

OTTER TAIL POWER COMPANY
Docket No: EL17-003

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 02/06/2017
Date Due: 02/13/2017
Date of Response: 02/09/2017
Responding Witness: Svetlana Fedje, Pricing Analyst - (218) 739-8799

Information Request:

Refer to the response to DR 1-3. 18 CFR 292.304(e)(1) states that in determining avoided costs, the data provided pursuant to 18 CFR 292.302(b), (c), or (d) should be taken into account to the extent practicable. Does Otter Tail calculate the estimated avoided energy costs at various levels of purchases from qualifying facilities as required in 18 CFR 292.302(b)(1)? If so, provide the results for each level of purchase. When determining the avoided costs for purposes of this docket, does Otter Tail run the Strategist model specifically at the 100 kW level? Please explain.

Attachments: 0

Response:

To date it has not been practicable for OTP to calculate the estimated avoided energy costs on OTP's system at various levels of purchases from qualifying facilities. Correspondingly it has not been practicable for OTP to calculate avoided energy costs on its system in blocks of 100 megawatts or less as referenced in 18 CFR 292.302(b)(1). Historically OTP has had very little by way of qualifying facilities on its system. Calculating avoided energy cost at various levels of purchase, and especially at 100 kW increments would not be useful or meaningful. The Strategist model calculates an economic dispatch figure based on OTP existing and anticipated generation recourses (including the MISO market) under different assumptions. From this, marginal units for each hour are calculated which in turn provides a calculation for avoided energy costs. OTP believes methodology reasonable determines avoided energy costs on its system. OTP is currently evaluating whether to estimate avoided energy costs at various levels, and if so, at what increments.