

**STATE OF SOUTH DAKOTA
BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

**In the Matter of Otter Tail Power
Company’s Petition for Approval
of a New My Renewable Energy
Credits (My RECs) Rider**

**Docket No. EL24-
PETITION**

I. INTRODUCTION

Otter Tail Power Company (“Otter Tail”) requests approval of a new service offering, a voluntary rider that will allow our nonresidential customers to offset carbon associated with their energy use with Otter Tail’s excess generated Renewable Energy Credits (RECs),¹ which Otter Tail will retire on subscriber’ behalf annually. Otter Tail’s new service offering is called the My Renewable Energy Credits Rider (My RECs Rider). We designed the program to help our larger customers (those with over 20 kW of measured demand) meet their sustainability and other business goals. Otter Tail will retire RECs on behalf of subscribers based on their annual kWh usage. Customers will have the option to participate in the rider program at amounts equal to 50 percent, 75 percent, or 100 percent of their usage at a per kWh charge. The per kWh charge is based on the currently approved Small Power Producer rate for RECs, plus administrative costs included for processing and retiring of the corresponding number of RECs on behalf of participating customers.

II. GENERAL FILING INFORMATION

A. Name, address, and telephone number of the utility making the filing

Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8200

¹ Also known as Renewable Energy Certificates or RECs.

B. Name, address, and telephone number of the attorney for Otter Tail Power Company

Lauren Donofrio
Senior Associate General Counsel – Regulatory
Otter Tail Power Company
215 South Cascade Street
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ldonofrio@otpc.com

C. Title of utility employee responsible for filing

Svetlana Fedje
Pricing Analyst
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
(218) 739-8799
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D. The Company also requests that the following contact(s) be placed on the Commission’s official service list for this matter

Regulatory Filing Coordinator
Otter Tail Power Company
215 South Cascade Street
P.O. Box 496
Fergus Falls, MN 56538-0496
regulatory_filing_coordinators@otpc.com

E. The date of filing and the date changes will take effect

The date of this filing is February 13, 2024. Otter Tail requests approval as of June 1, 2024, or on the first day of the month following the South Dakota Public Utilities Commission’s (Commission) approval, should its decision be thereafter.

F. Statutes and Administrative Rules affecting this filing

Pursuant to ARSD 20:10:13:15, Otter Tail provides this filing to the Commission as notice of a new tariff schedule and changes to existing tariffs. This filing is accompanied by the report to Commission of tariff schedule changes on notice required by ARSD 20:10:13:26 as Attachment 1.

G. Customer notice

Attachment 2 is the customer bill message that will be included on customer bills following submittal of this filing as required by ARSD 20:10:13:17 and ARSD 20:10:13:19. Additionally, a proposed customer implementation notice (bill

insert) is included as Attachment 3. This bill insert will be included with customer bills the month these tariff changes become effective.

III. DESCRIPTION AND PURPOSE OF FILING

The My RECs voluntary rider provides nonresidential customers with over 20 kW² of measured demand with a renewable option to meet their sustainability and other business goals. Otter Tail's renewable resources currently produce more RECs than the Company requires for compliance. Otter Tail will be retiring excess renewable energy credits on behalf of the subscribers based on their annual kWh usage. Customers will have the option to be 50 percent, 75 percent, or 100 percent renewable at a per kWh charge.

A. My RECs Rider Rate Design

The rate design for the proposed My RECs Rider is simple, straightforward, and cost-based. As it was briefly mentioned earlier in this Petition, Otter Tail is proposing a cost-based approach to this rider by offering our customers renewable energy credits priced based upon the most cost effective and available RECs (currently Wind RECs) at the same cost Otter Tail buys them from its small power producers, plus a small adder consisting of a Customer Charge and REC retirement costs. These appropriate, yet minimal, additional costs will cover Otter Tail's costs of administering the program, billing changes, and retiring the RECs. The currently proposed rates are based on the Wind REC prices that were filed for approval on January 31, 2024, in our most recent annual update for Small Power Production and Cogeneration Rates in South Dakota, Docket No. EL24-001. Calculations supporting the proposed rider rates are presented in Attachment 4. The new Section 14.14 My Renewable Energy Credits (My RECs) Rate Schedule is presented in Attachment 5. Because the number of excess RECs available is based upon the amount and type generated in the previous year, and OTPs oldest RECs are retired first, at this time the only available RECs are Wind RECs. In the future, rates may be based on a combination of both wind and solar RECs, depending upon availability.

B. Tariff Availability

Otter Tail will offer the My RECs Rider on a voluntary basis to both Single and Three-phase nonresidential Customers with a measured demand of at least 20 kW at the time of enrollment. This rider is open to eligible customers on a first-

² Customers under 20 kW can participate in our Section 14.09 Renewable Energy Rider (**TailWinds**).

come, first-served basis until participation reaches the applicable annual participation cap. Initially, the participation cap is set at 600,000 MWh (the equivalent of 600,000 RECs) system wide and may be updated in future years. Service under this schedule shall be for a period not less than 12 consecutive months, automatically renewed annually. After the first full year of service, Customers may cancel service under this schedule by providing oral or written notice to the Company of their intent to no longer take service, no less than 30 days prior to the Customer's normal monthly billing date. This new Rider is limited to larger nonresidential customers because smaller commercial and residential class customers already have an option to buy green energy through the **TailWinds** Voluntary Rider.³

C. Annual Update

Otter Tail will annually file an update which will provide the following information:

1. Updated Annual Participation Cap;
2. Updated Administrative cost, based on MRETS (Midwest Renewable Energy Tracking System, Inc.) annual cost changes;
3. Updated proportion of wind and solar RECs; and
4. Updated rate calculation based upon the most recently approved Small Power Producer (SPP) REC rates.

Otter Tail proposes to include these annual updates to the My RECs Rider in its annual update for Small Power Production and Cogeneration Rates in South Dakota. This would simplify the administration of both programs as the new rates would become effective on the same date as the new rates for SPPs. This would also be administratively efficient for the Commission; it would avoid the need for a second proceeding approving largely the same information.

IV. RATE SCHEDULES AFFECTED

Otter Tail includes with this Petition at Attachment 5 the following updated and new redline and clean Rate Schedules.

1. SD Index
2. SD 13.00 Mandatory Riders – Applicability Matrix
3. SD 14.00 Voluntary Riders – Availability Matrix
4. New SD 14.14 Renewable Energy Credits (RECs) Rider

³ **TailWinds** program is available to any class of Customers averaging 100 kWhs or more of usage per month.

V. CONCLUSION

Otter Tail respectfully requests that the Commission approve the enclosed new voluntary rider tariff offering, Index, and Matrices to be effective as of June 1, 2024.

Date: February 13, 2024

Respectfully submitted:

OTTER TAIL POWER COMPANY

/s/ SVETLANA FEDJE

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