

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Glacial Energy of Ohio Inc. for)	Case No. 11-2457-EL-ACP
Approval of its 2010 Alternative Energy)	
Annual Status Report)	

Findings and Recommendations of the PUCO Staff

I. Statutory Background

Senate Bill 221, with an effective date of July 31, 2008, established Ohio's alternative energy portfolio standard (AEPS) applicable to electric distribution utilities and electric service companies. The AEPS is addressed principally in sections 4928.64 and 4928.65, Ohio Revised Code (ORC), with relevant resource definitions contained within 4928.01(A), ORC.

According to 4928.64(B)(2), ORC, the specific compliance obligations for **2010** are as follows:

- Renewable Energy Resources = 0.50% (includes solar requirement)
- Solar Energy Resources = 0.010%

In addition, there is a requirement that at least half of the renewable energy resources, including the solar energy resources, shall be met through facilities located in this state.

The PUCO further developed rules to implement the Ohio AEPS, with those rules contained within Ohio Administrative Code (OAC) 4901:1-40.

4901:1-40-05(A), OAC:

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.

4901:1-40-05(C), OAC:

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 Filing Summarized

In its status report filing, Glacial Energy of Ohio Inc. (Glacial Energy or Company) proposed a baseline of 487,000 megawatt hours (MWHs) based on its projected sales for 2010.¹ Glacial Energy did not have Ohio electric sales during the period 2007 – 2009, and therefore it relied on projected sales data for 2010. With its proposed baseline and the 2010 statutory benchmarks, Glacial Energy calculated its 2010 AEPS compliance obligations to be the following:

- Ohio Solar – 25 MWHs
- Non-Ohio Solar – 25 MWHs
- Ohio Non-Solar – 1,218 MWHs
- Non-Ohio Non-Solar – 1,218 MWHs

Glacial Energy asserted that it secured adequate renewable energy credits (RECs) and solar RECs (S-RECs) to satisfy its 2010 Ohio AEPS requirements, with the exception of the Ohio solar requirement.² The Company indicated that it did not secure any Ohio S-RECs, and it has proposed to pay the alternative compliance payment of \$10,000.³

As exhibits to its filing, Glacial Energy provided details on the RECs and S-RECs that it had transferred to the PJM EIS Generation Attribute Tracking System (GATS) reserve subaccount for Ohio compliance purposes.

III. Filed Comments

No persons filed comments in this proceeding.

¹ Status report filing, p. 2

² Status report filing, p. 1

³ 25 MWHs * \$400/MWH = \$10,000

IV. Staff Findings

Following its review of the annual status report and any timely comments submitted in this proceeding, Staff makes the following findings:

- (1) That Glacial Energy is an electric services company with Ohio electric sales in 2010, and therefore Glacial Energy had an AEPS compliance obligation for 2010.
- (2) That Glacial Energy submitted its 2010 alternative energy annual status report on April 15, 2011.
- (3) That the baseline proposed by the Company is reasonable.
- (4) That Glacial Energy erroneously computed its 2010 compliance obligations, such that it over-stated its compliance requirements. Using the proposed baseline of 487,000 MWHs and the 2010 statutory benchmarks, Staff calculates the following compliance requirements for Glacial Energy for 2010:
 - Ohio Solar – 25 MWHs
 - Non-Ohio Solar – 24 MWHs
 - Ohio Non-Solar – 1,193 MWHs⁴
 - Non-Ohio Non-Solar – 1,193 MWHs
- (5) That Glacial Energy transferred its RECs and S-RECs to its GATS reserve subaccount. These transfer volumes cannot now be adjusted due to GATS constraints. The quantities transferred in excess of the compliance requirements, as calculated by Staff, are as follows:
 - Non-Ohio Solar – 1 S-REC
 - Ohio Non-Solar – 25 RECs
 - Non-Ohio Non-Solar – 25 RECs
- (6) That following a review of the Glacial Energy reserve subaccount data on GATS, Staff confirmed that Glacial Energy satisfied its total non-solar⁵ obligation, as well as the specific minimum in-state non-solar requirement, for 2010. The specific RECs that Glacial Energy has transferred to its GATS reserve subaccount were sourced from generating facilities certified by the Commission and were

⁴ $(487,000 \text{ MWHs} * 0.49\%) / 2 = 1,193 \text{ MWHs}$

⁵ 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.

appropriately associated with electricity generated between August 1, 2008, and December 31, 2010.

- (7) That following a review of the Glacial Energy reserve subaccount data on GATS, Staff confirmed that Glacial Energy satisfied half of its total solar obligation for 2010. The Company did not obtain and retire any Ohio S-RECs, leaving it 25 in-state S-RECs short of satisfying its 2010 solar obligation. The specific S-RECs that Glacial Energy has transferred to its GATS reserve subaccount were sourced from generating facilities certified by the Commission and were appropriately associated with electricity generated between August 1, 2008, and December 31, 2010.
- (8) That Glacial Energy accurately calculated the compliance payment amount (\$10,000) given its S-REC deficiency.

V. Staff Recommendations

Following its review of the information submitted in this proceeding and other relevant data, Staff recommends the following:

- (1) That Glacial Energy be found to be in compliance with its 2010 non-solar compliance obligation.
- (2) That Glacial Energy satisfied a portion of its 2010 solar obligation, falling 25 in-state S-RECs short of compliance.
- (3) That Glacial Energy should remit payment to the Commission in the amount of \$10,000 consistent with the requirements in 4901:1-40-08(B), OAC.

The payment should be directed to the PUCO's Fiscal Department, and made out to "Treasurer State of Ohio". A letter should also be attached to the check stating that it is a compliance payment required by Ohio Revised Code Section 4928.64 for deposit to the credit of the Advanced Energy Fund, under the control of the Ohio Department of Development and created under section 4928.61 of the Revised Code. The letter should also cite the Commission case ordering the payment.

- (4) That Glacial Energy should submit an attestation in this docket consistent with the requirements in 4901:1-40-08(D), OAC.

- (5) That the RECs and S-REC detailed in IV(5) above retired via Glacial Energy's reserve subaccount that exceeded the amount necessary for compliance in 2010 be eligible to be applied against applicable future compliance obligations of Glacial Energy, provided that the timing of this usage does not conflict with 4901:1-40-04(D)(3), OAC.
- (6) That for future compliance years in which Glacial Energy is utilizing GATS to demonstrate its Ohio compliance efforts, Glacial Energy initiate the transfer of the appropriate RECs and S-RECs to its GATS reserve subaccount between March 1st and April 15th so as to precede the filing of its Ohio annual compliance status report with the Commission.

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

3/19/2012 3:57:11 PM

in

Case No(s). 11-2457-EL-ACP

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