

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the National)	
Gas & Electric, LLC 2018 Renewable)	Case No. 19-0879-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 **2016 – 2018** are as follows:

Compliance Year	Total Renewable Requirement	Solar Requirement
2016	2.5%	0.12%
2017	3.5%	0.15%
2018	4.5%	0.18%

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

In its 2018 RPS compliance report, National Gas & Electric, LLC (NGE or Company) indicated that it had Ohio electric sales of 26,038 megawatt-hours (MWHs) and 44,437 MWHs in 2016 and 2017 respectively.¹ The Company does not appear to have filed an RPS compliance report for the 2016 compliance year with the Commission. As such, Staff will address the 2016 compliance year, as well as 2017 and 2018, in this document.

2016 Compliance Year

As mentioned above, the Company has reported 2016 sales of 26,038 MWHs. Using that as the Company's RPS baseline, Staff calculates the Company's 2016 compliance obligation to be as follows:

- 31 Solar MWHs
- 620 Non-Solar² MWHs

A review of the Company's PJM EIS Generation Attribute Tracking System (GATS) reserve subaccount data shows that in April 2017 the Company retired 582 renewable energy credits (RECs) and 29 solar RECs (S-RECs) toward its 2016 compliance obligations. All of the RECs and S-RECs retired were vintage 2014.

2017 Compliance Year

NGE filed its RPS compliance status report for the 2017 compliance year on April 13, 2018. NGE erroneously filed its RPS compliance report in its CRES certification case (15-2125-EL-CRS).³ In

¹ NGE reported zero Ohio retail electric sales in 2015.

² 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.

its compliance filing, NGE proposed a baseline of 26,038 MWHs which it indicated was the average of its Ohio retail electric sales for 2014, 2015, and 2016.⁴ Applying the statutory benchmarks to its proposed baseline, NGE calculated its 2017 compliance obligations to be as follows:

- 39 Solar MWHs
- 872 Non-Solar MWHs

The Company indicated that it had obtained the necessary RECs and S-RECs to satisfy its 2017 compliance obligations. The Company further indicated that it had transferred RECs and S-RECs to its GATS reserve subaccount for Ohio compliance purposes.

2018 Compliance Year

NGE filed its RPS compliance status report for the 2018 compliance year on April 15, 2019. In its compliance filing, NGE proposed a baseline of 35,238 MWHs which it indicated was the average of its Ohio retail electric sales for 2016 and 2017. Applying the statutory benchmarks to its proposed baseline, NGE calculated its 2018 compliance obligations to be as follows:

- 63 Solar MWHs
- 1,522 Non-Solar MWHs

The Company indicated that it had obtained the necessary RECs and S-RECs to satisfy its 2018 compliance obligations. The Company further indicated that it had transferred RECs and S-RECs to its GATS reserve subaccount for Ohio compliance purposes.

III. Filed Comments

No persons filed comments in these proceedings.

IV. Staff Findings

Following its review of the Company's annual status reports, other relevant compliance materials, and any timely comments submitted in these proceedings, Staff makes the following findings:

³ RPS compliance reports are to be filed in separate cases with an "ACP" purpose code.

⁴ The Company reported zero sales for 2014 and 2015.

- (1) NGE was an electric services company in Ohio with retail electric sales in the state of Ohio during 2016, 2017 and 2018, and therefore the Company had an RPS obligation for 2016, 2017 and 2018.⁵
- (2) The Company does not appear to have filed an RPS compliance report for 2016. In its 2017 and 2018 RPS compliance reports, the Company indicated zero Ohio retail electric sales for both 2014 and 2015 and sales of 26,038 MWHs during 2016. Staff therefore assumes a 2016 compliance baseline of 26,038 MWHs for NGE. With this baseline and the 2016 compliance obligations, Staff calculates the Company's 2016 obligations to be 31.2 S-RECs and 619.7 RECs. The Company has retired 29 S-RECs and 582 RECs, leaving the Company with a 2016 compliance deficiency of 2.2 S-RECs and 37.7 RECs. Staff finds that an alternative compliance payment is warranted to address the remainder of the Company's 2016 obligations.
- (3) Consistent with Ohio Adm.Code 4910:1-40-08, compliance deficiencies are to be rounded up to the next MWH in the event of an alternative compliance payment. Staff therefore rounds the Company's 2016 shortfall to 3 S-RECs and 38 RECs when calculating the alternative compliance payment of \$2,790.50.⁶
- (4) The baseline proposed by the Company for 2017 is reasonable, and given the proposed baseline and the applicable statutory benchmarks, NGE accurately calculated its RPS compliance obligations for 2017.
- (5) The Company has transferred 39 S-RECs and 872 RECs to its GATS reserve subaccount for 2017 Ohio compliance purposes. Following a review of the GATS retirement data, Staff confirmed that the Company satisfied its RPS obligations for 2017. The S-RECs and RECs that the Company retired were sourced from generating facilities certified by the Commission and were of appropriate vintages.
- (6) The baseline proposed by the Company for 2018 is reasonable, and given the proposed baseline and the applicable statutory benchmarks, NGE accurately calculated its RPS compliance obligations for 2018.
- (7) The Company has transferred 63 S-RECs and 1,522 RECs to its GATS reserve subaccount for 2018 Ohio compliance purposes. Following a review of the GATS

⁵ NGE was certified to provide aggregation, power marketer, and power broker services in Ohio during 2016 and 2017, with retail generation services added in 2018; see PUCO Case No. 15-2125-EL-CRS.

⁶ $((3 * \$300) + (38 * \$49.75)) = \$2,790.50$

retirement data, Staff confirmed that the Company satisfied its RPS obligations for 2018. The S-RECs and RECs that the Company retired were sourced from generating facilities certified by the Commission and were of appropriate vintages.

V. Staff Recommendations

Following its review of the information submitted in these proceedings and other relevant data, Staff recommends that NGE be found to have satisfied its 2017 and 2018 RPS compliance obligations. However, with respect to the 2016 compliance year, Staff recommends the following:

- (1) The Company did not retire sufficient RECs or S-RECs to address the entirety of its 2016 RPS compliance obligations. Therefore, an alternative compliance payment is warranted.
- (2) The Company should be directed to remit payment to the Commission in the amount of \$2,790.50 consistent with the requirement set forth in Ohio Adm.Code 4901:1-40-08. Payment should not be made until such time as directed by the Commission.

The payment should be directed to the PUCO, payable to “Treasurer State of Ohio.” A letter should also be attached to the check stating that it is a compliance payment required by R.C. 4928.64 for deposit to the credit of the Advanced Energy Fund, under the control of the Ohio Development Services Agency and created under R.C. 4928.61. The letter should also cite the Commission case ordering the payment. The address for the PUCO is as follows:

Public Utilities Commission of Ohio
180 E. Broad Street, 4th Floor Finance
Columbus, OH 43215

- (3) The Company should be directed to file an attestation in Case No. 19-0879-EL-ACP consistent with the requirements set forth in Ohio Adm.Code 4901:1-40-08(D). This filing should be completed within 30 (thirty) days of the Commission issuing its decision in this case.

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Case No(s). 19-0879-EL-ACP

Summary: Staff Review and Recommendation for the 2016 - 2018 RPS Compliance Years
electronically filed by Mr. Stuart M Siegfried on behalf of PUCO Staff