

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the AEP Energy, Inc. 2014 Renewable Portfolio Standard Status Report)	Case No. 15-0669-EL-ACP
)	
In the Matter of the AEP Energy, Inc. 2015 Renewable Portfolio Standard Status Report)	Case No. 16-0568-EL-ACP
)	
In the Matter of the AEP Energy, Inc. 2016 Renewable Portfolio Standard Status Report)	Case No. 17-0982-EL-ACP
)	

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 **2014, 2015, and 2016** are as follows:

Compliance Year	Renewable Resources (including solar)	Solar Resources
2014	2.5%	0.12%
2015	2.5%	0.12%
2016	2.5%	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 Filings Summarized

Compliance year 2014

AEP Energy Inc. (AEP Energy or Company) filed both a redacted (public) and unredacted (confidential) version of its RPS compliance status report for the 2014 compliance year on April 14, 2015. In its compliance filing, the Company proposed a baseline based on a 3 year average of sales in 2011, 2012 and 2013. The Company also references a baseline based on 2014 compliance year sales. On January 11, 2017 the Company made a filing in which it clarified it wished to use the baseline based on the previous 3 years of sales. Applying the statutory benchmarks to its proposed baseline, the Company correctly calculated its 2014 compliance obligations. The Company indicated that it had obtained the necessary renewable energy credits (RECs) and solar RECs (S-RECs) to satisfy its 2014 compliance obligations.

Compliance year 2015

The Company filed its RPS compliance status report for the 2015 compliance year on April 12, 2016. In its compliance filing, the Company proposed a baseline of 5,915,605 megawatt-hours (MWHs) which it indicated represents an average of its annual sales for 2012, 2013, and 2014. The Company also references a baseline based on 2015 compliance year sales. On January 11, 2017 the Company made a filing in which it clarified it wished to use the baseline based on the previous 3 years of sales. Applying the statutory benchmarks to its proposed baseline, the 2015 compliance obligations are:

- 7,099 Solar MWHs¹⁷
- 140,791 Non-Solar¹ MWHs

The Company indicated that it had obtained the necessary RECs and S-RECs to satisfy its 2015 compliance obligations.

Compliance year 2016

The Company filed both a redacted (public) and unredacted (confidential) version of its RPS compliance status report for the 2016 compliance year on April 13, 2017. In its redacted compliance filing, the Company proposed baselines of 5,915,605 and 8,449,759 megawatt-hours (MWHs). Staff confirmed 8,449,759 MWH is the average of its annual sales for 2013, 2014, and 2015. Applying the statutory benchmarks to its proposed 8,449,759 MWH baseline, the Company calculated its 2016 compliance obligations. The Company indicated that it had obtained the necessary RECs and S-RECs to satisfy its 2016 compliance obligations.

III. Filed Comments

No persons filed comments in these proceedings.

IV. Staff Findings

Following its review of the annual status reports and any timely comments submitted in these proceedings, Staff makes the following findings:

- (1) AEP Energy was an electric services company in Ohio with retail electric sales in the state of Ohio during 2014, and therefore the Company had an RPS obligation for 2014.
- (2) The 2014 baseline proposed by the Company is reasonable, and given the proposed baseline and the 2014 statutory benchmarks, the Company accurately calculated its solar and non-solar RPS compliance obligations.
- (3) The Company has transferred the correct amount of RECs and S-RECs to its GATS reserve subaccount for 2014 Ohio compliance purposes.
- (4) Following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its non-solar and solar obligation for 2014.

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.

The RECs and 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, 2014.

- (5) AEP Energy 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.
- (6) The 2015 baseline proposed by the Company is reasonable, and given the proposed baseline and the 2015 statutory benchmarks, the Company accurately calculated its solar and non-solar RPS compliance obligations.
- (7) The Company has transferred 140,466 RECs and 7,099 S-RECs to its GATS reserve subaccount for 2015 Ohio compliance purposes. The non-solar obligation for 2015 is 140,791 RECs which would result in a shortage of 325 RECs, however the Company had a surplus of 325 RECs in 2013. With the application of the 325 RECs from 2013 the company is in full compliance for 2015.²
- (8) Following a review of the Company's reserve subaccount data on GATS and the 325 surplus RECs from 2013, Staff confirmed that the Company satisfied its non-solar obligation for 2015. 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, 2015.
- (9) Following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its solar obligation for 2015. The S-RECs that the Company transferred to its GATS reserve subaccount were sourced from solar generating facilities certified by the Commission and were appropriately associated with electricity generated between August 1, 2008, and December 31, 2015.
- (10) AEP Energy was an electric services company in Ohio with retail electric sales in the state of Ohio during 2016, and therefore the Company had an RPS obligation for 2016.

² Case no. 14-0585-EL-ACP, Finding and Order at (6).

- (11) The 2016 baseline proposed by the Company is reasonable, and given the proposed baseline and the 2016 statutory benchmarks, the Company accurately calculated its solar and non-solar RPS compliance obligations.
- (12) The Company has transferred the correct amount of RECs and S-RECs to its GATS reserve subaccount for 2016 Ohio compliance purposes.
- (13) Following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its non-solar and solar obligation for 2016. The RECs and 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, 2016.
- (14) The Company redacted several pieces of information from the public version of its reports, including in the 2014 report, the previous 3 years of sales, the baseline and compliance obligation, and in the 2016 report, the previous 3 years of sales and compliance obligation.

V. Staff Recommendations

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

- (1) The Company is found to have satisfied its 2014, 2015 and 2016 renewable 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 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.
- (3) The Company should review the Commission's decision in Case No. 12-1233-EL-ACP for direction on what may reasonably be redacted from the RPS compliance status reports.

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