

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of)
FirstEnergy Solutions Corp. For)
Approval of its 2011 Alternative Energy)
Annual Status Report)

Case No. 12-0763-EL-ACP

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 = 0.030%

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

FirstEnergy Solutions (FES) filed its 2011 annual status report with details on the specific renewable energy credits (RECs) and solar RECs (S-RECs) that FES retired to satisfy its 2011 Ohio AEPS compliance obligations.

In its filing, FES proposed a baseline of 14,117,478 megawatt-hours (MWHs) based on the average of its annual Ohio retail sales in the years 2008 – 2010.¹ With this baseline and the 2011 statutory benchmarks, FES computed its 2011 compliance obligation as 136,940 non-solar RECs (at least 68,470 in-state) and 4,236 solar RECs (at least 2,118 in-state).

FES indicates in its filing that it secured sufficient RECs and S-RECs to fully satisfy its 2011 compliance obligations. FES further stated that it had retired such RECs and S-RECs through its account with the PJM EIS Generation Attributes Tracking System (GATS).²

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 FES is an electric services company in Ohio with retail electric sales in the state of Ohio, and therefore FES had an AEPS compliance obligation for 2011.

¹ FES compliance status report, p. 3

² FES compliance status report, p. 4

- (2) That FES submitted its annual status report for 2011 AEPS compliance activities on February 24, 2012.
- (3) That FES appropriately calculated its baseline and 2011 compliance obligations.
- (4) That FES' reserve subaccount data on GATS showed the following for 2011:
 - 68,470 Ohio Non-solar RECs
 - 68,470 Non-Ohio Non-solar RECs
 - 2,118 Ohio S-RECs
 - 2,118 Non-Ohio S-RECs
- (5) That following a review of the FES reserve subaccount data on GATS, Staff confirmed that FES satisfied its total non-solar obligation, as well as the specific minimum in-state non-solar requirement, for 2011. The specific RECs that FES 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, 2011.
- (6) That following a review of the FES reserve subaccount data on GATS, Staff confirmed that FES satisfied its total solar obligation, as well as the specific minimum in-state solar requirement, for 2011. The specific S-RECs that FES 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, 2011.

V. Staff Recommendations

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

- (1) That FES be found to be in compliance with its 2011 AEPS compliance obligations.
- (2) That for future compliance years in which FES is utilizing GATS to demonstrate its Ohio compliance efforts, FES continue to 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

8/29/2012 10:53:26 AM

in

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Summary: Staff Review and Recommendation electronically filed by Mr. Andrew S Conway on behalf of Staff