

OTTER TAIL POWER COMPANY

Docket No: EL20-022

Response to: SD Public Utilities Commission

Analyst: SD PUC Staff

Date Received: October 20, 2020

Date Due: November 03, 2020

Date of Response: November 03, 2020

Responding Witness: Jason A. Grenier, Manager Market Planning - (218) 739-8639

Data Request:

2-5. Refer to the Company's response to Staff DR 1-4, Attach1.4.xlsx, regarding the DrivePower project. Otter Tail lists declining participant costs and increasing market saturation as the reason for decreasing the current incentives for HVAC or Seasonal Fan AS 15 hp, HVAC or Seasonal Pump ASD 15 hp, Process or Year-round Fan AS 25 hp, and Process or Year-round Fan ASD 30 hp. Provide additional information regarding declining participation and increased market saturation and explain why the DrivePower project should still incentivize these installations.

Attachments:Response:

Otter Tail appreciates the question from PUC staff regarding proposed changes in the Company's DrivePower program rebate structure. The Company points to participation and participant cost from 2014 to 2019 as the basis for the proposed incentive change:

Year	ASD Qty	Average Participant Project Cost	Average Participant Project Rebate
2019	240	\$6,149	\$1,333
2018	92	\$4,899	\$1,334
2017	29	\$7,305	\$3,194
2016	22	\$3,599	\$1,162
2015	62	\$12,546	\$2,287
2014	47	\$21,129	\$3,542

Otter Tail points to significantly lower ASD participant costs from 2014 to 2019, healthy participation numbers over this span, and anecdotal comments from industry product suppliers regarding declining costs in adjustable speed drive technology. The Company is confident that a decreased rebate will still provide adequate incentive for installations among its South Dakota customers while maximizing the cost effectiveness of EEP for all South Dakota customers. Although costs are declining, customers are still dependent on an incentive to install ASDs. Participation and associated system benefits from energy and demand savings will likely diminish without the Company offering an ASD rebate.