

**BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Adoption of Rules for )  
Alternative and Renewable Energy Technologies )  
and Resources, and Emission Control Reporting ) Case No. 08-888-EL-ORD  
Requirements, and Amendment of Chapters )  
4901:5-1, 4901:5-3, and 4901:5-7 of the Ohio )  
Administrative Code pursuant to Chapter 4928, )  
Revised Code, to Implement Senate Bill No. 221. )**

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**Comments of  
PJM Environmental Information Services, Inc.**

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**I. INTRODUCTION**

Chapter 4901:1-40 of the rules proposed by the Public Utilities Commission of Ohio (Commission) to implement the Alternative Energy Portfolio Standard provisions of Senate Bill No. 221 provides that an electric utility or electric services company may use renewable energy credits (RECs) to satisfy all or part of its renewable energy resource benchmark requirements.<sup>1</sup> Proposed Rule 4901:1-40(D)(2) further provides that in order to use RECs as a means of achieving partial or complete compliance with those requirements, an electric utility or electric services company must be a registered member in good standing of the PJM Generation Attributes Tracking System (GATS), the Midwest Renewable Energy Tracking System, or another credible tracking system subsequently approved for use by the Commission.

PJM Environmental Information Services, Inc. (EIS), a Delaware corporation and the developer of the GATS that is used to create, track and facilitate trading of renewable credits in several states, is pleased that the Commission has established GATS as a

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<sup>1</sup> See Proposed Ohio Administrative Code Rule 4901:1-40-04(D).

principal REC tracking system in its proposed rules. EIS submits these reply comments to affirm that GATS is well-suited to meet Ohio's tracking system needs, and that the system will be ready to begin creating and tracking Ohio RECs by the end of 2008. EIS also clarifies that in the event the Commission modifies its proposed rules to provide that tradable certificates may be used for compliance with advanced energy technology resource portfolio requirements, GATS is capable of tracking energy efficiency and demand response credits as well as RECs.

EIS appreciates and supports the efforts of the Commission and its Staff in the instant rulemaking, and appreciates the opportunity to provide these comments.

## **II. COMMENTS**

### **A. Overview of the GATS**

EIS was created for the purpose of providing environmental registry, certificate creations and tracking services through GATS, which became operational in September 2005. The GATS project was initiated in response to inquiries from state regulatory commissions, other state agencies, and market participants required to comply with state-imposed fuel mix and emissions disclosure and renewable portfolio standard requirements. The states and PJM market participants that participated in the working group that developed the conceptual system design for GATS believed that a single, regional, integrated system would be the most cost-effective approach to serve the public policy and regulatory needs of the multiple state agencies responsible for implementing their respective requirements. These parties further believed that an integrated system would be more accurate, and prevent various issues such as double counting of RECs.

GATS is designed to be policy-neutral to the greatest extent possible. It does not favor one renewable resource over another, nor one state's resource requirements over another, and it will support a variety of state policies and voluntary green markets.

GATS is designed to be an “unbundled,” certificates-based tracking system. This means that the attributes, or characteristics of the generation, are separated from the MWh of energy and recorded onto an electronic certificate after the MWh of energy is produced. There is one certificate, with a unique serial number, representing the attributes of the generation for each MWh produced.

The GATS system:

- ensures accurate accounting and reporting of generation attributes;
- facilitates bilateral transactions of the attributes via certificates between market participants;
- supports the current requirements of various state agencies and has the flexibility to accommodate varied and evolving state policies or programs;
- mitigates seams issues with adjoining markets to allow the potential of trading certificates across regions; and
- promotes a robust renewable market.

GATS is designed to provide the flexibility to satisfy a wide range of state portfolio standard program requirements. It accommodates state-specific resource eligibility requirements, and enables the banking of certificates to accommodate certificate expiration as determined by state policy or regulation. GATS also provides for the retirement of certificates for renewable portfolio standard compliance, whether to support sales in voluntary markets or for other reasons. It also provides for the export of

portfolio standard certificates to compatible tracking systems, and facilitates bilateral trading by means of a bulletin board.

GATS creates certificates for all generation sold in the PJM wholesale electricity market, which covers all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. In addition, GATS creates certificates for customer-sited and behind-the-meter generating units located in the PJM footprint, and generating units external to PJM that qualify for PJM-state RPS programs. GATS currently has 214 account holders and over 435 registered renewable generators. Through June 2008, more than 121,000,000 MWh of renewable energy certificates were generated in GATS since tracking began in 2005. The use of GATS is required to demonstrate compliance with renewable portfolio standard (RPS) programs in five PJM states: New Jersey, Maryland, Pennsylvania, District of Columbia, and Delaware. In addition, GATS certificates are being used for RPS compliance in Illinois, where the exclusive use of GATS is not required. GATS is already creating certificates for some generators located in Ohio, and four Ohio generators have been registered as renewable generators whose certificates are qualified for compliance in other PJM-state RPS programs

## **B. GATS Energy Efficiency and Demand Response Credit Tracking Capability**

Several parties filed initial comments in this Docket regarding the use of tradable certificates to satisfy advanced energy resource portfolio requirements in addition to renewable energy portfolio requirements. FirstEnergy's Ohio operating companies

propose the adoption of new rule 4901:1-39-07 to establish that an electric utility or electric service company may use energy efficiency credits to satisfy energy efficiency benchmarks, reasoning that “the creation of an ‘EEC’ or Energy Efficiency Credit, much like that of Renewable Energy Credits or RECs, would enhance the process of tracking and reporting compliance under S.B. 221’s energy efficiency requirements by way of standard reporting tools like PJM EIS’ Generator Attributes Tracking System (GATS) ....Using a system such as GATS, where a serial number for each EEC is created against specific customer- or Company-sited projects, further provides EECs that are only counted once through the retirement of that EEC and that energy efficiency efforts are not double counted.”<sup>2</sup> Industrial Energy Users-Ohio opines that proposed rule 4901:1-40-04 “fails entirely to consider how certificates issued by a registry for demand response or energy efficiency might also be used to facilitate compliance with the Ohio requirements as well as any audit function associated with that compliance.”<sup>3</sup>

EIS acknowledges that Senate Bill No. 221 recognizes demand response and energy efficiency as advanced energy resources rather than renewable energy resources, and takes no position regarding whether tradable certificates should be able to be used for compliance with the law’s advanced energy resource portfolio standard requirement. Nevertheless, if the Commission is persuaded to modify Staff’s proposed rule to enable the use of tradable certificates to comply with the advanced energy resource portfolio standard requirement, it should be aware that GATS is also capable of creating tradable energy efficiency and demand response certificates in addition to RECs.

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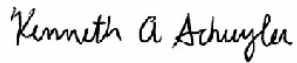
<sup>2</sup> See Initial Comments of the Ohio Edison Company, the Cleveland Electric Illuminating Company, and the Toledo Edison Company, pp. 12-13.

<sup>3</sup> See Initial Comments of Industrial Energy Users-Ohio, p. 12.i

### **III. Conclusion**

EIS appreciates the very significant effort that the Commission and its Staff have undertaken to timely implement the provisions of Ohio Senate Bill No. 221. GATS will be capable of creating and tracking Ohio RECs by the end of 2008. Additionally, in the event that the Commission modifies its rules to enable tradable certificates to comply with the State's advanced energy resource portfolio requirements, GATS' program design will enable the creation of tradable certificates for Ohio's advanced energy resource portfolio standard as well as its renewable energy resource portfolio standard.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kenneth A. Schuyler".

Kenneth A. Schuyler  
Vice President  
PJM Environmental Information Services, Inc.  
Dated: September 26, 2008

**This foregoing document was electronically filed with the Public Utilities**

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Summary: Comments Comments of PJM Environmental Information Services, Inc.  
electronically filed by Ms. Christine M Falco on behalf of PJM Interconnection LLC and Ms.  
Evelyn Robinson