

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

January 28, 2020



Ryan Barlow
Acting Executive Secretary
Minnesota Public Utilities Commission
350 Metro Square Building
121 7th Place East
St. Paul, MN 55101-2147

**RE: In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large
Baseload Generation Facilities
Docket No. E999/CI-19-704
Reply Comments**

Dear Mr. Barlow:

Otter Tail Power Company (Otter Tail) hereby submits its Reply Comments to the Minnesota Public Utilities Commission (Commission) in the above references matter.

Otter Tail has electronically filed this document with the Minnesota Public Utilities 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 regarding this filing, please contact me at 218-739-8279 or stommerdahl@otpc.com.

Sincerely,

/s/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager, Regulatory Administration

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Enclosures
By electronic filing
c: Service List

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

In the Matter of an Investigation into
Self-Commitment and Self-Scheduling
of Large Baseload Generation Facilities

Docket No. E999/CI-19-704

OTTER TAIL POWER COMPANY REPLY COMMENTS

I. INTRODUCTION

On January 13, 2020, Otter Tail Power Company (Otter Tail or Company) filed Comments in response to the Minnesota Public Utilities Commission's (Commission) December 13, 2019 notice in the above referenced matter. On January 13, 2020, various parties filed Comments in the above captioned docket. In these Reply Comments, Otter Tail responds to the Comments of certain parties.

II. OTTER TAIL RESPONSES

Otter Tail provides responses to the following items raised by The Parties in Comments filed on January 13, 2020:

A. Request for information provided in the March 1, 2020 filing include data from January 1, 2015 through December 31, 2019 (Fresh Energy and Sierra Club):

Both Fresh Energy and the Sierra Club seek to expand the scope of the analysis to include information going back to January 1, 2015. Otter Tail questions the benefit of expanding the time frame in parameters advocated by Fresh Energy and the Sierra Club. In Otter Tail's case, anomalous events at both Big Stone Plant and Coyote Station during 2015 would not reflect a typical operating year for the plants. For example, 2015 included an extended planned outage at the Big Stone plant for purposes of integrating and completing Otter Tail's new Air Quality Control System (AQCS) at that plant. Coyote Station also operated at a de-rated level most of the year following the mechanical failure

of one of its boiler feed pumps in late 2014. All of this is to say past market conditions and associated utility generation portfolios may have limited value in evaluating the impacts of self-committing resources in today's evolving markets, especially when the past periods in question are anomalous in terms of operations or market conditions.

Fresh Energy suggests that providing the additional information will not be significantly more burdensome, however, Otter Tail does anticipate a significant time commitment would be needed to expand the analysis. If the Commission expands the scope of the analysis, Otter Tail believes it important to ensure that a fair representation of market and operating conditions are considered, which may be something other than the time frames defined by Fresh Energy and the Sierra Club.

If the Commission desires to expand the timeframe of any additional analysis back to 2015, Otter Tail requests excluding Hoot Lake Plant from that analysis for the reasons cited in Otter Tail's Initial Comments related to Hoot Lake's upcoming retirement. In addition, only during the winter, has one unit of Hoot Lake Plant been self-scheduled into the market for purposes of maintaining building heat. The second unit and during periods outside of the winter season, the whole plant has been offered into the market on an economic dispatch basis.

B. Request for a list of planned and expected investments over the lifetime of each unit, and estimated or actual costs for each expected investment (Fresh Energy and City of Minneapolis):

Both Fresh Energy and the City of Minneapolis requested that the utilities provide an itemized list of future planned and expected investments over the lifetime of each unit and the estimated costs for each expected investment. While Otter Tail would have available estimated investment costs going out ten years, the Commission will need to decide whether this request fits within the scope of this docket or is better addressed in an Integrated Resource Plan (IRP) docket. It is Otter Tail's belief this may be better served in an IRP docket.

C. Prudence of Dispatch (OAG)

The Office of the Attorney General suggests there could be some level of imprudence associated with the decision to self-schedule a generating unit into the market in certain situations and recommends that utilities comment on this issue and the manner of calculating customer refunds for “uneconomic dispatch.” Otter Tail does not agree with the OAG’s characterizations or recommendations concerning the scope of this docket, in part because the OAG’s recommendations appear to be based on the assumption that any instance a unit’s dispatched price is higher than the market is imprudent, which is not the case.

How a plant is operated depends on numerous factors, some of which are likely very unique to each utility. While there may be periods of time when market prices may be lower than a plant’s cost to generate, that outcome is never known until after-the-fact. An after-the-fact analysis focusing strictly on whether a plant was dispatched at a price higher than the market does not take into account the significant value of mitigating customers’ exposure to the market and price certainty. Plants can also be dispatched or utilized for balancing and ancillary services markets (ASM) needs as well during times of excess energy. In this context the term “uneconomic dispatch” can create a distorted picture.

Also, the physical operational characteristics of a coal plant limits the ability to cycle these plants on and offline on a regular basis. Because utilities can only offer units into the market one day at a time, the potential for cycling could be exasperated day to day, which operationally could impose additional stresses on the plant itself and potentially increase maintenance costs.

Otter Tail also has the additional operational considerations that (1) Otter Tail is only a partial owner of both Big Stone Plant and Coyote Station and operations are dictated by joint decisions, and (2) one co-owner utility at both plants is a member of the Southwest Power Pool (SPP) market. All of this is to say that Otter Tail does not believe the OAG’s recommendations are useful or warranted in this docket.

D. Discussion on Mitigation Options for Barriers or Limitations to utilizing Economic Dispatch (Sierra Club):

Order Point 8 of the November 13, 2019 Order asked the utilities to explain barriers or limitations to utilizing “economic dispatch” for specific coal-fired generating plants. The Sierra Club would also like the utilities to discuss what potential actions could be taken to address or mitigate each barrier. Otter Tail is not opposed to discussing any potential mitigating actions that could reasonably and prudently be deployed.

E. Provide long-term fuel contracts or steam contracts (Sierra Club):

The Sierra Club asked for additional information regarding long-term fuel or steam contracts and whether those contracts would require utilities to operate steam units out of merit order. If the Commission determines that the scope of this proceeding should include this information, Otter Tail is not opposed to providing it.

F. Commission should consider pushing back filing date if significant changes in scope of this docket are requested.

The current schedule requires the utilities to make their next filing on or before March 1, 2020. Otter Tail will continue to prepare this filing within the parameters as previously issued in the Commission’s November 13, 2019 Order. However, if the Commission considers expanding the scope of the analysis and information to be provided in this docket per the requests of other parties, Otter Tail would recommend delaying the filing date by an additional 30 to 60 days to address any new requirements.

III. CONCLUSION

Otter Tail appreciates the opportunity to provide these Reply Comments. Initial Comments submitted by other parties propose expanding the scope of this Docket. Otter Tail believes the initial scope established in the November 13, 2019 Order was reasonable and recommends the Commission preserve those initial parameters regarding the next filing currently scheduled for March 1, 2020. Should the scope be altered, Otter Tail recommends delaying that filing to incorporate whatever additional information the Commission deems necessary.

Dated: January 28, 2020

Respectfully submitted,
OTTER TAIL POWER COMPANY

By /s/ STUART TOMMERDAHL
Stuart Tommerdahl
Manager, Regulatory Administration
215 South Cascade
Fergus Falls, MN 56538-0496
(218) 739-8279

CERTIFICATE OF SERVICE

**RE: In the Matter of an Investigation into Self-Commitment and Self-Scheduling of Large Baseload Generation Facilities
Docket No. E999/CI-19-704**

I, Kim Ward, hereby certify that I have this day served a copy of the following, or a summary thereof, on Ryan Barlow and Sharon Ferguson by e-filing, and Letters of Availability to all other persons on the attached service list by electronic service or by first class mail.

**Otter Tail Power Company
Reply Comments**

Dated: January 28, 2020

/s/ KIM WARD

Kim Ward
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
Christopher	Anderson	canderson@allete.com	Minnesota Power	30 W Superior St Duluth, MN 558022191	Electronic Service	No	OFF_SL_19-704_Official
Alison C	Archer	aarcher@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121	Electronic Service	No	OFF_SL_19-704_Official
Ryan	Barlow	ryan.barlow@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 55101214	Electronic Service	Yes	OFF_SL_19-704_Official
Generic Notice	Commerce Attorneys	commerce.attorneys@ag.state.mn.us	Office of the Attorney General-DOC	445 Minnesota Street Suite 1800 St. Paul, MN 55101	Electronic Service	Yes	OFF_SL_19-704_Official
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	OFF_SL_19-704_Official
Bruce	Gerhardson	bgerhardson@otpc.com	Otter Tail Power Company	PO Box 496 215 S Cascade St Fergus Falls, MN 565380496	Electronic Service	No	OFF_SL_19-704_Official
Allen	Gleckner	gleckner@fresh-energy.org	Fresh Energy	408 St. Peter Street Ste 220 Saint Paul, Minnesota 55102	Electronic Service	No	OFF_SL_19-704_Official
Kim	Havey	kim.havey@minneapolismn.gov	City of Minneapolis	350 South 5th Street, Suite 315M Minneapolis, MN 55415	Electronic Service	No	OFF_SL_19-704_Official
Douglas	Larson	dlarson@dakotaelectric.com	Dakota Electric Association	4300 220th St W Farmington, MN 55024	Electronic Service	No	OFF_SL_19-704_Official
Leann	Oehlerking Boes	lboes@mnpower.com	Minnesota Power	30 W Superior St Duluth, MN 55802	Electronic Service	No	OFF_SL_19-704_Official

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
Randy	Olson	rolson@dakotaelectric.com	Dakota Electric Association	4300 220th Street W. Farmington, MN 55024-9583	Electronic Service	No	OFF_SL_19-704_Official
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_19-704_Official
Isabel	Ricker	ricker@fresh-energy.org	Fresh Energy	408 Saint Peter Street Suite 220 Saint Paul, MN 55102	Electronic Service	No	OFF_SL_19-704_Official
Lynnette	Sweet	Regulatory.records@xcelenergy.com	Xcel Energy	414 Nicollet Mall FL 7 Minneapolis, MN 554011993	Electronic Service	No	OFF_SL_19-704_Official
Stuart	Tommerdahl	stommerdahl@otpc.com	Otter Tail Power Company	215 S Cascade St PO Box 496 Fergus Falls, MN 56537	Electronic Service	No	OFF_SL_19-704_Official
Brian	Tulloh	btulloh@misoenergy.org	MISO	2985 Ames Crossing Rd Eagan, MN 55121-2498	Electronic Service	No	OFF_SL_19-704_Official