

The Commission met on **Thursday, December 18, 2025**, with Chair Sieben and Commissioners Ham, Partridge, Sullivan, and Tuma present.

The following matters were taken up by the Commission:

E-017/M-25-325

In the Matter of Otter Tail Power Company's Petition for a Proposed Energy Storage System Pilot at the University of Minnesota Morris

Commissioner Tuma moved that the Commission order as follows:

1. Within 30 days Otter Tail Power Company (the Company) shall make a supplemental filing with additional information regarding treatment of tax benefits, battery technology, any contractual agreements with the University of Minnesota Morris, and a more complete accounting including anticipated decommissioning costs. The filing will address all elements of the pilot project, including those reflected in decision options in the briefing papers and December 18, 2025 agenda meeting discussions.
 - A. The filing must limit cost recovery for the pilot to a cost cap of the amount identified in the Trade Secret Initial Filing, Appendix B, at 1-2, unless Otter Tail shows by clear and convincing evidence that any incremental costs above that amount were reasonable, prudent, and beyond the Company's control.
 - B. If the Company proposes to recover costs for the battery energy storage system (BESS) through the Renewable Resource Cost Recovery Rider, then it must also seek approval to modify its Renewable Resource Cost Recovery Rider tariff sheet, Section 13.04, to include the recovery of energy storage pilot project costs as identified in Trade Secret Initial Filing, Appendix C, at 1-2.

Reporting

- C. The Company must agree to file the following quarterly and annual reports:
 - 1) Quarterly construction and schedule updates beginning upon issuance of the Commission order of approval until the pilot project is in service.

- 2) Annual operation performance data, beginning one year after the pilot project is in service and continuing for 10 years, including:
 - i. Round-trip efficiency
 - ii. Maximum ramp rate (charge & discharge rates)
 - iii. Derated Capacity
 - iv. Highest and lowest temperature of battery operation
- 3) Investment tax credit information and calculations provided with future cost recovery filings.

D. The Company must agree to file the following reports:

- 1) Financial Reporting – An annual financial report, submitted alongside the annual operational performance data, providing a detailed breakdown of the following:
 - i. All project costs, including capital expenditures and operational and maintenance expenses.
 - ii. An annual true-up of all costs and credits applied to the Renewable Resource Cost Recovery Rider.
- 2) Research and Learnings – A formal “lessons learned” report, filed two years after the BESS becomes operational, providing a detailed breakdown of the following:
 - i. Information on the Battery Energy Storage System’s technical performance in cold weather.
 - ii. The Battery Energy Storage System’s interaction with the University of Minnesota Morris campus’s distributed generation.
 - iii. Any challenges or successes related to its operation.
- 3) Risk Mitigation – A formal report, filed two years after the BESS becomes operational, detailing safety issues with the Battery Energy Storage system including the following:
 - i. Safety incidents
 - ii. Equipment failures
 - iii. Maintenance issues

- E. The Company must agree to file a lessons learned report with discussion of the following project goals identified by the Company (a-e, g), item f, and the following project goals identified by the University (h-m) in the petition, filed two years after the BESS becomes operational:

Company's Project Goals

- a. Develop internal processes and assign an internal team to monitor and optimize the BESS's performance and enhance the reliability of the distribution grid.
- b. Gain an understanding of necessary BESS maintenance requirements.
- c. Learn how the BESS performs during cold-climate operations.
- d. Optimize charging or dispatching the BESS based on the energy production of the University's or other local renewables.
- e. Learn how to optimize the BESS for energy arbitrage, respond to transmission congestion, or local emergency outage issues. Additional financial value streams may be identified.
- f. Understand the impacts of the BESS on Otter Tail's distribution system, including both costs and benefits.
- g. Support the Company's Integrated Resource Plan (IRP). The MPUC's July 22, 2024, order in Otter Tail Power's 2023-2027 IRP Docket No. E-017/RP-21-339, supports battery storage. MPUC ordering point 11, part (c) requires the Company to build "no less than 20 MWs and up to 75 MWs of battery storage resources with a minimum of four-hour duration with a commercial operation date of December 31, 2029 or as soon as practicable thereafter."

University's Project Goals

- h. Research how a community-scale non-lithium BESS in combination with local and regional solar and wind generation can improve resilience in both the grid and in rural communities.
- i. Research future viability of the University having their own BESS behind their meter, what battery chemistry might be best in a cold weather climate, what size battery is needed to interplay with the campus' renewables, should the University pursue a microgrid?
- j. Learn what potential financial benefits the University can realize from having its own battery on campus to reduce its billed demand and how it can maximize its renewable energy generation to be used on campus.
- k. Learn how the BESS project can financially support the University's ongoing energy research and development of future renewable energy, energy-efficiency, or BESS projects.

- I. Showcase an innovative energy technology to students, the local community, and University visitors.
 - m. Gain economic and technical analysis to allow the University to develop a document that will help transfer knowledge for future development. The University plans to present at conferences or association meetings to help utility and energy planners learn from the demonstration and analysis that is gained.
2. The Minnesota Department of Commerce will file recommendations along with its analysis within 30 days of the Company's filing, and state whether it supports the pilot.

The motion passed 5–0.

IP-7115/GS-23-423;

IP-7115/ESS-24-283;

IP-7115/TL-23-425

In the Matter of the Application of Benton Solar, LLC for a Site Permit for the 100 MW Solar Energy Generating System for the Benton Solar Project in Benton County, Minnesota;

In the Matter of the Application of Benton Solar, LLC for a Site Permit for the 100 MW Battery Energy Storage System for the Benton Solar Project in Benton County, Minnesota;

In the Matter of the Application of Benton Solar, LLC for a Route Permit for a 0.5-mile 115 kV High-Voltage Transmission Line Associated with the Benton Solar Project in Benton County, Minnesota.

Commissioner Tuma moved that the Commission order as follows:

Environmental Assessment

1. Determine that the Environmental Assessment and the record created in this matter address the issues identified in the Scoping Decision.

Administrative Law Judge (ALJ) Report

2. Adopt the ALJ's Findings of Fact, Conclusions of Law, and Recommendation (ALJ Report) to the extent it is consistent with the Commission's final decisions.
3. Adopt the following modifications to the ALJ Report as identified in the November 24, 2025 exceptions to the ALJ Report filed by the Laborers International Union of North America, District Council of Minnesota and North Dakota (LIUNA):

- Finding 224: Add “and Minnesota” to the end.
 - Finding 225: Replace “in” with “if.”
 - Finding 226A: Adopt LIUNA’s proposed modifications.
 - Finding 227: Adopt LIUNA’s modifications.
 - Finding 231: Adopt LIUNA’s modifications.
4. Adopt the following additional modifications to the ALJ’s Report:
- Finding 149: Modify as follows:

On August 20, 2025, Benton County filed a public comment regarding visual impacts on the residents at Rua Mitchel Court requesting urging the Applicant and the Commission “to consider enhanced screening measures—such as the proposed earthen berm—in this particular location.” Benton County suggested that Benton Solar develop a visual screening plan with an earthen berm approximately six feet high to screen the visual impacts of the Solar Facility from the residents in Rua Mitchel Court NE citing a similar 6 foot high berm at a nearby community solar garden. Benton County requested the earthen berm due to the high concentration of residences in the area around Rua Mitchel Court NE and the fact that the soil quality is not sufficient to support the long-term survival of trees and other vegetation. Benton County acknowledged that the Applicant’s screening proposal of two staggered rows of evergreen trees planted no more than 8 feet apart “is one of several options allowed under the Benton County Development Code, which is intentionally flexible to allow for the most appropriate solution to visual buffering.” However, the County encouraged a berm as an additional mitigation in this area.

- Finding 365: Modify as follows:
Based on the record and the legitimate concerns expressed at the public hearings by residents of Rua Mitchel Court, the Visual Screening Plan for residences adjacent to the project should include an earthen berm and/or vegetation sufficient to ~~ensure eight feet of screening~~ reasonably mitigate visual impacts at all times throughout the year, ~~include~~ including winter months.

Solar Site Permit

5. Issue the Proposed Solar Energy Draft Site Permit as included with the July 24, 2025 Environmental Assessment (EA) Filing (Attachment C) of the Commission’s Energy Infrastructure Permitting unit (EIP) and recommended by the ALJ as the Site Permit for the 100 MW Benton Solar Project in Benton County, Minnesota.

6. Include the recommendations provided by the ALJ, Minnesota Department of Natural Resources (DNR), EIP, and as prepared by Commission staff and attached to its briefing papers.
7. Amend 5.10 and 6.5 of the solar site permit proposed by Benton Solar, LLC (the Applicant) to require consultation of the DNR in the development of the Tree Removal Management Plan in order to provide reasonable protection to listed species.
8. Amend the solar site, battery energy storage system, and transmission line permits in order to invite Benton County to participate in all pre-construction and pre-operation meetings along with requiring the permittee to provide copies of all documentation for the meetings to the County.

Battery Energy Storage Site Permit

9. Issue the Proposed Battery Energy Storage Draft Site Permit as included with EIP's July 24, 2025 EA Filing (Attachment D) and recommended by the ALJ as the Battery Energy Storage Site Permit for 100 MW (megawatt) Benton Solar Project in Benton County, Minnesota.
10. Include the recommendations provided by the ALJ, DNR, EIP and as prepared by Commission staff and attached to the briefing papers.

Route Permit

11. Issue the Proposed Draft Route Permit as included with EIP's July 24, 2025 EA Filing (Attachment E) and recommended by the ALJ as the Route Permit for 115 kV Transmission Line associated with the Benton Solar Project in Benton County, Minnesota.
12. Include the recommendations provided by the ALJ, DNR, EIP and as prepared by Commission staff and attached to the briefing papers.

Earthen Berm and/or Visual Screening Plan

13. Modify permit condition 5.1 in both site permits to read:

5.1 Visual Screening Plan. The Permittee shall develop a site-specific Visual Screening Plan. The Visual Screening Plan shall be designed and managed to mitigate visual impacts to adjacent residences. The Visual Screening Plan shall at a minimum include: (a) objectives for screening of nearby residences; and (b) a description of the types of landscaping, trees and shrub species to be used, the

location of the landscaping, plantings, and plans for installation, establishment, and maintenance. The location of the landscaping, trees and shrubs included in the Visual Screening Plan that are located within the Permittee's site control shall be included in the Site Plan filed under Section 8.3. For visual screening landscaping or planting located outside the Permittee's site control the Permittee is required to include in the plan the general location and description of the visual screening work and documentation of landowner consent. The Permittee is required, at a minimum, to maintain and ensure the successful growth, health, and maintenance of the vegetation for 3 years.

At least 14 days prior to the pre-construction meeting, the Permittee shall file:

- (a) the Visual Screening Plan;
- (b) documentation of coordination with landowners adjacent to the project site; and
- (c) an affidavit of its distribution of the Visual Screening Plan to landowners adjacent to the project site.

Use of Local Labor

14. Include the following special condition in all three permits:

The Permittee shall notify the Commission in writing if the Permittee intends to deviate from its commitment to require that the project's EPC contractor enter into a site-specific project labor agreement to select a contractor that ~~will~~ maximize its use of local, union construction employees to the greatest extent feasible. This notification shall include a detailed explanation of the rationale for the deviation. The Commission shall determine within ten business days whether to accept the Permittee's explanation.

Power Purchase Agreement/Offtake Agreement

15. Include the special permit conditions regarding the Power Purchase Agreement and Offtake Agreement as discussed in the briefing papers, Staff Discussion Section 7, in the final permits for the Benton Solar project in Section 10.6 of the Solar Energy Generating System permit and Section 10.5 of the Energy Storage System permit.

Tree Replacement Plan

16. Amend the site and the route permits to include a requirement that the Permittee shall, in coordination with DNR and Benton County, develop a tree replacement plan to replace any trees that are removed for the construction of the Project and file the plan with the Commission at least 14 days before the pre-construction meeting. Replacement trees may be planted on public lands with the permission of the public entity/owner.

Administrative

17. Authorize Commission staff to modify the permits to correct typographic and formatting errors, to reflect recent changes to infrastructure permitting legislation as applicable and ensure consistency with the Commission's final order in the matter.

The motion passed 5–0.

There being no further business, the meeting was adjourned.

APPROVED BY THE COMMISSION: January 15, 2026



Sasha Bergman, Executive Secretary