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August 22, 2019

Mr. Daniel P. Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East, Suite 350
St. Paul, MN 55101-2147

**RE: In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. §216H.06
Docket No. E999/DI-19-406, Docket No. E999/CI-07-1199
Comments**

Dear Mr. Wolf,

Enclosed are Otter Tail Power Company's (Otter Tail's) Comments in the matter referenced above. These Comments have been electronically filed with the Minnesota Public Utilities Commission and copies have been served on all parties on the attached service lists. A Certificate of Service is also enclosed.

Please contact me at 218-739-8417 or bhdraxten@otpc.com with any questions you may have.

Sincerely,

/s/ BRIAN DRAXTEN
Brian Draxten
Manager, Resource Planning

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Enclosures
By electronic filing
c: Service List

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

In the Matter of Establishing an Updated
Estimate of the Costs of Future Carbon
Dioxide Regulation on Electricity
Generation under Minn. Stat. §216H.06

Docket No. E999/DI-19-406
Docket No. E999/CI-07-1199

COMMENTS OF OTTER TAIL POWER COMPANY

Otter Tail Power Company (Otter Tail) submits these Comments in response to the Minnesota Public Utilities Commission (Commission) Notice of Comment Period dated July 9, 2019, in the above captioned matter. The Commission's Request for Comments invited comments on the range of cost estimates for the future cost of carbon dioxide (CO₂) regulation on electricity generation.

I. TOPICS OPEN FOR COMMENT

- **Whether the currently established range of regulatory costs of CO₂ emissions of \$5 to \$25 per short ton remains reasonable, and if not, what range should be established and why?**

Otter Tail believes that the current range of \$5 to \$25 with a midpoint of \$15 is reasonable and would favor continued application of this range by the Commission.

- **Whether 2025 is the appropriate threshold year for the application of the value range?**

Otter Tail uses the Wood Mackenzie energy price forecasts as the basis for our resource plan modeling. Wood Mackenzie assumes that a cost of carbon will begin in 2028. It is our opinion that using a start date of 2028 is more appropriate than 2025. There is currently no legislation pending for any type of carbon tax. Having such legislation in place to become effective by 2025 would be nearly impossible.

- **Whether the application scenarios listed in the Commission’s June 11, 2018 Order remain reasonable and appropriate?**

The five application scenarios listed in the Commission’s June 11, 2018 order are still reasonable and appropriate. These scenarios explore the outer bounds of CO₂ costs and provides all parties adequate information to evaluate company resource plans. These five scenarios do not limit parties from providing additional scenarios should they wish.

- **Whether the Commission’s update should apply to electricity generation resource planning and acquisition proceedings initiated in 2020 only or in both 2020 and 2021?**

Otter Tail recommends that the Commission apply applying the updated values and threshold year for both 2020 and 2021. There is currently no indication of any events that will significantly change the results of the Commission decision in this case. If any such events do occur, the Commission does have the authority to revise the values set in this proceeding.

II. CONCLUSION

Otter Tail’s recommendations are as follows:

- Continue to use the established range of \$5-\$25 per short ton for CO₂ emissions;
- Use 2028 as the appropriate threshold year for application of the value range;
- The Commission’s application scenarios remain reasonable and appropriate;
- The Commission’s decision on value range and application year should be used for both 2020 and 2021 in resource planning and acquisition proceedings.

If you have any questions regarding these comments, please feel free to contact Brian Draxten at bhdraxten@otpc.com or 218-739-8417.

Dated: August 22, 2019

Respectfully submitted,

OTTER TAIL POWER COMPANY

By: /s/ *BRIAN DRAXTEN*

Brian Draxten

Manager, Resource Planning

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CERTIFICATE OF SERVICE

**RE: In the Matter of Establishing an Estimate of the Costs of Future Carbon Dioxide Regulation on Electricity Generation under Minn. Stat. §216H.06
Docket No. E999/DI-19-406, Docket No. E999/CI-07-1199**

I, Kim Ward, hereby certify that I have this day served a copy of the following, or a summary thereof, on Daniel P. Wolf and Sharon Ferguson by e-filing, and to all other persons on the attached service list by electronic service or by First Class Mail.

**Otter Tail Power Company
Comments**

Dated this 22nd day of **August, 2019**.

/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
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	No	SPL_SL_19-406_19-406
Sharon	Ferguson	sharon.ferguson@state.mn.us	Department of Commerce	85 7th Place E Ste 280 Saint Paul, MN 551012198	Electronic Service	No	SPL_SL_19-406_19-406
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	No	SPL_SL_19-406_19-406
Daniel P	Wolf	dan.wolf@state.mn.us	Public Utilities Commission	121 7th Place East Suite 350 St. Paul, MN 551012147	Electronic Service	No	SPL_SL_19-406_19-406