

MEMORANDUM

To: Commissioners Julie Fedorchak, Randy Christmann, and Sheri Haugen-Hoffart

Fr: Adam Renfandt

Re: February 24, 2022, Cogeneration - Small Power Production, Rates, Case No. PU-22-62

On January 31, 2022, 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. Avoided energy payments in all schedules declined slightly. Renewable energy credits in the net billing schedule also declined slightly.

Otter Tail proposes to give customers the option to install a production meter, which will measure the total kWh production during the billing period. Such a meter will not, however, provide information based on time-of-day or seasonal usage. However, it will allow customers to track their production, and the meter is optional. Lastly, the filing corrects typos in the headers to the rate schedules.

Otter Tail has five customers under net billing and four customers under the Time of Delivery Energy Service tariff.

Staff appreciates the quality of Otter Tail's explanations along with the included background information. Staff has reviewed the filing, and recommends the Commission approve the filing.