

OTTER TAIL POWER COMPANY
Docket No: EL19-020

Response to: South Dakota Public Utilities Commission
Analyst: SDPUC Staff
Date Received: 05/08/2019
Date Due: 05/22/2019
Date of Response: 05/22/2019
Responding Witness: Jason A. Grenier, Manager Market Planning - (218) 739-8639

Data Request:

Explain why Geothermal Heat Pumps (R) had limited participation in 2018. What is OTP doing to increase participation in 2019?

Attachments: 0

Response:

Even with Otter Tail Power's strong geothermal heat pump rebates these systems still come at a significant upfront cost to customers. An investment in a geothermal system is usually evaluated against available alternative fuels, which are subject to varying prices and overall market trends. While a geothermal system will pay back over time, current natural gas prices have decreased the payback period making geothermal a less attractive option by comparison.

In 2018, the geothermal federal tax credit of 30 percent was reinstated allowing Otter Tail to actively promote this impactful tax credit. Having this tax credit certainty going forward for several years allows customers to better plan for a larger upfront system like geothermal. Otter Tail will also continue to promote geothermal heat pumps through those channels identified in the Status Report to encourage participation in 2019 as well as look for additional opportunities to promote this technology.