

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

|   |   |                         |
|---|---|-------------------------|
| In the Matter of the Annual Adjustment of the | : |                         |
| Non-Solar Alternative Compliance Payment for  | : | Case No. 18-0730-EL-ACP |
| 2018 Pursuant to Section 4928.64(C)(2)(b),    | : |                         |
| Revised Code                                  | : |                         |

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**REVIEW AND RECOMMENDATION  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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**I. Statutory Background**

Ohio Revised Code (R.C.) 4928.64 establishes specific annual percentage benchmarks for kilowatt hours from renewable and solar energy resources sold by electric distribution utilities and electric service companies (Companies) for years beginning in 2009 and thereafter. R.C. 4928.64(C)(2)(b) creates a compliance payment pertaining to the non-solar<sup>1</sup> renewable energy resource benchmarks that is equal to the number of additional renewable energy credits (RECs) that the Companies would have needed to comply with the applicable benchmark in the period under review, multiplied by an amount of at least \$45.00 initially and adjusted annually by the Commission to reflect any change in the consumer price index as defined in R.C. Section 101.27.

R.C. 101.27(C)(1) defines consumer price index to mean the consumer price index prepared by the United States bureau of labor statistics (U.S. city average for urban wage earners and clerical workers: all items, 1982-1984=100), or, if that index is no longer published, a generally available comparable index.

**II. Rule Background**

In Ohio Administrative Code (Ohio Adm.Code) 4901:1-40, the Commission adopted rules to implement the renewable portfolio standard (RPS) established by R.C. Section 4928.64. Ohio Adm.Code 4901:1-40-08, effective December 10, 2009, addresses alternative compliance payments (ACPs). Paragraph (A)(2)(b) of this rule, which specifically focuses on the Commission's annual adjustment of the non-solar renewable energy resource compliance payment, provided the following methodology for determining the non-solar ACPs:

Beginning in the year 2010, the per MWh payment for renewable energy resources will be adjusted annually to reflect the annual change to the consumer price index as defined in Section 101.27 of the Revised Code. Such adjustment shall be performed by staff no later than June first of each calendar year. This annual adjustment shall be calculated using the following formula:

$((CPI_{YR2}/CPI_{YR1}) * \text{current per MWh payment})$

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<sup>1</sup> Staff uses "non-solar" in this context to refer to the renewable energy resources, excluding the solar energy resources for which there is a separate compliance payment pursuant to R.C. 4928.64(C)(2)(a).

### III. Historical Non-Solar ACPs

The non-solar ACP for the initial compliance year (2009) of the RPS requirements was specifically set by statute. For subsequent years, the non-solar ACP was calculated using the methodology as specified in Ohio Adm.Code 4901:1-40-08(A)(2). The historical non-solar ACPs, and a reference to their respective derivations, are provided in the table below.

| Compliance Year | \$/MWh  | Source Reference     |
|-----------------|---------|----------------------|
| 2009            | \$45.00 | ORC 4928.64(C)(2)(b) |
| 2010            | \$45.00 | Case 10-0469-EL-ACP  |
| 2011            | \$45.93 | Case 11-2399-EL-ACP  |
| 2012            | \$47.56 | Case 12-1486-EL-ACP  |
| 2013            | \$48.56 | Case 13-0995-EL-ACP  |
| 2014            | \$49.22 | Case 14-0746-EL-ACP  |
| 2015            | \$49.96 | Case 15-0461-EL-ACP  |
| 2016            | \$49.75 | Case 16-0714-EL-ACP  |
| 2017            | \$50.24 | Case 17-0531-EL-ACP  |

### IV. Staff Review

Staff extracted relevant Consumer Price Index data from the U.S. Bureau of Labor Statistics available at <https://www.bls.gov/cpi/>. The U.S. city average for urban wage earners and clerical workers: all items, 1982-1984=100, 2008 – 2018 is attached (Attachment 1) to the Staff filing. Using this CPI data, and specifically the annual data for 2016 and 2017, the result of the calculation described in Ohio Adm.Code 4901:1-40-08(A)(2)(b) for 2018 is \$51.31.<sup>2</sup>

The statute also enables the Commission to increase the alternative compliance payments in the event that Companies are defaulting to the ACPs rather than pursuing the requisite renewable resources as detailed below:

The commission shall use the results of this study to identify any needed changes to the amount of the renewable energy compliance payment specified under divisions (C)(2)(a) and (b) of this section. Specifically, the commission may increase the amount to ensure that payment of compliance payments is not used to achieve compliance with this section in lieu of actually acquiring or realizing energy derived from qualifying renewable energy resources.<sup>3</sup>

The companies' compliance status reports for the 2017 compliance year were due by April 15, 2018.<sup>4</sup> Staff has performed a preliminary review of the filed status reports for the 2017 compliance year, and based on its initial review, Staff did not observe a significant trend in favor of defaulting to the ACPs.

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<sup>2</sup>  $((239.051/234.076)*\$50.24) = \$51.31$

<sup>3</sup> R.C. 4928.64(C)(5)

<sup>4</sup> Ohio Adm.Code 4901:1-40-05

Therefore, Staff concludes that it is not necessary to increase the non-solar ACP that results from the calculation detailed previously in (IV).

**V. Staff Conclusion and Recommendation**

The Staff recommends that the non-solar renewable energy resource compliance payment under R.C. 4928.64(C)(2)(b) should be \$51.31/MWh for 2018.

ATTACHMENT 1  
(<https://data.bls.gov/cgi-bin/surveymost?cw>)

**CPI-Urban Wage Earners and Clerical Workers (Current Series)**  
**Original Data Value**

**Series** CWUR0000SA0

**Id:**

**Not Seasonally Adjusted**

**Series** All items in U.S. city average, urban wage earners  
and clerical workers, not seasonally adjusted

**Title:** U.S. city average

**Area:** All items

**Item:** 1982-84=100

**Base**

**Period:** 2008 to 2017

| Year | Jan     | Feb     | Mar     | Apr     | May     | Jun     | Jul     | Aug     | Sep     | Oct     | Nov     | Dec     | Annual  |
|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2008 | 206.744 | 207.254 | 209.147 | 210.698 | 212.788 | 215.223 | 216.304 | 215.247 | 214.935 | 212.182 | 207.296 | 204.813 | 211.053 |
| 2009 | 205.700 | 206.708 | 207.218 | 207.925 | 208.774 | 210.972 | 210.526 | 211.156 | 211.322 | 211.549 | 212.003 | 211.703 | 209.630 |
| 2010 | 212.568 | 212.544 | 213.525 | 213.958 | 214.124 | 213.839 | 213.898 | 214.205 | 214.306 | 214.623 | 214.750 | 215.262 | 213.967 |
| 2011 | 216.400 | 217.535 | 220.024 | 221.743 | 222.954 | 222.522 | 222.686 | 223.326 | 223.688 | 223.043 | 222.813 | 222.166 | 221.575 |
| 2012 | 223.216 | 224.317 | 226.304 | 227.012 | 226.600 | 226.036 | 225.568 | 227.056 | 228.184 | 227.974 | 226.595 | 225.889 | 226.229 |
| 2013 | 226.520 | 228.677 | 229.323 | 228.949 | 229.399 | 230.002 | 230.084 | 230.359 | 230.537 | 229.735 | 229.133 | 229.174 | 229.324 |
| 2014 | 230.040 | 230.871 | 232.560 | 233.443 | 234.216 | 234.702 | 234.525 | 234.030 | 234.170 | 233.229 | 231.551 | 229.909 | 232.771 |
| 2015 | 228.294 | 229.421 | 231.055 | 231.520 | 232.908 | 233.804 | 233.806 | 233.366 | 232.661 | 232.373 | 231.721 | 230.791 | 231.810 |
| 2016 | 231.061 | 230.972 | 232.209 | 233.438 | 234.436 | 235.289 | 234.771 | 234.904 | 235.495 | 235.732 | 235.215 | 235.390 | 234.076 |
| 2017 | 236.854 | 237.477 | 237.656 | 238.432 | 238.609 | 238.813 | 238.617 | 239.448 | 240.939 | 240.573 | 240.666 | 240.526 | 239.051 |

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