



UTILITIES CO.

A Division of MDU Resources Group, Inc.

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Bismarck, ND 58501
(701) 222-7900

June 29, 2018

Executive Secretary
North Dakota Public Service Commission
State Capitol Building
600 East Boulevard
Bismarck, ND 58505-0480

Re: 2017 Annual Renewable Energy Objective

Montana-Dakota Utilities Co. (Montana-Dakota), a Division of MDU Resources Group, Inc., hereby submits its report regarding progress made towards meeting North Dakota's renewable energy and recycled energy objective as required by NDCC 49-02-34.

Sincerely,

A handwritten signature in black ink that reads 'Tamie A. Aberle'.

Tamie A. Aberle
Director of Regulatory Affairs

**Montana-Dakota Utilities Co.
Renewable Energy Objective
Annual Report to the North Dakota Public Service Commission
June 29, 2018 Update**

Requirement

NDCC 49-02-34. Commencing on June 30, 2009, retail providers shall report annually on the provider's previous year's energy sales. This report must include information regarding qualifying electricity delivered and renewable energy and recycled energy certificates purchased and retired as a percentage of annual retail sales and a brief narrative report that describes steps taken to meet the objective over time and identifies any challenges or barriers encountered in meeting the objective. Retail providers shall report to the public service commission, which shall make data and narrative reports publicly available and accessible electronically on the internet. Distribution cooperatives may aggregate their reporting through generation and transmission cooperatives and municipal utilities may aggregate their reporting through a municipal power agency.

Report

Montana-Dakota Utilities Co. (Montana-Dakota) provides electric service to customers in portions of Montana, North Dakota, and South Dakota through an integrated electric system which has generation and transmission facilities in each of those states. Customer power supply needs are met through a resource portfolio consisting of Company-owned generation comprised of coal fired resources, natural gas peaking capacity, Midcontinent Independent System Operator, Inc. market purchases, renewable resources, purchased power contracts, and demand side management programs. Renewable energy requirements applicable to Montana-Dakota's integrated electric system are as follows:

- Montana Standard – For compliance years from 2015 and beyond, obtain a minimum of 15 percent of all retail sales of electrical energy within the state for the prior calendar year from eligible renewable resources with 8.8 MW required to be obtained from a Community Renewable Energy Project.
- North Dakota Objective – By the year 2015, obtain 10% of all retail sales of electrical energy within the state from renewable and recycled energy sources.
- South Dakota Objective – By the year 2015, obtain 10% of all retail sales of electrical energy within the state from renewable, recycled, and conserved energy.

The Company's electric retail sales in the State of North Dakota for the twelve month period ending December 31, 2017 were 2,057,356 MWh, representing approximately 68 percent of the Company's integrated system retail sales. As described further below, Montana-Dakota's generating resources produced 627,063 renewable energy credits (RECs) in 2017 with 427,669 RECs applicable to North Dakota. This resulted in 20.8 percent of the North Dakota retail load served from renewable resources. Montana-Dakota is selling the RECs allocated to North Dakota when cost effective to do so.

Proceeds from the sale of RECs are flowed through to customers through the Fuel and Purchased Power Adjustment.

Following is a description of the generating resources that supplied the REC's produced in 2017.

- In February 2008, Montana-Dakota commenced commercial operation of Diamond Willow, a 19.5 Megawatt facility located in Fallon County, Montana. An additional 10.5 Megawatt Diamond Willow expansion project commenced commercial operation on June 28, 2010. In calendar year 2017, the Diamond Willow facilities produced 93,609 RECs. This wind resource is registered on the Midwest Renewable Energy Tracking System (M-RETS) with a designated identifier of "M-152". The M-RETS Administrator issues one electronic Certificate for each MWh of energy generated by Diamond Willow and a unique serial number is assigned to each Certificate.
- In July 2009, Montana-Dakota began commercial operation of a 7.5 Megawatt waste heat recovery generating station on the Northern Border Pipeline near Glen Ullin, North Dakota. In calendar year 2017, the Glen Ullin facility produced 45,552 RECs. This resource is registered on the M-RETS system with a designated identifier of "M-535".
- On June 6, 2010, Montana-Dakota began commercial operation of Cedar Hills, a 19.5 MW wind facility located in Bowman County, North Dakota. In calendar year 2017, the Cedar Hills facility produced 59,360 RECs. This wind resource is registered on the M-RETS system with a designated identifier of "M-584".
- On December 31, 2015, Montana-Dakota began commercial operation of Thunder Spirt, a 107.5 MW wind facility located near Hettinger, North Dakota. In calendar year 2017, the Thunder Spirt facility produced 428,542 RECs. This wind resource is registered on the M-RETS system with a designated identifier of "M-980".