

In the Matter of the AP Gas & Electric OH LLC Annual Alternative Energy Portfolio Status Report for 2013

Case No. 14-0636-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

AP Gas & Electric OH, LLC (APG&E or Company) filed its AEPS compliance status report for the 2013 compliance year on April 22, 2014. In its compliance filing, the Company indicated that it had zero Ohio retail electric sales during 2010, 2011, and 2012. With no Ohio sales history, APG&E proposed a baseline of 198,711 megawatt-hours (MWHs) which represents a projection of its sales for 2013. Applying the statutory benchmarks to its proposed baseline, APG&E calculated its 2013 compliance obligations to be as follows:

- 179 Solar MWHs, of which at least 90 MWHs must originate from Ohio facilities
- 3,795 Non-Solar MWHs, of which at least 1,898 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.

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 APG&E 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 APG&E is reasonable, and given the proposed baseline and the 2013 statutory benchmarks, APG&E accurately calculated its AEPS compliance obligations.

- (3) That the Company has transferred RECs and S-RECs to its PJM EIS Generation Attributes Tracking System (GATS) reserve subaccounts for Ohio compliance purposes.
- (4) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total non-solar¹ 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.
- (6) That while the Company was required to have retired a total of 3,795 RECs for 2013, the contents of the Company's GATS reserve subaccount show 3,803 RECs, or 8 extra RECs, having been retired for 2013.

V. Staff Recommendations

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

- (1) That APG&E is found to have satisfied its 2013 AEPS compliance obligations.
- (2) That because APG&E retired more RECs than was necessary to satisfy its 2013 AEPS compliance obligations, 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

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.

permitted, Staff recommends that the excess 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.

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