

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Columbus Southern)
Power Company's 2009 Annual)
Alternative Energy Portfolio Status)
Report)**

Case No. 10-486-EL-ACP

Findings and Recommendations of the PUCO Staff

I. Statutory Background

Senate Bill 221, with an effective date of July 31, 2008, established Ohio's alternative energy portfolio standard (AEPS) applicable to electric distribution utilities and electric service companies. The AEPS is addressed principally in sections 4928.64 and 4928.65, Ohio Revised Code (ORC), with relevant resource definitions contained within 4928.01(A), ORC.

According to 4928.64(B)(2), ORC, the specific compliance obligations for **2009** are as follows:

- Renewable Energy Resources = **0.25%** (includes solar requirement)
- Solar Energy Resources = **0.004%**

In addition, there is a requirement that at least half of the renewable energy resources, including the solar energy resources, shall be met through facilities located in this state.

The PUCO further developed rules to implement the Ohio AEPS, with those rules contained within Ohio Administrative Code (OAC) 4901:1-40.

4901:1-40-05(A), OAC:

Unless otherwise ordered by the commission, each electric utility and electric services company shall file by April fifteenth of each year, on such forms as may be published by the commission, an annual alternative energy portfolio status report analyzing all activities undertaken in the previous calendar year to demonstrate how the applicable alternative energy portfolio benchmarks and planning requirements have or will be met. Staff shall conduct annual compliance reviews with regard to the benchmarks under the alternative energy portfolio standard.

4901:1-40-05(C), OAC:

Staff shall review each electric utility's or electric services company's alternative energy portfolio status report and any timely filed comments, and file its findings and recommendations and any proposed modifications thereto.

The findings and recommendations in this document pertain to the company's compliance status. This document does not address such matters as cost recovery or status relative to the statutory 3% cost provision.

II. Company Filing Summarized

The filing of Columbus Southern Power Company (the Company) includes its annual alternative energy status report. The Company also filed an application for a *force majeure* determination in a separate proceeding. The Commission granted the Company's *force majeure* application¹, and therefore Staff's Findings and Recommendations focus on the annual compliance status report.

Pursuant to 4928.64 (B) ORC, the Commission may reduce a company's baseline to reflect new economic growth in the company's service territory. The Company has proposed a reduced baseline based on excluding load that has an economic development rider. The adjusted baselines referenced below reflect the excluding of economic development rider associated load. However, the Company has not proposed this adjustment in the context of an application, as envisioned in 4901:1-40-03(B)(3) OAC.

The Company initially proposed an adjusted baseline of 19,940,000 megawatt-hours (MWHs), which it indicated is the average of its Ohio standard service offer sales for the 2006, 2007, and 2008 calendar years. In subsequent discussions with Staff the Company revised its Ohio standard service offer sales numbers and has proposed an adjusted baseline of 19,824,527, based on more accurate sales data. Staff believes that this revised amount more accurately reflects the correct sales numbers.

With the initial proposed baseline, the 2009 statutory benchmarks, and an adjustment granted in the Company's *force majeure* application the Company computed its aggregate 2009 compliance obligations as follows:

- 68 Ohio Solar MWHs

¹ Case 09-987-EL-EEC; Entry dated January 7, 2010

- 0 Non-Ohio² Solar MWHs
- 24,526 Ohio Non-Solar³ Renewable MWHs
- 24,526 Non-Ohio Non-Solar Renewable MWHs

The Company asserted in its annual compliance status report filing that it fully satisfied its 2009 compliance obligations with the exception of the Ohio and non-Ohio solar component. The filing indicated that the Company obtained 68 Ohio solar renewable energy credits (S-RECs), leaving it 725 S-RECs short of its requirement which includes 329 Ohio S-RECs and 396 non-Ohio S-RECs. This deficiency was addressed in the Companies' *force majeure* application.

The tables below show the Company's baseline and compliance amounts. The initial unadjusted baseline is the baseline based on the Company's initial sales numbers. The initial adjusted for economic growth baseline is the baseline based on the Company's initial sales numbers and adjusted by reducing the sales by the amount of sales to companies with an economic development rider.

The revised unadjusted baseline is the baseline based on the Company's revised sales numbers. The revised adjusted for economic growth baseline is the baseline based on the Company's revised sales numbers and adjusted by reducing the sales number by the amount of sales to companies with an economic development rider.

Based on the initial adjusted baseline the Company has moved the correct number of RECs needed for compliance into its reserve subaccount. With the Company's revision, the revised adjusted economic growth sales resulted in a lower compliance requirement. In this case, the Company has over-complied by 284 non-solar RECs (142 Ohio RECs and 142 non-Ohio RECs).

² "Non-Ohio" refers to ability to source 50% of required number of RECs from non-Ohio facilities. This portion can met by RECs from in-state facilities.

³ Staff uses "non-solar" in this context to refer to the total renewable requirement net of the specific solar carve-out. Staff acknowledges that there is not a specific "non-solar" requirement in the applicable statute

Non-Solar

1 MWh = 1 REC		Ohio Non-Solar (RECs)			Non-Ohio Non-Solar (RECs)		
	3 Year Average Baseline (MWh)	Compliance	Reserve Subaccount	Surplus/ Shortage	Compliance	Reserve Subaccount	Surplus/ Shortage
Initial unadjusted	21,183,000	26,055	24,526	-1,529	26,054	24,526	-1,528
Initial adjusted for economic growth	19,940,000	24,526	24,526	0	24,526	24,526	0
Revised unadjusted	21,262,111	26,153	24,526	-1,627	26,153	24,526	-1,627
Revised adjusted for economic growth	19,824,527	24,384	24,526	142	24,384	24,526	142

Table 1

Solar

1 MWh = 1 REC		Ohio Solar (RECs)			Non-Ohio Solar (RECs)		
	3 Year Average Baseline (MWh)	Compliance	Reserve Subaccount	Surplus/ Shortage	Compliance	Reserve Subaccount	Surplus/ Shortage
Initial unadjusted	21,183,000	424	68	-356	423	0	-423
Initial adjusted for economic growth	19,940,000	399	68	-329	399	0	-396
Revised unadjusted	21,262,111	425	68	-357	425	0	-424
Revised adjusted for economic growth	19,824,527	397	68	-329	396	0	-396

Table 2

III. Staff Comments on Company Filing

The Company made an economic growth adjustment to its compliance baseline. Rule 4901:1-40-03 (B) (3) directs companies wanting to make an adjustment for economic growth to file an application to request the adjustment. Instead of filing an application, the Company relied on the methodology approved by the Commission in the Company's ESP I proceeding (Case 08-917-EL-SSO; Opinion and Order at 41-43 March 18, 2009.) for calculating the Company's baseline for statutory compliance mandates. Based on this methodology the Company's understanding is that it is appropriate to reduce the baseline for the load of companies that have an economic development rider (EDR).

The context of the methodology approved by the Commission is energy efficiency. On page 42 of the Opinion and Order, the Company asked for guidance in methodology for renewable and energy efficiency baselines. The Commission's decision on page 43, states, "Therefore, we find that the Companies' exclusion of the MonPower load in the energy efficiency baseline is inappropriate. The Commission does not believe that all economic development should automatically result in an exclusion from baseline. On the other hand, we agree with the Companies' adjustment to the baseline for the Ormet load." Staff believes that the renewable baseline was not being addressed and that all EDR load should not be automatically excluded from the renewable baseline but should be evaluated in an application requesting an adjustment for economic growth.

Staff believes that the Company should make an application requesting the adjustment for economic growth in accordance with Rule 4901:1-40-03 (B) (3).

IV. Filed Comments

No persons filed comments in this proceeding.

V. Staff Findings

Following its review of the annual status report, Staff makes the following findings:

- (1) That the Company is an electric distribution utility in Ohio with retail electric sales in the state of Ohio, and therefore the Company had an AEPS compliance obligation for 2009.
- (2) That the Company submitted its annual compliance status report for 2009 AEPS compliance activities on April 15, 2010.
- (3) That the Company's proposed baseline includes an adjustment for economic development. The Company's adjustment is for the portion of its load which has an economic development rider.
- (4) That the Company did not file an application requesting a reduced baseline to reflect new economic growth as required by Rule 4901:1-40-03 (B) (3). Instead, the Company relied on the methodology approved by the Commission in the Company's ESP I proceeding for calculating the Company's baseline for statutory compliance mandates. Based on this methodology the company's understanding is that it is appropriate to reduce the baseline for the load of companies that have an economic development rider (EDR).
- (5) That the Company accurately computed its 2009 compliance obligation based on its proposed adjusted baseline.
- (6) That the Company's reserve subaccount data on the PJM EIS Generation Attribute Tracking System (GATS) showed the following for 2009:
 - 24,526 Ohio Non-solar RECs
 - 24,526 Non-Ohio Non-solar RECs
 - 68 Ohio S-RECs
 - 0 Non-Ohio S-RECs
- (7) That following a review of the Company's reserve subaccount data on GATS,

Staff confirmed that the Company satisfied, based on the proposed revised adjusted baseline, its total non-solar obligation, as well as the specific minimum in-state non-solar requirement, for 2009. The specific RECs that the Company transferred to its GATS reserve subaccount were sourced from generating facilities certified by the Commission and were appropriately associated with electricity generated between August 1, 2008, and December 31, 2009.

- (8) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied, based on the proposed revised adjusted baseline, its total solar obligation for 2009, as well as the specific minimum in-state solar requirement, as adjusted to reflect the *force majeure* determination. The specific S-RECs that the Companies transferred to their GATS reserve subaccount were sourced from generating facilities certified by the Commission and were appropriately associated with electricity generated between August 1, 2008, and December 31, 2009.

VI. Staff Recommendations

Following its review of the information submitted in this proceeding and other relevant data, Staff recommends the following:

- (1) That the Commission order the Company to file an application requesting a reduced baseline to reflect new economic growth as required by Rule 4901:1-40-03 (B) (3).
- (2) That for future compliance years in which the Company is utilizing GATS to demonstrate its Ohio compliance efforts, the Company should initiate the transfer of the appropriate RECs and S-RECs to its GATS reserve subaccount between March 1st and April 15th so as to precede the filing of its Ohio annual compliance status report with the Commission.
- (3) That in accordance with the *force majeure* determination the Company's compliance obligation shortfall from the 2009 compliance year should be added to 2010 compliance obligation.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

11/28/2012 8:11:25 AM

in

Case No(s). 10-0486-EL-ACP

Summary: Staff Review and Recommendation electronically filed by Mr. Mark C Bellamy on behalf of PUCO Staff