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May 30, 2014



Dr. Burl Haar 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 Utilities' Annual Reports on Progress in Achieving the Solar Energy Standard Docket Number E999/M-14-321

Dear Dr. Haar,

In response to the Minnesota Public Utilities Commission Notice issued April 21, 2014 in above described matter, Otter Tail Power Company hereby submits its Solar Energy Standard Report.

This filing has been served on all persons on the attached service list by electronic service or by First Class mail. A Certificate of Service is also enclosed.

Should you have any questions, please contact me at <a href="mailto:bhdraxten@otpco.com">bhdraxten@otpco.com</a> or (218) 739-8417.

Sincerely,

/s/ BRIAN DRAXTEN

Manager Resource Planning

wao Enclosures By Electronic filing c: Service List



# OTTER TAIL POWER COMPANY Annual Report on Progress in Achieving the Solar Energy Standard 2013 DOCKET NO. E999/M-14-321

Otter Tail Power Company (Otter Tail or Company) submits this report in compliance with the Minnesota Public Utilities Commission's Notice of Reporting Requirement and Comment Period issued April 21, 2014 in the above described docket.

### 1) Annual Minnesota retail sales for the previous calendar year:

Minnesota retail sales 2,164,446 MWh

2) Annual excluded customer sales for the previous year:

Estimated excluded customer sales

75,520 MWh

3) A list of customers requesting exclusion from the requirements of the SES, the NAICS code associated with their manufacturing activity and their annual kWh usage:

At this time, the Company has not had any customers request the exclusion from the SES requirements. The Company has projected a list of customers we believe will qualify for the exclusion.

4) The total Minnesota retail sales for customers excluded from the SES requirement:

Minnesota retail sales less estimated excluded sales

2,091,926 MWh

(Note: The Company interprets this to be 2013 energy sales less exempt customers.)

5) Annual solar generation on the utilities' system for the previous calendar year (including the total number of units registered in M-RETS to that utility and S-RECs generated in the past year from those units):

The Company had a total of 99 MWh of solar generation for the year of 2013. The Company does not have any solar facilities registered in M-RETS at this time. Once the Minnesota SES compliance tracking process is enabled in M-RETs, the Company anticipates registering the facilities that are eligible.

### 6) Estimated amount of solar generation (expressed as capacity) a utility would be required to obtain in 2020:

The Company estimates that 28 MW of nameplate solar capacity would be needed to meet the Company's SES requirements. This assumes Company MN retail sales of 2,522,000 MWh in 2020 less estimated excluded sales of 84,632 MWh and a 15 percent net capacity factor for solar generation facilities.

### 7) Estimated solar energy requirements to meet the SES in 2020:

The Company estimates that 36,561 MWh of solar energy will be needed to meet the Company's SES requirements in 2020.

### 8) Short summary of ongoing efforts to obtain solar energy (including a brief summary of the anticipated mix of project sizes for SES compliance):

The Company is developing its plan to meet the SES requirements. The Company anticipates that next year's SES report will have greater detail on the expected mix of project sizes and plans to meet the SES requirements.

### 9) Progress towards the ten (10) percent carveout for systems less than 20 kw:

Research covering solar PV market potential indicates that meeting the ten percent carveout by 2020 will be a challenge for Otter Tail and its customers.

The Company is currently evaluating strategies to meet the ten percent carveout for systems less than 20 kW in size. The Company's objective in this legislative requirement is to meet the objective as cost effectively as possible while minimizing upward pressure on customer rates and cross subsidization between different classes of ratepayers. The Company is monitoring forecasts from numerous sources in the solar industry indicating a continued decline in costs of solar PV systems.

The Company anticipates that next year's SES report will have greater detail on the expected mix of project sizes and plans to meet the SES requirements.

### 10) Brief summary of the state (s) in which the solar generation is located or anticipated to be located:

For customer-owned and Company-owned solar generating facilities or purchased power agreement (PPA) facilities, the Company expects those facilities to be located within the three states the Company serves (Minnesota, North Dakota and South Dakota). If solar renewable energy credit (S-REC) procurement proves to be a component of a cost effective means to meet the SES, then the solar facilities could be located outside of the three states the company serves.

### 11) A breakdown of solar RECs generated in the previous calendar year under each of the following categories:

### a. Facilities receiving the Value of Solar rate

The Company does not have a Value of Solar rate in place at this time.

### b. Community Solar Gardens

The Company does not have a Community Solar Garden in place at this time.

#### c. Facilities under a Net metering tariff

The Company has 11 customer-owned solar facilities with a nameplate capacity totaling 114 kw with generation of 99 MWh for the year 2013. Four of the customer-owned facilities (with solar generation totaling 44 MWh in 2013) are on tariffed rates in either North Dakota or South Dakota where the tariff allows for the customer to retain the RECs and the customer has chosen to do so.

#### d. Utility-owned solar projects

The Company does not have any utility-owned solar projects at this time.

#### e. Solar facilities that have entered into a PPA with the utility

The Company does not have any solar PPAs at this time.

### f. Facilities receiving an incentive, such as SolarRewards or Made in Minnesota

Otter Tail did not contribute funding toward the Made in Minnesota program in 2013 and had not launched a solar PV incentive program as of December 31<sup>st</sup>, 2013. The company therefore cannot report that any customer facilities received incentive funding through Made in Minnesota or a utility solar PV incentive program.

### **CERTIFICATE OF SERVICE**

RE: In the Matter of Utilities' Annual Reports on Progress in Achieving the Solar Energy Standard
Docket Number E999/M-14-321

I, Wendi Olson, hereby certify that I have this day served a copy of the following, or a summary thereof, on Dr. Burl W. Haar and Sharon Ferguson by e-filing, and to all other persons on the attached service lists by electronic service or by first class mail.

Otter Tail Power Company Report

Dated this 30th day of May 2014.

/s/ WENDI OLSON

Wendi Olson Regulatory Filing Coordinator Otter Tail Power Company 215 South Cascade Street Fergus Falls MN 56537 (218) 739-8438

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