

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

**In the Matter of the Annual Alternative)
Energy Resources Compliance Report)
For Calendar Year 2013 of Independence)
Energy Group LLC)**

Case No. 14-0646-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 **2013** are as follows:

- Renewable Energy Resources = **2.00%** (includes solar requirement)
- Solar Energy Resources = **0.09%**

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

Independence Energy Group LLC (Independence Energy or Company) filed both a redacted (public) and unredacted version (confidential) of its annual alternative energy status report for 2013 on April 15, 2014. In its status report, the Company indicated that it began serving Ohio electric customers in 2012. Rather than relying on its 2012 sales volume, Independence Energy proposed a baseline of 3,768 megawatt-hours (MWHs) which it indicated was its actual Ohio retail electric sales for 2013. With its proposed baseline and the 2013 statutory benchmarks, the Company calculated its 2013 compliance obligations to be as follows:

- 3 Solar MWHs
- 72 Non-Solar MWHs

The Company asserted in its annual compliance status report that it fully satisfied its 2013 compliance requirements with the purchase of renewable energy credits (RECs) and solar RECs (S-RECs).

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 the Company is an electric services company with retail electric sales in the state of Ohio, and therefore the Company had an AEPS compliance obligation for 2013.

- (2) That the Company submitted its annual compliance status report for 2013 AEPS compliance activities on April 15, 2014.
- (3) That the Company's proposed baseline is not consistent with Commission rule 4901:1-40-03(B)(2)(a), OAC. As the Company had no Ohio electric sales in 2010 or 2011 but began serving customers in 2012, its baseline for the 2013 compliance year should correspond to its 2012 sales. In its compliance status report, the Company indicated its actual 2012 sales were 253 MWHs. Therefore, Staff finds that the Company's baseline in this proceeding should be 253 MWHs.
- (4) That the Company's 2013 compliance obligation, assuming a baseline of 253 MWHs, is as follows:
 - 0 Solar MWHs¹
 - 5 Non-Solar² MWHs, of which at least 3 must originate from Ohio facilities³
- (5) That the Company has transferred RECs and S-RECs to its PJM EIS Generation Attributes Tracking System (GATS) reserve subaccount for Ohio compliance purposes.
- (6) That following a review of the Company's reserve subaccount data on GATS, Staff confirmed that the Company satisfied its total non-solar obligation, as well as the specific minimum in-state non-solar requirement, for 2013. 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, 2013.
- (7) 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 2013. The S-RECs that the Company transferred to its GATS reserve subaccount were sourced from generating facilities certified by the Commission and were appropriately

¹ 253 MWHs * 0.09% = 0.28 MWHs, which Staff rounds to 0 MWHs

² 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.

³ 253 MWHs * 1.91% = 4.83 MWHs, which Staff rounds to 5 MWHs

associated with electricity generated between August 1, 2008, and December 31, 2013.

- (8) That because the Company retired RECs and S-RECs based on its proposed baseline of 3,768 MWHs rather than Staff's proposed baseline of 253 MWHs, the Company retired more RECs and S-RECs than was necessary to satisfy its compliance obligations.

V. Staff Recommendations

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

- (1) That the Company be found to have satisfied its 2013 AEPS compliance obligations.
- (2) That because Independence Energy retired more RECs and S-RECs than was necessary to satisfy its 2013 AEPS compliance obligations, Staff recommends that the Company, Staff, and GATS representatives coordinate to adjust the quantity of RECs and S-RECs transferred to the reserve subaccount for 2013 compliance purposes so that the quantity transferred matches the Company's compliance obligation as determined by the Commission. If such adjustment cannot be completed prior to the end of February 2015, the time at which such adjustments would no longer be permitted, 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 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.

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Summary: Staff Review and Recommendation electronically filed by Mr. Stuart M Siegfried on behalf of PUCO Staff