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April 15, 2013

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

Re: Case No. 13-919-EL-ACP
AEP Energy, Inc.

Dear Ms. McNeal:

I am filing a redacted version of the Alternative Energy Portfolio Status Report for Calendar Year 2012 for AEP Energy, Inc., formerly BlueStar Energy Services, Inc. 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.

Please contact me directly with questions.

Sincerely,



Andrew C. Emerson

ACE:sle
Enclosure

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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of AEP Energy, Inc.)	
Annual Alternative Energy Portfolio)	Case No. 13-919-EL-ACP
Status Report and Plan for Compliance)	
with Future Annual)	
Advanced and Renewable Benchmarks)	

I. INTRODUCTION

AEP Energy, Inc., formerly BlueStar Energy Services, Inc., (AEP Energy) is a competitive retail electric service (CRES) provider, as defined in Section 4928.01(A)(4), Ohio Revised Code, and an electric services company as defined within Section 4928.01(A)(9). AEP Energy is a wholly owned subsidiary of AEP C&I Company, LLC and is an indirect subsidiary of American Electric Power, Inc. AEP Energy currently provides electric supply to commercial, industrial, and residential customers within the state of Ohio.

AEP Energy hereby submits its Annual Alternative Energy Status Report for the period January 1, 2012 through December 31, 2012, as required by Rule 4901:1-40-05 of the Ohio Administrative Code for all electric service companies. As required by the rule, this status report identifies AEP Energy's 2012 energy baseline, demonstrates its compliance with its 2012 renewable and solar energy benchmarks, and outlines its future alternative energy compliance strategy.

II. COMPLIANCE

Under Section 4928.64(B)(2) and Rule 4901:1-40-03(A)(2), for the year 2012, electric service companies must demonstrate that 1.5% of the retail electricity sold in Ohio derived from renewable energy resources. Half of that electricity must have been generated by facilities

located in Ohio. In addition, electric service companies must demonstrate that 0.060% of the retail electricity they sold was derived from solar energy resources. At least half of this 0.060% 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

Rule 4901:1-40-03(B) sets forth the methodologies for calculating a baseline for compliance. Because AEP Energy has not been continuously supplying Ohio retail electric customers during the preceding three calendar years – it had no electric sales in Ohio during 2009 and 2010, and for a portion of 2011, its baseline shall be computed as an average of annual sales data for all calendar years during the preceding three years in which it did serve retail customers. As such, pursuant to Rule 4901:1-40-03(B)(2)(a), AEP Energy computes its baseline as an average of its 2011 annual sales during which it served Ohio retail electric customers, as follows:

**TABLE 1
AEP ENERGY, INC
INITIAL BASELINE CALCULATION**

2009 MWhrs	
2010 MWhrs	
2011 MWhrs	
Average	

B. 2012 Renewable and Solar Energy Benchmarks

Using 891,701 as its 2012 baseline, AEP Energy calculates its benchmarks for electricity generated from renewable and solar energy resources for the year 2012 is as follows:

**TABLE 2
AEP ENERGY, INC.
2012 RENEWABLE ENERGY BENCHMARK**

Year	Actual Load (MWhrs)	(Non-Solar) In State	(Non-Solar) Out of State	Solar In State	Solar Out of State
2012					

C. Compliance with 2012 Renewable Energy Benchmarks

Pursuant to Section 4928.65, electric service companies may meet renewable energy benchmarks through the use of renewable energy credits (RECs).

- 1. Non-Solar, In-State:** Through the use of brokers, AEP Energy purchased sufficient RECs to satisfy its non-solar, in-state renewable requirements for 2012.
- 2. Non Solar, Out-of-State:** Acting through brokers, AEP Energy purchased sufficient RECs to satisfy its non-solar, out-of-state renewable requirements for 2012.
- 3. Solar In-State:** Through the use of brokers, AEP Energy purchased sufficient RECs to satisfy its solar, in-state renewable requirements for 2012.
- 4. Solar Out-of-State:** Through brokered market purchases, AEP Energy was able to satisfy its solar, out-of-state renewable requirements for 2012.

A summary of AEP Energy’s compliance efforts in 2012 is as follows:

**TABLE 3
AEP ENERGY, INC.
2012 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
2012				

D. AEP Energy’s Compliance Strategy

AEP Energy’s renewable energy compliance strategy for 2012 was to purchase RECs through market brokers. As AEP Energy’s compliance obligations increase for 2013, AEP Energy has broadened its compliance activities to include consideration of Requests for Proposals and soliciting wind and solar facilities within Ohio. AEP Energy 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 obligations.
- (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).

Below are the forecasted sales volumes and corresponding REC requirements for the years 2013 through 2023.

**TABLE 4
AEP ENERGY, INC.
TEN-YEAR RENEWABLE ENERGY FORECAST**

Year	Annual Load MWh	Renewable % Needed	Renewable MWh (non-Solar)	Solar % Needed	Solar MWh
2013		1.9%		0.09%	
2014		2.4%		0.12%	
2015		3.4%		0.15%	
2016		4.3%		0.18%	
2017		5.3%		0.22%	
2018		6.2%		0.26%	
2019		7.2%		0.30%	
2020		8.2%		0.34%	
2021		9.1%		0.38%	
2022		10.5%		0.42%	
2023		11.5%		0.46%	

As a CRES provider, AEP Energy does not own any electrical generation facilities. AEP Energy will continue to supply power to its customers by purchasing power through market brokers, RFPs, and third-party contracts. AEP Energy 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 contracts. Apart from generalized supply and pricing constraints, AEP Energy 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 Energy respectfully requests that the Commission find that AEP Energy has complied with the applicable renewable energy benchmarks for 2012.

Respectfully submitted,



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