

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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

**MEMORANDUM CONTRA THE OHIO CONSUMER AND ENVIRONMENTAL
ADVOCATES' APPLICATION FOR REHEARING
FILED BY
AMERICAN MUNICIPAL POWER INC.**

I. INTRODUCTION

Pursuant to Ohio Administrative Code 4901-1-35(B), American Municipal Power Inc. ("AMP") hereby submits this Memorandum Contra The Ohio Consumers and Environmental Advocates' ("OCEA") Application for Rehearing filed in the above-captioned proceeding. Specifically, AMP opposes OCEA's request that the Commission reconsider its decision in the Entry dated October 15, 2009 ("Oct. 15th Entry") to remove "fully aggregated" from the definition of Renewable Energy Credit ("REC"). In order to maintain robust REC and other environmental attributes markets, it must be possible to disaggregate certain environmental attributes from the definition of REC. In addition, the Commission has implemented sufficient verification methods to prevent the "double counting" of RECs. The Commission's decision to eliminate "fully aggregated" from the definition of RECs was lawful and reasonable and OCEA has not established sufficient grounds to once again reopen this issue for rehearing.

AMP's lack of comment on the other issues raised by OCEA or the other Parties in their Applications for Rehearing, indicates neither opposition nor support of those issues.

II. ARGUMENT

In the Oct. 15th Entry, the Commission states, "for facilities that the Commission recognizes as eligible renewable energy facilities, such facilities are not precluded from pursuing carbon offsets in addition to RECs. The Commission would not perceive the receipt of carbon offsets as diminishing the value of any associated RECs."¹ The Commission is correct that the value of RECs is not diminished upon the receipt of carbon credit for the renewable energy associated with each REC. There are a number of positive attributes associated with renewable energy in addition to the actual energy itself that are not reflected in the price of the energy. In addition, not all positive attributes are the same for all renewable sources of energy.

In its Application for Rehearing AMP cites two examples of environmental attributes that are used to further policy goals. Carbon Credits that are attributable to green house gas ("GHG") destruction are currently traded worldwide and contribute to the reduction of GHG emissions. NOx set-asides allowances are awarded by the Ohio Environmental Protection Agency in order to reduce NOx emissions in Ohio.² Requiring all of the positive attributes to be fully aggregated into one REC prevents each of these positive attributes from being realized for other policy goals, such as those AMP cites in its Application for Rehearing.

The disaggregation of certain environmental attributes also gives additional incentive to produce renewable energy. Allowing for the sale of certain attributes of renewable energy will decrease the net cost of renewable energy generation, because generators will be able to offset the cost of generation with the funds they receive from selling each attribute. These incentives

¹ Oct. 15th Entry at 12.

² AMP Application for Rehearing at 5-6.

enable renewable energy to become a more economically viable source of energy generation, thus encouraging the additional production of renewable energy.

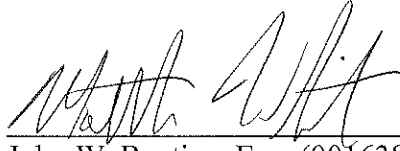
OCEA's concerns about disaggregated RECs are misplaced. AMP agrees that RECs should not be "double counted" towards a utility's Alternative Energy Portfolio requirements. However, the Commission has implemented sufficient safeguards, including requiring that all RECs are tracked by organizations such as PJM GATS, and that all renewable energy resources are certified by the PUCO. Further, double counting of RECs only dilutes the usefulness of RECs when the same RECs are used to satisfy the same regulatory requirement. However, using the renewable energy associated with RECs to satisfy additional regulatory requirements will likely increase the production of renewable energy, because the cost of renewable energy generation will be offset by the sale of each energy attribute.

The Commission has already allowed for rehearing on the issue of whether RECs should be fully aggregated. After much deliberation, the Commission has determined that it is in the best interest of Ohioans to remove "fully aggregated" from the definition of RECs. It is now important that the definition of RECs be finalized so that participants in the REC markets can have certainty in the products they are buying and selling. Reopening this issue for rehearing will hinder the development of a fully robust REC market which could lead to the potential delay in additional construction of renewable energy resources.

III. CONCLUSION

For the reasons set forth in this Memorandum Contra, the Commission must deny OCEA's Application for Rehearing on the issue of removing "fully aggregated" from the definition of RECs.

Respectfully submitted,

Handwritten signatures of John W. Bentine and Matthew S. White in black ink, positioned above a horizontal line.

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing *Memorandum Contra The Ohio Consumer and Environmental Advocates' Application for Rehearing Filed By American Municipal Power, Inc.* was served via by first-class, postage prepaid U.S. mail, and/or electronic mail on this 23rd day of November, 2009 upon the following:

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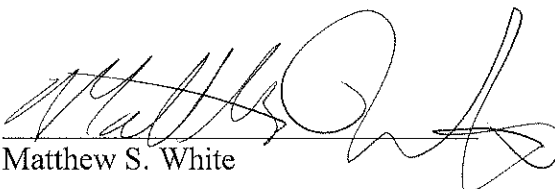
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