

December 20, 2019

Daniel P. Wolf  
Executive Secretary  
Minnesota Public Utilities Commission  
121 7<sup>th</sup> Place East, Suite 350  
Saint Paul, Minnesota 55101-2147

RE: **Comments of the Minnesota Department of Commerce, Division of Energy Resources**  
Docket No. E017/M-19-765

Dear Mr. Wolf:

Attached are the comments of the Minnesota Department of Commerce, Division of Energy Resources (Department) in the following matter:

Otter Tail Power Company's request for approval of its annual Renewable Energy Credit (REC) and Solar Renewable Energy Credit (SREC) values, tariff administration changes, and filing changes.

The petition was filed on November 26, 2019 by:

Svetlana A. Fedje  
Pricing Analyst  
Otter Tail Power Company  
215 South Cascade Street, PO Box 496  
Fergus Falls, Minnesota 56538-0496

The Department recommends **approval**, and is available to answer any questions the Minnesota Public Utilities Commission may have.

Sincerely,

/s/ SUSAN L. PEIRCE  
Rate Analyst Coordinator

SLP/ja  
Attachment



## Before the Minnesota Public Utilities Commission

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### Comments of the Minnesota Department of Commerce Division of Energy Resources

Docket No. E017/M-19-765

#### I. INTRODUCTION AND SUMMARY OF THE FILING

On November 26, 2019, Otter Tail Power Company (OTP or the Company) submitted a request to approve the annual update of its Renewable Energy Credit (REC) and Solar Renewable Energy Credit (SREC) values for 2020. In its May 22, 2017 Order in Docket No. E017/M-16-280, the Minnesota Public Utilities Commission (Commission) directed that any RECs or SRECs purchased from a small generator shall be compensated “at Otter Tail’s most recent transaction price (average of the most recent year) of RECs or SRECs (whichever is relevant). If the Company has not purchased or sold RECs or SRECs within the most recent 3-year period, the Company will obtain pricing quotes and compensate the generator at the mid-range of the quotes.” OTP is requesting approval of its updated REC and SREC prices to reflect the Commission’s directive.

OTP noted that, in the past, the Company had one SREC price whereas it is now requesting approval to provide two SREC prices; one reflecting small scale (<40 kW) solar and the other reflecting larger facilities. The change reflects the prices of more recent SREC transactions.

In addition to the current pricing updates, OTP requests approval of administrative changes to its tariffs to reflect clarifying language and revisions to its rate codes to accommodate the bifurcated SREC credits. Included in the proposed tariff language changes is the addition of a Meter Aggregation Charge rate code as a placeholder (the Meter Aggregation Charge is currently set at \$0.00 per month). Finally, the Company requests approval to update its REC and SREC pricing as part of its annual compliance filing pursuant to Minnesota Rules Chapter 7835 (Cogeneration and Small Power Production).

#### II. DEPARTMENT ANALYSIS

The Department has reviewed OTP’s proposal to revise the rate at which it compensates small distributed generators for RECs and SRECs. The Company submitted information on its recent REC and SREC purchases to support its rate calculation. The proposed rates are as follows:

Wind RECs - 0.054 cents per kWh

SRECs from facilities 41 kW to 1,000 kW - 0.14 cents per kWh

SRECs from facilities less than or equal to 40 kW – 0.725 cents per kWh

In addition to the rate revisions, OTP proposed a number of miscellaneous tariff changes to clarify its tariff and update its rate codes. The Department concludes that the proposed changes are reasonable and recommends approval of OTP's proposed rates and tariff changes.

As to OTP's request to file future REC and SREC pricing update in its annual Cogeneration and Small Power Production filing (filed in Docket No. E999/PR-YY-9), the Department does not oppose the Company's proposal for years in which the rates are merely updated, since the annual Cogeneration and Small Power Production reports are filed to update rate schedules; however should OTP propose to make tariff language or any other change that may require supporting narrative,<sup>1</sup> the Department would prefer that OTP submit a miscellaneous filing to effectuate those changes.

### **III. DEPARTMENT RECOMMENDATIONS**

The Department recommends that the Commission approve Otter Tail Power Company's proposed rates for RECs and SRECs, and approve the requested tariff changes.

/ja

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<sup>1</sup> For instance, even though arguably a rate update, should OTP propose to change the Meter Aggregation Charge from \$0.00 to some other amount, the request should be made through a miscellaneous filing since the change would need to be fully supported by cost figures and an explanation.

**CERTIFICATE OF SERVICE**

I, Linda Chavez, hereby certify that I have this day served copies of the following document on the attached list of persons by electronic filing, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**MINNESOTA DEPARTMENT OF COMMERCE – COMMENTS**

Docket Nos. **E017/M-19-765**

Dated this **20th** day of **December, 2019**.

/s/Linda Chavez

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Generic Notice	Residential Utilities Division	residential.utilities@ag.state.mn.us	Office of the Attorney General-RUD	1400 BRM Tower 445 Minnesota St St. Paul, MN 551012131	Electronic Service	Yes	OFF_SL_19-765_M-19-765
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