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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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IN THE MATTER OF DUKE ENERGY RETAIL SALES, LLC'S ANNUAL ALTERNATIVE ENERGY PORTFOLIO STATUS REPORT)
Case No. 11- 2517 -EL-ACP)

IN THE MATTER OF THE REPORT OF DUKE ENERGY RETAIL SALES, LLC CONCERNING ITS PLAN FOR COMPLIANCE WITH ADVANCED AND RENEWABLE ENERGY BENCHMARKS)
Case No. 11- 2518 -EL-ACP)

**DUKE ENERGY RETAIL SALES, LLC'S
ANNUAL ALTERNATIVE ENERGY PORTFOLIO STATUS REPORT
AND
PLAN FOR COMPLIANCE WITH FUTURE ANNUAL
ADVANCED AND RENEWABLE ENERGY BENCHMARKS**

I. INTRODUCTION

Duke Energy Retail Sales, LLC ("Duke Energy Retail" or "DER") is a Competitive Retail Electric Service ("CRES") provider, as defined within Ohio Revised Code §4928.01(A)(4), and an electric services company as defined within Ohio Revised Code §4928.01(A)(9), having been issued Certificate No. 04-124E(4) by The Public Utilities Commission of Ohio ("Commission"). DER is a wholly owned subsidiary of Duke Energy Commercial Enterprises, Inc. Both DER and its corporate parent are members of the Duke Energy Corporation family of companies. DER is currently authorized to conduct business within, and is in good standing within, the States of Ohio, Delaware, Illinois, New Jersey, Michigan and Pennsylvania. DER currently provides electric supply to commercial, industrial, and residential consumers throughout the State of Ohio.

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Pursuant to Ohio Revised Code § 4928.64 and Ohio Admin. Code § 4901:1-40-05, all Ohio electric service companies are required to file, by April 15 of each year, an Annual Alternative Energy Portfolio Status Report. In this report, electric service companies are required to analyze "all activities undertaken the prior calendar year to demonstrate how the applicable alternative energy portfolio benchmarks and planning requirements have or will be met."¹ The annual review is to include compliance with the most recent applicable renewable energy and solar energy resource benchmarks. To meet these requirements, DER submits the following report, which:

- Identifies its 2010 baseline;
- Identifies its 2010 renewable energy and solar energy benchmarks and demonstrates its compliance with those benchmarks; and
- Identifies its compliance with the Order in 10-508-EL-ACP and 10-509-EL-ACP increasing the 2010 solar energy resources (SER) benchmark to include the shortfall in meeting the 2009 SER benchmark

Finally, DER submits its Plan for Compliance with Future Annual Advanced and Renewable Energy Benchmarks as required by Ohio Admin. Code §4901:1-40-03(C).

II. ANNUAL ALTERNATIVE ENERGY PORTFOLIO STATUS REPORT

Pursuant to Ohio Rev. Code § 4928.64(B)(2) and Ohio Admin. Code § 4901:1-40-03(A)(2), for the year 2010, electric service companies must demonstrate that 0.50% of the retail electricity they sold was derived from renewable energy resources. Of that 0.50%, half must have been generated by facilities located in Ohio. In addition, 0.01% of the 0.50% requirement must have been generated by solar energy resources. At least half of this 0.01% requirement

¹ Ohio Admin. Code § 4901:1-40-05(A).

must have been generated by facilities located within Ohio. The level of these benchmark requirements is determined by first calculating a baseline number of kilowatt hours and then applying the benchmark percentages to that baseline.

A. Baseline Calculation

Ordinarily, an electric service company's baseline is to be computed by averaging the number of kilowatt-hours sold during the three preceding calendar years. DER, however, had no electric sales in Ohio during the years 2007 or 2008. In such a case, Ohio Admin. Code § 4901:1-40-03(B)(2)(a) provides:

If an electric services company has not been continuously supplying Ohio retail electric customers during the preceding three calendar years, the baseline shall be computed as an average of annual sales data for all calendar years during the preceding three years in which the electric services company was serving retail customers.

DER's actual 2009 calendar year retail electric sales in Ohio were **REDACTED** MWH, which for 2010 represents the average for the preceding three calendar years in which DER was serving retail customers.

B. Renewable and Solar Energy Benchmarks

Using **REDACTED** MWH as the 2010 baseline, DER's benchmark for electricity generated from renewable and solar energy resources for the year 2010, and cumulatively, is as follows:

<u>Source</u>	2010 Benchmark		2009 Benchmark	Cumulative
	<u>%</u>	<u>MWh</u>	<u>MWh</u>	<u>MWh</u>
Ohio Solar				
Non-Ohio Solar				
Total Solar	0.01%			
Ohio Non-solar				
Non-Ohio Non-solar				
Total Non-solar	0.49%			
Total Renewable Resources	0.50%			

C. DER's Demonstration of Compliance with its Renewable Energy Benchmarks

Pursuant to Ohio Rev. Code § 4928.65, electric service companies may meet their renewable energy benchmarks through the use of renewable energy credits (RECs). DER has successfully met its renewable energy benchmarks using RECs acquired through market purchases. DER appropriately maintains such RECs in its Generation Attributes Tracking System (GATS) account and awaits Commission instruction regarding the retirement of the RECs.

D. Summary of DER's Compliance Strategy

DER's renewable energy source compliance strategy is to purchase the required RECs and SRECs in the market. DER also intends to respond to Requests for Proposals (RFPs), and intends to solicit facilities located within Ohio that possess solar arrays and other renewable energy resources.

III. COMPLIANCE WITH COMMISSION'S FORCE MAJEURE ORDER IN CASE NOS. 10-508-EL-ACP AND 10-509-EL-ACP

In Case Nos. 10-508-EL-ACP and 10-509-EL-ACP, the Commission approved DER's request for a force majeure determination regarding its solar energy benchmark requirement and ordered that DER's 2010 SER benchmark be increased to include the shortfall for the 2009 SER benchmark of 38 SRECs. DER has complied with the Commission's Order by acquiring sufficient SRECs to satisfy its cumulative SER requirement.

IV. PLAN FOR COMPLIANCE WITH FUTURE ANNUAL ADVANCED- AND RENEWABLE-ENERGY BENCHMARKS

A. Baseline for Future Calendar Years

DER began to provide electric supply to customers only in 2009. In addition, DER continues to establish new customer contracts, and switching in Ohio is increasing. DER is as yet unable to forecast its baseline for future calendar years with any confidence.

B. Supply Portfolio Projection, Including both Generation Fleet and Power Purchases

DER does not own, and has no plans to construct or purchase, any electric generation facilities. Therefore, DER will continue to supply power to its customers by purchasing power through market brokers, RFPs, and third party contracts.

C. Description of Methodology Used to Evaluate Compliance Options

As noted above, DER does not own or anticipate owning any generation facilities. Therefore, DER will meet its alternative energy benchmarks through the purchasing of RECs and SRECs. DER is unable to provide a more detailed description of its compliance methodology,

due to regulatory uncertainty and the newness of the renewable energy market, but will continue to explore alternative compliance opportunities.

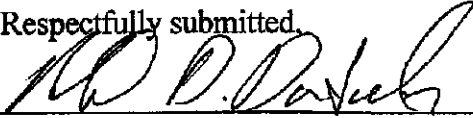
D. Impediments to Achieving Compliance with Benchmarks

DER finds that the greatest impediment to compliance with the advance and renewable energy benchmarks is the scarcity of in-state SRECs. DER will continue to work to overcome this impediment.

V. CONCLUSION

Based on the foregoing, DER respectfully requests that this Commission find that DER: 1) satisfied compliance with its 2010 renewable energy benchmark, and 2) satisfied the Commission's Order in Case Nos. 10-508-EL-ACP and 10-509-EL-ACP in which the 2010 SER benchmark was increased to include the 2009 SER benchmark shortfall. Finally, DER requests that the Commission direct it to move the necessary RECs into its GATS reservation account in order to permanently retire those RECs used to meet the renewable energy requirement applicable to DER.

Respectfully submitted,

 (by R. Parsons)
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