

Second Revised Decision Options

October 23, 2014

Docket No. E017/RP-13-961

Approval

1. Approve Otter Tail Power Company's 2014-2028 resource plan.
2. Approve Otter Tail Power Company's 2014-2028 resource plan with modifications.
3. Reject Otter Tail Power Company's 2014-2028 resource plan.

Deadline for the Next Resource Plan

4. Require Otter Tail Power to file its next resource plan on December 1, 2016 (*Otter Tail*)
5. Require Otter Tail Power to file its next resource plan on December 1, 2015 (*Staff*)
6. Some other date

Size, Type, and Timing of Need

7. Otter Tail Power shall obtain approximately 200 MW, subject to need, of intermediate capacity (and associated energy) in the 2019 – 2021 timeframe by constructing the resource itself, by sharing in the ownership of the resource, or by procuring the resource through bilateral contracts, whichever option is most cost-effective. (*Staff*) **Or,**

7.A. The evidence in this record reflects that the size, type, and timing of Otter Tail's resource need will be approximately 200 MW of intermediate capacity in the 2019 to 2021 timeframe.

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Wind Additions

8. Authorize Otter Tail to construct up to 200 MW of wind by 2021 if cost-effective and if clarity on how such resource additions will be treated under the EPA's proposed 111(d) rules has been obtained. (*Otter Tail*)
9. Modify Otter Tail's resource plan to include 100 MW of wind in 2017, 100 MW of wind in 2019, and 100 MW of wind in 2021. (*Department*)
10. Require Otter Tail to procure 100 MW of wind by 2017. (*Department*)
11. The evidence in this record demonstrates that, in addition to Otter Tail Power's 200 MW capacity need in 2019-2021, up to 300 MW of wind in the 2017-2021 timeframe is cost-effective when the price of wind is \$45/MWh or less. (*Staff*)
 - 11.A. The evidence in this record demonstrates that, in addition to Otter Tail Power's 200 MW of capacity need in 2019-2021, Otter Tail should commence a competitive bidding process to acquire wind in the 2017-2021 timeframe because it is cost-effective and would contribute to meeting Otter Tail's Greenhouse Gas Reduction Goal set forth in Minn. Stat § 216H.02. (*Environmental Intervenors*)

Solar Energy Standard

12. Modify Otter Tail's action plan to add 21 MW solar by 2019. (*Department*)
13. Direct Otter Tail to explore procuring at least half of its SES compliance by December 2016 to secure potentially expiring tax credits for solar resources. Otter Tail shall include progress toward this December 2016 goal in each of its Annual SES Reports required under Minn. Stat. §216B.1691, Subd. 2f.(g) (*Staff*)
14. Require Otter Tail to initiate a competitive bidding process specific to utility-scale solar resources located in Minnesota, for commercial operation by December 2016. (*Staff*) **Or,**
 - 14.A. Require Otter Tail to initiate a competitive bidding process specific to utility-scale solar resources located in Minnesota, for commercial operation by December 2016, because it complies with the Solar Energy Standard and early solar acquisition contributes to meeting Otter Tail's Greenhouse Gas Reduction Goal set forth in Minn. Stat. § 216H.02.
15. Some other option.

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Energy Savings Goals

16. Find that Otter Tail's 1.5 percent energy savings goal as submitted and approved in its current triennial CIP plan is reasonable for resource planning purposes. (*Otter Tail*)
17. Modify Otter Tail's plan to include 1.7 percent energy savings. (*Department*)
 - 17.A. Modify Otter Tail's plan to include 1.7 percent energy savings because it is cost effective and contributes to meeting Otter Tail's Greenhouse Gas Reduction Goal set forth in Minn. Stat. § 216H.02. (*Environmental Intervenors*)
18. For the next resource plan, Otter Tail Power shall evaluate additional conservation scenarios that would achieve greater energy savings beyond those in the base case. Otter Tail shall provide cost assumptions for achieving every 0.1 percent of savings above 1.5 percent retail sales. (*Staff*)

Additional Clarifications

19. Otter Tail's use of the MISO resource adequacy construct and its method to estimate coincident peak is reasonable. (*Otter Tail*)
20. Otter Tail's use of bilateral energy contracts and the MISO day-ahead energy market does not put its customers at risk and should not be limited to the first five years of the planning period. (*Otter Tail*) **Or,**
 - 20.A. Otter Tail's use of bilateral energy contracts does not put its customers at risk and should not be limited to the first five years of the planning period, as long as the contracts are secured and cost-effective resource. (*Staff-variant of Otter Tail*)

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Requirements for the Next Resource Plan

21. For the Company's next resource plan, require Otter Tail to assume only minimal purchases from market energy after five years. *(Department)*
 - 21.A. For the Company's next resource plan, require Otter Tail include a scenario which caps MISO day-ahead market energy at ten percent of Otter Tail's total energy needs, after the first five years of the planning period. *(Staff-variant of Department)*
22. For the Company's next resource plan, require Otter Tail to restrict Strategist from selecting generic, wholesale capacity purchases after the first five years of the planning period, unless a specific, known contract exists. *(Staff)*
23. For the Company's next resource plan, require Otter Tail to include an analysis of the effects of retiring its Jamestown and Lake Preston peaking units. *(Department)*
24. For the Company's next resource plan, require Otter Tail to file a proposal to replace Hoot Lake Plant, to include expected dates for filing: a Certificate of Need with the Commission, an Attachment Y with MISO, and an interconnection request with MISO for its proposed new facility. *(Staff)*
25. Direct Otter Tail to monitor the discussion regarding Minnesota's greenhouse gas reduction goal in the pending SMMPA 2014 resource plan docket, Docket No. 13-1104, and provide an analysis in the Company's next resource plan. *(Staff-variant of Department recommendation)*
26. Require Otter Tail to file all pertinent details demonstrating the reasonableness of the energy-only bilateral purchased power agreement it entered into on October 7, 2014. The Company shall provide the price(s) of the energy under the contract, whether any resource would be replaced by the energy-only purchase, and any other information necessary for the Department and the Commission to determine whether this bilateral purchase is reasonable. *(Department)*

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General Housekeeping

27. Require Otter Tail to provide detailed data, calculations, and written explanations in its initial filings in future regulatory filing which require a forecasting analysis (e.g., general rate cases, integrated resource plans) supporting its Heating Degree Day base; and investigate other regression specifications and methods to account for the change in the capacity control set point in future regulatory filings. (*Department*)

28. Require Otter Tail to use Strategist in the Company's next IRP. (*Department*)

29. Require Otter Tail to include, in all future IRPs, a forecast of the market cost of SO₂ allowances, as well as any other emissions allowances granted to the Company. (*Department*)

Staff recommendations: 2, 5, 7, 11, 12, 13, 18, 21, 22, 23, 24, 25.

(End of Decision Options)