



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."<sup>1</sup> 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.

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<sup>1</sup> 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**

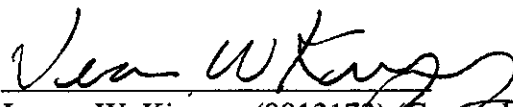
DER finds that the greatest impediment to compliance with the advanced and renewable energy benchmarks is the scarcity of in-state SRECs. DER will continue to work to overcome this impediment.

**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,

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