

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Interstate Gas)
Supply, Inc. Annual Alternative)
Energy Portfolio Status Report for 2012)**

Case No. 13-0922-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 **2012** are as follows:

- Renewable Energy Resources = **1.50%** (includes solar requirement)
- Solar Energy Resources = **0.06%**

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

Interstate Gas Supply, Inc. (IGS or Company) filed its AEPS compliance status report for the 2012 compliance year on April 15, 2013. In its filing, IGS indicated that it had no Ohio retail electric sales in 2009, 2010, or 2011. The Company proposed to use its actual 2012 Ohio electric sales as its baseline. IGS used its proposed baseline and the statutory benchmarks for 2012 to calculate its compliance obligations, the details of which are included in the Company's unredacted version of its compliance report.

IGS asserted in its compliance status report that it obtained and retired the necessary renewable energy credits (RECs) and solar RECs (S-RECs) to achieve compliance with its 2012 AEPS requirements.

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 IGS is an electric services company with retail electric sales in the state of Ohio, and, therefore, the Company had an AEPS compliance obligation for 2012.
- (2) That the Company filed its AEPS compliance report on April 15, 2013.
- (3) That the Company proposed a baseline which it indicated reflects its actual 2012 sales. With no Ohio electric sales during the period of 2009-2011, projected sales for a full calendar year should have been used to calculate the baseline. The use of projected sales, as referenced in 4901:1-40-03(B)(2)(b), OAC, was intended to facilitate a company's compliance planning in that it could quantify its

compliance requirements earlier in the year. Staff acknowledges that the use of actual sales data, as proposed by the Company, is more accurate than using projected data and, therefore, Staff does not contest the use of actual 2012 sales data.

- (4) In subsequent conversations with the Company, Staff was informed that the Company's actual 2012 sales should be updated to reflect an increase from the sales figure included in its filing. This update resulted in a slightly higher baseline and compliance obligation.
- (5) That the Company accurately calculated its 2012 compliance obligations, given its proposed baseline. Using the updated baseline increases the Company's compliance obligation by 7 RECs, at least 4 of which must come from Ohio facilities.
- (6) That the Company retired RECs and S-RECs for 2012 compliance via its PJM EIS Generation Attribution Tracking system (GATS) account. The retired RECs included 7 additional RECs to address the incremental obligation referenced above in Finding 5.
- (7) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total non-solar¹ obligation, as well as the specific minimum in-state non-solar requirement, for 2012. The RECs that the Company transferred to its GATS reserve subaccount were sourced from generating facilities certified by the Commission and were, for the most part, associated with electricity generated between August 1, 2008, and December 31, 2012. However, the reserve subaccount details show numerous Ohio RECs from January and February 2013 as having been applied toward 2012 compliance.
- (8) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total solar obligation, while exceeding the specific minimum in-state solar requirement, for 2012. 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, 2012.

¹ 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.

V. Staff Recommendations

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

- (1) That IGS is found to have satisfied its 2012 AEPS compliance obligations.
- (2) That going forward the Company use only RECs or S-RECs associated with electricity that was generated no later than the end of the compliance year.
- (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 1st and April 15th 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 electronically filed by Mr. Stuart M Siegfried on behalf of PUCO Staff