

MEMORANDUM

To: Commissioners Kroshus, Fedorchak and Christmann

Fr: Adam Renfandt

Re: 3/4/2020 Consent Agenda, Case No. PU-20-066, Otter Tail Updated Cogeneration/Small Power Production Rates

On January 31, 2020, Otter Tail Power Company (Otter Tail) filed its annual update of cogeneration and small power production rate schedules as required under the federal Public Utilities Regulatory Policies Act of 1979 (PURPA) and Commission rules. These rate schedules provide standard rates for purchase of energy and generating capacity from small customer-owned Qualifying Facilities (QFs) as defined under PURPA. PURPA originally obligated utilities to purchase electricity delivered by QFs at a price equal to the costs the utility would have paid to generate the electricity itself or purchase it elsewhere (avoided costs). However, amendments to PURPA under the Energy Policy Act of 2005 allow FERC to relieve utilities of that purchase obligation if the FERC finds that the QF has access to energy markets such as the MISO energy market. Otter Tail has not been relieved.

The filing includes revised tariff rates for Otter Tail's Small Power Producer Occasional Energy Delivery Service (net billing), Time of Delivery Energy Service and Dependable Service. Metering charges are unchanged. The proposed energy payments increased for net billing. The proposed on-peak energy payments decreased and the proposed off-peak energy payments increased for Time of Delivery Energy Service and Dependable Service. Renewable Energy Credit (REC) payments are additional in each of the three tariffs. The REC payments increased from \$0.048/kWh to \$0.065/kWh, and solar REC payments decreased from \$0.173/kWh to \$0.150/kWh.

Otter Tail reports four wind turbine generators and one solar generator under net billing, two solar customers under the Time of Delivery Energy Service schedule, and none under Dependable Service. If all customers' energy production remains the same in 2020 as the prior year, customers under the two schedules will receive a slight increase in payments.

I recommend the Commission approve the filing.