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Case Number: 10-497-EL-ACP

Date of Confidential Document: 4/15/2010

Release Date:

Page Count: 8

Document Description: Unredacted version of the
Alternative Energy Resources Report for
Calendar Year 2009.

“Consent to Release to the PUCO DIS Website”

Name



Reviewing Attorney Examiner's Signature

Date Reviewed

SEP 21 2017

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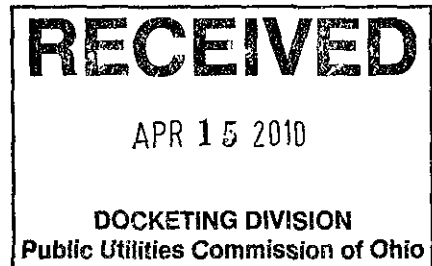
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Date Filed: 4/15/2010

Filed by: M. Howard Petricoff

Behalf of: Direct Energy Business, LLC

*Summary of document: Unredacted version of the Alternative
Energy Resources Report for Calendar year 2009*



4/15/10

VORYS

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April 15, 2010

Ms. Reneé Jenkins
Secretary, Public Utilities Commission of Ohio
180 E. Broad St., 11th Floor
Columbus, Ohio 43215-3793

Re: Case No. 10-497-EL-ACP
Direct Energy Business, LLC

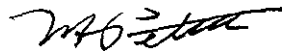
Dear Ms. Jenkins:

Pursuant to Rule 4901-1-24(D) of the Ohio Administrative Code, I am submitting under seal the unredacted version of the Alternative Energy Resources Report for Calendar Year 2009 from Direct Energy Business, LLC. A redacted version was filed as well as a motion for protective order.

Please keep this unredacted version under seal until the attorney examiner or the Commission rules upon the motion for a protective order.

Thank you in advance for your cooperation.

Sincerely,



M. Howard Petricoff
Attorneys for Direct Energy Business, LLC

MHP/cam
Enclosure

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COMPETITIVE RETAIL ELECTRIC SERVICE PROVIDER
ALTERNATIVE ENERGY RESOURCES REPORT FOR CALENDAR YEAR 2009

Direct Energy Business, LLC

Direct Energy Business, LLC (hereinafter "CRES") in accordance with Sections 4928.64 and 4928.65, Revised Code and Commission Rules 4901:1-40-03 and 4901:1-40-05 hereby submits this Annual Alternative Energy Report ("AER") detailing compliance with the Ohio Alternative Energy Portfolio Standards.

I. Determination that an AER is required (check one)

- ☒ During calendar year 2009 the CRES states that it conducted retail sales of generation to customers who utilized the generation in a load center located within the state of Ohio.
- ☐ During calendar year 2009, CRES did not conduct retail sales of generation to customers who utilized the generation in a load center located within the state of Ohio. (If this block is checked proceed to the signature line)

II. Determination of the sales baseline for 2009

- a. During the past three calendar years the CRES made retail sales of generation in the amounts shown below
- 2006 _____ 393,597 _____ MWh
- 2007 _____ 368,440 _____ MWh
- 2008 _____ 380,468 _____ MWh
- b. The average annual sales of the active years listed above (sum of the active years' MWh / no. of active years) _____ 380,835 _____ (hereinafter "Baseline Sales").
- c. If conditions exist that merit an adjustment to the Baseline Sales please list the adjusted Baseline Sales on this line _____ No Adjustment _____ and attach as an exhibit to this AER a full explanation of the reason(s) for the adjustment(s).
- d. If the CRES was not active during calendar years 2006, 2007 and 2008 but did make sales during calendar year 2009, please project the amount of retail electric generation sales anticipated for the whole of calendar year 2009 as would have been projected on the first day retail generation sales were made in Ohio.
- _____ N/A _____ MWh

III. Determination of the number of Solar and Total Renewable Energy Credits (RECs) Required and Statement of the Number of RECs Claimed

RENEWABLE ENERGY CREDITS REQUIRED AND OBTAINED FOR 2009

Types	No. of RECs Required (a).	No. of RECs Obtained (b)	Registry (c)	No. of RECs Sited in OH (d)
Solar	15	0	n/a	n/a
Non Solar	937	937	GATS	0
Total	952	937	GATS	0

- a. Column a above lists the unadjusted number of Solar and Total RECs required for 2009. The determinations were calculated by multiplying the **Baseline Sales** or Adjusted Baseline Sales or the Projected Sales (circle one) by 4 thousandths of one per cent (004%) for Solar RECs and one quarter of one quarter percent (.25%) for total RECS. Total RECs include both Solar and Non Solar RECs.
- b. CRES states that it has obtained in accordance with the Commission's Rules the number of Solar and Non Solar RECs listed in column b above for 2009.
- c. Approved registry being used by the CRES. This could be GATS, M-RETS, or if the CRES has RECs with both registries GATS and M-RETS.
- d. The CRES states that of the RECs it has obtained for 2009 the number listed in column d represents the RECs with generation facilities sited within the state of Ohio.
- e. CRES states that it has (circle one): a) received a *force majeure* determination for Solar RECs; b) **sought but has yet to receive a ruling on a *force majeure* determination for Solar RECs**; or c) did not seek or sought and did not receive a *force majeure* determination for Solar RECs.

IV. Compliance (check one)

- ☐ CRES states that it has obtained the required number of Solar RECs and Total RECs without adjustments permitted pursuant to Rule 4901:1-40-05(A)(3).
- ☒ CRES states that it has obtained the required number of Solar RECs and Total RECs after adjustments permitted pursuant to Rule 4901:1-40-05(A)(3). The type adjustment, reason for the adjustment and merit for making the requested adjustment of the proposed adjustments are detailed in an exhibit attached to this AER. (See Attachment A)

- ☐ CRES states that it is not in compliance with number of Solar RECs or Total RECs required for 2009.

V. Ten Year Forecast

a. Ten Year Forecast of Solar and Non Solar RECs

In accordance with Rule 4901:1-40-03(C) the CRES hereby provides a projection for the next 10 years for RECs and Solar RECs.

<u>Year</u>	<u>Solar RECs</u>	<u>Non Solar RECs</u>	<u>Total RECs</u>
2010	38	1,866	1,904
2011	114	3,694	3,808
2012	229	5,484	5,713
2013	343	7,274	7,617
2014	457	9,064	9,521
2015	571	12,758	13,329
2016	686	16,452	17,138
2017	838	20,108	20,946
2018	990	23,764	24,754
2019	1,143	27,420	28,563

b. Supply Portfolio projection

Since retail customers are free to choose as their electric service supplier any competitive retail electric service supplier, governmental aggregator or utilize a utility standard service offer, a CRES' retail load is subject to volatility. Retail load is also subject to significant variations due to weather, economic conditions and conservation, among other factors, which affect the amount of MWh consumed. Due to the potential variability of load, the projections in Section V.a are based on an anticipated small annual growth in annual MWh sales.

c. Methodology used to evaluate compliance

The CRES intends to purchase all necessary RECs, including Solar RECs, from suppliers who have received a renewable energy facility certificate from the Commission and are members of an approved REC registry. To the degree that a liquid market for Solar RECs, Ohio sited RECs or RECs of any category is not present, CRES thinks the retirement of available RECs, that adhere otherwise satisfy the Ohio Alternative Portfolio Standards, should be an acceptable form of compliance. Such procedure would insure the intent of meeting the State of Ohio's energy supply be in part from renewable sources.

d. Comments on any perceived impediment(s) to achieving compliance with the Solar and Non Solar REC requirements, as well as any discussion addressing such impediments.

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REC market liquidity is the largest impediment faced by all electric service providers. An insufficient number of solar facilities sited either within or outside of Ohio exist to meet the statutory requirements. Further, the verification process the Commission has laid out, while comprehensive and auditable, will take time to implement. Currently, there are numerous applications from renewable generators seeking renewable energy certification. Some of these are facing opposition and may require hearings. These factors have created a circumstance whereby the number of certified facilities is small in comparison with the statutory requirements.

CRES believes that the challenge will be rectified in time when the market develops. Commission staff should continue its policy of diligent and comprehensive review of all applications. Commission staff should also recognize the developmental stage of the REC market and implement the REC requirements in a fashion that recognizes the imbalance between the renewable energy portfolio percentages envisioned in the regulations and actual available Ohio sited RECs.

I, Benjamin Heard, am the duly authorized representative of Direct Energy Business, LLC. To the best of my knowledge all the information contained in the foregoing report including any exhibits and attachments are true, accurate and complete.



Signature

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ATTACHMENT A

A liquid market for Commission certificated Ohio sited RECs does not currently exist. The primary reason is that an insufficient time has existed for the market to develop, in large part because of the significant lead time necessary for alternative generation resources to become operational. The number of facilities that were a) certificated; b) located in Ohio and c) generating in 2009 did not equal a quarter of a percent of all the kWh sold in Ohio in 2009.

Rule 4901:1-40-05 (A)(3) provides for the Commission staff to recognize when conditions beyond the control of an electric service company are responsible for not achieving the REC requirements. Specifically, the rule states:

- (3) The annual compliance reviews shall consider any under-compliance an electric utility or electric services company asserts is outside its control, including but not limited to, the following:
 - (a) Weather-related causes.
 - (b) Equipment shortages for renewable or advanced energy resources.
 - (c) Resource shortages for renewable or advanced energy resources.

CRES made a good faith effort to secure Ohio sited renewable energy credits. Unfortunately, there is not a functioning, liquid Ohio certificated REC market in which the procurement of Ohio RECs is possible. When CRES attempted to contact credit approved generators and REC brokers, CRES was unable to obtain any Ohio RECs. CRES did succeed in finding RECs which were located beyond Ohio's borders, otherwise qualify for Ohio's Alternative Energy Portfolio Standards and are registered on GATS. CRES contracted for a sufficient number of such RECs and has retired those RECs in GATS, as shown in Exhibit A.

Pursuant to Rule 4901:1-40-05 (A)(3), CRES requests that Commission staff find that a resource shortage of Ohio sited facilities existed in 2009, and that the requirements for Ohio sited RECs be allowed to be fulfilled by out of state RECs that otherwise meet the statutory requirements.

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Direct Energy Business OH RPS – 2009 Compliance GATS Screen Shots

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Reason Code: (RPS) - Used by the Account Holder for compliance with a state Renewable Portfolio Standard

Facility	Facility Type	Market Generation	Contract Generation	Quantity	Price	Unit	Period	Residual	Residual	Residual
PJM Ontario - Spring Grove - Gen 1	Wind - Black Line	200902	44023.11 to 2303	2328	95	MD	2009	0.80		
Lake Lynx Power Station	Wind - Conversion	200904	64791.1 to 1990	13,217	95	MD	2009	0.30		
ASB POWERHOUSE (X) (W)	Wind	200912	83616.4654 to 4250	0.0	95	ON	2009	4.00		
PJM Ontario - Spring Grove - Gen 1.5	Wind - Black Line	200911	4627.987 to 11117	10,451	95	MD	2009	0.80		

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Order No. ++	CC S/N Number ++	CC Expiry End Date ++	Phone Number ++	PA S/N Number ++	PA Expiry End Date ++	Delivery ++	DE S/N Number ++	DE Expiry End Date ++	Enrol ++	E-Card Number ++	E Expiry End Date ++	Card ++	CC S/N Number ++	CC Expiry End Date ++	Creation Expiry Date ++	REC Expiry ++	EPEC Certification Number ++
		PA-1	PA-1001 BUC1	NA		NA		NA			NA				NO	NO	
		PA-2	PA-1002 WAL1	NA		NA		NA			NA				NO	NO	
		PA-3	PA-1003 YAK1	NEW ELIAS	DE-001 MBC-01	NA		NA			NA		00140001 0415-001		NO	NO	
		PA-4	PA-1004 DCA1	NA		NA		NA			NA				NO	NO	