

OTTER TAIL POWER COMPANY

Docket No: EL26-021

Response to: SD Public Utilities Commission

Analyst: Logan Schaeffbauer

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Responding Witness: Amber Grenier, Manager, Regulatory Economics, 218-739-8728

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Data Request:

For dedicated resources, how will OTP decide what to build as a result of a resource study? Will they be least cost resources, resource types requested by the customer, resources due to government mandates? Explain.

Attachments: 0

Response:

The proposed tariff provides two options for an HPC customer. The customer may either provide its own generation resources and deliver the associated OTP Zone One Zonal Resource Credits (ZRCs), or OTP may develop, procure, or contract for the incremental generation resources needed to serve the customer's load.

When a customer elects to provide its own generation resources, OTP does not determine the type of generation selected. If OTP is responsible for developing or procuring the incremental generation, the dedicated resource portfolio will be based on the results of the resource study, the customer's load requirements and preferences, system reliability needs, and applicable regulatory requirements. Because the dedicated resources are designed to serve a specific customer and are funded by that customer, customer preferences may play a significant role in determining the resource mix.

OTP will work with the customer to evaluate available resource options and develop a portfolio that meets the customer's objectives while maintaining reliable service and complying with applicable regulatory and operational requirements. As a result, the dedicated resource portfolio may consist of customer-preferred resources, least-cost resources, or a combination of both, depending on the circumstances of the project.