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**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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In the Matter of AEP Retail Energy	)	
Partners LLC Annual Alternative Energy	)	
Portfolio Status Report and Plan for	)	Case No. 12-1220-EL-ACP
Compliance with Future Annual	)	
Advanced and Renewable Energy Benchmarks	)	

## **I. INTRODUCTION**

AEP Retail Energy Partners LLC (AEP Retail) is a Competitive Retail Electric Service (CRES) Provider, as defined in Ohio Revised Code §4928.01(A)(4), and an electric services company as defined within O.R.C. §4928.01(A)(9). AEP Retail is a wholly owned subsidiary of AEP C&I Company, LLC, and is a non-regulated member of the American Electric Power, Inc. system. AEP Retail currently provides electric supply to commercial, industrial, and residential customers within the state of Ohio.

AEP Retail Energy hereby submits its Annual Alternative Energy Status Report for the period January 1, 2011 through December 31, 2011, as required by Ohio Administrative Code Rule 4901:1-40-05 for all electric service companies. As required by the Rule, this Status Report identifies AEP Retail's 2011 energy baseline; demonstrates its compliance with its 2011 renewable and solar energy benchmarks, and outlines its future alternative energy compliance strategy.

## **II. COMPLIANCE WITH 2011 BENCHMARKS**

Under Ohio Rev. Code § 4928.64(B)(2) and Ohio Admin. Code § 4901:1-40-03(A)(2), for the year 2011, electric service companies must demonstrate that 1.0% of the retail electricity they sold was derived from non solar renewable energy resources. Of that 0.50%, half

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must have been generated by facilities located in Ohio. In addition, electric service companies must demonstrate that 0.030% of the retail electricity they sold was derived from solar energy resources. At least half of this 0.030% requirement must have been generated by facilities located within Ohio. These benchmarks are determined by first calculating a baseline number of kilowatt hours and then applying the benchmark percentages to that baseline.

**A. Initial Baseline Calculation<sup>1</sup>**

Ordinarily, an electric service company's baseline is to be computed by averaging the number of kilowatt-hours sold during the three preceding calendar years. AEP Retail however, had no electric sales in Ohio during the years 2008, 2009 and for a portion of 2010. In such a case, Ohio Admin. Code § 4901:1-40-03(B)(2)(b) provides:

For an electric services company with no retail electric sales in the state during the preceding three calendar years, its initial baseline shall consist of a reasonable projection of its retail electric sales in the state for a full calendar year.

**B. 2011 Renewable and Solar Energy Benchmarks**

Using 1,527,166 MWH as its 2011 baseline, AEP Retail's calculation of its benchmarks for electricity generated from renewable and solar energy resources for the year 2011 is as follows:

**TABLE 1  
AEP RETAIL ENERGY PARTNERS LLC  
2011 RENEWABLE ENERGY BENCHMARK**

<b>Year</b>	<b>Actual Load (MWhrs)</b>	<b>(Non-Solar) - In State</b>	<b>(Non-Solar) - Out of State</b>	<b>Solar - In State</b>	<b>Solar - Out of State</b>
<b>2011</b>	1,527,166	7635	7635	229	229

<sup>1</sup> AEP Retail is contemporaneously filing an application for limited waiver of 4901:1-40-03.

### **C. Compliance with 2011 Renewable Energy Benchmarks**

Pursuant to Ohio Rev. Code § 4928.65, electric service companies may meet their renewable energy benchmarks through the use of renewable energy credits (RECs).

1. **Non-Solar, In-State** Through the use of brokers, AEP Retail purchased sufficient RECs to satisfy the in-state renewable requirements.
2. **Non-Solar, Out of State:** Acting through brokers, AEP Retail purchased sufficient RECs to satisfy its non-solar, out of state requirements for 2011.
3. **Solar In-State:** Through the use of brokers, AEP Retail purchased sufficient RECs to satisfy its solar, in state requirements for 2011.
4. **Solar Out-of-State:** Through brokered market purchases, AEP Retail was able to satisfy its out-of-state solar obligation for 2011.

A summary of AEP Retail's compliance efforts in 2011 is as follows:

**TABLE 2**  
**AEP RETAIL ENERGY PARTNERS LLC**  
**2011 RENEWABLE ENERGY COMPLIANCE EFFORTS**

<b>Year</b>	<b>(Non-Solar) - In State RECs Obtained</b>	<b>(Non-Solar) - Out of State RECs obtained</b>	<b>Solar - In State SRECs Obtained</b>	<b>Solar - Out of State SRECS Obtained</b>
<b>2011</b>	7635	7635	229	229

### **D. AEP Retail's Compliance Strategy**

AEP Retail's renewable energy compliance strategy for 2011 was to purchase RECs through market brokers. As AEP Retail's compliance obligations increase for 2012 –AEP Retail has broadened its compliance activities to include consideration of Requests for Proposals and soliciting wind and solar facilities within Ohio. AEP Retail will also continue to utilize the broker market to satisfy its compliance obligation.

### **III. PLAN FOR COMPLIANCE WITH FUTURE ANNUAL ADVANCED ENERGY AND RENEWABLE ENERGY BENCHMARKS**

Ohio Administrative Code Rule 4901:1-40-03(C) requires all Ohio electric services companies to file an annual “plan for compliance with future annual advanced- and renewable-energy benchmarks, including solar, utilizing at least a ten-year planning horizon.” This plan must contain at least the following four items:

- (1) Baseline for the current and future calendar years.
- (2) Supply portfolio projection, including both generation fleet and power purchases.
- (3) A description of the methodology used by the company to evaluate its compliance options.
- (4) A discussion of any perceived impediments to achieving compliance with required benchmarks, as well as suggestions for addressing any such impediments.

O.A.C. 4901:1-40-03(C)(1)-(4).

AEP Retail began continues to grow and establish new customer contracts as shopping in Ohio increases. Because AEP Retail is not a standard utility with a stable customer base, it cannot accurately project load ten years in advance. The competitive Ohio market and the short-term nature of retail contracts limit AEP Retail to a three-year sales forecast. Accordingly, below are forecasted sales volumes and corresponding REC requirements for the years 2012, 2013 and 2014.

#### **TABLE 3 AEP RETAIL ENERGY PARTNERS LLC THREE-YEAR RENEWABLE ENERGY FORECAST**

**[Confidential and Proprietary – Filed under Seal]**

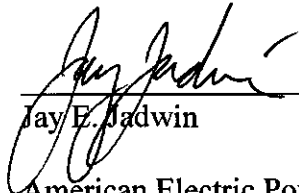
As a CRES provider, AEP Retail does not own any electric generation facilities. AEP Retail will continue to supply power to its customers by purchasing power through market

brokers, RFPs and third party contracts. AEP Retail will continue to meet its alternative energy benchmarks through the purchasing of RECs and solar RECs, through the use of market brokers, RFPs, and producer contacts. Apart from generalized supply and pricing constraints, AEP Retail does not anticipate significant impediments in acquiring the RECs required to meet its alternative energy benchmarks for future years.

#### **IV. CONCLUSION**

Based on the foregoing, AEP Retail respectfully requests that the Commission find that AEP Retail has complied with the applicable renewable energy benchmarks for 2011, except as identified above.

Respectfully submitted,



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Jay E. Jadwin

American Electric Power Service Corporation  
155 W. Nationwide Blvd. Suite 500  
Columbus, Ohio 43215  
Telephone: (614) 583-7634  
Fax: (614) 583-1602  
Email: [jejadwin@aep.com](mailto:jejadwin@aep.com)  
Counsel for AEP Retail Energy Partners LLC