

## MEMORANDUM

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

Fr: Chris Hanson

Date: March 14, 2023

Re: Otter Tail Power, Cogeneration - Small Power Production, Rates, Case No. PU-23-43

On January 30, 2023, 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 increased related to load growth and higher forecasted natural gas and forecasted energy prices. Renewable energy credits in the net billing schedule all declined slightly.

Additionally, this filing clarified the language of the tariffs to eliminate confusion with net metering and to properly identify the customer charge vs. metering charge.

The number of customers utilizing this rate declined from five to four customers under net billing and continued to have four customers under the Time of Delivery Energy Service tariff. Overall production increased from 82MWh to 94MWh.

Staff has reviewed the filing, and recommends the Commission approve the filing.