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April 12, 2013

Ms. Barcy F. McNeal, Secretary
Public Utilities Commission of Ohio
180 E. Broad St., 11th Floor
Columbus, OH 43215-3793

Re: Case No. 13-890-EL-ACP
Direct Energy Business, LLC

Dear Ms. McNeal:

I am filing a redacted version of the Alternative Energy Compliance Report for Calendar Year 2012 for Direct Energy Business, LLC. This report is redacted because it contains certain confidential and proprietary information. Pursuant to Rule 4901-1-24(D) of the Ohio Administrative Code, a motion for protective order has been filed and three copies of the confidential version of this report are being submitted under seal.

Thank you for your consideration.

Sincerely yours,

Stephen M. Howard
Attorneys for Direct Energy Business, LLC

SMH/smf

COMPETITIVE RETAIL ELECTRIC SERVICE PROVIDER
ALTERNATIVE ENERGY ANNUAL STATUS REPORT FOR CALENDAR YEAR 2012

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

1. Determination that an Alternative Energy Resource Report is Required (check one)

- ☒ During calendar year 2012 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 2012 the CRES states that it did not conduct retail sales of generation to customers who utilized the generation in a load center located within the state of Ohio.

2. Determination of the sales baseline for 2012

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

2009 MWh	410,148
2010 MWh	622,650
2011 MWh	833,819

- b. The average annual sales of the active years listed above (sum of the active years' MWh / number of active years hereinafter "Baseline Sales")

622,206

- c. If conditions exist that merit an adjustment to the Baseline Sales please list the adjusted Baseline Sales and attach as an exhibit to this AER a full explanation of the reason(s) for the adjustment(s).

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- d. If the CRES was not active during calendar years 2009, 2010 and 2011 but did make sales during calendar year 2012, please project the amount of retail electric generation sales anticipated for the whole of calendar year 2012 as would have been projected on the first day retail generation sales were made in Ohio.

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3. 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 2012				
Types	(A) No. of RECs Required	(B) No. of RECs Obtained	(C) Registry	(D) No. of RECs Sited in OH
Solar				
Non Solar				
Total				

- a. Column A above lists the unadjusted number of Solar and Total RECs Required for the CRES in 2012. The determinations were calculated by multiplying the:

<input checked="" type="checkbox"/>	Baseline Sales
<input type="checkbox"/>	Adjusted Baseline Sales
<input type="checkbox"/>	Projected Sales

by 6 hundredths of one per cent (.06%) for Solar RECs, by one and 44 hundredths percent (1.44%) for Non-Solar RECs, and one and a half percent (1.5%) for total RECS. Total RECs include both Solar and Non Solar RECs.

- b. The 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 2012.

Approved registry being used by the CRES: PJM-GATS

- c. The CRES states that of the RECs it has obtained for 2012 the number listed in column D represents the RECs with generation facilities sited within the state of Ohio.

CRES states that it has

<input type="checkbox"/>	Received a force majeure determination for solar RECs
<input type="checkbox"/>	Sought but has yet to receive a ruling on a force majeure determination for Solar RECs
<input checked="" type="checkbox"/>	Did not seek and did not receive a force majeure determination for solar RECs

4. Compliance (check one)

<input checked="" type="checkbox"/>	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).
<input type="checkbox"/>	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).
<input type="checkbox"/>	CRES states that it is not in compliance with number of Solar RECs or total RECs required for 2012.

5. 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.


10 Year Forecast of Solar and Non-Solar RECs				
Year	Estimated Sales	Estimated Solar	Estimated Non-Solar	Estimated Total RECs
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				

- b. **Supply Portfolio projection:** We procure both Solar and Non-Solar RECs for contracts that typically have terms of 1-3 years. By purchasing RECs in this fashion we have successfully been able to procure for our obligations since the inception of this program. We see no issues with procuring in the future under the current RPS regulatory and market conditions.
- c. **Methodology used to evaluate compliance:** We calculated the obligation for 2013 by combining our actual load in 2013 with the forecasted amount for the rest of the year. We then estimated future year's by assuming the only growth came from the total state's expected growth over the next ten years. This information was found in the Ohio Long Term Forecast of Energy Requirements 2011-2031.

<http://www.puco.ohio.gov/emplibrary/files/util/UtilitiesDeptReports/OhioLTFEnergyReq2011-2030.pdf>

- 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:** While we do not see any immediate impediments to our future ability to comply under the existing standard, changes to the standard by law or by the commission that limit the supply of resources or expands the amount of resources required could create supply constraints that could impede Direct Energy's ability to achieve compliance. In addition, because the compliance is based on historical sales volumes, an event of decreasing sales creates a need to over-comply with the regulations. We would recommend allowing companies to switch to an obligation based upon the actual load in the given compliance year.

I, Angela Gregory, am the duly authorized representative of Direct Energy Business and state, to the best of my knowledge and ability, all the information contained in the foregoing Competitive Retail Electric Service Provider Alternative Energy Annual Status Report for Calendar Year 2012, including any exhibits and attachments, are true, accurate and complete.



Signature

Name Angela Gregory
Title Upstream Compliance
Company Direct Energy Business, LLC



Direct Energy Business, LLC - My RPS Compliance - OH - Jan 2012-Dec 2012

Subaccount Name	Zone Name	GATS Load	RPS Load	Total Generation for Subaccount	Solar Renewable Energy Source	Renewable Energy Source	S2 Class II Renewable	Total Certificates Used for RPS
Default								
Default								
Default								
Default								
Reserve								
Subaccount								
Total								

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Summary: Report Alternative Energy Compliance Report for Calendar Year 2012 electronically filed by Mr. Stephen M Howard on behalf of Direct Energy Business, LLC