

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Report of Duke)	
Energy Ohio, Inc. Concerning its)	
2011 Annual Alternative)	Case No. 12-1214-EL-ACP
Energy Portfolio 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 **2011** are as follows:

- Renewable Energy Resources = **1.00%** (includes solar requirement)
- Solar Energy Resources = **0.03%**

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

Duke Energy Ohio, Inc. (Duke Ohio or Company) filed its 2011 annual alternative energy portfolio status report together with the its ten year compliance plan in Case No. 12-1214-EL-ACP. The focus of these Staff Findings and Recommendations is the Company's annual status report.

With respect to its annual status report for 2011, Duke Ohio calculated its baseline of 16,014,263 megawatt-hours (MWHs) by averaging its annual sales for 2008, 2009, and 2010.¹ Applying the statutory benchmarks to its proposed baseline, the Company calculated its compliance requirements² to be the following:

- Ohio Solar – 2,402 MWHs
- Non-Ohio Solar – 2,402 MWHs
- Ohio Non-Solar³ Renewables – 77,669 MWHs
- Non-Ohio Non-Solar Renewables –77,669 MWHs

Duke Ohio asserts that it satisfied the above requirements. The Company indicated that it secured the necessary renewable energy credits (RECs) and solar renewable energy credits (S-RECs) through market purchases involving brokers and aggregators, in addition to purchases directly from owners of renewable energy resources.

¹ Company status report, p. 3

² Ibid.

³ Staff uses “non-solar” in this context to refer to the total renewable requirement net of the specific solar requirement. Staff acknowledges there is not a specific “non-solar” requirement in the applicable statute.

III. Filed Comments

No persons filed comments in this proceeding.

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 Duke Ohio is an electric distribution utility in Ohio with retail electric sales during 2011. Therefore the Company has an AEPS compliance obligation for 2011.
- (2) That Duke Ohio filed its annual alternative energy portfolio status report for 2011 on April 12, 2012.
- (3) That the Company accurately computed its baseline of 16,014,263 MWHs.
- (4) That the Company's 2011 compliance obligations, using the statutory benchmarks and the Company's baseline, are as follows:
 - Ohio Solar – 2,402 MWHs
 - Non-Ohio Solar – 2,402 MWHs
 - Ohio Non-Solar Renewables – 77,669 MWHs
 - Non-Ohio Non-Solar Renewables – 77,669 MWHs
- (5) That Staff requested and received details on the RECs and S-RECs that Duke Ohio proposed to use towards its 2011 AEPS compliance obligation. The information provided by Duke Ohio indicated that it had sufficient RECs to satisfy both its solar and non-solar compliance obligation, including the in-state minimums. The information further indicated that the RECs originated from generating facilities certified by the Commission and were appropriately associated with electricity generated between August 1, 2008 and December 31, 2011.
- (6) That, to date, the Company has not transferred any of the RECs or S-RECs that it intends to use towards its 2011 compliance requirements to its PJM EIS Generation Attribute Tracking System (GATS) reserve subaccount.

V. Staff Recommendations

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

- (1) That the compliance obligations as detailed above in IV(4) be applied to the Company for 2011.
- (2) That Duke Ohio transfer 155,338 RECs and 4804 S-RECs to its GATS reserve subaccount for 2011 Ohio compliance purposes. Compliance is contingent upon such transfer. The RECs and S-RECs transferred should correspond to the details previously provided by Staff. Such transfer should occur within 45 days of the Commission's final decision in this proceeding. Staff will review the details of this transfer for confirmation and to ensure consistency with the data previously provided to Staff.
- (3) That for future compliance years in which Duke Ohio is utilizing GATS to demonstrate its Ohio compliance efforts, Duke Ohio 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.

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Summary: Staff Review and Recommendation electronically filed by Mr. Paul A Hutchison on behalf of Staff