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STATEMENT OF ISSUES

1. Should the Commission approve Otter Tail Power’s proposed Electric Vehicle Credit Rider¹ (“EV credit program/tariff/EVCR”)?
2. Should the Commission approve Otter Tail Power’s proposed tariff pages implementing the EV credit tariff²?
3. Are there any concerns with Otter Tail Power’s proposal to recover costs relating to the EV credit tariff through the Energy Conservation Optimization (ECO) Program and the corresponding rider?

1. BACKGROUND

On October 3, 2025, Otter Tail Power (“Otter Tail” or “the Company”) filed a petition requesting approval of a new EV credit tariff that would offer EV customers another option to participate in Otter Tail’s demand control programs³ by forgoing the installation of a second service meter and instead allowing Otter Tail to dynamically manage their charging load, in exchange for a monthly bill credit.⁴ The Company states that several of its demand control programs require two service meters; however, some EV customers only have one farm or residential service meter that does not measure off-peak usage. Otter Tail notes that customers may lack a second off-peak service meter for various reasons, including installation costs, the type of heating/cooling equipment, and estimated usage. The Company highlights that the absence of a second service meter means that the charging is unmanaged and runs the risk of charging occurring during peak demand times. Thus, Otter Tail proposes this new EV credit program to target this subset of customers. The Company seeks to recover the costs of this new program through the Energy Conservation Optimization (ECO) Program and its associated rider.

2. PROJECT PLAN

This new EV credit program would target customers with Level 2 EV chargers receiving service on the Standard Residential Rate or Farm Rate⁵ who have only one service meter (residential or farm) at their residence and lack a second off-peak service meter.⁶ For customers participating in this EV credit program, Otter Tail would install an on-site load control switch to actively manage their EV charging, allowing Otter Tail to shift load from peak periods of high demand and high system capacity costs in MISO (Midcontinent Independent System Operator) to more economic, off-peak periods. Customers would connect their EV charger to the load control switch which responds to control signals sent throughout Otter Tail’s communication

¹ Staff notes that Otter Tail’s usage of the word “rider” is misleading, as it carries the now defunct meaning of “program” or “tariff”. Staff will use the latter two words hereinafter.

² Section 14.05 Rate Schedule implementing the EVCR and updates to the Index and Sections 13.00, 14.00 reflecting the addition of this program.

³ Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company’s 2023 Integrated Distribution Plan*, Petition, October 3, 2025, (hereinafter “the Petition”).

⁴ *Id.*, at 5.

⁵ *Id.*, at 6.

⁶ *Id.*, at 5.

network,⁷ allowing charging to be flexibly halted or curtailed when signaled by the Company. Additional load-shedding relays beyond the load control switch would be the EV customer's responsibility.

Otter Tail explains that the EV credit program would be a voluntary program wherein EV participants must show proof of EV ownership.⁸ Participants must agree up to 12 hours of service within a 24-hour period wherein their loads would be controlled by Otter Tail.⁹ Such periods last between 1 – 3 hours, though may last longer during emergency MISO periods. Otter Tail states that it does not offer EV customers the ability to opt-out of this program, as this would allow for broader and deeper commitment to the new program across participating EV customers. However, the Company is making upgrades to its metering and load management infrastructure and may offer options to opt-out in the future.

A) EV Credit Rate Design

Otter Tail developed the EV credit tariff using its 2025 Marginal Cost Study (MCS), the standard residential rate approved in the Company's 2020 Minnesota rate case,¹⁰ and Minnesota EV load profiles.

Otter Tail analyzed the MCS which grouped hourly costs into three time-of-day categories per season: on-peak, mid-peak, and off-peak.¹¹ The EVCR allows Otter Tail to control load during on-peak and mid-peak hours, leaving the majority of EV charging for the lowest-cost, off-peak hours. The Company compared the standard residential rate against the average off-peak marginal cost contained in the MCS – the difference between the two represented the savings provided by EV charging during off-peak hours and which would be credited back to customers on their monthly bills.

Otter Tail Power calculates the monthly bill credit to be \$9.00 for customers with a single EV and \$13.00 for customers with multiple EVs.

Otter Tail assumes a typical monthly usage of 504 kWh for one EV customer, resulting in slightly over \$9.00 in savings which determines the proposed \$9.00 monthly bill credit. As for customers with multiple EVs, the Company used U.S. Energy Information Administration (US EIA) data which concluded that a second EV in a home is driven 47.95% of the miles driven by the primary vehicle. This leads Otter Tail to calculate an average of 745 kWh in monthly charging use for households with multiple EVs. Based on this, the Company determines a proposed \$13.00 monthly bill credit for such customers.

⁷ *Id.*

⁸ *Id.*, at 6.

⁹ *Id.*, at 7.

¹⁰ See Minnesota Docket No. E017/GR-20-719.

¹¹ The Petition, at 6.

B) Compensation and Benefits

EV customers can benefit by:

- Forgoing the installation and associated costs of a second off-peak service meter
- Receiving a monthly bill credit for participating in this proposed program

C) Project Goals

Otter Tail states that this proposed EV credit tariff accomplishes two Minnesota energy policy goals:

- The new EVCR would encourage EV adoption which can reduce energy usage, environmental impacts, and lower costs for drivers
- The new EVCR would expand Otter Tail's load management offerings by allowing EV customers to utilize a simple EV load control solution

D) Cost Recovery

Otter Tail seeks to recover the costs of the EV credit program through the ECO Program and the corresponding ECO rider.¹² The Company seeks to modify the ECO Program to add the EV credit tariff to the portfolio of Load Management measures offered through the Company's ECO Program. Otter Tail would also submit a proposed budget to administer the program along with a cost effectiveness evaluation.

Otter Tail lists the following rate schedules for which it seeks to update to reflect the addition of the new EV credit program:

- a. MN Index
- b. MN 13.00 Mandatory Riders – Applicability Matrix
- c. MN 14.00 Voluntary Riders – Availability Matrix
- d. New MN 14.05 Electric Vehicle Credit Rider

3. COMMENTS

A. Project Approval

The Department in its comments did not find concerns with Otter Tail's plan to recover the EV credit program costs through the ECO program and associated rider.¹³ **(Decision Options 1, 6).**

¹² *Id.*, at 7.

¹³ Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Comments of the Minnesota Department of Commerce, November 18, 2025, at 7, (hereinafter "Department Comments").

It recommends that the Commission approve the Company's EV credit program along with the proposed tariff pages. **(Decision Options 2, 3, 4, 5).**

B. Legacy Term "Rider"

The Company also notes that it intends to move away from the legacy term "rider" in the future.

C. Opt-Out Capability

The Department noted that one concern regarding the proposed EV credit program is that, due to current system limitations, Otter Tail does not propose including the ability to opt out of the program in any event once the customer is signed onto it.¹⁴ While not allowing an event opt-out in the EV credit tariff can permit more participation and thus more load control capability, the Department notes that this may also deter customers to a degree, given that customers would be agreeing to have their charging controlled for up to 12 hours a day with no limit on the number of control events or control hours.

The Department recommends that Otter Tail further explore the viability of including an event opt-out function in the future and provide a timeline for doing so, in addition to providing greater detail on current system limitations. **(Decision Options 7)**

Otter Tail, in reply comments to the Department, notes that it would continue to find ways to integrate opt-out capabilities into its Load Management System (LMS)¹⁵. The Company explains that its current LMS uses one-way radio communications to signal field equipment to shed load, meaning that it does not have the function for customers to opt-out. Even so, customers can still contact the Company's customer service to request temporary bypass of controls. Otter Tail states that it is working to replace its LMS with an Advanced Load Management (ALM) system to handle two-way communication with field devices, allowing for customer opt-out capability. It estimates completion in 2028.¹⁶

D. Additional EV credit program modifications

Comments¹⁷ submitted by Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America (collectively, the Clean Energy Groups, or the CEGs), also support approval of Otter Tail's EV credit program¹⁸ and suggest several modifications to be adopted. The CEGs make the

¹⁴ Department Comments, at 7.

¹⁵ Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Reply Comments, December 4, 2025, at 2, (hereinafter "Otter Tail Reply Comments").

¹⁶ Otter Tail Reply Comments, at 6.

¹⁷ Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Initial Comments of Fresh Energy, Union of Concerned Scientists, Sierra Club, and Plug In America, November 18, 2025, at 2, (hereinafter "CEG Comments").

¹⁸ The CEGs refer to the EV credit program/tariff as the "EVantage program"

following recommendations:

- A. Level 2 EV Charger \$500 Rebate Extension: OTP expands eligibility for Level 2 EV Charger rebates to *EVantage* customers. The \$500 rebate is already available to OTP customers on their Dual Fuel, Deferred Load, Fixed Time of Delivery, RDC, or Minnesota Electric Vehicle Charging Rate. **(Decision Option 8)**
- B. Residential TOU Pilot Participation: OTP offers access to *EVantage* to customers on its whole-home TOU rate pilot. Although the cost-effectiveness calculation may be different for this customer segment, it is worth exploring how the benefits of active managed charging change within the context of TOU [time-of-use] rates. **(Decision Option 9)**
- C. Advertise to EV Owners With Non-Managed Charging: OTP identifies current EV owners who are not on a managed charging rate and advertise the potential benefits to encourage *EVantage* program uptake. **(Decision Option 11)**
- D. Feasibility of EV credit program offered to multifamily dwellings: OTP explores if the technology deployed in this *EVantage* program could be harnessed in multifamily settings, as this customer segment remains without any dedicated EV offerings. **(Decision Option 13)**

In reply comments, Otter Tail responds to these suggested modifications:

- A. Level 2 EV Charger \$500 Rebate Extension: **Otter Tail agrees with the CEG's suggestion.** It states that it would extend eligibility for the \$500 Managed Level 2 EV charger rebate to the new EV credit program's prospective customers.¹⁹
- B. Residential TOU Pilot Participation: **Otter Tail currently disagrees with the CEG's suggestion.** Otter Tail notes that it currently does not intend to offer the EV credit program as an option to customers participating in the residential TOU rate pilot program. The Company reasons that it requires more careful consideration first: "Without special consideration of TOU periods within the control strategy, there will be a risk of control periods occurring during an off-peak or shoulder TOU period that could shift the energy usage for a TOU customer to a more expensive period. This could unintentionally bring increased costs to a customer that would be participating concurrently on both the residential TOU pilot rate and the proposed EVCR."

In ex parte communications, staff sought clarification from Otter Tail about the hypothetical impacts of applying the EV credit program to the residential TOU rate pilot.²⁰ Otter Tail elaborated on the negative impacts potentially resulting from such an arrangement:

- Providing the monthly \$9 credit as compensation under the proposed EV credit program to a residential TOU customer could create unintended consequences, such as creating a moral hazard by encouraging customers to charge their EVs

¹⁹ Otter Tail Reply Comments, at 3.

²⁰ Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Ex Parte Filing, January 20, 2025, at 3, (hereinafter "Ex Parte Communications"), at 2.

during on-peak pricing periods, undermining the residential TOU rate pilot's price signal.

- Such a customer would be doubly compensated by accessing lower cost kWh pricing on the residential TOU rate pilot while also being credited through the proposed EV credit program even when the customer would already likely be avoiding peak periods.
- C. Advertise EV Owners With Non-Managed Charging: **Otter Tail currently *disagrees with the CEG's suggestion but offers an alternative***. Otter Tail states that while it has data on the total number of customer-owned EVs in its Minnesota service territory, provided by the Minnesota PUC based on vehicle registration, the Company cannot identify individual EV owners using this data unless if they have already participated in one of the Company's EV programs.²¹ Otter Tail determines that it is not feasible to advertise the proposed EV credit program to current EV customers not on managed-charging. It notes that it will include the EV credit program in its future advertising plan for its ECO advertising portfolio.
- D. Feasibility of EV credit program offered to multifamily dwellings: **Otter Tail currently *disagrees with the CEG's suggestion but offers an alternative***. The Company notes that while a bill credit rate would be feasible for multifamily unit residents with separate metering tied to their home accounts, it does not so for multifamily settings with shared metering. In such settings, it would not be possible to ascertain the number of EVs active at the premise. Otter Tail also mentions that: "...the scope of tracking vehicles that leave or join the rate in order to determine incentive levels would become unmanageable in the multifamily setting. In these cases, because the garage meter cost is usually paid by the property owner and incorporated into the resident's rent, it becomes difficult to allocate only the EV charging costs to individual residents." Otter Tail states that it is creating a Commercial Level 2 rate option to better accommodate shared metering and allow property owners to pass only charging costs to EV owners.

The Clean Energy Groups in their comments also asked Otter Tail to respond to the following questions:²²

- a) Which MISO emergency conditions will trigger longer periods of OTP control (e.g. Emergency Pricing Tier 0, EEA1, EEA2, etc.)?
- b) Why is a hardwired relay configuration required?
- c) What is the expected cost range for additional relays, if deemed necessary, a participant may have to pay for participation in this program?
- d) Please provide the worksheets containing the calculations for the incentive levels.
- e) Please provide cost estimates for administration of an option for customers to opt-out of a limited number of control periods.

²¹ Otter Tail Reply Comments, at 4.

²² CEG comments, at 2.

Below are the Company's responses in its reply comments to the questions posed above:²³

- a) Longer control periods could be required during MISO Emergency Pricing – Tier II (EEA2) emergency conditions. Many of the Company's direct control rates are registered as Load Modifying Resources (LMRs) with the Midcontinent Independent System Operator (MISO). Upon Commission approval, the Company will include the proposed EV credit program as an LMR within its existing MISO registered LMR rate portfolio, to be available for system reliability.
- b) Yes, the Company considers hardwiring the Level 2 EV charger to be a reasonable requirement. If a level 2 electric vehicle charger enrolled on the EV credit program was not installed in a hardwired relay configuration, then there is potential for the EV charger to be moved to another, potentially unmanaged, circuit in the premise.
- c) Otter Tail will not require any additional costs from the customer to participate in the EV credit program. Any additional equipment required will depend on the Level 2 EV charger being installed and would come at the recommendation of the electrician installing the equipment.
- d) Otter Tail included the calculations in Attachment 1 in Excel spreadsheet form. These calculations are used to determine the incentive levels for single EV and two EV scenarios.
- e) Otter Tail is not able to provide accurate cost estimates for potential customer opt-out from the EV credit program. It states that this is due to high uncertainty in the ALM replacement project.

The Department in its reply comments appreciates the CEG's recommendation that the Commission require Otter Tail to extend eligibility of its Level 2 charger rebates to the prospective customers of the new EV credit program.²⁴ The Department does not make the recommendation that the Commission require the eligibility extension but recommends that Otter Tail itself investigate the feasibility thereof.

The Department supports the CEG's recommendation that the Commission require Otter Tail to advertise its new EV credit program to EV customers that are not on a managed-charging rate as well. **(Decision Option 11)**

The Department expressed appreciation towards the CEG's discussion of exploring the implementation of the EV credit program in multifamily dwelling units but does not make or support a recommendation in this regard.²⁵ It notes that such discussion usually occurs in Otter Tail's Transportation Electrification Plan (TEP).

²³ Otter Tail Reply Comments, at 5-6

²⁴ Docket No. E017/M-23-380, *In the Matter of Otter Tail Power Company's 2023 Integrated Distribution Plan*, Comments of the Department of Commerce, December 4, 2025, at 2, (hereinafter "Department Reply Comments").

²⁵ *Id.*, at 3.

4. STAFF ANALYSIS

E. Opt-Out Capability

Staff agrees with the Department's notion that the inability for Otter Tail's customers signed onto the EV credit program to opt out of the controlled charging for up to 12 hours a day with no annual limit can cause concern for some customers. Staff notes that this may deter certain customers from agreeing to participate in the program, which could counteract the broad participation needed to ensure load control capability that Otter Tail expects the EV credit tariff to foster in the first place. It is difficult for Staff to determine whether the lack of event opt-out would indeed deter customers from subscribing to this new EV credit program, how many customers would be deterred, and what factors would convince such customers to join the EV credit program despite the lack of opt-out.

Nonetheless, Staff notes that both the monthly bill credit compensation and that most load control events would last 1 – 3 hours (longer during emergency MISO periods) during at most a daily 12-hour period could likely assuage customer concerns, especially as Otter Tail is making infrastructure upgrades which may offer event opt-out in the future.

To this end, Staff agrees with the Department's recommendation for the Company to investigate future opt-out capability, submit a timeline for it, and provide additional details on its system limitations. **(Decision Options 7)**. The Commissioners may wish to clarify the customer opt-out discussion with the parties.

F. Clean Energy Groups' Suggested Modifications

Staff concurs with the CEG's recommendation that Otter Tail expand eligibility of Level 2 EV charging rebates to customers of the new EV credit program. This appears to be undisputed, as Otter Tail has agreed to this. **(Decision Option 8)**. Staff clarified with the Company in ex parte communications that Otter Tail would seek a future modification to the Energy Conservation and Optimization (ECO) program through the Department of Commerce in order to make this possible.²⁶

Staff notes the concerns that the Company expresses about the current feasibility of offering the EV credit program to customers participating in its whole-home TOU rate pilot. **(Decision Option 9)**. Commissioners may wish to further question Otter Tail about its concerns and possible solutions, such as whether the Company has a timeline for when this option may become viable in the future. Staff offers an alternative decision option for the parties to continue discussing this topic and report back to the Commission.

Staff notes the concerns that Otter Tail expresses about the recommendation by the CEG and the Department that the Company identify and advertise the EV credit program to EV

²⁶ Ex Parte Communications, at 3.

customers without managed charging (**Decision Option 11**). Otter Tail states that it is currently unable to identify individual EV customers unless they have already participated in the Company's programs. The way to most effectively reach EV owners is not an issue limited to this particular offering. Otter Tail states that it will include this offering in its overall EV advertising plans. The Commission could either adopt the CEG recommendation, or direct Otter Tail to work with the CEG and Department, and report back on additional advertising options.

Staff notes the concerns that Otter Tail expresses about the current feasibility of offering the EV credit program in multifamily housing settings. (**Decision Option 13**). It appears that Otter Tail is working on an alternative charging option which may accomplish the same goals, and this discussion is open in Otter Tail's Transportation Electrification Plan (TEP). The CEG did not file supplemental comments in response, so staff is unsure if CEG's concerns are resolved. The Department's interest in continuing this discussion in Otter Tail's TEP seems to be an appropriate solution. Comments in their TEP are not due until April 7, allowing parties ample time to further explore this issue.

5. DECISION OPTIONS

Project Approval

1. Approve Otter Tail's proposed EV credit program. (Otter Tail, Department)

Rate Schedule

2. Approve Otter Tail's proposed updates to the MN Index Rate Schedule. (Otter Tail, Department)

AND

3. Approve Otter Tail's proposed updates to MN 13.00 Mandatory Riders – Applicability Matrix Rate Schedule. (Otter Tail, Department)

AND

4. Approve Otter Tail's proposed updates to MN 14.00 Voluntary Riders – Availability Matrix Rate Schedule. (Otter Tail, Department)

AND

5. Approve Otter Tail's proposed Electrical Vehicle Credit Rider Section 14.05 Rate Schedule. (Otter Tail, Department)

Cost Recovery

6. Authorize Otter Tail to seek recovery of future prudent costs of the EV credit program through the Company's ECO Program and the associated ECO rider. (Otter Tail, Department)

Opt-Out Capability

7. Require that Otter Tail further investigate the feasibility of adding an opt-out capability to its rate design in the future and that Otter Tail provide additional detail on its "system limitations" and within a timeline set by the Executive Secretary for when opt-out capability could be implemented. (Department with staff modification)

Additional EV Credit Program Modifications

8. Require that Otter Tail expand eligibility for Level 2 EV Charger rebates to EV credit program customers. (Clean Energy Groups, Otter Tail with staff modification)

Modifications: TOU Rate

9. Require that Otter Tail offer access to the EV credit program to customers on its whole-home TOU rate pilot within a timeline set by the Executive Secretary. (Clean Energy Groups with staff modification)

OR

10. Direct Otter Tail to work with the CEG and Department on exploring the viability of offering the Residential TOU Pilot to prospective EV credit program customers within a timeline set by the Executive Secretary. (staff alternative to Decision Option 9)

Modifications: Advertising and Outreach

11. Require that Otter Tail identify current EV owners who are not on a managed charging rate and advertise the potential benefits to encourage EV credit program uptake within a timeline set by the Executive Secretary. (Clean Energy Groups, Department with staff modification)

OR

12. Direct Otter Tail to work with the CEG and Department on additional advertising options, and report back to the Commission within a timeline to be determined by the Executive Secretary. (staff alternative to Decision Option 11)

Modifications: Multifamily Settings

13. Require that Otter Tail explore if the technology deployed in this EV credit program could be harnessed in multifamily settings within a timeline set by the Executive Secretary. (Clean Energy Groups with staff modification)

OR

14. Defer a decision pending further discussion in Otter Tail's TEP, Docket E017/M-25-141. (staff alternative to Decision Option 13)