

BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Champion Energy     )  
Services, LLC 2011 Annual Alternative     )  
Energy Portfolio Status Report             )

Case No. 12-1260-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 **2011** are as follows:

- Renewable Energy Resources = **1.00%** (includes solar requirement)
- Solar Energy Resources = **0.03%**

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**

On April 17, 2012, Champion Energy Services, LLC (Champion Energy or Company) filed both a redacted and unredacted version of its 2011 AEPS compliance status report. The unredacted version was filed under seal, along with a Motion for Protective Order.

The Company asserted in its redacted filing that it did not have any sales during 2008 or 2009, with sales during part of 2010. To determine its baseline, the Company did not rely on its 2010 sales but rather it proposed a baseline that consisted of a projected annual sales volume. The Company used its proposed baseline, as well as the statutory benchmarks, to calculate its compliance obligations. Champion Energy further indicated that it had obtained the required number of renewable energy credits (RECs) and solar RECs (S-RECs) to satisfy its 2011 compliance obligations.

## **III. Filed Comments**

No persons filed comments in this proceeding.

## **IV. Staff Findings**

Following its review of the annual status report and any timely comments submitted in this proceeding, Staff makes the following findings:

- (1) That Champion Energy is an electric services company in Ohio with retail electric sales in the state of Ohio, and therefore the Company had an AEPS obligation for 2011.
- (2) That the baseline proposed by Champion Energy is incorrect and resulted in overstating its compliance obligations. With no sales in 2008 or 2009, and 2010 sales of 47,185 megawatt-hours (MWHs), the baseline for the 2011 compliance

year should have been 47,185 MWHs using the methodology detailed in OAC 4901:1-40-03(B)(2)(a).

- (3) That the Company's annual report filed publicly with the Commission for the 2010 calendar year indicated annual sales of 47,185 kilowatt-hours.<sup>1</sup> However, subsequent conversations with the Company confirmed that this figure should have been 47,185 megawatt-hours rather than kilowatt-hours.
- (4) That the Company's 2011 compliance obligations, using a baseline of 47,185 MWHs and the statutory benchmarks, should have been as follows:
  - [REDACTED] Non-Solar<sup>2</sup> MWHs, with at least [REDACTED] originating from an Ohio facility
  - [REDACTED] Solar MWHs, with at least [REDACTED] originating from an Ohio facility
- (5) That for the 2010 AEPS compliance year, the Company had retired too many RECs and S-RECs. The Commission determined that the excess, consisting of seven RECs and one S-REC, could be applied to a future compliance obligation.<sup>3</sup> By incorporating this prior decision, Staff calculates the Company's net compliance obligations for 2011 to be as follows:
  - [REDACTED] Non-Solar MWHs, with at least [REDACTED] originating from an Ohio facility
  - [REDACTED] Solar MWHs, with at least [REDACTED] originating from an Ohio facility
- (6) That the Company had retired RECs and S-RECs via its reserve subaccount with the PJM EIS Generation Attributes Tracking System (GATS) for 2011 compliance.
- (7) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company exceeded its total non-solar obligation, as well as the specific minimum in-state non-solar requirement, for 2011. The 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, 2011.

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<sup>1</sup> Case No. 11-0003-GE-RPT, filed 4/26/11

<sup>2</sup> Staff uses "non-solar" in this context to refer to the total renewable energy requirement net of the specific solar requirement. Staff acknowledges that there is not a specific "non-solar" requirement in the applicable statute.

<sup>3</sup> Case No. 11-2799-EL-ACP; Finding and Order dated June 5, 2013

- (8) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company exceeded its total solar obligation, as well as the specific minimum in-state solar requirement, for 2011. The S-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, 2011.
- (9) That the Company retired RECs and S-RECs based on its proposed baseline and compliance obligations, both of which are higher than that calculated by Staff. As a result, Staff concludes that the Company retired the following in excess of its compliance obligations for 2011:
- [REDACTED] Ohio Non-Solar RECs
  - [REDACTED] Other Non-Solar RECs
  - [REDACTED] Ohio S-RECs
  - [REDACTED] Other S-RECs

## **V. Staff Recommendations**

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

- (1) That Champion Energy be found to have satisfied its 2011 AEPS compliance obligations.
- (2) That the excess RECs and S-RECs identified above in Finding (9) be eligible to be applied against applicable future compliance obligations of the Company, provided that the timing of this usage does not conflict with 4901:1-40-04(D)(3), OAC.
- (3) That for future compliance years in which the Company is utilizing GATS to demonstrate its Ohio compliance efforts, the Company initiates the transfer of the appropriate RECs and S-RECs to its GATS reserve subaccount between March 1<sup>st</sup> and April 15<sup>th</sup> so as to precede the filing of their Ohio annual compliance status report with the Commission.

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Summary: Staff Review and Recommendation (Public Version) electronically filed by Mr. Stuart M Siegfried on behalf of PUCO Staff