

OTTER TAIL POWER COMPANY

Docket No: EL22-025

Response to: SD Public Utilities Commission

Analyst: Brittany Mehlhaff

Date Received: October 07, 2022

Date Due: October 24, 2022

Date of Response: October 21, 2022

Responding Witness: Stuart Tommerdahl, Manager, Regulatory Administration, 218 739-8279

Data Request:

Provide forecasted LMP's at the Hoot Lake node for the next five years, or whatever timeframe is available.

Attachments: 1

Attachment 1 to DR SD-PUC-01.06.pdf

Response:

Otter Tail does not maintain a specific LMP forecast for the Hoot Lake commercial pricing node. Otter Tail does maintain an LMP forecast for the Otter Tail load zone. Until recently, the Otter Tail load zone served as a reasonable proxy for Hoot Lake. Recent increases in market pricing and volatility have resulted in divergence between the two nodes during 2021 and 2022. Average annual LMP values for the Otter Tail load zone and Hoot Lake are displayed in the below table.

	Peak Hours		Off Peak Hours		All Hours	
	OTP Load Zone	Hoot Lake	OTP Load Zone	Hoot Lake	OTP Load Zone	Hoot Lake
2017	\$27.20	\$27.77	\$19.38	\$19.72	\$23.00	\$23.45
2018	\$31.90	\$31.63	\$23.25	\$23.26	\$27.78	\$27.16
2019	\$26.45	\$26.97	\$19.97	\$20.13	\$22.99	\$23.32
2020	\$19.98	\$21.54	\$13.62	\$14.43	\$16.60	\$17.76
2021	\$44.86	\$66.71	\$30.62	\$46.65	\$37.28	\$56.03
2022-Sept	\$57.16	\$68.17	\$38.27	\$45.25	\$47.13	\$56.00

The Otter Tail load zone forecast is developed by applying an internally determined basis against the posted Indiana Hub forward price curve. The basis is developed utilizing historical LMP spreads, current pricing trends, and expected market conditions. The Indiana Hub is the most liquid trading location within the MISO wholesale energy market. Otter Tail obtains forward

Indiana Hub pricing through our subscription with the Intercontinental Exchange (ICE) trading platform. The Otter Tail Load zone peak and off-peak forecasts, dated August 17th, 2022, are included as Attachment 1 to DR SD-PUC-01.06. Those forecasts are also graphically displayed below.

Current forward price curves project very strong energy pricing through the 2022/23 winter season with notable reductions starting in the spring of 2023. However, despite those reductions, forward pricing is still projected to be notably stronger than historical pricing during the 2017 through 2021 time frame.



