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May 7, 2018



Darrell Nitschke, Executive Secretary  
North Dakota Public Service Commission  
Department 408  
600 East Boulevard Avenue  
Bismarck, ND 58505-0480

**RE: 2017 ANNUAL RENEWABLE ENERGY OBJECTIVE STATUS REPORT**

This document is the report of Otter Tail Power Company, to the North Dakota Public Service Commission on the Company's efforts and status on compliance with the North Dakota Renewable and Recycled Energy Objective contained in Statutes §49-02-24 through §49-02-26 and §49-02-28 through §49-02-34. This report is required annually commencing on June 30, 2009.

In general, RECs are either retired or sold to demonstrate compliance with the various renewable energy standards and objectives in the states in which the Company operates and ensure an orderly and accurate accounting of RECs across the industry. Consistent with the letter from Commission staff dated May 6, 2016, where investor-owned utilities, including Otter Tail, were instructed to "established a systematic program to sell all RECs remaining after 2015 and all RECs generated after 2015", the company plans to continue to sell all or as many of the North Dakota RECs as possible that are generated each year going forward. No RECs will be retired in 2017 or beyond for North Dakota REO compliance. The Company will pass all North Dakota allocated REC sale proceeds on to North Dakota customers.

Since May 1, 2010 the Company has sold over 2 million North Dakota RECs generated during the 2008-2017 period, producing North Dakota customer credits exceeding \$1.6 million. In future years, we will continue to look for optimal sale opportunities in the REC market for our inventory of North Dakota RECs, and timely sell them for the benefit of our retail customers.

If you have any questions regarding information contained in the attached report, please feel free to contact me at 218-739-8477 or [rsynsteliem@otpc.com](mailto:rsynsteliem@otpc.com) or Carol Westergard at 218-739-8883 or [cwestergard@otpc.com](mailto:cwestergard@otpc.com).

Sincerely,

/s/ RANDY SYNSTELIEN  
Principal Resource Planner  
Resource Planning

ljh  
Enclosures  
By electronic filing and U.S. Mail

## **INTRODUCTION**

Pursuant to North Dakota Century Code §49-02-34, Otter Tail Power Company (Otter Tail or Company), makes this information filing electronically to the North Dakota Public Service Commission. This filing is the Company's eighth annual report on efforts to meet the state renewable and recycled energy objective that 10% of all electricity sold at retail be obtained from renewable and recycled energy sources by 2017.<sup>1</sup>

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<sup>1</sup> North Dakota Century Code §49-02-28.

## NORTH DAKOTA RENEWABLE AND RECYCLED ENERGY

The following data is for the January 1, 2017 – December 31, 2017 time period. The data assumes that energy from renewable energy resources is allocated across the Otter Tail system based on retail sales kWh. The exception to this allocation methodology is that *TailWinds* energy is based on the amount of wind energy sold under the green pricing program in North Dakota. Pursuant to North Dakota Century Code §49-02-34, the hydroelectric energy shown in the table below does not count toward compliance, but can be subtracted from retail sales before calculating the percentage of compliance.

<b>North Dakota Renewable and Recycled Energy MWh Generated During the Period January 1, 2017 – December 31, 2017</b>			
<b>Resource</b>	<b>Total kWh</b>	<b>ND Percentage<sup>2</sup></b>	<b>ND kWh</b>
FPLE ND Wind II	53,149,433	37.02%	19,677,276
Customer A	9,514,989	37.20%	3,539,482
FPLE Langdon	82,206,936	37.05%	30,457,372
OTP Langdon	161,593,295	37.05%	59,878,154
Ashtabula Wind	161,449,342	37.11%	59,918,433
Luverne Wind	183,303,797	37.07%	67,946,677
North Dakota <i>TailWinds</i>	519,842	100.0%	398,942
OTP Owned Hydro	25,128,461	36.91%	9,274,644
WAPA Hydro	29,870,429	37.04%	11,063,748 <sup>3</sup>
Ashtabula Wind III	227,103,765	37.09%	84,240,523
GSA, Pembina	1,344,046	37.02%	497,536
Small DG in M-RETS	24	36.10%	9

<sup>2</sup> Energy is allocated to jurisdictions based on monthly jurisdictional retail sales.

<sup>3</sup> The WAPA hydroelectric energy is an allocation to five Native American tribes.

<b>North Dakota Renewable and Recycled Energy Compliance January 1, 2017 – December 31, 2017</b>	
North Dakota Retail Sales	1,776,017,375 kWh
Less Hydro Energy Adjustment	-20,338,392
Net ND Retail Sales for REO Compliance	1,755,678,983
North Dakota Renewable Energy	326,554,404
<sup>4</sup> ND REO Compliance Percentage Potential	18.60%
ND REO RECs Retired for 2017 Compliance	0

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<sup>4</sup> OTP may sell RECs to third parties. RECs sold to third parties would not be eligible for regulatory compliance.