

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Annual Alternative)
Energy Resources Compliance Report)
For Calendar Year 2013 of Verde Energy)
USA Ohio, LLC)**

Case No. 14-0548-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 **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.

II. Company Filing Summarized

Verde Energy USA Ohio, LLC (Verde or Company) filed both a redacted (public) and unredacted version (confidential) of its annual alternative energy status report for 2013 on April 4, 2014. In its status report, Verde proposed a baseline of 29,870 megawatt-hours (MWHs), which it indicated was its actual Ohio retail electric sales for 2012. The Company indicated that it did not have any Ohio retail electric sales in 2010 or 2011. With its proposed baseline and the 2013 statutory benchmarks, the Company computed its 2013 compliance obligations the details of which are included in the unredacted version of its compliance status report.

The Company asserted in its annual compliance status report that it fully satisfied its 2013 compliance requirements with the purchase of renewable energy credits (RECs) and solar RECs (S-RECs). The Company further indicated that it retired the necessary RECs and S-RECs through its PJM EIS Generation Attributes Tracking System (GATS) reserve subaccount.

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 the Company is an electric services company with retail electric sales in the state of Ohio, and therefore the Company had an AEPS compliance obligation for 2013.
- (2) That the Company submitted its annual compliance status report for 2013 AEPS compliance activities on April 4, 2014.

- (3) That the Company's proposed baseline is reasonable.
- (4) That the Company accurately computed its 2013 compliance obligations.
- (5) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total non-solar 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.
- (6) 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.

V. Staff Recommendations

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

- (1) That the Company be found to have satisfied its 2013 AEPS compliance obligations.
- (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 its 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