

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of The Dayton Power and Light)
Company's Annual Alternative Energy)
Portfolio Status Report)

Case No. 10-489-EL-ACP

**THE DAYTON POWER AND LIGHT COMPANY'S ANNUAL ALTERNATIVE
ENERGY PORTFOLIO STATUS REPORT**

Pursuant to Section 4901:1-40-05(A)(1) of the Ohio Administrative Code, the
Dayton Power and Light Company hereby submits the attached Alternative Energy
Portfolio Status Report for calendar year 2009.

Respectfully submitted,



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Annual Alternative Energy Portfolio Status Report

April 15, 2010

Pursuant to Ohio Administrative Code (OAC) Section 4901:1-40-05(A)(1), the Dayton Power and Light Company (DP&L or the Company) hereby submits its Alternative Energy Portfolio Status Report for calendar year 2009. DP&L is an electric distribution utility as defined by Ohio Revised Code (ORC) Section 4928.01(A)(6) and is therefore subject to the advanced energy and renewable benchmarks contained in ORC §4928.64. The purpose of this report is to provide the Public Utilities Commission of Ohio (PUCO), as well as all interested parties, an understanding as to what activities the Company undertook in 2009 to meet its Renewable and Solar Energy Benchmarks.

2009 Benchmarks and Adjustment

DP&L's 2009 Renewable and Solar Benchmarks are:

	Baseline Sales	Non-Ohio Renewable Benchmark	Ohio Renewable Benchmark	Non-Ohio Solar Benchmark	Ohio Solar Benchmark
2009 Benchmarks (MWh)	11,672,367	14,357	14,357	234	31*
2009 Performance (MWh)	11,672,367	14,357**	14,357**	234**	31*
<p>* Adjusted downward from 234 as per the Commission's Order of March 17, 2010, in Case No. 09-1989-EL-ACP. Represents a proportionate share of Ohio-based Solar Renewable Energy Credits (RECs) obtained to meet the Benchmarks of both DP&L and DPLER and which were in-hand as of April 15, 2010. Additional Ohio-based Solar RECs are under contract and, when received, will be applied against an upwardly adjusted 2010 Ohio Solar Benchmark.</p> <p>** Because 2009 RECs can be applied against 2010 and later year Benchmark, the 2009 Performance figures reflect the amount necessary to meet the associated 2009 Benchmark. Any additional 2009 RECs obtained will be applied against 2010 or later year Benchmark.</p>					

The 2009 Baseline Sales level was computed using the Company's standard offer sales experienced in the last three years. The Non-Ohio Renewable Benchmark, Ohio Renewable

Benchmark and Non-Ohio Solar Benchmark were calculated based on that Baseline Sales level multiplied against the percentage Benchmarks set forth in ORC §4928.64. The Ohio Solar Benchmark is adjusted consistent with the Commission's order of March 17, 2010, in Case No. 09-1989-EL-ACP. In that case, the Commission found that there was an insufficient quantity of Ohio-based solar energy resources reasonably available in the market. The Commission then decreased DP&L's 2009 Ohio Solar Benchmark to the level of the 2009 RECs that DP&L was able to purchase and increased DP&L's 2010 Ohio Solar Benchmark by an amount equal to the shortfall in 2009. The computed, unadjusted Ohio Solar Benchmark for 2009 is 234 and the in-hand actual obtained quantity for DP&L is 31 RECs. Thus, DP&L's 2010 Ohio Solar Benchmark would be increased by 203 Ohio Solar RECs.

2009 Status Report

As shown in the above table, and recognizing that the Ohio Solar Benchmark was adjusted, DP&L met each of the Benchmarks set forth above in 2009.

The vast majority of the Ohio based non-Solar Benchmark of 14,357 MWh was met from purchasing RECs generated through the electric generation of captured methane gas from landfills located in Ohio. In addition, DP&L's share of the output from biomass co-firing at the Killen Generating Station during 2009 was 383 MWh. For the Non-Ohio based non-Solar Benchmark of 14,357 MWh, RECs were purchased from wind resources located in Indiana and West Virginia, qualifying hydro facilities located in West Virginia, and methane from landfills located in Michigan and Indiana. Ohio-based Solar resources were largely unavailable in 2009. The RECs that were able to be purchased from Ohio-based Solar resources were split roughly in half between small commercial and residential installations. The Non-Ohio Solar Benchmark was met largely through the purchase of RECs generated at a utility-scale solar installation in

Pennsylvania with a small number of other purchases from residential or small commercial installations.

Pursuant to ORC §4928.65, RECs that were purchased by the Company are usable within a five-year period. Any 2009 RECs held by DP&L in excess of its 2009 Benchmarks will be applied to future year benchmarks.

2009 Activities

DP&L filed its initial renewable compliance plan in its Electric Security Plan (ESP) (Case No. 08-1094-EL-SSO) in October 2008. That plan was approved by Commission order dated June 24, 2009. That plan called for the purchase of RECs in the near-term combined with DP&L renewable generation and additional REC purchases in the mid- to longer-term.

There are numerous brokers who are active daily in trying to find willing buyers and sellers of power. Many of these brokers have also established expertise and experience in finding buyers and sellers for renewable energy and/or associated RECs. By working with such brokers and through other means described below, DP&L was able to purchase sufficient RECs to meet its Total and Ohio Renewable Benchmarks and the Non-Ohio portion of the Solar Benchmark.

In addition to accessing broker markets, DP&L issued a Request For Proposal (RFP) on July 24, 2009 in which it sought RECs which complied with the Benchmarks of ORC §4928.65 and OAC §4901:1-40-04(D). In response to the non-solar portions of that RFP, numerous offers were received, but ultimately DP&L found that equivalent or better prices could be obtained through broker markets. In response to the Ohio Solar REC portion of the RFP, DP&L received only one offer for a long-term contract for approximately four Ohio Solar RECs per year, over a 5 year period and that offer did not lead to an executed contract.

DP&L's activities with respect to the Solar Benchmarks were extensive in 2009. The non-Ohio portion of that Benchmark was met primarily through market purchases arranged through brokers. Ohio-based solar resources, however, were simply not available in sufficient amounts to meet an unadjusted target.

DP&L's efforts to obtain Ohio-based Solar RECs were thoroughly described in Case No. 09-1989-EL-ACP. For the purposes of this report, DP&L will note that the inability to obtain 2009 Ohio-based Solar RECs sufficient to meet an unadjusted baseline was not the result of weather-related causes or equipment shortages. The problem was that there was simply a resource shortage for Ohio solar resources. The information previously provided in Case No. 09-1989-EL-ACP is summarized below:

1. DP&L issued an RFP on July 24, 2009 in which it sought RECs which complied with the Benchmarks of ORC §4928.65 and OAC §4901:1-40-04(D). As described above, only one small bid for Ohio Solar RECs was received and that did not result in any executed contract.
2. In July and September 2009, DP&L responded to "reverse" RFPs under which DP&L submitted competitive, yet ultimately losing bids to purchase approximately 288 Ohio Solar RECs from two Ohio-based sources.
3. DP&L invested resources to identify larger (greater than 20 kW) Ohio solar systems installed by local solar contractors and recipients of grant awards and individually contacted each of the owners of these new larger solar installations via email and/or telephone to attempt to purchase RECs from the new installations.
4. In August 2009, DP&L completed a mass mailing to 128 residents within the State of Ohio who received grant awards for small (less than 20 kW) solar projects, and the Company offered to purchase RECs from these small installations. These one-on-one contacts have been met with mixed results.

DP&L was in the position of educating some project owners on the value of their RECs, while others refused to sell them to DP&L in anticipation of receiving a higher price through various other programs or bidders. As part of its efforts, DP&L often had to assist owners in navigating the PUCO certification process.

5. As it became clear that Ohio-based solar resources were not available from other suppliers, DP&L committed to build a new solar facility. On December 17, 2009, DP&L announced construction of a 1.1 MW solar facility at one of its substation sites. This project was operational in March 2010 and is expected to provide approximately 1,100 RECs in 2010 and 1,349 RECs annually thereafter to assist in meeting the 2010 and subsequent Ohio Solar Benchmarks.

Advanced Energy Resource Benchmark

Pursuant to OAC Section 4901:1-40-05(A)(2), the annual review of this Benchmark will begin in 2025.

Conclusion

Recognizing that the Ohio Solar Benchmark was previously adjusted by the Commission, DP&L met each of the 2009 Renewable Benchmarks established by Ohio SB 221.

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Summary: Report for the Dayton Power and Light Company electronically filed by Mr. Robert J Adams on behalf of The Dayton Power and Light Company