

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 20, 2022

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

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Data Request:

Refer to page 5 of the Petition. Footnote 4 indicates that Otter Tail is currently refining the exact methodology, granularity, and calculation to be used to calculate the avoided purchased power costs due to Hoot Lake Solar output. Please further explain how the calculation may vary from the sample provided in Attachment 2.

Attachments: 1

Attachment 1 to DR SD-PUC-1.08.pdf

Response:

The example provided in Attachment 2 for calculating the estimated avoided purchased power costs included multiplying a singular MWh output value by a singular Locational Marginal Price (LMP), per hour. This was provided for illustration purposes to convey the concept and general approach to determining the avoided purchased power cost.

As a Midcontinent Independent System Operator (MISO) market participant, Otter Tail will realize settlements in both the Day Ahead (DA) and Real Time (RT) markets for Hoot Lake Solar output. There will be a DA MWh output amount and DA LMP amount for all hours cleared in MISO DA market. Correspondingly, there will also be RT actual generation and RT LMPs that occur in the RT market. Otter Tail will be paid the hourly DA cleared generation multiplied by the DA cleared LMP, plus or minus any deviations that occur in the RT market.

Attachment 1 to DR SD-PUC-1.08 includes a more complete example of the settlement impacts described above incorporating the four parameters: DA Generation Cleared, DA Cleared LMP, RT Actual Generation, and RT Actual LMP. Two hypothetical hours are provided. Otter Tail anticipates using the calculated revenue at the Hoot Lake Solar commercial pricing node as a proxy for the estimated amount of avoided purchased power costs resulting from Hoot Lake Solar output.