

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the AEP Energy Inc. Annual)	Case No. 13-919-EL-ACP
Alternative Energy Portfolio Status Report for 2012)	

In the Matter of the AEP Energy Inc. Annual)	Case No. 14-585-EL-ACP
Alternative Energy Portfolio Status Report for 2013)	

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 **2012-2013** are as follows:

2012

- Renewable Energy Resources = 1.50% (includes solar requirement)
- Solar Energy Resources = 0.060%

2013

- Renewable Energy Resources = 2.00% (includes solar requirement)
- Solar Energy Resources = 0.090%

In addition, there is a requirement for compliance years 2012 and 2013 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.

II. Company Filing Summarized

A. Compliance Year 2012

For the 2012 compliance year, AEP Energy Inc. (AEP Energy or Company) filed both a redacted (public) and unredacted (confidential) version of its annual alternative energy status report on April 15, 2013.¹ In its status report, AEP Energy indicated that it had Ohio Energy electric sales in 2011, with its proposed baseline representing the annual sales for 2011. While the report states that the baseline is 891,701 MWH, a different baseline is listed in Table 2 of the unredacted version. The Company informed PUCO staff that the 891,701 figure is not the correct baseline and that the correct baseline is listed in Table 2. With its proposed baseline and the 2012 statutory benchmarks, the Company calculated its 2012 compliance obligations the details of which are included in the unredacted version of its status report. The Company asserted in its annual compliance status report that it fully satisfied its 2012 compliance requirements with the purchase of renewable energy credits (RECs) and solar RECs (S-RECs). The Company further stated that it retired the necessary RECs and S-RECs through its PJM EIS Generation Attribute Tracking System (GATS) reserve subaccount.

¹ The redacted information includes 2009-2011 sales and the average of the years in which the company had sales. The average of the years in which the company had sales is the compliance baseline. Also, redacted are the number of renewable energy credits (RECs) and solar RECs (S-RECs) needed for compliance and the number of RECs and S-RECs obtained and retired for compliance.

B. Compliance Year 2013

For the 2013 compliance year, AEP Energy filed both a redacted (public) and unredacted (confidential) version of its annual alternative energy status report on April 15, 2014. AEP Energy subsequently filed an amended public version of its report on May 6, 2014. In its amended compliance status report, AEP Energy computed its baseline as the average of its sales for 2011 and 2012. With its proposed baseline of 970,805 megawatt-hours (MWHs) and the 2013 statutory benchmarks, AEP Energy computed its 2013 compliance obligations as follows:

- 437 Ohio Solar MWHs
- 437 Non-Ohio Solar MWHs
- 9,271 Ohio Non-Solar Renewable MWHs
- 9,271 Non-Ohio Non-Solar Renewable MWHs

AEP Energy asserted that it has obtained the following renewable energy credits (RECs) and solar RECs (S-RECs) needed for compliance based on the proposed baseline:

- 437 Ohio Solar MWHs
- 437 Non-Ohio Solar MWHs
- 9,271 Ohio Non-Solar Renewable MWHs
- 9,271 Non-Ohio Non-Solar Renewable MWHs

The Company asserted in its filing that it fully satisfied its 2013 compliance obligations.

III. Filed Comments

No persons filed comments in these proceedings.

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 AEP Energy is an electric services company in Ohio with electric sales in the state of Ohio during 2012 and 2013, and therefore the Company had an AEPS obligation for 2012 and 2013.
- (2) That the Company's proposed 2012 and 2013 baselines are reasonable, and that the Company accurately calculated its 2012 and 2013 compliance obligations.

- (3) That for compliance year 2012, the Company has transferred the required RECs and S-RECs, including the required in-state RECs and S-RECs, to its GATS reserve subaccount for 2012 Ohio compliance purposes.
- (4) That following a review of the Company's reserve subaccount data on GATS for compliance year 2012, Staff confirmed that the Company satisfied its non-solar obligation for 2012. 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, 2012.
- (5) That following a review of the Company's reserve subaccount data on GATS for compliance year 2012, Staff confirmed that the Company satisfied its solar obligation 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.
- (6) That for compliance year 2013 the Company has transferred 18,542 RECs and 874 S-RECs, including the required in-state RECs and S-RECs, to its GATS reserve subaccount for 2013 Ohio compliance purposes.
- (7) That following a review of the Company's reserve subaccount data on GATS for compliance year 2013, Staff confirmed that the Company satisfied its non-solar obligation 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.
- (8) That following a review of the Company's reserve subaccount data on GATS for compliance year 2013, Staff confirmed that the Company satisfied its solar obligation 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.
- (9) Staff found that AEP Energy's 2013 GATS reserve subaccount included more RECs than were needed to satisfy its 2013 non-solar compliance obligation. Due to GATS limitations, these RECs cannot be removed from the reserve subaccount now as they are considered retired.

V. Staff Recommendations

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

- (1) That AEP Energy is found to have satisfied its 2012 and 2013 RPS compliance obligations.
- (2) That the excess non-solar RECs currently in AEP Energy's 2013 GATS reserve subaccount that were not needed for 2013 compliance efforts be eligible to be applied to AEP Energy's future non-solar compliance obligations.
- (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.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

9/25/2015 10:18:44 AM

in

Case No(s). 13-0919-EL-ACP, 14-0585-EL-ACP

Summary: Staff Review and Recommendation electronically filed by Mr. Mark C Bellamy on behalf of PUCO Staff