

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Ethical)	
Electric, Inc. 2015 Renewable)	Case No. 16-0814-EL-ACP
Portfolio Standard Status Report)	

Staff Findings and Recommendations

I. Statutory Background

Amended Substitute Senate Bill 221, of the 127th General Assembly (2008 Ohio Laws S221, effective July 31, 2008), established Ohio's renewable portfolio standard (RPS) applicable to electric distribution utilities and electric service companies. The RPS is addressed principally in Ohio Revised Code (R.C.) 4928.64, with relevant resource definitions also contained within R.C. 4928.01(A).

According to R.C. 4928.64(B)(2), the compliance obligations for **2015** are as follows:

- Renewable Energy Resources = **2.50%** (includes solar requirement)
- Solar Energy Resources = **0.12%**

The Public Utilities Commission of Ohio (PUCO or Commission) further developed rules to implement the Ohio RPS, contained within Ohio Administrative Code (Ohio Adm.Code) 4901:1-40.

Ohio Adm.Code 4901:1-40-05(A), states:

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.

Ohio Adm.Code 4901:1-40-05(C), states:

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

Ethical Electric, Inc. d/b/a Clean Energy Option (Ethical or Company) filed its RPS compliance status report for the 2015 compliance year on April 14, 2016. In its compliance filing, Ethical proposed a baseline of 47 megawatt-hours (MWHs) which it characterized as its actual Ohio retail electric sales for 2014.¹ Applying the statutory benchmarks to its proposed baseline, Ethical calculated its 2015 compliance obligations to be 1 non-solar MWH.

The Company indicated that it had obtained and retired the necessary renewable energy resources to satisfy its 2015 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) Ethical was an electric services company in Ohio with retail electric sales in the state of Ohio during 2015, and therefore the Company had an RPS obligation for 2015.²
- (2) The baseline proposed by Ethical is reasonable, and given the proposed baseline and the 2015 statutory benchmarks, Ethical accurately calculated its RPS compliance obligations.

¹ In its compliance filing, the Company indicated that it began serving Ohio electric customers in August 2014.

² Ethical was certified to provide retail generation, power marketer, and power broker services in Ohio during 2015; see PUCO Case No. 13-1210-EL-CRS.

- (3) In its 2014 RPS compliance status report, Ethical calculated its baseline, in accordance with R.C. 4928.643(B), based on its total sales in the 2014 compliance year.³ In its 2015 RPS compliance status report, the Company opted to calculate its baseline, in accordance with R.C. 4928.643(A), using the average of its annual sales in the preceding three calendar years. As the Company, in calculating its baseline, has opted to switch from using the total sales during the current compliance year to using the average of the annual sales in the preceding three calendar years, R.C. 4928.643(C) requires the Company to use the baseline methodology described in R.C. 4928.643(A) for at least three consecutive compliance years before again using the baseline methodology permitted under division R.C. 4928.643(B). This finding does not impact the Company's compliance baseline in this proceeding, but rather would have implications beginning with the Company's compliance status report for the 2016 compliance year.
- (4) The Company has transferred 1 solar renewable energy credit (S-REC) to its GATS reserve subaccount for 2015 Ohio compliance purposes.
- (5) While non-solar renewable energy credits (i.e., wind, biomass, hydroelectric) cannot be used to satisfy the specific solar requirement, S-RECs can be used to satisfy the overall renewable benchmark. Therefore, the Company's retirement of 1 S-REC is acceptable and sufficient to address its 2015 compliance obligation.
- (6) Following a review of the Company's reserve subaccount data on GATS, Staff confirmed that Ethical satisfied its renewable obligation for 2015. The S-REC that the Company transferred to its GATS reserve subaccount was sourced from a generating facility certified by the Commission and was appropriately associated with electricity generated between August 1, 2008, and December 31, 2015.

V. Staff Recommendations

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

- (1) Ethical is found to have satisfied its 2015 RPS compliance obligations.
- (2) For future compliance years in which the Company is utilizing GATS to demonstrate its Ohio compliance efforts, the Company initiates the transfer of

³ PUCO Case No. 15-0737-EL-ACP.

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