

NOTICE OF COMMENT PERIOD

Issued: January 23, 2025

In the Matter of Otter Tail Power Company's Plan to Meet the Small-Scale SES Compliance

PUC Docket Number(s): E-017/M-23-338

Comment Period: Initial comment period closes February 24, 2025 at 4:30pm
Reply comment period closes March 7, 2025 at 4:30pm

Comments received after the close of the comment period may or may not be considered by the Commission.

Issue: Should the Commission approve Otter Tail's plan to achieve future SES compliance with the small-scale solar carve-out requirement?

Topic(s) Open for Comment:

- Should the Commission approve Otter Tail's plan to achieve future SES compliance with the small-scale solar carve-out requirement, including Otter Tail's investment in up to fifteen Otter Tail-owned solar projects under 40 kilowatts?
- Should the Commission approve Otter Tail's plan to create a customer program, called Customer Hosted Solar, which allows the Company to build, operate and own up to forty small-scale systems placed only on customer property constructed during a ten-year period from 2026 through 2035?
- Should the Commission approve Otter Tail's request to authorize future cost recovery of the Company-owned small solar projects through the Renewable Resource Cost Recovery rider, as described in the plan?
- Are there other issues or concerns related to this matter?

Background

On July 19, 2023, Otter Tail Power Company (OTP or Company) filed its plan to meet the Solar Energy Standard's (SES) Small-Scale Solar requirement (also known as the SES "small scale carve-out") in accordance with the Commission's April 3, 2023, Order¹ (Order) in Docket No. E999/PR-22-12, which required the Company to file a plan to achieve future compliance with the small-scale solar

¹ Commission's April 3, 2023 Order *In the Matter of Commission Consideration and Determination of Compliance with Renewable Energy Standards for Year 2021*. Docket No. E999/PR-22-12.

carve-out requirement. OTP's plan² to meet the SES small scale carve-out's requirements focuses on maximizing community-owned solar projects by utilizing federal direct pay credits, Minnesota Solar for Schools and Public Building funding, Publicly Owned Property (POP) funding through the ECO program, Federal Inflation Reduction Act (IRA) funding, and a proposed Guaranteed Energy Production Program (GEPP). In addition to public buildings, OTP proposes to supplement the public projects with up to fifteen projects owned by the Company.

Minn. Stat. § 216B.1691, subd. 2f requires public utilities to generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5% of a public utility's total retail electric sales to customers in Minnesota is generated from solar energy. Public utilities with more than 200,000 retail customers are also subject to the SES small scale carve-out, which requires these utilities to meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less by 2020. In 2020, the first compliance year for the SES, Otter Tail complied with the small-scale requirements. In the 2021 compliance year, Otter Tail partially complied with its small-scale SES requirements through the purchase and retirement of solar renewable energy credits (SRECs). The Commission's April 2023 Order stated the Company did not reach the small-scale SES requirement for 2021 and ordered OTP to "file a plan to achieve future compliance with the small-scale solar carve-out requirement."

The Commission's January 26, 2024 Order in the current docket included five ordering points. Order Point 2 approved the Company's proposal to invest in up to fifteen OTP-owned small, 40 kilowatts or less, solar projects. Order Point 4 "authorized OTP to recover future costs of OTP-owned small-solar projects through the RRCR rider with a full allocation to Minnesota of the output and costs (with a resulting reduction of the market energy purchases and costs), subject to Commission review and approval of specific costs to be presented by OTP in a future petition under Minn. Stat. § 216.1645, subd. 2a, or in a general rate case."

Otter Tail filed its compliance filing on December 18, 2024, with its plan to achieve future SES compliance with the small-scale solar carve-out requirement. On December 30, 2024, Otter Tail filed its SES Status Update. OTP's proposal included building 15 additional company-owned small-scale solar projects in 2025 and the Customer Hosted Solar Program which includes a proposed forty small-scale solar systems on customer properties from 2026 through 2035.

Filing Requirements: Utilities, telecommunications carriers, official parties, and state agencies are **required** to efile documents using the Commission's electronic filing system (eFiling). All parties, participants, and interested persons are encouraged to use eFiling at:
<https://www.edockets.state.mn.us/EFiling>

Submit Public Comments:

Online: <https://mn.gov/puc/get-involved/public-comments/>, and follow the instructions.

² Otter Tail Power Company *Initial Filing – Solar Energy Standard (SES)*. Docket No. E017/M-23-338

Email: consumer.puc@state.mn.us

U.S. Mail: Consumer Affairs Office
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul MN 55101

Full Case Record: See all documents filed in this matter on the Commission's website at: mn.gov/puc/edockets, select *Go to eDockets Project Database*, enter 23-338 with hyphen and select *Search*.

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Questions about this docket or Commission process and procedure? Contact Commission staff, Nikki Brown-Huss, at Nikki.brown-huss@state.mn.us.

Change your mailing preferences: Email docketing.puc@state.mn.us or call Leesa Norton at 651-201-2246.

To request this document in another format such as large print or audio, call 651-296-0406 (voice). Consumers with a hearing or speech impairment may call using their preferred Telecommunications Relay Service or email consumer.puc@state.mn.us for assistance.

CERTIFICATE OF SERVICE

I, Robin Benson, hereby certify that I have this day, served a true and correct copy of the following document to all persons at the addresses indicated below or on the attached list by electronic filing, electronic mail, courier, interoffice mail or by depositing the same enveloped with postage paid in the United States mail at St. Paul, Minnesota.

Minnesota Public Utilities Commission NOTICE OF COMMENT PERIOD

Docket Number: **E017/M-23-338**

Dated this **23rd** day of **January, 2025**

/s/ Robin Benson

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