BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Iron Energy LLC	**)**	
Annual Alternative Energy	**)**	**Case No. 14-0579-EL-ACP**
Portfolio Status Report for 2013	**)**	

Findings and Recommendations of the PUCO Staff

I. Waiver request

On April 15, 2014, Iron Energy LLC (Iron Energy or Company) filed a Request for Waiver specifically seeking authorization to deviate from the baseline calculation methodology detailed in Ohio Administrative Code (OAC) §4901:1-40-03(B)(2)(b).

OAC §4901:1-40-02(B) indicates that the Commission may waive any portion of this rule provided that the request does not involve a statutory mandate. While Ohio Revised Code §4928.64(B) does address the baseline computation for companies with sales during the preceding three calendar years, it does not present a methodology for competitive electric providers with a more limited Ohio electric retail sales history. Therefore, Staff concludes that the Commission may waive §4901:1-40-03(B)(2)(b) if it deems it appropriate to do so.

The rule dictates that active electric service companies utilize a reasonable projection of sales for a calendar year as their alternative energy portfolio standard (AEPS) compliance baseline in the event that they do no have any retail electric sales in the state during the three calendar years preceding the compliance year.

Iron Energy asserts in its filing that it had no sales during 2010 – 2012, but that it began operations in Ohio in 2013. In such a scenario, OAC §4901:1-40-03(B)(2)(b) would require that Iron Energy's AEPS compliance baseline for the 2013 compliance year consist of a reasonable projection of its sales for a calendar year. However, the Company is proposing to use its actual 2013 retail sales as its baseline rather than a projection of sales.

The use of projected sales, as detailed 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. However, Staff acknowledges that the use of actual sales data, as proposed by Iron Energy, is more accurate than using projected data.

If granted, the proposed use of actual Ohio sales from 2013 would comprise the AEPS compliance baseline for purposes of the Company's filing requirement for the 2013 compliance year under OAC §4901:1-40-05. The annual filing requirement under OAC §4901:1-40-03(C) should be unaffected by this particular waiver request.

II. 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 **2013** are as follows:

- Renewable Energy Resources = **2.00%** (includes solar requirement)
- Solar Energy Resources = **0.09%**

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.

III. Company Filing Summarized

Iron Energy LLC (Iron Energy or Company) filed its AEPS compliance status report for the 2013 compliance year on April 15, 2014. The Company later filed an amended status report in which it corrected its 2013 sales amount. In its amended status report, the Company proposed a baseline of 3,938 megawatt-hours (MWHs). The Company indicated that it began serving Ohio retail electric customers in 2013, and its proposed baseline represents its Ohio retail electric sales for 2013. Applying the statutory benchmarks to its proposed baseline, Iron Energy calculated its 2013 compliance obligations in its amended filing to be as follows:

- 4 solar MWHs, of which at least 2 MWHs must originate from Ohio facilities
- 76 non-solar renewable MWHs, of which at least 38 MWHs must originate from Ohio facilities

The Company indicated that it had obtained the necessary renewable energy credits (RECs) and solar RECs (S-RECs) to satisfy its 2013 compliance obligations. The Company further indicated that it had transferred the necessary RECs and S-RECs to its PJM EIS Generation Attributes Tracking System (GATS) reserve subaccounts for Ohio compliance purposes.

The Company transferred into its GATS reserve subaccount more SRECS and RECS than were necessary for compliance due to the use of incorrect sales listed in its initial compliance status report. The excess amounts are 2 Ohio SRECs and 32 Ohio RECs.

IV. Filed Comments

No persons filed comments in this proceeding.

V. 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 Iron 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 2013.

(2) That the baseline proposed by the Company is reasonable, and given the proposed baseline and the 2013 statutory benchmarks, Iron Energy accurately calculated its AEPS compliance obligations in its amended status report.

(3) That for Ohio compliance purposes, the Company has transferred RECs and S-RECs to its GATS reserve subaccounts in the following quantities:

REC category	Compliance required[1]	Reserve Subaccount
Ohio S-RECs	2	6
Other S-RECs	2	0
Ohio RECs	38	108
Other RECs	38	0

(4) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total non-solar[2] obligation, while exceeding the specific minimum in-state non-solar requirement, for 2013. 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, 2013.

(5) 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 2013. 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, 2013.

VI. Staff Recommendations

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

(1) That Iron Energy is found to have satisfied its 2013 AEPS compliance obligations.

(2) That because Iron Energy inadvertently retired more RECs than was necessary to satisfy its 2013 AEPS compliance obligations as quantified above in Finding 3,

[1] Compliance may be met with 100% Ohio sourced SRECs/RECs.

[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.

Staff recommends that the Company, Staff, and GATS representatives coordinate to adjust the quantity of RECs transferred to the reserve subaccount for 2013 compliance purposes so that the quantity transferred matches the Company's compliance obligation as determined by the Commission. If such adjustment cannot be completed prior to the end of February 2015, the time at which such adjustments would no longer be permitted, Staff recommends that the excess identified in Finding 3 be eligible to be applied administratively to a future compliance obligation provided such application is consistent 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 1st and April 15th so as to precede the filing of their Ohio annual compliance status report with the Commission.