

BEFORE

THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
Muskingum River Plant for Certification as) Case No. 10-911-EL-REN
an Eligible Ohio Renewable Energy)
Resource Generating Facility.)

FINDING AND ORDER

The Commission finds:

- (1) On June 29, 2010, Muskingum River Plant (Muskingum) filed an application for certification as an eligible Ohio renewable energy resource generating facility. The Muskingum facility is owned by Ohio Power Company (OPC).
- (2) Pursuant to the terms of Rule 4901:1-40-04(F)(2), Ohio Administrative Code (O.A.C.), Muskingum's application is subject to a 60-day automatic approval process. The rule also provides that the Commission may suspend an application during the 60-day approval process. As additional information and investigation were needed in order to thoroughly review the application, the 60-day automatic approval process for Muskingum's application was suspended on August 26, 2010.
- (3) By entry issued on August 26, 2010, the timely motion to intervene filed by the Ohio Environmental Council (OEC) was granted, and the untimely motions to intervene filed by the Buckeye Forest Council (BFC) and the Ohio Consumers' Counsel (OCC) were denied. The August 26, 2010, entry also denied the motion for leave to file comments out of time filed by the Ohio Consumer and Environmental Advocates (OCEA), which consists of OEC, BFC, and OCC.
- (4) 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.
- (5) Muskingum submitted for certification a 1,425 megawatt (MW) generating facility, comprised of five generating units, located at 1501 Sparling Road, Waterford, Ohio 45786. The application states that Muskingum is an investor-owned utility generating facility. The application explains that the facility is located within the geographic area of PJM Interconnection, L.L.C. Based upon the application, and the facility's location in Ohio, the electricity generated from the Muskingum facility is deliverable into Ohio. Accordingly, the Commission finds that the application satisfies the first criterion.
- (6) According to the application, the Muskingum facility plans to utilize solid biomass fuel and biodiesel as its renewable energy resources, by co-firing those fuels with coal and fuel oil. Muskingum proposes to combust up to 20 percent solid biomass fuel, as measured by mass, in units 3 and 4, using pellets comprised of woody biomass. Muskingum explains that it is still conducting technical evaluation of the feasibility of introducing biomass fuel on units 1, 2, and 5 but expects that the use of biomass fuel in these units would be limited to approximately four percent (by mass). Supplementary biomass, such as sawdust, wood chips, herbaceous crops, agricultural waste, or other fuels compliant with the statutory definition of biomass may also be used. Muskingum states that it is committed to ensure long-term procurement of environmentally sustainable biomass fuel supply and requires a representation by suppliers that the supplier's biomass fuel complies with the definition of biomass energy contained in Rule 4901:1-40-01(E), O.A.C., in addition to all federal and state laws and regulations. The application further notes that an initial testing period will be required to determine the optimal

percentage of biomass fuel that can be consumed, and detailed information about the testing process was included in the application. Muskingum explains that the portion of renewable fuels used at the facility will vary from zero to twenty percent at any given time and that the frequency of use will depend largely on fuel availability, economics, and compliance requirements. The application describes the process for sampling and measuring the amount of solid biomass fuel and biodiesel used by the Muskingum facility and includes a detailed formula explaining how the amount of electricity, and the resulting renewable energy credits (RECs), generated from biomass energy will be calculated, in accordance with Rule 4901:1-40-01(G), O.A.C.

Biomass energy is specifically recognized as a renewable resource pursuant to Section 4928.01(A)(35), Revised Code. The biomass energy materials Muskingum proposes to use, specifically biomass pellets from primarily woody sources, supplemented as needed with sawdust, wood chips, herbaceous crops, and agricultural waste, and biodiesel, 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.

- (7) The application maintains that the Muskingum facility 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 contends that the change in fuel type to include renewable fuels, and the ensuing material handling upgrades required to support the use of the new fuels, constitutes a modification of the facility.

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 Muskingum facility to the use of renewable fuels, such as biomass, constitutes a modification that creates a renewable energy resource. The Commission finds that the Muskingum facility meets the third criterion.

- (8) Given that Muskingum'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 Muskingum's application should be approved and that the RECs generated will be proportional to the renewable energy or renewable fuel consumed by the facility.
- (9) 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. Muskingum indicated in its application that it is already registered with GATS and that, on May 5, 2010, it was approved as a multi-fuel generating facility, with agricultural crops, biomass liquids, and biomass solids added to its GATS identification number. On June 22, 2010, distillate fuel oil was also added to Muskingum's identification number.
- (10) Muskingum is hereby issued certification number 10-BIO-OH-GATS-0463 as an eligible Ohio renewable energy resource generating facility. Muskingum 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, Muskingum must notify the Commission within 30 days of such changes. Failure to do so may result in revocation of its certification.

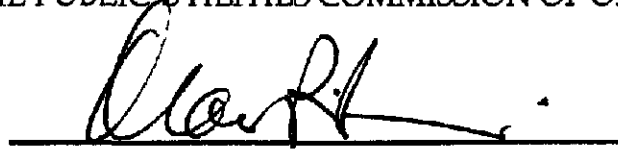
It is, therefore,

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

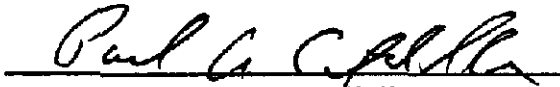
ORDERED, That Muskingum be issued certification number 10-BIO-OH-GATS-0463, in accordance with finding (10). It is, further,

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

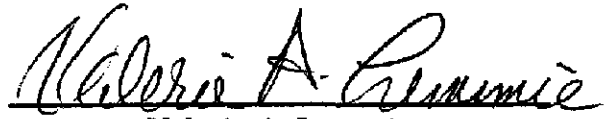
THE PUBLIC UTILITIES COMMISSION OF OHIO



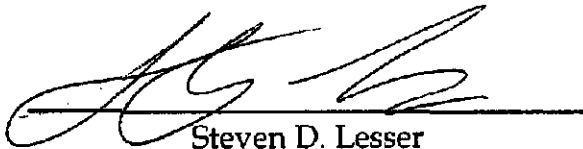
Alan R. Schriber, Chairman



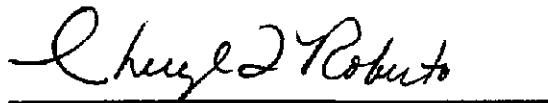
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OCT 15 2010



Renee J. Jenkins
Secretary