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April 15, 2010

Ms. Reneé Jenkins  
Secretary, Public Utilities Commission of Ohio  
180 E. Broad St., 11<sup>th</sup> Floor  
Columbus, Ohio 43215-3793

Re: In the Matter of the Alternative Energy Resources  
Report for Calendar Year 2009 From Direct Energy  
Business, LLC  
Case No. 10-497-EL-ACP

Dear Ms. Jenkins:

I am filing today an original and 12 copies of the redacted version of the Alternative Energy Resources Report for Calendar Year 2009 from Direct Energy Business, LLC. The unredacted version is being submitted under seal because it contains confidential and proprietary information. A motion for protective order has also been filed in this matter.

Thank you for your cooperation.

Sincerely,



M. Howard Petricoff  
Attorneys for Direct Energy Business, LLC

MHP/cam  
Enclosure

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COMPETITIVE RETAIL ELECTRIC SERVICE PROVIDER  
ALTERNATIVE ENERGY RESOURCES REPORT FOR CALENDAR YEAR 2009

**Direct Energy Business, LLC**

Direct Energy Business, LLC (hereinafter "CRES") in accordance with Sections 4928.64 and 4928.65, Revised Code and Commission Rules 4901:1-40-03 and 4901:1-40-05 hereby submits this Annual Alternative Energy Report ("AER") detailing compliance with the Ohio Alternative Energy Portfolio Standards.

I. Determination that an AER is required (check one)

- ☒ During calendar year 2009 the CRES states that it conducted retail sales of generation to customers who utilized the generation in a load center located within the state of Ohio.
- ☐ During calendar year 2009, CRES did not conduct retail sales of generation to customers who utilized the generation in a load center located within the state of Ohio. (If this block is checked proceed to the signature line)

II. Determination of the sales baseline for 2009

- a. During the past three calendar years the CRES made retail sales of generation in the amounts shown below

2006 \_\_\_\_\_ MWh

2007 \_\_\_\_\_ MWh

2008 \_\_\_\_\_ MWh

- b. The average annual sales of the active years listed above (sum of the active years' MWh / no. of active years) \_\_\_\_\_ (hereinafter "Baseline Sales").
- c. If conditions exist that merit an adjustment to the Baseline Sales please list the adjusted Baseline Sales on this line No Adjustment and attach as an exhibit to this AER a full explanation of the reason(s) for the adjustment(s).
- d. If the CRES was not active during calendar years 2006, 2007 and 2008 but did make sales during calendar year 2009, please project the amount of retail electric generation sales anticipated for the whole of calendar year 2009 as would have been projected on the first day retail generation sales were made in Ohio.

\_\_\_\_\_ MWh

III. Determination of the number of Solar and Total Renewable Energy Credits (RECs) Required and Statement of the Number of RECs Claimed

RENEWABLE ENERGY CREDITS REQUIRED AND OBTAINED FOR 2009

| Types     | No. of RECs<br>Required (a). | No. of RECs<br>Obtained (b) | Registry (c) | No. of RECs<br>Sited in OH (d) |
|-----------|------------------------------|-----------------------------|--------------|--------------------------------|
| Solar     |                              |                             |              |                                |
| Non Solar |                              |                             |              |                                |
| Total     |                              |                             |              |                                |

- a. Column a above lists the unadjusted number of Solar and Total RECs required for 2009. The determinations were calculated by multiplying the **Baseline Sales** or **Adjusted Baseline Sales** or the **Projected Sales** (circle one) by 4 thousandths of one per cent (004%) for Solar RECs and one quarter of one quarter percent (.25%) for total RECS. Total RECs include both Solar and Non Solar RECs.
- b. CRES states that it has obtained in accordance with the Commission's Rules the number of Solar and Non Solar RECs listed in column b above for 2009.
- c. Approved registry being used by the CRES. This could be GATS, M-RETS, or if the CRES has RECs with both registries GATS and M-RETS.
- d. The CRES states that of the RECs it has obtained for 2009 the number listed in column d represents the RECs with generation facilities sited within the state of Ohio.
- e. ~~CRES states that it has (circle one): a) received a *force majeure* determination for Solar RECs; b) sought but has yet to receive a ruling on a *force majeure* determination for Solar RECs; or c) did not seek or sought and did not receive a *force majeure* determination for Solar RECs.~~

IV. Compliance (check one)

- ☐ CRES states that it has obtained the required number of Solar RECs and Total RECs without adjustments permitted pursuant to Rule 4901:1-40-05(A)(3).
- X CRES states that it has obtained the required number of Solar RECs and Total RECs after adjustments permitted pursuant to Rule 4901:1-40-05(A)(3). The type adjustment, reason for the adjustment and merit for making the requested adjustment of the proposed adjustments are detailed in an exhibit attached to this AER. (See Attachment A)

- ☐ CRES states that it is not in compliance with number of Solar RECs or Total RECs required for 2009.

V. Ten Year Forecast

a. Ten Year Forecast of Solar and Non Solar RECs

In accordance with Rule 4901:1-40-03(C) the CRES hereby provides a projection for the next 10 years for RECs and Solar RECs.

| <u>Year</u> | <u>Solar RECs</u> | <u>Non Solar RECs</u> | <u>Total RECs</u> |
|-------------|-------------------|-----------------------|-------------------|
| 2010        |                   |                       |                   |
| 2011        |                   |                       |                   |
| 2012        |                   |                       |                   |
| 2013        |                   |                       |                   |
| 2014        |                   |                       |                   |
| 2015        |                   |                       |                   |
| 2016        |                   |                       |                   |
| 2017        |                   |                       |                   |
| 2018        |                   |                       |                   |
| 2019        |                   |                       |                   |

b. Supply Portfolio projection

c. Methodology used to evaluate compliance

d. Comments on any perceived impediment(s) to achieving compliance with the Solar and Non Solar REC requirements, as well as any discussion addressing such impediments.

REC market liquidity is the largest impediment faced by all electric service providers. An insufficient number of solar facilities sited either within or outside of Ohio exist to meet the statutory requirements. Further, the verification process the Commission has laid out, while comprehensive and auditable, will take time to implement. Currently, there are numerous applications from renewable generators seeking renewable energy certification. Some of these are facing opposition and may require hearings. These factors have created a circumstance whereby the number of certified facilities is small in comparison with the statutory requirements.

CRES believes that the challenge will be rectified in time when the market develops. Commission staff should continue its policy of diligent and comprehensive review of all applications. Commission staff should also recognize the developmental stage of the REC market and implement the REC requirements in a fashion that recognizes the imbalance between the renewable energy portfolio percentages envisioned in the regulations and actual available Ohio sited RECs.

I, Benjamin Heard, am the duly authorized representative of Direct Energy Business, LLC. To the best of my knowledge all the information contained in the foregoing report including any exhibits and attachments are true, accurate and complete.



Signature

## **ATTACHMENT A**