

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Alternative Energy)
Resources Report for Calendar Year 2011)
From Ohio Power Company)**

Case No. 12-1212-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:

| Year | Renewable Resources (including solar) | Solar Resources |
|-------------|--|------------------------|
| 2011 | 1.00% | 0.030% |

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 Filings Summarized

Ohio Power Company filed its AEPS compliance status report for the 2011 compliance year on April 13, 2012. On January 1, 2011 AEP Ohio's EDUs, Ohio Power Company and Columbus Southern Power Company merged into Ohio Power Company (the Company). The compliance report in this case is the first for the combined company.

In its report, the Company proposed a compliance baseline of 43,416,857 megawatt-hours (MWHs) comprised of an average of its Ohio retail electric sales from 2008, 2009, and 2010. The compliance baseline has been adjusted for the load of customers with economic development arrangements with the Company. This adjustment was approved by the Commission in case nos. 10-486-EL-ACP and 10-487-EL-ACP.

| | MWH Sales Unadjusted | Proposed Adjustments | MWh Sales Adjusted |
|---|-------------------------|----------------------|--------------------|
| 2008 | 50,081,477 | 4,793,077 | 45,288,400 |
| 2009 | 45,647,360 | 4,090,525 | 41,524,135 |
| 2010 | 47,439,195 | 4,000,859 | 43,438,336 |
| Baseline for 2011 Compliance Obligation | | | 43,416,857 |

With its proposed baseline, the 2011 statutory benchmarks, the Company computed its aggregate 2011 compliance obligations as follows:

- 13,025 Solar MWHs
- 6,513 In-state¹ Solar MWHs
- 421,144 Non-Solar² Renewable MWHs

¹ At least 50% of the compliance obligation must be met by resources located in the state of Ohio. The In-state portion is included in the total MWHs required.

² 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

- 210,572 In-state³ Non-Solar Renewable MWHs

The Company asserted in its annual compliance status report filing that it fully satisfied its 2011 compliance obligations.

III. Filed Comments

No persons filed comments in these proceedings addressing the respective compliance status reports.

IV. Staff Findings

Following its review of the annual status reports and any timely comments submitted in these proceedings, 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 during 2011 and therefore the Company had AEPS compliance obligations.
- (2) That the Company submitted its annual compliance status report for 2011 AEPS compliance activities on April 13, 2012.
- (3) That the Company's proposed baseline includes adjustments for economic development.
- (4) That the adjustments for economic development were approved in the 8/21/13 Opinion and Order in Case 10-487-EL-ACP.
- (5) That the compliance baseline proposed by the Company is reasonable.
- (6) That the Company accurately calculated its compliance obligations for 2011.
- (7) That the Company has transferred RECs and S-RECs to its GATS reserve subaccount to demonstrate compliance with its 2011 AEPS compliance obligations:

³ At least 50% of the compliance obligation must be met by resources located in the state of Ohio. The In-state portion is included in the total MWHs required.

| 2011 SRECs/RECs needed for compliance | | | |
|---------------------------------------|---------|------------------|---------|
| Solar total | 13,025 | In-state minimum | 6,513 |
| Non-Solar total | 421,144 | In-state minimum | 210,572 |

| 2011 SRECs/RECs in GATS reserve subaccount | | | |
|--|---------|----------------|---------|
| Solar total | 13,025 | In-state total | 6,513 |
| Non-Solar total | 421,144 | In-state total | 210,572 |

- (8) That when evaluating the Company's GATS reserve subaccounts for the 2011 period, Staff found that the Company satisfied its non-solar obligations, including the in-state minimums, as well as its total and in-state solar obligations.

V. Staff Recommendations

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

- (1) That the Company be found to have satisfied its AEPS compliance obligations for 2011.
- (2) 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. Mark C Bellamy on behalf of PUCO Staff