

OTTER TAIL POWER COMPANY
Docket No: EL26-011

Response to: SD Public Utilities Commission

Analyst: Eric Paulson

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Date of Response: May 28, 2026

Responding Witness: Cristina Zuniga, Supervisor, DSM Administration - 218-739-8240

Data Request:

Refer to the Direct Install program on page 10 of the Status Report and the chart on Appendix A page 1. OTP notes the Direct Install program is proposed to end due to limited opportunities to install measures and achieve savings. The Smart Thermostats and Custom Efficiency grants had similar or less participation and savings but those programs are proposed to continue. Explain why those programs should continue but not the Direct Install program.

Attachments: 0

Response:

Due to the unique structure of the program, participation in the Custom Efficiency Grants can be inconsistent in terms of annual projects or measures completed by its customers. However, the Company continues to support the program and the innovation of energy savings opportunities the program delivers. The Custom Grant program is designed to capture energy efficient projects that do not fit within the confined model of a prescriptive program. As discussed in more detail in Data Request 01.17, there is interest in the Custom Grant program, but not all projects are cost effective and do not move forward within the process. While no energy savings were captured in 2025 under this program, the costs to administratively keep the program running were under \$800, which Otter Tail Power finds reasonable. The Company continues to support the continuation of the Custom Efficiency Grants program and will increase outreach and education around the program in 2026.

Otter Tail Power strives to propose and implement a portfolio of energy efficiency programs that balance the participation of Residential and Commercial customers. The Company supports the continuation of the Smart Thermostat Program in part to preserve that balance. The available smart thermostats, as an individual measure, are cost-effective, have strong customer interest, are relatively easy to self-install, and maintain synergy with the well performing Residential Heat Pump program, but there has been a missing element for success. In response, for 2026, the Company has taken steps to streamline customer self-service rebate forms to reduce the barriers of participation for this program and believes the program can be cost-effective moving forward.

Otter Tail Power continues to support its request to end its Commercial Direct Install program. The Company has observed a noticeable decline in opportunities for low-cost energy savings measures offered through its Commercial Direct Install program. Even with positive participation levels in terms of interest and assessments completed, without the opportunity to install direct measures and

follow up projects being completed, the program will not be successful considering the high costs associated with running the program in both the Direct Install and the Advertising and Education budgets. From observing this continuing trend, the Company concludes that savings opportunities per participant have declined and will likely continue to do so.