

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



June 21, 2022

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

**RE: MISO Utilities' 2022 Summer Resource Readiness and  
Preseason Peak Plan**

Dear Ms. Van Gerpen:

The South Dakota Public Utilities Commission (Commission) recently requested MISO utilities serving South customers to submit letters detailing whether they have sufficient resources to meet peak demand during the summer months of 2022. Otter Tail Power Company (Otter Tail) appreciates the opportunity to provide the following responses to the Commission's questions.

**A. Are South Dakota utilities ready to reliably serve peak load for summer 2022? If so, please explain how.**

Yes. Otter Tail is ready to meet its customers peak load requirements for summer 2022. We have completed planned spring maintenance outages and all generators are available with normal fuel inventories and fuel availability. Otter Tail Power Company does not have any unmitigated transmission reliability issues with regards to serving its customer load for summer 2022.

**B. Do South Dakota MISO utilities participate in MISO's emergency drills including the firm load shed drill?**

Yes. Otter Tail power system operators and control center staff participate in these drills.

**C. Do South Dakota MISO utilities have a comprehensive plan for firm load shed?**

Yes, Otter Tail has an established procedure to respond to energy emergencies. Firm load shed is the last step in managing an energy emergency in the MISO footprint. As a Local Balancing Area Operator (LBAO) Otter Tail is prepared to shed firm load per MISO directives. Prior to a firm load shed, our plan includes several mitigation steps including reducing energy consumption in all Otter Tail-owned facilities, implementing load control

on customers that have enrolled in load-control service, reducing all remaining non-firm load, requesting customers with their own generation to start that generation, and issuing a public appeal for voluntary customer load reductions. During a load shed event, Otter Tail will coordinate all firm load shed within the Otter Tail Local Balancing Area. Our procedures include communication with customers during any load shed event.

**D. How often do South Dakota MISO utilities update their firm load shed plans?**

Otter Tail formally reviews our load shed plans annually as required by NERC Emergency Operations Procedures EOP-011. Updates are also made as needed throughout the year.

**E. Do South Dakota MISO utilities have any concern with MISO's recent capacity auction result or are South Dakota MISO utilities taking any actions in response to the results?**

The prospect of a capacity shortage is certainly concerning, and the results of the recent MISO capacity auction point to an increased likelihood of a capacity event occurring. That said, it is important to remember that a shortfall in the capacity auction does not guarantee a capacity event will materialize. The capacity requirement set by MISO includes an 8.7% planning reserve margin, and there is also a margin included on the resource accreditation side. The mechanics of the auction are such that a slight surplus of capacity will result in very low clearing prices, but as soon as any shortfall occurs, the auction clearing price jumps up to the cost of new entry (CONE) which is the cost to build a natural gas combustion turbine. This phenomenon was seen in the recent MISO capacity auction where a slight surplus transitioned to a slight deficit. MISO is in a very similar position as it has been the last several years, but there has been no price signal incentivizing new capacity until now.

Otter Tail takes our obligation to provide reliable service to our customers very seriously, and like our neighbors we have ensured that we have adequate capacity available to meet our requirements. We are supportive of MISO's move towards a seasonal capacity construct and believe that will enhance reliability. We would also be supportive of other actions that help send proper price signals to encourage reliable resources continue to be available to meet energy demands in all-weather situations.

Please contact me at 218-739-8036 or [thrdlicka@otpc.com](mailto:thrdlicka@otpc.com) if you have any questions regarding this filing.

Sincerely,

*/s/ TOM HRDLICKA*  
Tom Hrdlicka  
Manager System Operations

kaw  
Enclosures  
By electronic filing