

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of )  
Walter C. Beckjord Generating Station )  
for Certification as an Eligible Ohio ) Case No. 09-1023-EL-REN  
Renewable Energy Resource Generating )  
Facility. )

FINDING AND ORDER

The Commission finds:

- (1) On October 30, 2009, Walter C. Beckjord Generating Station (Beckjord) filed an application for certification as an eligible Ohio renewable energy resource generating facility. The Beckjord facility includes six operating units, of which five are wholly owned by Duke Energy Ohio, Inc. (Duke), while the sixth unit is co-owned by Duke, the Dayton Power and Light Company, and Columbus Southern Power Company.
- (2) On November 25, 2009, December 30, 2009, January 14, 2010, and March 4, 2010, the Ohio Environmental Council (OEC), the Ohio Consumers' Counsel (OCC), The Sierra Club of Ohio (Sierra Club), and the Buckeye Forest Council (BFC) filed motions to intervene, respectively. On January 8, 2010, and January 27, 2010, Duke filed memoranda contra the motions to intervene filed by OCC and the Sierra Club, respectively. Duke argues that these motions to intervene should be denied because they address the issues of the facility's viability and cost recovery by Duke. Duke asserts these concerns are not relevant to this proceeding. Duke also contends that the Sierra Club's motion to intervene was not timely filed. OCC and the Sierra Club filed replies on January 29, 2010, and February 9, 2010, arguing that they seek intervention out of concern that the Beckjord facility may not satisfy the requirements for certification as an eligible Ohio renewable energy resource generating facility. OCC and the Sierra Club also suggest Duke made procedural errors in some of its filings. The Commission finds that Duke's arguments lack merit. OCC

and the Sierra Club raise reasonable grounds for intervention in their motions, and, because Beckjord's application was filed before the effective date of Rule 4901:1-40-04(F)(1), Ohio Administrative Code (O.A.C.), which requires intervention within twenty days after the filing of an application, the Sierra Club's motion to intervene was not untimely. Accordingly, the Commission finds that all pending motions for intervention are reasonable and should be granted.

- (3) OCC filed comments on Beckjord's application on December 30, 2009. BFC, OEC, and the Sierra Club jointly filed comments on September 7, 2010.
- (4) Beckjord filed amended applications on January 27, 2010, and June 24, 2010. In addition, Beckjord clarified and supplemented its application by filing responses to Staff data requests on February 12, 2010, April 9, 2010, and June 24, 2010.
- (5) Consistent with Sections 4928.64 and 4928.65, Revised Code, in order to qualify as a certified eligible Ohio renewable energy resource generating facility, a facility must demonstrate in its application that it has satisfied all of the following criteria:
  - (a) The generation produced by the renewable energy resource generating facility can be shown to be deliverable into the state of Ohio, pursuant to Section 4928.64(B)(3), Revised Code.
  - (b) The resource to be utilized in the generating facility is recognized as a renewable energy resource pursuant to Sections 4928.64(A)(1) and 4928.01(A)(35), Revised Code, or a new technology that may be classified by the Commission as a renewable energy resource pursuant to Section 4928.64(A)(2), Revised Code.

- (c) The facility must satisfy the applicable placed-in-service date, delineated in Section 4928.64(A)(1), Revised Code.
- (6) Beckjord submitted for certification a 1,125-megawatt (MW) facility, comprised of six generating units, located at 757 U.S. Route 52, New Richmond, Ohio 45157. The application states that Beckjord is an investor owned utility generating facility. The application explains that the facility is located within the geographic area of both PJM Interconnection, L.L.C. (PJM) and the Midwest Independent Transmission System Operator, Inc. (MISO). The electricity generated by the five units wholly owned by Duke, as well as Duke's share of generation from the sixth unit, is dispatched into MISO, while the remaining generation from the sixth unit is dispatched into PJM. Based upon the application, and the facility's location in Ohio, the electricity generated from the Beckjord facility is deliverable into Ohio. Accordingly, the Commission finds that the application satisfies the first criterion.
- (7) According to the application, the Beckjord facility plans to co-fire biomass energy materials, including, but not limited to, raw wood chips, herbaceous crops, wood pellets, and agricultural waste, with coal. Beckjord states that although the exact source and makeup of the biomass energy materials has not yet been determined, the most likely initial fuel will be woody biomass produced by whole tree chipping. The application states that an initial testing period will be required before Beckjord can determine the quantity of biomass energy materials that can be co-fired on a regular basis. The application describes the process for sampling and measuring the amount of biomass energy materials used by the Beckjord facility and includes a detailed formula explaining how the amount of electricity, and the resulting renewable energy credits (RECs), generated from the biomass energy materials will be calculated in accordance with Rule 4901:1-40-01(G), O.A.C.

OCC argues that a combustion facility, like Beckjord, should not be certified as a renewable energy resource until

the facility can demonstrate that it has sustainable access to the fuel necessary to produce the renewable energy. OCC raises the concern that, if the renewable material that Beckjord proposes to use is unavailable, consumers could incur costs for plant modifications without benefitting from the creation of renewable energy. The Commission disagrees with OCC. An application for certification is not the appropriate forum for addressing cost issues.

While an applicant bears the responsibility to demonstrate that its proposed fuel type qualifies as a renewable resource, the availability of that renewable energy resource is not a relevant consideration when evaluating an application for certification. This is particularly true when, as in this case, a facility proposes to use biomass energy as its renewable energy resource. Since the definition of biomass energy includes a wide variety of qualifying materials, the fact that one particular type of biomass energy may not be available is not a valid basis for denying certification. Since the amount of RECs generated by a facility are proportionally metered and calculated as a proportion of the electrical output equal to the proportion of the heat input derived from qualified biomass fuels, the applicant bears the risk that sufficient quantities of biomass fuels may not exist to consistently create renewable energy.

Nonetheless, as the Commission has previously stated, the use of forest resources as biomass energy is conditioned upon sustainable forest management operations. *In the Matter of the Adoption of Rules for Alternative and Renewable Energy Technology, Resources, and Climate Regulations, and Review of Chapters 4901:5-1, 4901:5-3, 4901:5-5, 4901:5-7 of the Ohio Administrative Code, Pursuant to Amended Substitute Senate Bill 221*, Case No. 08-888-EL-ORD, Opinion and Order (April 15, 2009) at 26. See also, *In the Matter of the Application of R.E. Burger Units 4 & 5 for Certification as an Eligible Ohio Renewable Energy Resource Generating Facility*, Case No. 09-1940-EL-REN, Opinion and Order (August 11, 2010) at 5, and *In the Matter of the Application of Bay Shore Unit 1 for Certification as an Eligible Ohio Renewable Energy Resource Generating Facility*, Case No. 09-1042-EL-REN,

Entry on Rehearing (June 16, 2010) at 4, 5. The Commission recognizes that the applicant stated that it would ensure that all biomass resources are procured from suppliers practicing a recognized standard of sustainability such as the Sustainable Forestry Initiative (SFI) or Ohio Forestry Association's best management practices.

Biomass energy is specifically recognized as a renewable resource pursuant to Section 4928.01(A)(35), Revised Code. The biomass energy materials Beckjord proposes to use, specifically raw wood chips, herbaceous crops, wood pellets, and agricultural waste, meet the definition of biomass energy contained in Rule 4901:1-40-01(E), O.A.C. Therefore, the Commission finds that the second criterion is satisfied.

- (8) The application maintains that the proposed change in fuel type to include the use of biomass energy satisfies the requirement that a renewable energy resource be created after January 1, 1998, through the proposed modification of a pre-1998 facility. The application explains that for continued biomass energy co-firing, physical changes will be made to the Beckjord facility to handle material handling, storage, and energy conversion systems. Exact facility modifications will be determined after conducting test burns.

The placed-in-service requirement imposed by Section 4928.64(A)(1), Revised Code, can be met through the creation of a renewable energy resource on or after January 1, 1998, by the modification of any facility placed in service prior to January 1, 1998. The Commission finds that, as described in the application, the conversion of the Beckjord facility to the use of renewable fuels, such as biomass, constitutes a modification that creates a renewable energy resource. Accordingly, the Commission finds that the Beckjord facility meets the third criterion.

- (9) Given that Beckjord's application demonstrates that its facility satisfies the requisite statutory criteria to become certified as an eligible Ohio renewable energy resource

generating facility, as well as the Commission's rules, the Commission finds that Beckjord's application should be approved and that the RECs generated will be proportional to the renewable energy or renewable fuel consumed by the facility.

- (10) In addition to satisfying the above-cited criteria, Section 4928.65, Revised Code, requires a renewable energy resource generating facility to be registered with an approved attribute tracking system, such as the Generation Attribute Tracking System (GATS), or the Midwest Renewable Energy Tracking System (M-RETS), for the facility's renewable energy credits to be used for compliance with Ohio's alternative energy portfolio standards. Beckjord provided its GATS identification number in its application.
- (11) Beckjord is hereby issued certification number 10-BIO-OH-GATS-0315 as an eligible Ohio renewable energy resource generating facility. Beckjord must notify the Commission within 30 days of any changes to the information provided in the initial application. Additionally, in the event of any substantive changes in the facility's operational characteristics or proposed fuel source or if the results of any testing phase demonstrate that the use of biomass energy is not feasible, Beckjord must notify the Commission within 30 days of such changes. Failure to do so may result in revocation of its certification.

It is, therefore,

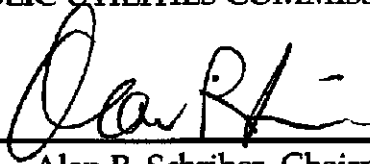
ORDERED, That the motions to intervene filed by OEC, OCC, Sierra Club, and BFC be granted, in accordance with finding (2). It is, further,

ORDERED, That Beckjord's application for certification as an eligible Ohio renewable energy resource generating facility be granted as set forth herein. It is, further,

ORDERED, That Beckjord be issued certification number 10-BIO-OH-GATS-0315, in accordance with finding (11). It is, further,

ORDERED, That a copy of this finding and order be served upon all parties of record.

THE PUBLIC UTILITIES COMMISSION OF OHIO



Alan R. Schriber, Chairman



Paul A. Centolella

Valerie A. Lemmie



Steven D. Lesser



Cheryl L. Roberto

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Renee J. Jenkins  
Secretary