

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the South Bay |) | |
| Energy Corp. 2017 Renewable |) | Case No. 18-0423-EL-ACP |
| Portfolio Standard Status Report |) | |

Staff Findings and Recommendations

I. Statutory Background

Amended Substitute Senate Bill 221, of the 127th General Assembly (2008 Ohio Laws S221, effective July 31, 2008), established Ohio's renewable portfolio standard (RPS) applicable to electric distribution utilities and electric service companies. The RPS is addressed principally in Ohio Revised Code (R.C.) 4928.64, with relevant resource definitions also contained within R.C. 4928.01(A).

According to R.C. 4928.64(B)(2), the compliance obligations for **2017** are as follows:

- Renewable Energy Resources = **3.50%** (includes solar requirement)
- Solar Energy Resources = **0.15%**

The Public Utilities Commission of Ohio (PUCO or Commission) further developed rules to implement the Ohio RPS, contained within Ohio Administrative Code (Ohio Adm.Code) 4901:1-40.

Ohio Adm.Code 4901:1-40-05(A), states:

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.

Ohio Adm.Code 4901:1-40-05(C), states:

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

South Bay Energy Corp. (SBEC or Company) filed its RPS compliance status report for the 2017 compliance year on March 27, 2018. In its compliance filing, SBEC proposed a baseline of 47 megawatt-hours (MWHs) which it indicated was its Ohio retail electric sales in 2017. Applying the statutory benchmarks to its proposed baseline, SBEC calculated its 2017 compliance obligations to be as follows:

- 0 Solar MWHs
- 2 Non-Solar¹ MWHs

Rather than obtaining and retiring the necessary renewable energy credits (RECs) and solar RECs (S-RECs) to satisfy its 2017 compliance obligations, the Company proposed to pay an alternative compliance payment of \$100.48.

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) SBEC was an electric services company in Ohio with retail electric sales in the state of Ohio during 2017, and therefore the Company had an RPS obligation for 2017.²

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 SBEC was certified to provide power marketer services in Ohio during 2017; see PUCO Case No. 17-1327-EL-CRS.

- (2) The baseline proposed by the Company is reasonable.
- (3) The Company has proposed a compliance payment of \$100.48. The Company calculated this figure by multiplying 2 RECs by the 2017 non-solar alternative compliance payment of \$50.24/REC.
- (4) Ohio Adm.Code 4901:1-40-08 requires compliance obligations to be rounded up to the next MWH in the event that an alternative compliance payment is submitted for compliance. Therefore, Staff finds that an alternative compliance payment of \$350.48 is necessary to address the Company's 2017 compliance obligations.³

V. Staff Recommendations

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

- (1) SBEC did not retire any RECs or S-RECs to address its 2017 RPS compliance obligations. Therefore, an alternative compliance payment is warranted.
- (2) The Company should be directed to remit payment to the Commission in the amount of \$350.48 consistent with the requirement set forth in Ohio Adm.Code 4901:1-40-08. Payment should not be made until such time as directed by the Commission.

The payment should be directed to the PUCO, payable to "Treasurer State of Ohio". A letter should also be attached to the check stating that it is a compliance payment required by R.C. 4928.64 for deposit to the credit of the Advanced Energy Fund, under the control of the Ohio Development Services Agency and created under R.C. 4928.61. The letter should also cite the Commission case ordering the payment. The address for the PUCO is as follows:

Public Utilities Commission of Ohio
180 E. Broad Street
Columbus, OH 43215

³ 47 MWHs * 3.35% = 1.57 RECs; 47 MWHs * 0.15% = 0.07 S-RECs. Consistent with OAC 4901:1-40-08, Staff would round these obligations to 2 RECs and 1 S-REC in the event of an alternative compliance payment. $((2 * \$50.24) + (1 * \$250)) = \$350.48$

- (3) The Company should be directed to file an attestation in Case No. 18-0423-EL-ACP consistent with the requirements set forth in Ohio Adm.Code 4901:1-40-08(D). This filing should be completed within 30 (thirty) days of the Commission issuing its decision in this case.

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Case No(s). 18-0423-EL-ACP

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