NEWS RELEASE

Cost and reliability drive Otter Tail Power Company's 15-year resource plan

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FERGUS FALLS, Minn.--(BUSINESS WIRE)-- Otter Tail Power Company has submitted an updated 2022- 2036 Application for Integrated Resource Plan (IRP) with regulatory commissions in each of the three states it serves: Minnesota, North Dakota, and South Dakota.

In September 2021 the company submitted its initial IRP filing. "Since that time, mounting changes have presented a markedly different planning landscape than the one our initial filing addressed," said Otter Tail Power Vice President of Energy Supply Brad Tollerson. "Based on those factors, we've updated the preferred plan set forth in our initial filing."

Updated preferred plan

The updated preferred plan provides specific actions the company intends to complete in the next five years, which include:

- Adding on-site liquified natural gas (LNG) fuel storage at Astoria Station in 2026.
- Adding approximately 200 megawatts (MW) of solar generation in the 2027-2028 timeframe.
- Taking the initial steps necessary to add approximately 200 MW of wind generation in the 2029 timeframe.
- Withdrawing from its 35% ownership interest in Coyote Station if the company is required to make a large, non-routine capital investment in the plant.

The company also intends to repower four of its existing wind farms as part of its IRP baseline model.

How initial and updated plans compare

“Our updated preferred plan adds more renewable generation resources to our portfolio than our prior plan,” said Tollerson. “With respect to Coyote Station, our analysis still supports withdrawal from our ownership interest if we are required to make a large, non-routine capital investment to operate the plant or comply with regulatory mandates. That was the case in our initial preferred plan and remains the case with today’s update. Where our Coyote Station analysis differs from our initial filing is that the mix of uncertainties and risks our customers face in the current planning environment supports retention of Coyote Station in our generation portfolio if we’re not required to make a major capital investment in the plant.”

Otter Tail Power President Tim Rogelstad adds, “As a winter peaking utility, we are particularly concerned about the Midcontinent Independent System Operator’s (MISO’s) new minimum capacity planning requirements, open questions concerning MISO accreditation methodologies, and projected capacity deficits within MISO. We believe it’s in the public interest to retain Coyote Station’s existing dispatchable capacity in our generation portfolio pending greater visibility into any non-routine capital investments that may be required to continue operating the plant.” This position will be subject to evaluation in the company’s next IRP filings.

Meeting customers’ needs; complying with laws and regulations

“Our updated preferred plan ensures we have the resources necessary to continue providing reliable, low-cost electricity to meet our customers’ needs,” said Rogelstad. “The plan preserves flexibility to respond to risks in a changing planning environment; complies with the requirements of applicable statutes and 5 rules, including the Minnesota Clean Energy Law; utilizes Inflation Reduction Act incentives to lower renewable energy generation costs; and accounts for differing energy policies in each of the three states we serve while preserving the customer benefits of system-wide planning and networked assets for a small utility.”

Next steps

The Minnesota Public Utilities Commission (MPUC) procedural schedule allows intervenors four months to analyze the company’s updated plan and provide feedback to the MPUC. The company then has two months to respond to intervenors’ comments. Otter Tail Power anticipates an MPUC hearing toward the end of 2023. The North Dakota Public Service Commission (ND PSC) has hired a consultant to review the modeling and determine whether the company’s preferred plan is reasonable. Otter Tail Power anticipates receiving ND PSC comments on the consultant’s report by this fall. The South Dakota Public Utilities Commission (SD PUC) doesn’t have formal IRP requirements or proceedings, but the company has filed its IRP with the SD PUC because it is a vital stakeholder.

“As we’ve done since starting our resource planning process, we’ll continue to monitor the changing landscape,”

said Rogelstad.

This news release is on our website at **otpco.com/newsroom**.

Otter Tail Power Company, a subsidiary of Otter Tail Corporation (Nasdaq Global Select Market: OTTR), is headquartered in Fergus Falls, Minnesota. With a balanced commitment to environmental, economic, and community stewardship, the company provides electricity and energy services to approximately 133,000 customers in Minnesota, North Dakota, and South Dakota. To learn more about Otter Tail Power Company visit **otpco.com**. To learn more about Otter Tail Corporation visit **ottertail.com**.

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