

215 South Cascade Street
PO Box 496
Fergus Falls, Minnesota 56538-0496
218 739-8200
www.otpc.com (web site)



January 14, 2021

Mr. Steve Kahl
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard Dept. 408
Bismarck, ND 58505

**PUBLIC DOCUMENT – NOT PUBLIC
(OR PRIVILEGED) DATA HAS BEEN EXCISED**

**RE: In the Matter of Small Power Production and Cogeneration Rates for Otter Tail Power Company
Case No. PU-21-
Initial Filing**

Dear Mr. Kahl:

Annually, Otter Tail Power Company (Otter Tail) updates rate schedules 12.01, 12.02, and 12.03, Small Power Producer purchased power rates. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities.

At the same time Otter Tail is updating RECs and SRECs values for the 2021. In addition, Otter Tail is also including the required annual report per North Dakota Administrative Code 69-09-07-09 (3) and updated capacity payments per 69-09-07-09 (3)(b)(2).

The date of this filing is January 14, 2021. The proposed effective date, with Commission approval, for these rates is with billings on or after April 1, 2021. Please note that we plan to continue to file this annually on a calendar basis.

Enclosed is an original and seven copies of the filing along with the \$50.00 filing fee.

An electronic copy of this filing is being sent to you at ndpsc@nd.gov.
If you have any questions, please contact me at (218) 739-8799 or sfedje@otpc.com.

Sincerely,

/s/ SVETLANA A. FEDJE
Svetlana A. Fedje
Pricing Analyst
Regulatory Administration

cjh
Enclosures
By electronic filing

An Equal Opportunity Employer

1 PU-21-26 Filed 01/19/2021 Pages: 13
Small power producer purchased power rate schedule - redacted
Otter Tail Power Company
Svetlana Fedje, Pricing Analyst

**STATE OF NORTH DAKOTA
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of Otter Tail Power
Company's Rates for Small Power
Production and Cogeneration

Case No. PU-21-
APPLICATION

I. INTRODUCTION

Otter Tail Power Company (Otter Tail or the Company) hereby files with the North Dakota Public Service Commission (Commission) proposed annual changes to the Small Power Production and Cogeneration rate schedules 12.01, 12.02, and 12.03. These rate schedules set forth the rates under which Otter Tail is obligated to purchase energy and capacity from qualifying facilities (QFs) under North Dakota Administrative Code, Chapter 69-09-07.

II. GENERAL FILING INFORMATION

A. Name, address, and telephone number of the utility making the filing.

Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8200

B. Name, address, and telephone number of the attorney for Otter Tail.

Cary Stephenson
Associate General Counsel
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
Phone (218) 739-8956

C. The date of the filing and the date that Otter Tail proposes the rate or service change to go into effect.

The date of this filing is January 14, 2021. Otter Tail proposes that the updated rates for small power production and cogeneration, contained herein, go into effect as of April 1, 2021 or on the first day of the following month upon Commission approval.

D. State and/or administrative rule which Otter Tail believes controls the reason for, and the timing of, the filing.

Otter Tail believes that this filing is controlled by North Dakota Administrative Code § 69-09-07-08 regarding obligations to QFs and North Dakota Administrative Code § 69-09-07-09, which among other things requires that rates for purchase be just, reasonable, in the public interest, and not discriminate against qualifying cogeneration and small power production facilities.

Otter Tail is not aware of any specific statutory or administrative rule governing the timing of this filing. Although North Dakota Administrative Code § 69-09-02-01(2) prescribes that all proposed changes in rates for the furnishing of electric service by a utility must be filed with the Commission 30 days prior to its effective date, there is no comparable rule for the filing of changes in the rates charged by QFs.

III. DESCRIPTION OF AND PURPOSE OF FILING

In this application, Otter Tail is proposing to update the energy and capacity payments¹ and the Renewable Energy Credits (RECs) a/k/a Renewable Energy Certificates for both wind and solar REC's to 2021 values. These updates are typical and have occurred routinely in previous filing updates

As reflected in our supporting documents (Attachment 1, Attachment 2 and Attachment 3), the calculated proposed avoided energy payments show a reduction in on-peak and in the off-peak prices from last year's approved filing. The reduction is driven by noticeably lower assumptions compared to the prior resource plan for (1) the market energy price forecast, and 2) the natural gas price forecast. Currently we do not have a deficit in the 10-year load forecast, given the current legal standards.² The capacity rate is zero because no capacity costs are avoided. And lastly, the payments for wind REC's decreased and the Solar REC's remained unchanged. Please see Attachment 3 for the calculations of the rates for all REC payment options for facilities that are renewable.

Because Otter Tail is currently in a Wind REC surplus scenario, Otter Tail sells excess Wind RECs not needed for state REO/RES compliance. Otter Tail calculates the REC's value, proposed for the payments in this filing, based on the average actual REC's net sales/purchases

¹ There is no change since last year.

² **69-09-07-09. Rates for purchases** Qualifying facilities are entitled to payment for avoided capacity when utility load forecasts project capacity deficits within ten years and the qualifying facility has entered into a power supply contract with the utility that extends into projected deficit period.

executed by Otter Tail in the prior, 2020 calendar year, which reflect a slight change in Wind REC payments. In 2020, Otter Tail purchased Solar REC's, similar to last year's filing.

The REC's value is paid to the customer who sells renewable energy to Otter Tail. By paying the customer the REC's value, Otter Tail owns the REC associated with the energy received from the renewable generator. Customers who choose not to receive a REC payment from Otter Tail retain REC ownership. Otter Tail endeavors to update the value of the RECs at the same time the avoided cost updates are filed. This filing includes both Red-line and Final versions of the proposed rate schedules (Section 12.01, 12.02 and 12.03).

IV. CONCLUSION

Based on the foregoing, Otter Tail respectfully requests that the proposed modifications to our Small Power Rate Schedules, Sections 12.01, 12.02, and 12.03, become effective as of April 1, 2021

Dated: January 14, 2021

Respectfully submitted,

OTTER TAIL POWER COMPANY

/s/ SVETLANA A. FEDJE

Svetlana A. Fedje

Pricing Analyst

Regulatory Administration

215 South Cascade Street

P.O. Box 496

Fergus Falls, MN 56538-0496

Phone (218) 739-8799

sfedje@otpc.com

North Dakota Small Power Producers
Total Monthly Energy Produced
Year: 2020

Premise	Rate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
002571	N920	0	0	0	0	0	0	0	0	0	0	0	0	0
003176	N920	-5,337	-301	-560	-813	-902	-104	0	-1	-105	-444	-281	-230	-9,078
003248	N920	0	0	0	0	0	0	0	0	0	0	0	0	0
010198	N920	0	0	0	0	0	0	0	0	0	0	0	0	0
012158	N920	0	0	0	0	-140	-1,440	-2,680	-2,100	-1,020	-300	0	0	-7,680
013216	N930	-450	-850	-2,450	-5,100	-5,750	0	-16,200	-8,150	-5,500	-5,300	-2,250	-1,350	-53,350
016931	N930	0	0	0	0	0	0	0	0	0	0	0	0	0
		-5,787	-1,151	-3,010	-5,913	-6,792	-1,544	-18,880	-10,251	-6,625	-6,044	-2,531	-1,580	-70,108

- : This indicates no generation measured from the customers generator

CAPACITY PAYMENT SCHEDULE FOR RATE 12.03

OTTER TAIL POWER COMPANY

Year of Filing		2021
Year of Deficit	N/A	
Inflation Rate		0.03
Cost of Capital		0.0734
Project Life	N/A	

Contract Term	Multiplier	\$/kW-Month Gross Capacity Rate	\$/kW-Month Net Capacity Rate	\$/kW-Month Net Levelized Rate
1	0.0000	\$0.00	\$0.00	\$0.00
2	0.0000	\$0.00	\$0.00	\$0.00
3	0.0000	\$0.00	\$0.00	\$0.00
4	0.0000	\$0.00	\$0.00	\$0.00
5	0.0000	\$0.00	\$0.00	\$0.00
6	0.0000	\$0.00	\$0.00	\$0.00
7	0.0000	\$0.00	\$0.00	\$0.00
8	0.0000	\$0.00	\$0.00	\$0.00
9	0.0000	\$0.00	\$0.00	\$0.00
10	0.0000	\$0.00	\$0.00	\$0.00
11	0.0000	\$0.00	\$0.00	\$0.00
12	0.0000	\$0.00	\$0.00	\$0.00
13	0.0000	\$0.00	\$0.00	\$0.00
14	0.0000	\$0.00	\$0.00	\$0.00
15	0.0000	\$0.00	\$0.00	\$0.00
16	0.0000	\$0.00	\$0.00	\$0.00
17	0.0000	\$0.00	\$0.00	\$0.00
18	0.0000	\$0.00	\$0.00	\$0.00
19	0.0000	\$0.00	\$0.00	\$0.00
20	0.0000	\$0.00	\$0.00	\$0.00
21	0.0000	\$0.00	\$0.00	\$0.00
22	0.0000	\$0.00	\$0.00	\$0.00
23	0.0000	\$0.00	\$0.00	\$0.00
24	0.0000	\$0.00	\$0.00	\$0.00
25	0.0000	\$0.00	\$0.00	\$0.00
26	0.0000	\$0.00	\$0.00	\$0.00
27	0.0000	\$0.00	\$0.00	\$0.00
28	0.0000	\$0.00	\$0.00	\$0.00
29	0.0000	\$0.00	\$0.00	\$0.00
30	0.0000	\$0.00	\$0.00	\$0.00
31	0.0000	\$0.00	\$0.00	\$0.00
32	0.0000	\$0.00	\$0.00	\$0.00
33	0.0000	\$0.00	\$0.00	\$0.00
34	0.0000	\$0.00	\$0.00	\$0.00
35	0.0000	\$0.00	\$0.00	\$0.00



**SMALL POWER PRODUCER RIDER
 OCCASIONAL DELIVERY ENERGY SERVICE**
 (Commonly identified as Net Energy Billing)

DESCRIPTION	RATE CODE
Base Avoided Costs	N920
Renewable Energy Credit	N991
Solar Renewable Energy Credit	N993

RULES AND REGULATIONS: Terms and conditions of this rider and the General Rules and Regulations govern service of this schedule.

AVAILABILITY: Available to any Qualifying Facility not exceeding 100 kW of generating Capacity.

METERING CHARGE: \$1.40 per month

PAYMENT SCHEDULES:

DESCRIPTION	ENERGY CREDIT
Base Avoided Costs	2.2842441 ¢ per kWh
	REC RATE
Renewable Energy Credit	0.065054 ¢ per kWh
Solar Renewable Energy Credit	0.15¢ per kWh

R
R

SPECIAL CONDITIONS OF SERVICE: The Customer will be required to sign a contract, agreeing to terms and conditions specified for small power producers. The minimum term of the contract is 12 months.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

NORTH DAKOTA PUBLIC
 SERVICE COMMISSION
 Case No. PU-~~20-6621-~~
 Approved by order dated ~~March 4, 2020~~

EFFECTIVE with bills rendered on
 and after April 1, ~~2020~~2021, in North Dakota
 APPROVED: Bruce G. Gerhardson
 Vice President, Regulatory Affairs



**SMALL POWER PRODUCER RIDER
 OCCASIONAL DELIVERY ENERGY SERVICE**
 (Commonly identified as Net Energy Billing)

DESCRIPTION	RATE CODE
Base Avoided Costs	N920
Renewable Energy Credit	N991
Solar Renewable Energy Credit	N993

RULES AND REGULATIONS: Terms and conditions of this rider and the General Rules and Regulations govern service of this schedule.

AVAILABILITY: Available to any Qualifying Facility not exceeding 100 kW of generating Capacity.

METERING CHARGE: \$1.40 per month

PAYMENT SCHEDULES:

DESCRIPTION	ENERGY CREDIT
Base Avoided Costs	2.284¢ per kWh
	REC RATE
Renewable Energy Credit	0.054¢ per kWh
Solar Renewable Energy Credit	0.15¢ per kWh

R
R

SPECIAL CONDITIONS OF SERVICE: The Customer will be required to sign a contract, agreeing to terms and conditions specified for small power producers. The minimum term of the contract is 12 months.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

NORTH DAKOTA PUBLIC
 SERVICE COMMISSION
 Case No. PU-21-
 Approved by order dated

EFFECTIVE with bills rendered on
 and after April 1, 2021, in North Dakota

APPROVED: Bruce G. Gerhardson
 Vice President, Regulatory Affairs



**SMALL POWER PRODUCER RIDER
 TIME OF DELIVERY ENERGY SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs	N930
Renewable Energy Credit	N991
Solar Renewable Energy Credit	N993

AVAILABILITY: This rider is available to any Qualifying Facility not exceeding 100 kW of generating Capacity. This rider is available to any Qualifying Facility exceeding 100 kW upon the approval of the Company. The Company reserves the right to require the Qualifying Facility to sign an Agreement.

METERING CHARGE: \$12.85 per month

PAYMENT SCHEDULE:

DESCRIPTION	ENERGY CREDIT ON-PEAK	ENERGY CREDIT OFF-PEAK
Based Avoided Costs		
Summer	2.700 <u>2.601</u> ¢ per kWh	1.950 <u>1.751</u> ¢ per kWh
Winter	2.850 <u>2.640</u> ¢ per kWh	2.178 <u>2.032</u> ¢ per kWh
Renewable Energy Credit	0. 065 <u>054</u> ¢ per kWh	0. 065 <u>054</u> ¢ per kWh
Solar Renewable Energy Credit	0.15 ¢ per kWh	0.15 ¢ per kWh

R
R
R

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.



**SMALL POWER PRODUCER RIDER
 TIME OF DELIVERY ENERGY SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs	N930
Renewable Energy Credit	N991
Solar Renewable Energy Credit	N993

AVAILABILITY: This rider is available to any Qualifying Facility not exceeding 100 kW of generating Capacity. This rider is available to any Qualifying Facility exceeding 100 kW upon the approval of the Company. The Company reserves the right to require the Qualifying Facility to sign an Agreement.

METERING CHARGE: \$12.85 per month

PAYMENT SCHEDULE:

DESCRIPTION	ENERGY CREDIT ON-PEAK	ENERGY CREDIT OFF-PEAK
Based Avoided Costs		
Summer	2.601¢ per kWh	1.751¢ per kWh
Winter	2.640¢ per kWh	2.032¢ per kWh
Renewable Energy Credit	0.054 ¢ per kWh	0.054 ¢ per kWh
Solar Renewable Energy Credit	0.15 ¢ per kWh	0.15 ¢ per kWh

R
R
R

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.



**SMALL POWER PRODUCER RIDER
 DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs	N940
Renewable Energy Credit	N991
Solar Renewable Energy Credit	N993

AVAILABILITY: Available to any Qualifying Facility which is capable of delivering power and Energy to the Company on a dependable basis with Generation Capacity of 1,000 kW or less.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

METERING CHARGE: \$12.85 per month

PAYMENT SCHEDULE:

DESCRIPTION	ENERGY CREDIT ON-PEAK	ENERGY CREDIT OFF-PEAK
Based Avoided Costs		
Summer	2.700 <u>2.601</u> ¢ per kWh	1.950 <u>1.751</u> ¢ per kWh
Winter	2.850 <u>2.640</u> ¢ per kWh	2.178 <u>2.032</u> ¢ per kWh
Renewable Energy Credit	0. 065 <u>054</u> ¢ per kWh	0. 065 <u>054</u> ¢ per kWh
Solar Renewable Energy Credit	0. . <u>.15</u> ¢ per kWh	0. . <u>.15</u> ¢ per kWh

R
R
R



**SMALL POWER PRODUCER RIDER
 DEPENDABLE SERVICE**

DESCRIPTION	RATE CODE
Base Avoided Costs	N940
Renewable Energy Credit	N991
Solar Renewable Energy Credit	N993

AVAILABILITY: Available to any Qualifying Facility which is capable of delivering power and Energy to the Company on a dependable basis with Generation Capacity of 1,000 kW or less.

MANDATORY AND VOLUNTARY RIDERS: The amount of a bill for service will be modified by any Mandatory Rate Riders that must apply or Voluntary Rate Riders selected by the Customer, unless otherwise noted in this rider. See Sections 12.00, 13.00 and 14.00 of the North Dakota electric rates for the matrices of riders.

METERING CHARGE: \$12.85 per month

PAYMENT SCHEDULE:

DESCRIPTION	ENERGY CREDIT ON-PEAK	ENERGY CREDIT OFF-PEAK
Based Avoided Costs		
Summer	2.601¢ per kWh	1.751¢ per kWh
Winter	2.640¢ per kWh	2.032¢ per kWh
Renewable Energy Credit	0.054¢ per kWh	0.054¢ per kWh
Solar Renewable Energy Credit	0.15¢ per kWh	0.15¢ per kWh

**R
R
R**

NORTH DAKOTA PUBLIC
 SERVICE COMMISSION
 Case No. PU-21-
 Approved by order dated

EFFECTIVE with bills rendered on
 and after April 1, 2021, in North Dakota

APPROVED: Bruce G. Gerhardson
 Vice President, Regulatory Affairs