BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Champion Energy Services, LLC Annual Alternative Energy Portfolio Status Report for 2012	**)))**	**Case No. 13-1017-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 **2012** are as follows:

- Renewable Energy Resources = **1.50%** (includes solar requirement)
- Solar Energy Resources = **0.06%**

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

Champion Energy Services, LLC (CES or Company) filed its AEPS compliance status report for the 2012 compliance year on April 23, 2013. CES filed both a redacted and unredacted version of its status report, along with a motion for protective order. In its compliance filing, CES indicated that it became active in Ohio during 2010. CES calculated two separate compliance baselines, and "out of an abundance of caution," opted to use its higher baseline comprised of an average of its sales for 2010, 2011, and 2012.

Applying the statutory benchmarks to its proposed baseline, CES calculated its 2012 compliance obligations the details of which are included in the unredacted version of its filing. The Company indicated that it had obtained the necessary renewable energy credits (RECs) and solar RECs (S-RECs) to satisfy its 2012 compliance obligations, based on its proposed baseline.

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 CES is an electric services company in Ohio with retail electric sales in the state of Ohio, and therefore the Company had an AEPS obligation for 2012.

(2) That the baseline proposed by CES is not consistent with Commission rules. For the 2012 compliance year, we would first look to a Company's sales history during the years 2009, 2010, and 2011. The Company had zero Ohio retail electric sales during 2009, but it was serving Ohio customers during 2010 and 2011. Therefore, consistent with 4901:1-40-03(B)(2)(a), OAC, the compliance baseline should consist of an average of its 2010 and 2011 sales. The result is a

lower baseline, and thus lower compliance obligation, compared to what the Company proposed for the 2012 compliance year.

(3) That the Company has transferred RECs and S-RECs to its PJM EIS Generation Attributes Tracking System (GATS) reserve subaccount for Ohio compliance purposes.

(4) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total non-solar[1] obligation, as well as the specific minimum in-state non-solar requirement, for 2012. The RECs that the Company 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, 2012.

(5) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total solar obligation, as well as the specific minimum in-state solar requirement, for 2012. The S-RECs that the Company 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, 2012.

(6) That because CES transferred RECs and S-RECs to its GATS reserve subaccount based on its calculated compliance obligation, rather than the lower obligations as calculated by Staff, Staff finds that the Company retired an excess of RECs and S-RECs. Specifically Staff finds that CES retired the following in excess of its 2012 compliance requirements:

- 214 Ohio S-RECs
- 214 Other S-RECs
- 5,131 Ohio RECs
- 5,131 Other RECs

(7) That CES retired an excess of RECs and S-RECs for its 2011 compliance efforts as well.[2] The Commission concluded that such excess could be applied to a future compliance obligation, provided such application is done consistent with 4901:1-

[1] 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.

[2] Case No. 12-1260-EL-ACP

40-04(D)(3), OAC. Staff finds that the Company did not apply any of this previous excess to its 2012 compliance obligations. Combining the excesses from 2011 to the excesses detailed in Finding (6) above results in a total excess as follows:

- 309 Ohio S-RECs
- 310 Other S-RECs
- 8,306 Ohio RECs
- 8,305 Other RECs

V. Staff Recommendations

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

(1) That CES be found to have satisfied its 2012 AEPS compliance obligations.

(2) That because CES retired more RECs and S-RECs than was necessary to satisfy its 2012 AEPS compliance obligations as discussed above in Finding 6, Staff recommends that the excess be eligible to be applied administratively to a future compliance obligation provided such application is consistent with 4901:1-40-04(D)(3), OAC.

(3) That CES incorporate the excess detailed in Finding 7 into its next compliance status report filing so as to eliminate this balance.[3]

(4) That for future compliance years in which the Company is utilizing GATS to demonstrate its Ohio compliance efforts, the Company initiates 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.

[3] Company's next compliance filing would address the 2013 compliance year; due no later than April 15, 2014