

BEFORE THE  
PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of DPL Energy Resources, Inc.'s        ) Case No. 10-492-EL-ACP  
Annual Alternative Energy Portfolio Status Report    )

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**DPL ENERGY RESOURCES, INC.'S  
REPLY TO JOINT COMMENTS OF  
THE ENVIRONMENTAL LAW AND POLICY CENTER AND THE OHIO  
ENVIRONMENTAL COUNSEL**

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DPL Energy Resources, Inc. ("DPLER" or the "Company"), pursuant to Ohio Administrative Code ("OAC") Rule 4901-12(B)(1), hereby submits its reply to the comments filed jointly by the Environmental Law and Policy Center and the Ohio Environmental Counsel (jointly "ELPC/OEC"). ELPC/OEC are seeking additional information or clarity regarding the Report filed by DPLER.

As a preliminary matter, DPLER submits that its 2009 Report was complete and in full compliance with the Commission regulations. While ELPC/OEC have created a list of additional pieces of information that they think should have been included, the information sought is already in the Report, is within other filings before the Commission and referenced in the Report, or is not a requirement set forth in the Commission's regulations.

Nevertheless, in the interests of addressing these concerns expeditiously, DPLER is responding point by point to the list of additional information that ELPC/OEC has sought.

Additional information requested by ELPC/OEC:

1. An explanation pursuant to O.A.C. §4901:1-40-05(A)(3) for under-compliance with the Ohio solar benchmark should the Commission deny the pending force majeure waiver application.

A: O.A.C. §4901:1-40-05(A)(3) requires Commission Staff to consider the following when determining if under-compliance was outside the utility's control: weather, equipment shortages, or resource shortages. DPLER has provided sufficient information regarding resources shortages to the Staff to allow it to make that evaluation. DPLER's Report discusses its force majeure filing and the Commission's findings in other cases that there was an inadequate supply of Ohio-based Solar RECs available to meet the 2009 requirements of major utilities. Thus, the Report points to a pleading where the discussion is even more detailed as to why the under-compliance was outside DPLER's control and Commission findings that would lead to the same conclusion -- an inadequate supply throughout the State affects all the utilities and CRES providers in the State.

DPLER is uncertain what type of additional explanation ELPC/OEC believes could be made for under-compliance in the event that the Commission denies the pending force majeure application. DPLER's explanation is the same as it was in the force majeure application, i.e., there was an inadequate supply of Ohio based Solar RECs available in 2009.

2. The technological and geographic source of the potential over-compliance DPLER indicates for non-Ohio RECs, Ohio RECs, and non-Ohio solar RECs.

A: ELPC/OEC is seeking confidential data that is market sensitive. The information sought could be used by a competitor to quantify the extent to which DPLER needs to obtain additional RECS to meet its 2010 requirements. DPLER does not believe that there is any legitimate need for ELPC/OEC to know the number, source, or what RECs may have been acquired in 2009 that may be applied in 2010 or later. Without disclosing confidential information, DPLER is able to note that all RECs acquired in 2009 came from the following States: Ohio, Pennsylvania, West Virginia, Indiana and Michigan. The sources included solar, landfill gas, wind, biomass, and small hydroelectric facilities.

3. The number of RECs DPLER will apply to 2010 requirements.

A: As stated on page 3 of DPLER's Status report, DPLER's 2009 unadjusted benchmark is 66 Ohio Solar RECs and that actual obtained quantity was 9. Therefore DPLER's 2010 Ohio Solar Benchmark would be increased by 57 Ohio Solar RECs to cover the 2009 shortfall.

4. Whether there are pending certification applications that DPLER may rely on, the applications, the number of RECs subject to certification, and the PUCO case numbers.

A: All of the RECs included in the Report were from sources that had obtained PUCO certification by the time of the filing. By way of further explanation, the number of Ohio-based 2009 Solar RECs that was included in the Report was intentionally limited to those from sources that had obtained PUCO certification. There were additional Ohio-based 2009 Solar RECs under contract but they were not included in the Report because they had not yet been certified.

5. If there are pending certification applications that DPLER may rely on, the applicants, the number of RECs subject to certification, and the PUCO case number.

A: Not applicable. See response to No. 4 above.

6. The terms on which DP&L allocates RECs to DPLER, including the terms of any purchase, the cost recovery each company uses for allocated RECs, and the contingency plan DPLER may use should DP&L cease REC allocation.

A: DPLER's utility affiliate 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 stated that the Company as a whole planned to procure renewable resources and/or RECs to meet the Benchmarks of both the utility and DPLER. In its order of June 24, 2009, the Commission approved a Stipulation reached in that proceeding and other aspects of the filing not modified by the Stipulation. Pursuant to that plan, baseline sales computations are made and DP&L procures RECs sufficient to meet the renewable requirements for that level of baseline sales for DP&L and DPLER.

The costs accrued for both DP&L and DPLER are based on their annual REC requirements multiplied by the estimated weighted average REC cost. The REC cost is determined using a moving weighted average cost which is updated monthly as additional RECs are purchased. REC costs are calculated separately in four categories: Ohio Solar, Ohio Non-Solar, Non- Ohio Solar, and Non- Ohio Non-Solar.

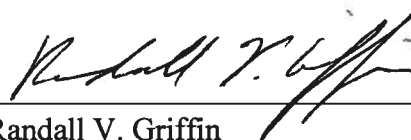
DP&L will recover its allocated share of the costs through its Alternative Energy Rider, which will be subject to review and audit by the Commission. There is no explicit recovery mechanism for the costs allocated to DPLER, but it implicitly recovers its allocated share of costs through the price it charges to its retail customers.

A supply contract between DP&L and DPLER governs the requirement for DP&L to procure RECs or other renewable resources to meet DPLER's alternative energy obligations. A contingency plan is not necessary as that contract obligates DP&L to provide full requirements service, including capacity, energy, ancillary services, and RECs, on behalf of DPLER. In the event that contract was to be terminated, DPLER would have to procure electric supply, including its renewable requirement through other means.

7. The procedures and safeguards DP&L and DPLER use to ensure that DP&L is not counting RECs allocated to DPLER.

A: All RECs are recorded through either PJM's GATS or MISO's M-RETS. Each REC therefore has a unique identifier. DP&L holds the RECs in an account and can individually track each REC. The total RECs in the different categories of Ohio Solar, Ohio Non-Solar, Non-Ohio Solar, and Non-Ohio Non-Solar can be verified. With the exception of Ohio based solar RECs, the totals in the account are sufficient to cover the 2009 renewable Benchmarks for both DP&L and DPLER. DP&L plans to take the 2009 RECs that it currently holds and transfer a sufficient number in the names of DP&L and DPLER to the sub-account that PJM GATS has to hold "retired" RECs that are thereafter no longer available for resale or transfer. When RECs are "retired," the unique identifiers of the retired RECs allow an audit trail to be established that will further ensure that there is no double counting.

Respectfully submitted,



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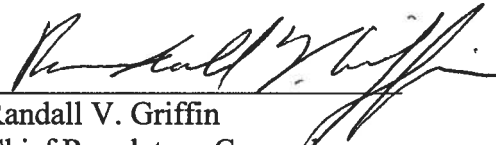
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DATED: May 27, 2010

**CERTIFICATE OF SERVICE**

I certify that a copy of the foregoing has been served either electronically or via first class mail, postage prepaid, this 27th day of May, 2010 upon counsel to the parties of record.

A handwritten signature in black ink, appearing to read "Randall V. Griffin", is written over a horizontal line.

Randall V. Griffin  
Chief Regulatory Counsel  
DPL Inc.

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Summary: Reply DPL Energy Resources, Inc.'s Reply to Joint Comments of the Environmental Law and Policy Center and the Ohio Environmental Counsel electronically filed by Mr. Randall V Griffin on behalf of DPL Energy Resources, Inc.