

**BEFORE  
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Annual Adjustment of the :  
Non-Solar Alternative Compliance Payment for : Case No. 15-0461-EL-ACP  
2015 Pursuant to Section 4928.64(C)(2)(b), Revised Code :

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**REVIEW AND RECOMMENDATION**  
SUBMITTED ON BEHALF OF THE STAFF OF  
THE PUBLIC UTILITIES COMMISSION OF OHIO

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**I. Statutory Background**

Section 4928.64, Revised Code, establishes specific annual percentage benchmarks for kilowatt hours from renewable and solar energy resources sold by electric distribution utilities and electric service companies (Companies) for years beginning in 2009 and thereafter. Subsection 4928.64(C)(2)(b), Revised Code, creates a compliance payment pertaining to the non-solar<sup>1</sup> renewable energy resource benchmarks that is equal to the number of additional renewable energy credits (RECs) that the Companies would have needed to comply with the applicable benchmark in the period under review, multiplied by an amount of at least \$45.00 initially and adjusted annually by the Commission to reflect any change in the consumer price index as defined in Section 101.27, Revised Code.

Subsection 101.27(C)(1), Revised Code, defines consumer price index to mean the consumer price index prepared by the United States bureau of labor statistics (U.S. city average for urban wage earners and clerical workers: all items, 1982-1984=100), or, if that index is no longer published, a generally available comparable index.

**II. Rule Background**

In Chapter 4901:1-40, Ohio Administrative Code (OAC), the Commission adopted rules to implement the alternative energy portfolio standard (AEPS) established by Section 4928.64, Revised Code. Rule 4901:1-40-08, O.A.C, effective December 10, 2009, addresses alternative compliance payments (ACPs). Paragraph (A)(2)(b) of this rule, which specifically focuses on the Commission's annual adjustment of the non-solar renewable energy resource compliance payment, provided the following methodology for determining the non-solar ACPs:

Beginning in the year 2010, the per MWh payment for renewable energy resources will be adjusted annually to reflect the annual change to the consumer price index as defined in Section 101.27 of the Revised Code. Such adjustment shall be performed by staff no later than June first of each calendar year. This annual adjustment shall be calculated using the following formula:

((CPIYR2/CPIYR1) \* current per MWh payment)

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<sup>1</sup> Staff uses “non-solar” in this context to refer to the renewable energy resources, excluding the solar energy resources for which there is a separate compliance payment pursuant to Subsection 4928.64(C)(2)(a), Revised Code.

### III. Historical Non-Solar ACPs

The non-solar ACP for the initial compliance year (2009) of the AEPS requirements was specifically set by statute. For subsequent years, the non-solar ACP was calculated using the methodology as specified in 4901:1-40-08(A)(2), OAC. The historical non-solar ACPs, and a reference to their respective derivations, are provided in the chart below.

Compliance Year	\$/MWh	Source Reference
2009	\$45.00	ORC 4928.64(C)(2)(b)
2010	\$45.00	Case 10-0469-EL-ACP
2011	\$45.93	Case 11-2399-EL-ACP
2012	\$47.56	Case 12-1486-EL-ACP
2013	\$48.56	Case 13-0995-EL-ACP
2014	\$49.22	Case 14-0746-EL-ACP

### IV. Staff Review

The most recent Consumer Price Index Detailed Report was published by the U.S. Bureau of Labor Statistics for February 2015 and is available at <http://www.bls.gov/cpi/cpid1502.pdf>. The U.S. city average for urban wage earners and clerical workers: all items, 1982-1984=100, is shown on Table 27 of the February 2015 report; a copy of which is attached (Attachment 1) to the Staff filing. Using this most recent CPI data, the result of the calculation described in Rule 4901:1-40-08(A)(2)(b), O.A.C, for 2015 is \$49.96.<sup>2</sup>

The statute also enables the Commission to increase the alternative compliance payments in the event that Companies are defaulting to the ACPs rather than pursuing the requisite renewable resources as detailed below:

The commission shall use the results of this study to identify any needed changes to the amount of the renewable energy compliance payment specified under divisions (C)(2)(a) and (b) of this section. Specifically, the commission may increase the amount to ensure that payment of compliance payments is not used to achieve compliance with this section in lieu of actually acquiring or realizing energy derived from qualifying renewable energy resources.<sup>3</sup>

The companies' compliance status reports for the 2014 compliance year were due by April 15, 2015.<sup>4</sup> Staff has performed a preliminary review of the filed status reports for the 2014 compliance year, and based on its initial review, Staff did not observe a significant trend in favor of defaulting to the ACPs. Therefore, Staff concludes that it is not necessary to increase the non-solar ACP above that resulting from the calculation detailed previously in (IV).

### V. Staff Conclusion and Recommendation

The Staff recommends that the non-solar renewable energy resource compliance payment under Section 4928.64(C)(2)(b), Revised Code, should be \$49.96/MWh for 2015.

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<sup>2</sup>  $((232.771/229.324) * \$49.22)$

<sup>3</sup> ORC 4928.64(C)(5)

<sup>4</sup> OAC 4901:1-40-05

## ATTACHMENT 1

<http://www.bls.gov/cpi/cpid1502.pdf>

**Table 27. Historical Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W): U. S. city average, all items-Continued**

(1982-84=100, unless otherwise noted)

Year	Semiannual averages		Annual avg.	Percent change from previous	
	1st half	2nd half		Dec.	Annual avg.
1970	-	-	39.0	5.5	5.7
1971	-	-	40.7	3.3	4.4
1972	-	-	42.1	3.4	3.4
1973	-	-	44.7	8.9	6.2
1974	-	-	49.6	12.3	11.0
1975	-	-	54.1	6.9	9.1
1976	-	-	57.2	4.8	5.7
1977	-	-	60.9	6.8	6.5
1978	-	-	65.6	9.0	7.7
1979	-	-	73.1	13.4	11.4
1980	-	-	82.9	12.6	13.4
1981	-	-	91.4	8.6	10.3
1982	-	-	96.9	3.8	6.0
1983	-	-	99.8	3.3	3.0
1984	102.1	104.4	103.3	3.6	3.5
1985	106.0	107.8	106.9	3.6	3.5
1986	108.2	109.0	108.6	.6	1.6
1987	111.2	113.7	112.5	4.5	3.6
1988	115.5	118.4	117.0	4.4	4.0
1989	121.3	123.9	122.6	4.5	4.8
1990	127.1	131.0	129.0	6.1	5.2
1991	133.3	135.2	134.3	2.8	4.1
1992	137.1	139.3	138.2	2.9	2.9
1993	141.3	142.9	142.1	2.5	2.8
1994	144.5	146.8	145.6	2.7	2.5
1995	148.9	150.6	149.8	2.5	2.9
1996	153.1	155.2	154.1	3.3	2.9
1997	157.0	158.1	157.6	1.5	2.3
1998	159.0	160.3	159.7	1.6	1.3
1999	162.0	164.5	163.2	2.7	2.2
2000	167.6	170.2	168.9	3.4	3.5
2001	173.2	173.8	173.5	1.3	2.7
2002	174.9	176.9	175.9	2.4	1.4
2003	179.3	180.3	179.8	1.6	2.2
2004	183.2	185.8	184.5	3.4	2.6
2005	188.8	193.2	191.0	3.5	3.5
2006	196.3	198.0	197.1	2.4	3.2
2007	201.069	204.466	202.767	4.3	2.9
2008	210.309	211.796	211.053	-.5	4.1
2009	207.883	211.377	209.630	3.4	-.7
2010	213.426	214.507	213.967	1.7	2.1
2011	220.196	222.954	221.575	3.2	3.6
2012	225.581	226.878	226.229	1.7	2.1
2013	228.812	229.837	229.324	1.5	1.4
2014	232.639	232.902	232.771	.3	1.5
2015	-	-	-	-	-

- Data not available.

NOTE: Index applies to a month as a whole, not to any specific date.

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