

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



February 16, 2023

Mr. Will Seuffert  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
St. Paul, MN 55101-2147

**RE: In the Matter of Otter Tail Power Company's 2022-2036 Resource Plan  
Docket No. E017/RP-21-339  
Supplemental Letter Filing to Address 100 Percent Clean Energy  
Legislation, Enacted February 6, 2023**

Dear Mr. Seuffert:

Otter Tail Power Company (Otter Tail) submits this Letter in the above-referenced docket to address the recently enacted Minnesota 100 percent Clean Energy Law.

At its February 2, 2023, regular agenda meeting, the Commission discussed the procedural schedule for this Resource Plan docket. No specific Commission action was taken on this docket at that meeting, but there was an indication from Commissioners that Otter Tail should address in this proceeding the 100 percent clean energy legislation then pending in the Minnesota legislature.

Four days later, on February 6, 2023, the bill passed, and Minnesota Governor Tim Walz signed into law the 100 percent Clean Energy Law (Minnesota Clean Energy Law.) The law requires a transition to 100 percent carbon-free energy for all Minnesota electric customers by 2040.

**I. The new Minnesota Clean Energy Law does not change the analysis that supports the addition of onsite fuel inventory facilities at Astoria Station.**

The Clean Energy Bill in Minnesota mandates a transition to 100 percent carbon-free energy by 2040. The relevant subdivision of Minn. Stat. §216B.1691, reads:

*Subd. 2g. **Carbon-free standard.** In addition to the requirements under subdivisions 2a and 2f, each electric utility must generate or procure sufficient electricity generated from a carbon-free energy technology to provide the electric utility's retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that the electric utility generates or procures an amount of electricity from carbon-free energy technologies that is equivalent to at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota by the end of the year indicated:*

|            |             |   |
|------------|-------------|---|
| <i>(1)</i> | <i>2030</i> | <i>80 percent for public utilities; 60 percent for other electric utilities</i> |
| <i>(2)</i> | <i>2035</i> | <i>90 percent for all electric utilities</i>                                    |
| <i>(3)</i> | <i>2040</i> | <i>100 percent for all electric utilities.</i>                                  |

Minn. Stat. §216B.1691, Subd. 4 (as amended by the Minnesota Clean Energy Law) explains that renewable energy credits may be utilized to comply with the carbon-free requirements:

*... (b) In lieu of generating or procuring energy directly to satisfy a standard obligation under subdivision 2a, 2f, or 2g, an electric utility may utilize renewable energy credits allowed under the program to satisfy the standard.*

Otter Tail forecasts our owned renewable generation will allow us to comply with this legislation, and it is therefore not expected to materially alter our preferred plan (to be submitted by March 31, 2023.) A detailed application of the Minnesota Clean Energy Law to all the resources of the preferred plan will be described in that filing.

Additionally, and specifically applicable to our request for authority to add onsite fuel inventory at Astoria Station, the Minnesota Clean Energy Law does not affect our request. It does not affect our request because: (1) it will not change Otter Tail's total electric sales to retail customers in Minnesota, and (2) it will not reduce the amount of electricity we will generate from carbon-free energy technologies from which we will provide electricity to those customers. The analysis supporting onsite fuel inventory at Astoria Station is not, therefore, affected by the Minnesota Clean Energy Law.

Effectively, the Minnesota Clean Energy Law requires retirement of renewable energy credits (REC) for each kWh sold to Otter Tail's Minnesota customers. The new law does not require any specific disposition of existing fossil fuel generation plants, nor does it forbid investment in fossil fuel plants. Even more importantly, it does not alter a utility's obligation to reliably deliver electricity to Minnesota customers, and it does not alter the several factors under which integrated resource plans are to be evaluated. The factors of reliability and flexibility are of utmost importance, especially considering the ambition of the new law. The success (or failure) of the Minnesota Clean Energy Law will largely depend on whether utilities, the Commission and other stakeholders are able to achieve compliance without disruptions to reliability.

As noted, compliance is achieved under the 100 percent carbon-free obligation of the Minnesota Clean Energy Law if the energy delivered to Minnesota customers is accompanied by a corresponding quantity of RECs that can be retired on their behalf.<sup>1</sup> Otter Tail is uniquely (and well) positioned to comply with this 100 percent carbon-free obligation. We have significant renewable generation already in our fleet relative to the quantity of energy we deliver to our Minnesota customers. Right now, with our current generation fleet, we have enough renewable generation to cover about 54 percent of our energy sales to Minnesota customers. This is before we add the Hoot Lake Solar project, currently under construction. After Hoot Lake Solar comes on-line later in 2023, the 54 percent will increase to 57 percent.

We also expect a significant amount of renewable generation will be included in our pending plan, and we therefore estimate that by 2030 we will be able to cover more than 100 percent of our Minnesota sales with RECs produced by our own generation resources. By 2040, we estimate that we will be able to deliver even more carbon-free generation to cover our Minnesota sales. This is largely possible for Otter Tail because our generation fleet is built to serve about 135,000 customers, only about half of whom are in Minnesota. As has been noted by other utilities; REC purchases, allocation and retirement are the method by which they expect to satisfy the new Minnesota Clean Energy Law. In our case, we similarly expect to comply through this approach, but we are in the unique position that our current plan will likely allow us to do so without having to procure credits from any third-party source.<sup>2</sup>

For these reasons, the new Minnesota Clean Energy Law does not alter the analysis that supports the addition of onsite fuel inventory at the Astoria station. It remains a prudent investment for Otter Tail's Minnesota customers.

**II. The Astoria Onsite Fuel Inventory Project significantly improves risk-mitigation, reliability and rate-certainty, and those attributes are increasing in significance as volatility in the energy marketplace grows.**

The Astoria Onsite Fuel Inventory Project:

- Fulfills the criteria set forth in Minnesota Rule 7843.0500 which evaluates the resource option's ability to maintain or improve reliability, keep rates low, minimizes adverse socioeconomic and environmental impacts, and respond to changes while managing risk;
- Provides rate certainty for customers by protecting against unmanageable large and disruptive financial impacts from natural gas and energy market price spikes;
- Improves the adequacy and reliability of the system by ensuring fuel availability for Astoria Station even during transient events.

---

<sup>1</sup> Otter Tail's 2023 forecasted Minnesota sales are about 2,700 GWh.

<sup>2</sup> Otter Tail's South Dakota jurisdiction requires retirement of RECs equivalent to 10 percent of sales. Otter Tail's North Dakota jurisdiction requires we sell any North Dakota allocated RECs.

The project fulfills the criteria set forth in Minnesota Rule 7843.0500 for which a resource option should be evaluated by the Commission. While a calculation of lowest net present value of revenue requirements through capacity expansion modelling is an important consideration, it is not the only consideration. In particular, resource options and resource plans must be examined to determine whether they maintain or improve adequacy and reliability of service,<sup>3</sup> enhance the utility's ability to respond to changes affecting its operations,<sup>4</sup> and limit risks.<sup>5</sup>

As described in our Reply Comments, the project provides fuel certainty for a generation resource that is necessary for our system. In recent years adverse weather events such as Storm Elliot and Winter Storm Uri<sup>6</sup> put in doubt the availability of pipeline natural gas for generation. Without onsite fuel inventory, unavailable pipeline natural gas prevents a reliability resource from being able to generate.

The project provides for rate certainty. Every day we balance the importance of being a low-cost provider for electricity with how best to mitigate risk. In this instance, onsite fuel inventory protects against unmanageable financial impacts related to pipeline natural gas to which utilities and their customers are subject. Recent history indicates that events causing adverse financial impacts may become even more likely, underscoring the importance of rate stability efforts.

The probability of future events with large negative financial impacts is high. In our November 4, 2022, filing in this docket, we provided an impact analysis as well as a discussion about the propensity for significant events for which the onsite fuel inventory would be utilized (See Supplemental Table 3-12 in that filing).

And as earlier explained in this letter, Otter Tail is uniquely (and well) positioned to deliver 100 percent carbon free electricity to its Minnesota customers. Also, the new Minnesota Clean Energy Law will encourage significant renewable generation in the region (due to the needs of other service providers to meet their particular requirements) and therefore the law is likely to grow the intermittency (variability) of the regional fleet even more than already predicted.

Our success in implementing the Minnesota Clean Energy Law will depend on our ability to call on dependable generation in those hours that intermittent resources are not able to generate. As described earlier in this letter, the Minnesota Clean Energy Law makes clear that compliance can be met (and is expected to be met) through procuring, allocation and retirement of renewable energy credits,<sup>7</sup> and Otter Tail is prepared for full compliance with the law as described. But firming up our dispatchable generation by ensuring an onsite inventory of fuel at Astoria Station is of even greater significance under this regime and

---

<sup>3</sup> Minn. Rules Part 7843.0500, A (Resource options and plans must “maintain or improve the adequacy and reliability of utility service”).

<sup>4</sup> Minn. Rules Part 7843.0500, D. (Resource options and plans must “enhance the utility's ability to respond to changes in the financial, social, and technological factors affecting its operations”).

<sup>5</sup> Minn. Rules Part 7843.0500, E. (Resource options and plans must “limit the risk of adverse effects on the utility and its customers from financial, social, and technological factors that the utility cannot control”).

<sup>6</sup> Otter Tail's February 1, 2023 Reply Comments, beginning on p.2.

<sup>7</sup> Minn. Stat. § 216B.1691 Subd. 4.

critical for our success in meeting the goals of this ambitious legislation. For these reasons, and based on the record of this docket, the Astoria Onsite Fuel Inventory Project should be approved.

### **III. Conclusion**

The record supports approval of the Astoria Onsite Fuel Inventory Project which meets the criteria for factors to consider per Minnesota Rule 7843.0500. The project will provide a dispatchable hedge against energy market disruptions. Further, the addition of onsite fuel inventory significantly enhances Astoria Station's ability to provide resilient generation during extreme events when pipeline-sourced natural gas may not be available at any price, which protects our customers from service disruptions at the worst times. The net benefits to be derived from onsite fuel inventory at Astoria Station are substantial when considering the past and the future potential for extreme, market-changing events.

The Astoria Onsite Fuel Inventory Project:

- Ensures fuel is available for the plant even during transient events;
- Provides rate stability for customers; and,
- Protects against price spikes.

Otter Tail requests the Commission approve the Astoria Onsite Fuel Inventory Project.

Otter Tail has electronically filed this document with the Commission and is serving a copy on all persons on the official service list for this docket. A Certificate of Service is also enclosed.

Should you have any questions, please contact Nathan Jensen at [njensen@otpc.com](mailto:njensen@otpc.com) or (218) 739-8989 or me at [cstephenson@otpc.com](mailto:cstephenson@otpc.com) or (218)-739-8956.

Sincerely,

/s/ *CARY STEPHENSON*  
Cary Stephenson  
Associate General Counsel

kaw  
Enclosures  
By electronic service  
c: Service List

## **CERTIFICATE OF SERVICE**

**RE: In the Matter of Otter Tail Power Company's 2022-2036 Resource Plan  
Docket No. E017/RP-21-339**

I, Kim Ward, hereby certify that I have this day served a copy of the following, or a summary thereof, on Will Seuffert and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

**Otter Tail Power Company  
Supplemental Letter Filing to Address 100 Percent Clean Energy  
Legislation, Enacted February 6, 2023**

Dated this **16<sup>th</sup>** day of **February, 2023**.

/s/ Kim Ward  
Kim Ward  
Lead Regulatory Filing Coordinator  
Otter Tail Power Company  
215 South Cascade Street  
Fergus Falls MN 56537  
(218) 739-8268

| First Name     | Last Name          | Email                             | Company Name  | Address   | Delivery Method    | View Trade Secret | Service List Name    |
|----------------|--------------------|-----------------------------------|---|---|--------------------|-------------------|----------------------|
| Laura          | Bishop             | Laura.Bishop@state.mn.us          | MN Pollution Control Agency                         | 520 Lafayette Rd<br><br>Saint Paul, MN 55155                                  | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Ray            | Choquette          | rchoquette@agp.com                | Ag Processing Inc.                                  | 12700 West Dodge Road<br>PO Box 2047<br>Omaha, NE 68103-2047                  | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Generic Notice | Commerce Attorneys | commerce.attorneys@ag.state.mn.us | Office of the Attorney General-DOC                  | 445 Minnesota Street Suite 1400<br><br>St. Paul, MN 55101                     | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Brooke         | Cooper             | bcooper@allete.com                | Minnesota Power                                     | 30 W Superior St<br><br>Duluth, MN 558022191                                  | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Aaron          | Decker             | adecker@mncenter.org              | Minnesota Center for Environmental Advocacy         | 1919 University Ave W Ste 515<br><br>Saint Paul, MN 55104                     | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Adam           | Duininck           | aduininck@ncsrcc.org              | North Central States Regional Council of Carpenters | 700 Olive Street<br><br>St. Paul, MN 55130                                    | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Kristin W      | Duncanson          | kristin@duncansongrowers.com      |   | 57746 Highway 30<br><br>Mapleton, MN 56065                                    | Electronic Service | No                | OFF_SL_21-339_21-339 |
| James C.       | Erickson           | jericksonkbc@gmail.com            | Kelly Bay Consulting                                | 17 Quechee St<br><br>Superior, WI 54880-4421                                  | Electronic Service | No                | OFF_SL_21-339_21-339 |
| John           | Farrell            | jfarrell@ilsr.org                 | Institute for Local Self-Reliance                   | 2720 E. 22nd St<br>Institute for Local Self-Reliance<br>Minneapolis, MN 55406 | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Sharon         | Ferguson           | sharon.ferguson@state.mn.us       | Department of Commerce                              | 85 7th Place E Ste 280<br><br>Saint Paul, MN 551012198                        | Electronic Service | No                | OFF_SL_21-339_21-339 |

| First Name  | Last Name  | Email                                 | Company Name                                | Address  | Delivery Method    | View Trade Secret | Service List Name    |
|-------------|------------|---------------------------------------|---|--|--------------------|-------------------|----------------------|
| Stephanie L | Fitzgerald | sfitzgerald@mncenter.org              | Minnesota Center for Environmental Advocacy | 1919 University Ave W Ste 515<br><br>Saint Paul, MN 55104-3435 | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Lucas       | Franco     | lfranco@liunagroc.com                 | LIUNA                                       | 81 Little Canada Rd E<br><br>Little Canada, MN 55117           | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Barb        | Freese     | bfreese@mncenter.org                  | Minnesota Center for Environmental Advocacy | 1919 University Ave W Ste 515<br><br>Saint Paul, MN 55104-3435 | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Jessica     | Fyhrie     | jfyhrie@otpc.com                      | Otter Tail Power Company                    | PO Box 496<br><br>Fergus Falls, MN 56538-0496                  | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Bruce       | Gerhardson | bgerhardson@otpc.com                  | Otter Tail Power Company                    | PO Box 496<br>215 S Cascade St<br>Fergus Falls, MN 565380496   | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Julie       | Goehring   | julie@redriverbasincommis<br>sion.org |   | 708 70 Ave NW<br><br>Moorhead, MN 56560                        | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Adam        | Heinen     | aheinen@dakotaelectric.co<br>m        | Dakota Electric Association                 | 4300 220th St W<br><br>Farmington, MN 55024                    | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Kristin     | Henry      | kristin.henry@sierraclub.or<br>g      | Sierra Club                                 | 2101 Webster St Ste 1300<br><br>Oakland, CA 94612              | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Nathan      | Jensen     | njensen@otpc.com                      | Otter Tail Power Company                    | 215 S. Cascade St.<br><br>Fergus Falls, MN 56537               | Electronic Service | No                | OFF_SL_21-339_21-339 |
|             |            |                                       |   |  |                    |                   |                      |



| First Name | Last Name | Email                        | Company Name                                | Address   | Delivery Method    | View Trade Secret | Service List Name    |
|------------|-----------|------------------------------|---|---|--------------------|-------------------|----------------------|
| Richard    | Johnson   | Rick.Johnson@lawmoss.com     | Moss & Barnett                              | 150 S. 5th Street<br>Suite 1200<br>Minneapolis,<br>MN<br>55402              | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Nick       | Kaneski   | nick.kaneski@enbridge.com    | Enbridge Energy Company, Inc.               | 11 East Superior St Ste 125<br><br>Duluth,<br>MN<br>55802                   | Electronic Service | No                | OFF_SL_21-339_21-339 |
| William D  | Kenworthy | will@votesolar.org           | Vote Solar                                  | 332 S Michigan Ave FL 9<br><br>Chicago,<br>IL<br>60604                      | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Kate       | Knuth     | kate.knuth@gmail.com         |   | 2347 14th Terrace NW<br><br>New Brighton,<br>MN<br>55112                    | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Randy      | Kramer    | rlkramer89@gmail.com         | Water and Soil Resources Board              | 42808 Co. Rd. 11<br><br>Bird Island,<br>MN<br>55310                         | Electronic Service | No                | OFF_SL_21-339_21-339 |
| James D.   | Larson    | james.larson@avantenergy.com | Avant Energy Services                       | 220 S 6th St Ste 1300<br><br>Minneapolis,<br>MN<br>55402                    | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Eric       | Lindberg  | elindberg@mncenter.org       | Minnesota Center for Environmental Advocacy | 1919 University Avenue West<br>Suite 515<br>Saint Paul,<br>MN<br>55104-3435 | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Alice      | Madden    | alice@communitypowermn.org   | Community Power                             | 2720 E 22nd St<br><br>Minneapolis,<br>MN<br>55406                           | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Kavita     | Maini     | kmainsi@wi.rr.com            | KM Energy Consulting, LLC                   | 961 N Lost Woods Rd<br><br>Oconomowoc,<br>WI<br>53066                       | Paper Service      | No                | OFF_SL_21-339_21-339 |
|            |           |                              |   |   |                    |                   |                      |

| First Name     | Last Name                      | Email                                | Company Name                       | Address  | Delivery Method    | View Trade Secret | Service List Name    |
|----------------|--------------------------------|--------------------------------------|------------------------------------|--|--------------------|-------------------|----------------------|
| Jan            | Malcolm                        | Health.Review@state.mn.us            | Minnesota Department of Health     | PO Box 64975<br><br>St. Paul,<br>MN<br>55164-0975                  | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Andrew         | Moratzka                       | andrew.moratzka@stoel.com            | Stoel Rives LLP                    | 33 South Sixth St Ste 4200<br><br>Minneapolis,<br>MN<br>55402      | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Matthew        | Olsen                          | molsen@otpc.com                      | Otter Tail Power Company           | 215 South Cascade Street<br><br>Fergus Falls,<br>MN<br>56537       | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Debra          | Opatz                          | dopatz@otpc.com                      | Otter Tail Power Company           | 215 South Cascade Street<br><br>Fergus Falls,<br>MN<br>56537       | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Generic Notice | Residential Utilities Division | residential.utilities@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower<br>445 Minnesota St<br>St. Paul,<br>MN<br>551012131 | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Stephan        | Roos                           | stephan.roos@state.mn.us             | MN Department of Agriculture       | 625 Robert St N<br><br>Saint Paul,<br>MN<br>55155-2538             | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Nathaniel      | Runke                          | nrunke@local49.org                   |                                    | 611 28th St. NW<br><br>Rochester,<br>MN<br>55901                   | Electronic Service | No                | OFF_SL_21-339_21-339 |
| John           | Saxhaug                        | john_saxhaug@yahoo.com               |                                    | 3940 Harriet Ave<br><br>Minneapolis,<br>MN<br>55409                | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Will           | Seuffert                       | Will.Seuffert@state.mn.us            | Public Utilities Commission        | 121 7th PI E Ste 350<br><br>Saint Paul,<br>MN<br>55101             | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Bria           | Shea                           | bria.e.shea@xcelenergy.com           | Xcel Energy                        | 414 Nicollet Mall<br><br>Minneapolis,<br>MN<br>55401               | Electronic Service | No                | OFF_SL_21-339_21-339 |

| First Name | Last Name  | Email                              | Company Name                                   | Address   | Delivery Method    | View Trade Secret | Service List Name    |
|------------|------------|------------------------------------|--|---|--------------------|-------------------|----------------------|
| Cary       | Stephenson | cStephenson@otpco.com              | Otter Tail Power Company                       | 215 South Cascade Street<br>Fergus Falls,<br>MN<br>56537                          | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Stuart     | Tommerdahl | stommerdahl@otpco.com              | Otter Tail Power Company                       | 215 S Cascade St<br>PO Box 496<br>Fergus Falls,<br>MN<br>56537                    | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Amelia     | Vohs       | avohs@mncenter.org                 | Minnesota Center for<br>Environmental Advocacy | 1919 University Avenue<br>West<br>Suite 515<br>St. Paul,<br>Minnesota<br>55104    | Electronic Service | Yes               | OFF_SL_21-339_21-339 |
| Laurie     | Williams   | laurie.williams@sierraclub.<br>org | Sierra Club                                    | Environmental Law<br>Program<br>1536 Wynkoop St Ste 200<br>Denver,<br>CO<br>80202 | Electronic Service | No                | OFF_SL_21-339_21-339 |
| Cameron    | Winton     | winton.cam@dorsey.com              | Dorsey & Whitney LLP                           | 50 S 6TH ST STE 1500<br><br>Minneapolis,<br>MN<br>55402                           | Paper Service      | No                | OFF_SL_21-339_21-339 |
| Patrick    | Zomer      | Pat.Zomer@lawmoss.com              | Moss & Barnett PA                              | 150 S 5th St #1200<br><br>Minneapolis,<br>MN<br>55402                             | Electronic Service | No                | OFF_SL_21-339_21-339 |