

Before The Council of the City of New Orleans

**In Re: APPLICATION OF ENTERGY NEW
ORLEANS, INC. FOR APPROVAL TO DEPLOY
ADVANCED METERING INFRASTRUCTURE,
REQUEST FOR COST RECOVERY AND
RELATED RELIEF**

Docket NO. UD-16-04

April 7, 2017

Comments of The Alliance for Affordable Energy

The Alliance appreciates an opportunity to submit comment in this proceeding, and requests that these comments may be permitted to remain in the record. Historically, the Alliance and other parties focused on the public interest have engaged with Council proceedings through written comments. This proceeding, and two others opened in 2016¹, appear to leave no alternative to expert witness testimony. The effect of reducing opportunity for public interest input, analysis, and engagement not only impacts the Alliance but other organizations, individuals, or companies who share in the interest of the proceeding, but may not have the resources to obtain expert witnesses. Opportunity for public comment is a common practice for various government agencies, including state and federal bodies,²³ which allows and encourages democratic participation in decision-making. The Alliance therefore requests that these comments be included in the official record of this proceeding. The Alliance also requests that an opportunity be provided in the procedural schedule to file a briefing once all testimony is filed.

Benefits Restricted and Reduced

The Alliance agrees with Entergy New Orleans, Inc. (ENO) that the deployment of Advanced Metering Infrastructure (AMI) is in the public interest. There is little doubt that the benefits of AMI will significantly outweigh the costs of the infrastructure upgrades⁴, although there are likely greater benefits available from the deployment of AMI than is calculated by the utility.

The installation of the full suite of AMI components will demonstrate action by the utility toward much needed modernization of the city's electric grid. It is unfortunate that the customers of New Orleans, and indeed the rest of the Entergy Operating Companies, have to date, missed the benefits outlined by the utility due to being so far behind the adoption curve

¹ Council Docket UD-16-02 and UD-16-03

² US Department of Energy, <https://energy.gov/nepa/public-comment-opportunities>

³ Louisiana Department of Environmental Quality,

<http://www.deq.louisiana.gov/portal/PROGRAMS/ThePublicParticipationGroup/PublicComments.aspx>

⁴ APPLICATION OF ENTERGY NEW ORLEANS, INC. FOR APPROVAL TO DEPLOY ADVANCED METERING INFRASTRUCTURE, REQUEST FOR COST RECOVERY AND RELATED RELIEF, Page 10, Table 1

that the “vast majority” of electric customers in the country will have advanced meters by the time New Orleans customers will benefit from AMI.⁵

The Alliance appreciates the utility’s interest in deploying the new infrastructure in a cost-efficient manner, however we continue to have concern that the five year timeline is excessively long. In comparison, other utilities in Louisiana have installed more AMI technology over a much larger service territory in a shorter amount of time. Cleco, one of Louisiana’s largest Investor Owned Utilities, with service territory across the state in 23 parishes, installed 274,654⁶ meters between February, 2011 and May, 2013⁷. Concurrent with hardware installation, the head end system and data management system was developed. Cleco’s project development and installation experience suggests that ENO’s five year timeline for deployment is excessively long, and reduces the benefits intended to accrue to customers. It may be that the cooperation of the various Entergy Operating Companies on this project results in reduction of costs from large scale purchasing power, but it also appears that the coordinated effort may be an impediment to timely deployment of this valuable technology to the ratepayers of New Orleans.

Demand Response and Dynamic Pricing

The utility’s application appears to not take full advantage of the benefits of AMI, specifically choosing not to plan for or develop programs that would leverage customer engagement with the meters through Demand Response and Dynamic Pricing. While ENO correctly notes that the 2015 Integrated Resource Plan’s Preferred Portfolio DSM program does not require AMI,⁸ the Demand Response programs supported by AMI are among the most cost-effective modeled in the 2015 DSM Potential Study. Indeed, Entergy’s expert witness, Dr. Faruqui, suggests that AMI-enabled programs like dynamic pricing would offer even more benefits to customers than the company has calculated.⁹ Therefore the Alliance recommends that the utility move forward with planning for Dynamic Pricing options to unlock these opportunities.

Pre-Pay Programs

Even while the utility has declined to develop plans for Demand Response programs enabled by AMI, suggesting this kind of planning would be premature, the Alliance is concerned that ENO has announced their development and intention to implement a pre-pay program. Pre-pay programs have raised flags internationally, as programs designed to reduce utility “write offs,”¹⁰ can result in excessive disconnections for low-income customers. As this Council is aware, New

⁵ UD-16-04 ENO Application, Direct Testimony of Charles L. Rice, Jr. page 10, at 1.

⁶ U.S. Department of Energy, Smart Grid Project Reports, available at https://www.smartgrid.gov/project/cleco_power_llc_advanced_metering_infrastructure_project/latest_data.html

⁷ Louisiana Public Service Commission Docket U-31393, Cleco Power, LLC, Quarterly Report of AMI project, for quarter ending June 30, 2013.

⁸ ENO response to Advisor’s First Set of Data Requests, UD-16-04, Adv 1-20 (e)

⁹ UD-16-04 ENO Application, Direct Testimony of Ahmad Faruqui, Ph.D., page 30, at 11.

¹⁰ Howat, John, Rethinking Pe-paid Utility Service, Consumers at Risk, National Consumer Law Center, July, 2012.

Orleans customers are some of the most energy burdened in the country,¹¹ with high electricity bills that can absorb 19% of a family's income. These customers should not be put into a position of losing their electricity multiple times over the course of a year, as can happen under a pre-pay program. We already know that there were 11,363 reconnections in calendar year 2016.¹²

These dis/reconnections can mean real danger for families and vulnerable individuals during extreme weather conditions, or for those who are most energy burdened. In addition, customers in jurisdictions who have implemented pre-payment options rack up additional transaction fees that can make total bills to a utility even higher than if the customers were on traditional service.

The National Association of State Utility Consumer Advocates (NASUCA) put forth a resolution in 2011¹³ laying out recommendations for regulators and utilities related to protecting customers where Pre-Payment programs exist. NASUCA details the potential pitfalls and dangers of pre-payment programs and urges regulators to protect consumers.

“Whereas, experience in the United States and United Kingdom demonstrates that prepaid metering and prepaid billing (1) is targeted toward and concentrated among customers with low or moderate incomes that are facing service disconnections for nonpayment, (2) results in more frequent service disconnections or interruptions, and (3) is delivered at a higher rate than traditional credit-based service”¹⁴

and as ENO has regularly maintained, customers deserve to have the most reliable and affordable energy possible.

The benefits often touted for conservation related to pre-payment are just as useful with robust AMI-enabled behavioral programs, in that customers can track and reduce their energy usage through mobile or web-based applications, or an in-home display and plan for payment.

The Alliance commends both the Council and ENO to take the health and well being of New Orleans' most vulnerable ratepayers seriously when considering a pre-payment program. We do not support the implementation of such a program, but offer NASUCA's resolution as a guideline should the Council contemplate it.

¹¹ Drehabl, Ariel et al, Lifting the High Energy Burden in America's Large Cities: How Energy Efficiency Can Improve Low Income and Underserved Communities, April, 2016. Page 5.

http://energyefficiencyforall.org/sites/default/files/Lifting%20the%20High%20Energy%20Burden_0.pdf

¹² ENO response to Advisor's First set of Data Requests, Adv 1-24, ENO's Miscellaneous electric services schedule MES-4.

¹³ National Association of State Utility Consumer Advocates, Resolution 2011-3, June 28, 2011. see exhibit attached to this filing.

¹⁴ Ibid.

Other Opportunities for Benefits

The Alliance is encouraged to see ENO refer to the potential savings through Voltage Optimization enabled by AMI technology.¹⁵ These beneficial applications of AMI have both reliability and cost-savings impacts to customers. In addition, opportunities exist for using this technology to bid demand reduction into the MISO market.¹⁶ While mitigating capacity costs, ENO could gain MISO credit to further reduce costs to consumers. We support the expeditious inclusion of these opportunities into ENO's AMI planning.

Finally, the Alliance has attached, as Exhibit 2, a list of benefits and Key Performance Indicators from the European Union's Guidelines for Cost Benefit Analysis of Smart Metering Deployment.¹⁷ This list of benefits extends well beyond those calculated by ENO in their cost-benefit analysis and may be useful for the Council in their consideration of ENO's application.

Conclusion

Advanced Metering and the programs it enables, for both the utility and its customers, must be fully leveraged in order to reap the maximum benefits available. Programs like Dynamic Pricing and grid-services that save energy, reduce costs, and increase reliability to customers should be developed in a timely manner, otherwise ENO is leaving benefits on the table. However, Programs, like Pre-payment, that would likely negatively impact vulnerable populations should be considered very carefully, with a full acknowledgement that other jurisdictions have seen unintended consequences following their implementation. We appreciate the opportunity to offer our thoughts on this matter, and we sincerely look forward to a modernized grid in New Orleans with the full array of benefits customers can expect from Advanced Metering.

Respectfully Submitted,

Logan A. Burke
Executive Director
Alliance for Affordable Energy

¹⁵ UD-16-04 ENO Application, Direct Testimony Rodney W. Griffith, page 33, at 17.

¹⁶ MISO, Demand Response information retrievable at <https://www.misoenergy.org/WhatWeDo/StrategicInitiatives/Pages/DemandResponse.aspx>

¹⁷ Giordano, Vincenzo, et. al. Guidelines for Cost Benefit Analysis of Smart Metering Deployment, 2012, retrievable at https://ses.jrc.ec.europa.eu/sites/ses/files/documents/guidelines_for_cost_benefit_analysis_of_smart_metering_deployment.pdf

