

**STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION**

Katie J. Sieben
Hwikwon Ham
Valerie Means
Joseph K. Sullivan
John A. Tuma

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Otter Tail Power
Company's 2023 Integrated Distribution
Plan

Docket No. E-017/M-23-380

**REPLY COMMENTS OF GRID EQUITY COMMENTERS: COOPERATIVE ENERGY
FUTURES, ENVIRONMENTAL LAW & POLICY CENTER, SIERRA CLUB, AND
VOTE SOLAR**

April 19, 2024

Cooperative Energy Futures, Environmental Law & Policy Center, Sierra Club, and Vote Solar, filing together as the Grid Equity Commenters (GECs), submit these reply comments on the Integrated Distribution Plan (IDP) filed by Otter Tail Power Company (Otter Tail or the Company). The GECs focus our comments on beneficial electrification. We support the Department of Commerce’s recommendation that the Commission order Otter Tail “to file a supplemental filing that proposes a plan to accelerate beneficial electrification for its customers and provide forecasts of expected grid impacts of the same.”¹

As the Department notes, beneficial electrification is consistent with the state’s Climate Action Framework and 100% decarbonization mandate.² In particular, increasing customer reliance on electricity instead of natural gas for their heating needs, including through adoption of heat pumps, will be a critical component of the movement toward a carbon-free future. The load growth associated with such beneficial electrification will impact utilities’ distribution systems, requiring planning, and investments to accommodate it.

In its IDP, however, Otter Tail does not forecast or otherwise address beneficial electrification and specifically does not address the potential for heat pumps. In initial comments, the Department of Commerce provides a comprehensive analysis of the benefits of electrification in the Company’s service territory, particularly with respect to the adoption of heat pumps.³ It shows that heat pump adoption could provide substantial energy and cost savings for the sizeable portion of the Company’s customers who do not use natural gas for heating. These potential cost savings become even more significant with federal Inflation Reduction Act (IRA) and state incentives. These incentives can substantially reduce the upfront cost of a heat pump, which is

¹ DOC Initial Comments at 24.

² DOC Initial Comments at 18.

³ DOC Initial Comments at 19-25.

prohibitive for many customers. The state incentives specifically target low- and moderate-income customers, who arguably stand to benefit the most from saving energy and money with a heat pump.

The GECs appreciate Otter Tail's efforts to promote heat pump installation and other beneficial electrification, including through its Energy Conservation and Optimization (ECO) efforts.⁴ However, we disagree with the Company that it is premature to require a supplemental IDP filing addressing beneficial electrification, outside of Otter Tail's ECO efforts. One of the Commission's core objectives for the IDP is: "Provide the Commission with the information necessary to understand the utility's short-term and long-term distribution-system plans, the costs and benefits of specific investments, and a comprehensive analysis of ratepayer cost and value." Beneficial electrification is highly relevant to the IDP, in particular with respect to its impact on the Company's distribution system and the potential need for investments to accommodate resulting load growth. The IDP is the forum in which the Company should discuss its forecasts for electrification, which necessarily implicate the Company's plans to encourage beneficial electrification, and its short- and long-term plans to address the impacts of electrification on its distribution system. While the GECs support the Company's efforts to use its demand response programs to help save customers money and reduce peak demand, in light of electrification-driven load growth,⁵ more detail is necessary to understand the Company's growth projections, the potential impact of demand response, and other investments or strategies that may be necessary to accommodate growing load. Given the availability of incentives for heat pumps now or in the near-term, it is appropriate to require Otter Tail to address these issues through a supplemental filing, rather than waiting until its next IDP.

⁴ See Otter Tail Reply Comments at 9-11.

⁵ Otter Tail Reply Comments at 11.

The GECs respectfully request that the Commission adopt the Department of Commerce’s recommendation to order Otter Tail “to file a supplemental filing that proposes a plan to accelerate beneficial electrification for its customers and provide forecasts of expected grid impacts of the same.”

Respectfully Submitted,

/s/ Timothy DenHerder-Thomas

Timothy DenHerder-Thomas
General Manager
Cooperative Energy Futures
310 E 38th St Suite 109
Minneapolis, MN 55409
(612) 250-1621
timothy@cooperativeenergyfutures.com

/s/ Erica S. McConnell

Erica S. McConnell
Staff Attorney
Environmental Law & Policy Center
35 E. Wacker Drive, Suite 1600
Chicago, IL 60601
(312) 420-5503
emcconnell@elpc.org

/s/ Elena Saxonhouse

Elena Saxonhouse
Managing Attorney
Sierra Club Environmental Law Program
2101 Webster Street, Suite 1300
Oakland, CA 94612
(415) 977-5765
elena.saxonhouse@sierraclub.org

/s/ William D. Kenworthy

William D. Kenworthy
Senior Regulatory Director, Midwest
Vote Solar
1 South Dearborn Street, Suite 2000
Chicago, IL 60603
will@votesolar.org