

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of BlueStar Energy Services, Inc.)
d/b/a BlueStar Energy Solutions)
Annual Alternative Energy)
Portfolio Status Report and Plan for)
Compliance with Future Annual)
Advanced and Renewable Benchmarks)

Case No. *12-1239-EL-ACP*

I. INTRODUCTION

BlueStar Energy Services, Inc. d/b/a BlueStar Energy Solutions (BLUESTAR) 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). BLUESTAR is a wholly owned subsidiary of AEP C&I Company, LLC, and is a non-regulated member of the American Electric Power, Inc. system. BLUESTAR currently provides electric supply to commercial, industrial, and residential customers within the state of Ohio.

BLUESTAR 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 BLUESTAR's 2011 energy baseline; demonstrates its compliance with its 2011 renewable and solar energy benchmarks, and outlines its future alternative energy compliance strategy. AEP Retail Energy Partners LLC (AEPRE) has recently completed the acquisition of BlueStar Energy Solutions (BSE). This acquisition was completed March 17, 2012. AEPRE and BSE are currently both active CRES participants in the Ohio retail market. It is anticipated that this activity will be consolidated into a single CRES provider in the future. As such, all

future sales expectations are reflected in the AEPRE 10 year forecast provided to the Commission earlier this year. Existing BSE load which was not reflected in the AEPRE numbers is included here.

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 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 Calculation¹

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. BLUESTAR however, had no electric sales in Ohio during the years 2008, 2009, and 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.

BLUESTAR began serving customers in March 2011, and therefore does not have a reasonable projection for the full calendar year, but rather, submits that its obligation is equal to its actual metered load for 2011, or 18,010 MWH.

¹ BLUESTAR is contemporaneously filing an application for limited waiver of 4901:1-40-03.

B. 2011 Renewable and Solar Energy Benchmarks

Using 18,010 MWH as its 2011 baseline, BLUESTAR's calculation of its benchmarks for electricity generated from renewable and solar energy resources for the year 2011 is as follows:

**TABLE 1
BLUESTAR ENERGY SERVICES, INC.
2011 RENEWABLE ENERGY BENCHMARK**

Year	Actual Load (MWhrs)	(Non-Solar) - In State	(Non-Solar) - Out of State	Solar - In State	Solar - Out of State
2011	18,010	88	88	3	2

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

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

TABLE 2
BLUESTAR ENERGY SERVICES, INC.
2011 RENEWABLE ENERGY COMPLIANCE EFFORTS

Year	(Non-Solar) - In State RECs Obtained	(Non-Solar) - Out of State RECs obtained	Solar - In State SRECs Obtained	Solar - Out of State SRECS Obtained
2011	88	88	3	2

D. BLUESTAR's Compliance Strategy

BLUESTAR's renewable energy compliance strategy for 2011 was to purchase RECs through market brokers. As BLUESTAR's compliance obligations increase for 2011 – BLUESTAR has broadened its compliance activities to include consideration of Requests for Proposals and soliciting wind and solar facilities within Ohio. BLUESTAR 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).

BLUESTAR began serving customers in March 2011, and continues to grow and establish new customer contracts as shopping in Ohio increases. Because BLUESTAR 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 BLUESTAR 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
BLUESTAR ENERGY SERVICES, INC.
THREE-YEAR RENEWABLE ENERGY FORECAST

Year	Projected RPS Baseline Obligation (MWhrs)	(Non-Solar) - In State	(Non-Solar) - Out of State	Solar - In State	Solar - Out of State
2012					
2013					
2014					

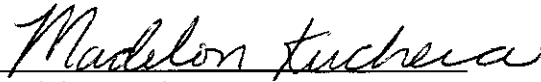
* BSE load which was not reflected in the AEPRE numbers is included in the table above.

As a CRES provider, BLUESTAR does not own any electric generation facilities. BLUESTAR will continue to supply power to its customers by purchasing power through market brokers, RFPs and third party contracts. BLUESTAR 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, BLUESTAR 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, BLUESTAR respectfully requests that the Commission find that BLUESTAR has complied with the applicable renewable energy benchmarks for 2011, except as identified above.

Respectfully submitted,

A handwritten signature in cursive script that reads "Madelon Kuchera". The signature is written in dark ink and is positioned above a horizontal line.

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