requirements in 2022 and that no hearing is necessary.

**B. Discussion**

2. Black Hills' 2018-2021 RES Plan was approved pursuant to Recommended Decision R17-0039, issued January 17, 2017, which became the final decision of the Commission. By Decision No. R21-0766, issued December 3, 2021, Black Hills was granted an

extension of its 2018-2021 RES Plan into 2022, during the pendency of its next RES Plan application in Proceeding No. 21V-0342E.

3. On June 1, 2023, Black Hills filed its 2022 RES Compliance Report pursuant to Rule 3662 of the Commission's RES Rules. The Commission issued a notice of the Company's filing of its RES Compliance Report on June 2, 2023, and thereby established a 30-day period for interested persons to submit comments in response to the RES Compliance Report. No comments were filed.

4. Rule 3663(a)(III) of the Commission's RES Rules requires Staff of the Commission (Staff) to review a utility's annual compliance report within 60 days of its filing and recommend to the Commission whether the utility complied with the RES during the compliance year, whether a hearing is necessary, and whether any changes to the report are needed.

5. On August 1, 2023, Staff filed its timely review of Black Hills' 2022 RES Compliance Report.

**C. Conclusions and Findings**

6. In accordance with the Electric Resource Standards of the Colorado Renewable Energy Standards (§ 40-2-124(1)(c)(I)(C), C.R.S.), Black Hills was required to generate 30 percent of its retail electric sales from eligible energy resources. The Company's retail sales for 2022 were 1,898,679 MWh. Therefore, the 30 percent of RES requirement is 569,604 MWh. Pursuant to the statute, Black Hills was required to generate three percent of its retail electric sales—amounting to 56,960 MWh—from renewable distributed generation (DG) resources. At least one-half of that—amounting to 28,480 MWh—must come from retail DG resources.

7. Consistent with the requirements in Commission Rule 3659, Black Hills generally demonstrates compliance with the RES through the retirement of renewable energy credits (RECs).<sup>1</sup> Each REC corresponds to 1 MWh of electricity generated from an eligible energy resource. Using this approach, Black Hills must show it retired a minimum of 569,604 RECs for the 2022 compliance year or demonstrate that it caused a certain number of MWh of electricity to be generated from eligible energy resources.

8. Based on its review of Black Hills' 2022 RES Compliance Report, Staff concluded that the Company retired sufficient RECs to comply with all aspects of the RES for the 2022 compliance year. Staff concluded therefore that no hearing is necessary.

9. The Commission finds that Black Hills is in compliance with the RES statute and rules for 2022. In addition to retiring the required RECs, Black Hills a) satisfied the requirements for renewable distributed generation during the most recently completed compliance year and b) has correctly calculated the on-going annual net incremental costs for new eligible energy resources under subparagraph 3662(a)(XVI).

10. The Commission will continue to assess compliance requirements with Senate Bill (SB) 21-261 and SB 21-272 statutory changes in future RES Compliance Plans.

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<sup>1</sup> Under Rule 3652, each REC is associated with 1 MWh of generation from a renewable energy resource. Additionally, under Rule 3654, for purposes of compliance with the RES, each kWh of eligible energy generated by an early eligible energy resource or generated by retail renewable distributed generation for which a QRU has entered into a purchase transaction prior to August 11, 2010 shall be counted as 1.25 kWh of eligible energy; each kWh of eligible energy generated from a community-based project shall be counted as 1.5 kWh of eligible energy; each kWh of eligible energy generated from a rural renewable project may be counted as 2 kWh of eligible energy subject to the restrictions on rural renewable projects in rule 3666; and a QRU may generate, or cause to be generated, and count eligible energy or RECs for compliance: a) For the compliance year immediately preceding the compliance year during which they were generated, provided that such eligible energy or RECs are generated no later than July 1 of the calendar year immediately following the end of the compliance year for which they are being counted; b) For the compliance year during which they were generated; or c) For the five compliance years immediately following the compliance year during which they were generated. For purposes of compliance with this RES, a QRU may substitute the equivalent RECs for eligible energy.

11. Based on Staff’s analysis submitted in this Proceeding, we find that Black Hills is not carrying forward any RECs in this compliance year.

**II. ORDER**

**A. The Commission Orders That:**

1. The Motion for Approval of 2022 Renewable Energy Standard (RES) Compliance Report filed by Black Hills Colorado Electric, LLC (Black Hills) on June 1, 2023, is granted, consistent with the discussion above.

2. Consistent with the discussion above, Black Hills is in compliance with the RES, including its distributed generation requirements, for the 2022 compliance year. Therefore, no hearing is necessary.

3. This Decision is effective on its Mailed Date.

(S E A L)



ATTEST: A TRUE COPY

Rebecca E. White,  
Director

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

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Commissioners