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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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In the Matter of the Annual Alternative Energy Portfolio Status Report of Duke Energy Retail Sales, LLC.)	12-1221	Case No. 12- 1221 -EL-ACP
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In the Matter of the Report of Duke Energy Retail Sales, LLC, Concerning its Plan for Compliance with Advanced and Renewable Energy.)	12-1222	Case No. 12- 1222 -EL-ACP
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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 (R.C.) 4928.01(A)(4), and an electric services company, as defined within Ohio R.C 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 provides electric supply to commercial, industrial, and residential consumers throughout the state of Ohio.

Pursuant to R.C. 4928.64 and Ohio Administrative Code (O.A.C) Rule 4901:1-40-05, all

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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 in the previous 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 2011 baseline;
- Identifies its 2011 renewable energy and solar energy benchmarks and demonstrates its compliance with those benchmarks; and

Finally, DER submits its plan for compliance with future annual advanced and renewable energy benchmarks, as required by O.A.C. Rule 4901:1-40-03(C).

II. ANNUAL ALTERNATIVE ENERGY PORTFOLIO STATUS REPORT

Pursuant to R.C. 4928.64(B)(2) and O.A.C. Rule 4901:1 40-03(A)(2), for the year 2011, electric service companies must demonstrate that one percent of the retail electricity sold was derived from renewable energy resources. Of that one percent, half must have been generated by facilities located in Ohio. In addition, 0.03 percent of the electricity sold must have been generated by solar energy resources, which portion may also be counted toward the renewable requirement. At least half of this 0.03 percent requirement 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.

¹ O.A.C. Rule 4901:1-40-05(A).

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 2008. In such a case, O.A.C. 4901:I-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 1,743,287 mWH. Its actual 2010 calendar year retail electric sales in Ohio were 8,204,588 mWH. The average of these two figures, 4,973,937 mWH, therefore serves as the baseline for 2011.

B. Renewable and Solar Energy Benchmarks

The 2011 compliance baseline and benchmark requirement calculations are as follows:

Solar Requirement	0.030%
Non-Solar Requirement	0.970%
Overall Requirement	<u>1.000%</u>
Solar RECs Required	1,492
Non-Solar RECs Required	48,247
Total RECs Required	<u>49,739</u>
In-State Solar REC Obligation	746
Adjacent State Solar RECs Allowed	746
Total Solar RECs	<u>1,492</u>
In-State Non-solar REC Obligation	24,124
Adjacent State Non-solar RECs Allowed	24,124
Total Non-solar RECs	<u>48,247</u>

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

Pursuant to R.C. 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. 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, although DER continues to establish new customer contracts, many of those contracts are short in duration and competition in Ohio is increasing. Thus, 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

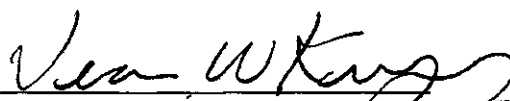
DER finds that the greatest impediment to compliance with the advanced and renewable energy benchmarks is the scarcity of in-state SRECs. DER will continue to work to overcome this impediment.

IV. CONCLUSION

Based on the foregoing, DER respectfully requests that this Commission find that DER satisfied compliance with its 2011 renewable energy benchmark. 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,

DUKE ENERGY RETAIL SALES, LLC



Jeanne W. Kingery (0012172) (Counsel of Record)
Associate General Counsel
Dorothy K. Corbett (0066127)
Associate General Counsel
155 East Broad St, 21st Floor
Columbus, OH 43215
(614) 222-1334 (telephone)
(614) 222-1337 (facsimile)
Jeanne.kingery@duke-energy.com
Dorothy.corbett@duke-energy.com