

215 South Cascade Street  
PO Box 496  
Fergus Falls, Minnesota 56538-0496  
218 739-8200  
[www.otpc.com](http://www.otpc.com) (web site)

March 31, 2023



Ms. Patricia Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, 1st floor  
500 East Capitol Avenue  
Pierre, SD 57501-5070

**PUBLIC – TRADE SECRET  
DATA HAS BEEN EXCISED**

**RE: IN THE MATTER OF OTTER TAIL POWER COMPANY'S SUBMITTAL  
OF ITS SUPPLEMENTAL 2022-2036 RESOURCE PLAN**

Dear Ms. Van Gerpen:

Enclosed for filing with the South Dakota Public Utilities Commission is Otter Tail Power Company's (Otter Tail or Company) supplement to its 2021 Integrated Resource Plan (IRP) filing made September 1, 2021 (Initial Filing). Also enclosed is our Request for Confidential Treatment of Information. The supplement (Supplemental Filing) updates our Initial Filing to account for recent developments which include the following:

- The Midcontinent Independent System Operator's (MISO) adoption of a seasonal resource adequacy construct and capacity requirements that increased planning reserve margins (PRMs) above the quantities included in our Initial Filing and its modeling;
- The enactment of the federal Inflation Reduction Act, which provides renewed and new incentives for wind, solar, clean energy storage, and clean energy manufacturing projects, such as the extension of wind and solar tax incentives that were set to expire and the creation of other new tax credits for renewable energy projects;
- Changes to Otter Tail's load forecasts; and
- MISO's projection for capacity deficits and recent volatility in energy markets

The Supplemental Filing includes a Supplemental Preferred Plan that replaces the Preferred Plan provided in our Initial Filing. The Supplemental Preferred Plan reflects the substantial and on-going changes to the resource planning environment since our Initial Filing. In response to these changes, our Supplemental Preferred Plan supports the addition of more renewable generation resources than proposed in our Initial Filing and a practical approach regarding Coyote Station that provides flexibility to respond to risk in an unsettled environment.

The Supplemental Preferred Plan includes a request for authority to add on-site liquified natural gas (LNG) fuel storage at Astoria Station in 2026<sup>1</sup>, add approximately 200 megawatts (MW) of solar generation in the 2027-2028 timeframe, taking initial steps to add approximately 200 MW of wind generation in the 2029 timeframe, and

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<sup>1</sup> We anticipate filing a request to amend Astoria Station's South Dakota site permit in February 2023 to allow the addition of on-site LNG fuel storage.

withdrawing from our 35% ownership interest in Coyote Station if the Company is required to make a large, non-routine capital investment in the plant.

The Supplemental Preferred Plan ensures we have the resources necessary to continue providing reliable, low-cost electricity to meet our customers' needs.

This filing includes information Otter Tail deems to be Confidential Information under ARSD 20:10:01:39 and is provided on the condition that it is not filed or otherwise publicly disclosed pending a determination under ARSD 20:10:01:41 and 20:10:01.42, or an agreement by the parties to this proceeding regarding its disclosure. Such Confidential Information is marked "CONFIDENTIAL" and noted where applicable as [PROTECTED DATA BEGINS... ..PROTECTED DATA ENDS].

Should you have any questions, please contact me at [njensen@otpc.com](mailto:njensen@otpc.com) or (218) 739-8989.

Sincerely,

*/s/ NATHAN JENSEN*  
Nathan Jensen  
Manager, Resource Planning

jjf  
Enclosures  
By electronic service