



July 23, 2018

By Hand Delivery

Ms. Lora W. Johnson,
CMC Clerk of Council
Room 1E09, City Hall
1300 Perdido Street
New Orleans, LA 70112

In Re: Resolution Regarding Proposed Rulemaking to Establish Integrated Resource Planning Components and Reporting Requirements for Entergy New Orleans, Inc. (Docket No. UD-08-02)

Dear Ms. Johnson,

Please find enclosed an original and three (3) copies of the Alliance for Affordable Energy's comments in the above-referenced docket. Please file the attached communication and this letter in the record of the proceeding and return one time stamped copy to our courier, in accordance with normal procedures. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,

Logan A. Burke
Executive Director
Alliance for Affordable Energy

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BEFORE THE CITY COUNCIL OF NEW ORLEANS

**RE: PROPOSED RULEMAKING TO
ESTABLISH INTEGRATED
RESOURCES PLANNING
COMPONENTS AND REPORTING
REQUIREMENTS FOR ENTERGY
NEW ORLEANS, INC.**

UD-08-02

Alliance for Affordable Energy Recommendation for a Peak Demand Reduction Target

On June 14, 2018, Utility, Cable, Telecommunications and Technology Committee (“UCTTC”) of the New Orleans City Council resolved, in Resolution R-18-228, to increase Entergy New Orleans Utility Performance Incentive. The resolution was confirmed at the Regular Council meeting on June 21, 2018. This resolution also provides an opportunity for parties to comment on the addition of a Peak Demand Reduction Target. These comments are responsive to that resolution.

The Alliance maintains that the New Orleans City Council should establish a Peak Demand Reduction Target as a requirement for Entergy New Orleans’ Energy Smart Program, in addition to the Council’s existing 2% energy savings goal. The Council may add such a target in response to various matters related to Entergy’s service and New Orleans’ energy needs. A Peak Demand Reduction Target would unlock the potential of Demand Side Management to offer benefits to the grid and save money for customers as a result.

The previous Council, in Resolution R-17-176, identified a Peak Demand Reduction Target as an item to be taken up by the parties in the summer of 2017. Unfortunately, this topic was pushed off multiple times to the “next” meeting throughout the summer, and in the final meeting the utility suggested a target be taken up in the next cycle of Integrated Resource Planning. This was not a point of agreement among the parties, who had made it a point to draw the connections

between the needs of New Orleans energy system and a reduction in our peak demand in each of the 4 Technical Conferences. Currently, the 2018 cycle of Integrated Resource Planning is underway, with a timeline that doesn't provide for a Council decision until at least December 2019, and policies in place until 2020. In the mean-time, this leaves programs tailored to reduce pressure on Entergy's system during peak demand off the table.

As we stated in our filing in this docket on January 31, 2018, the Alliance disputes Entergy's September 2017 filing that represented agreement among the parties that such a target be tabled until 2020. We are very concerned that the mischaracterization of the parties' positions has given the Council a signal that this matter is not an important one. Quite the contrary, a Peak Demand Reduction Target and the programs that would be used to achieve it, would provide solutions to multiple concerns of this Council and stakeholders. The Alliance does not support foot-dragging when it means customer dollars may be wasted.

Already, the Energy Smart program includes minimal demand targets, set by Entergy. These targets are not related to Entergy's Utility Performance Incentives, and are therefore simply metrics provided for the Council and stakeholders to understand the demand reduction that results from energy efficiency programs. For the last 8 years in New Orleans, these demand reductions have been treated like lagniappe, while other jurisdictions are going after these demand savings with the same intention as energy savings. Indeed, the value during peak seasonal use is very high. Where additional capacity must be built or bought on the market at a premium (with peaking resources representing the most expensive power of the year) programs that actively seek to reduce peak demand in the city mitigate the need to buy or build to meet that demand, saving every customer money. The limited number of hours such resources are needed underscore the economic argument to alleviate the need altogether. These are programs whose value is apparent to every customer on our grid, including our largest customers and residents. Where market costs can be allayed every customer wins. In addition, a goal would solidify market certainty to customers who could take part in demand reduction programs and those companies who install measures and develop the programs.

As we have noted, both in this docket, and in Council Docket UD-16-04, Entergy's deployment of Advanced Metering Infrastructure (AMI) provides enabling technology to execute a demand

reduction target. ENO's application for AMI pointed out that savings should be expected as a result of demand reduction from customer education related to data access, but their filing also noted those savings were not related to any rate-making treatment that would incentivize customers to reduce their usage during critical times. In fact, ENO's application suggests study of programs like Time of Use Rates wouldn't be conducted until 2021. The Alliance posits that a Council-required Peak Demand Target would incentivize the utility to make full use of the new, valuable AMI system that is being installed across the city in the shorter term, in a much more active way, rather than the "wait and see" approach they have recommended.

Crucially, reducing strain on the local distribution and transmission grid is of particular interest to this Council, as a reduction target could improve New Orleans' outage numbers. As ENO noted in its July 5, 2018 filing, one of the greatest causes of Entergy outages is failure of transformers, which account for 60% of failures for all of 2017¹. ENO's filing points out the negative impact of overloading on transformers. The Root Cause Analysis (Exhibit 3) of the same filing describes some of the reasons for this overloading, including a "Winter Cold Snap, Summer Heat Wave, or Unusual Peak Loading." A Council-directed target of reducing demand during any of these listed situations could be part of the utility's solution to increased outages during times of peak demand. Reduction of load on the demand side of the system should always be considered as a tool available to the utility to solve problems that are traditionally considered "supply side," especially as temperature extremes increase in regularity and where extreme weather like summer heat waves represent high energy costs or distribution system failure.

Just as the Council's 2% energy savings target does not jump to the 2% overnight, but is increased in a measured way, we recommend the Peak Demand Reduction Target be planned across a number of years and then held steady. Other jurisdictions have done this, including the state of Maryland², which implemented a Peak Demand Reduction Target of 15% with an 8 year run-way. Utilities in the state were able to meet the requirements in time by slowly growing Demand Response programs like direct load control, time of use pricing, and industrial

¹ July 5, 2018, Entergy New Orleans, LLC's. Revised Reliability Plan, Docket UD-17-04, p.8.

² Maryland emPOWER Act of 2008. House Bill 374. Retrievable at <http://mlis.state.md.us/2008rs/billfile/hb0374.htm>

curtailment. Not to be ignored is the continued opportunity to reap further demand savings from existing energy efficiency programs. The Council's consultants, Optimal and the American Council for An Energy Efficient Economy (ACEEE), are expected to provide their final findings on demand reduction potential by August 31, 2018. Thus, the Council will have valuable information about what is feasible and economical in New Orleans.

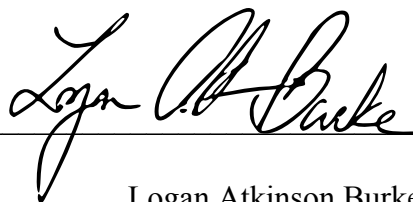
Recommendation:

The Alliance recommends the City Council take policy action, using their legislative and regulatory authority, to enact a Peak Demand Reduction Target in New Orleans, and provide opportunities for both customers and the utility to be incentivized to reach the goal. It would be reasonable for this Council to move forward on a shorter timeline to create a Demand Reduction Target rather than delay as Entergy has proposed. Saving customer dollars and improving the reliability of our distribution grid is in the public's interest.

Thank you for providing the opportunity to offer these thoughts on the benefits of a Peak Demand Reduction Target for New Orleans.

Certificate of Service

I hereby certify that I have on this 23rd day of July, 2018, served copies of the foregoing pleading upon the Clerk of Council, the Director, Council Utilities Regulatory Office and all known parties to this proceeding by U.S. Mail, email, facsimile and/or hand delivery.



Logan Atkinson Burke

Alliance for Affordable Energy

ENTERGY NEW ORLEANS, INC
IN RE: PROPOSED RULEMAKING TO ESTABLISH INTEGRATED RESOURCES PLANNING
COMPONENTS AND REPORTING REQUIREMENTS FOR ENERGY NEW ORLEANS, INC.
UTILITY DOCKET NO. UD-08-02

Lora W. Johnson, lwjohnson@nola.gov

Clerk of Council
City Hall - Room 1E09
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1085 - office
(504) 658-1140 - fax
Service of Discovery not required

Pearlina Thomas, pthomas@nola.gov

Chief of Staff, Council Utilities Regulatory Office

W. Thomas Stratton, Jr., wstrattonjr@nola.gov

Director, Council Utilities Regulatory Office

City Hall - Room 6E07
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1110 - office
(504) 658-1117 - fax

David Gavlinski, 504-658-1101, dsgavlinski@nola.gov Interim

Council Chief of Staff
City Hall - Room 1E06
1300 Perdido Street
New Orleans, LA 70112

Rebecca Dietz, rhdietz@nola.gov

Bobbie Mason, bfmason1@nola.gov

Law Department
City Hall - 5th Floor
New Orleans, LA 70112
(504) 658-9800 - office
(504) 658-9869 - fax
Service of Discovery not require

Beverly Gariepy, bbgariepy@nola.gov
Department of Finance
City Hall - Room 3E06
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1502- office
(504) 658-1705 – fax

ADMINISTRATIVE HEARING OFFICER

Hon. Jeffrey S. Gulin, jgulin@verizon.net 3203
Bridle Ridge Lane
Lutherville, MD 21093
(410) 627-5357

NEW ORLEANS CITY COUNCIL CONSULTANTS

Clinton A. Vince, clinton.vince@dentons.com Presley
Reed, presley.reedjr@dentons.com **Emma F. Hand**,
emma.hand@dentons.com
1900 K Street NW
Washington, DC 20006
(202) 408-6400 - office
(202) 408-6399 - fax

Basile J. Uddo (504) 583-8604 cell, buddo@earthlink.net
J. A. “Jay” Beatmann, Jr. (504) 256-6142 cell, (504) 524-5446 office direct,
jay.beatmann@dentons.com
c/o DENTONS US LLP
650 Poydras Street
Suite 2850
New Orleans, LA 70130

Walter J. Wilkerson, wwilkerson@wilkersonplc.com
Kelley Bazile, kbazile@wilkersonplc.com
Wilkerson and Associates, PLC
650 Poydras Street - Suite 1913
New Orleans, LA 70130
(504) 522-4572 - office
(504) 522-0728 - fax

Joseph Vumbaco, jvumbaco@ergconsulting.com
Victor M. Prep, vprep@ergconsulting.com

Joseph W. Rogers, jrogers@ergconsulting.com

Cortney Crouch, ccrouch@ergconsulting.com

Legend Consulting Group
8055 East Tufts Ave., Suite 1250
Denver, CO 80237-2835
(303) 843-0351 - office
(303) 843-0529 - fax

Errol Smith, (504) 284-8733, ersmith@btcpas.com

Bruno and Tervalon
4298 Elysian Fields Avenue
New Orleans, LA 70122
(504) 284 8296 – fax

ENTERGY NEW ORLEANS, INC.

Gary E. Huntley, 504-670-3680, ghuntle@entergy.com

Entergy New Orleans, Inc.
Vice-President, Regulatory Affairs
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112
504-670-3615 fax

Seth Cureington, 504-670-3602, scurein@entergy.com

Entergy New Orleans, Inc.
Manager, Resource Planning
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Polly S. Rosemond, 504-670-3567, prosemo@entergy.com Entergy

New Orleans, Inc.
Manager, Regulatory Affairs
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Derek Mills, dmills3@entergy.com Project

Manager
1600 Perdido Street, Bldg. #505
New Orleans, LA 70112
504-670-3527

Tim Cragin (504) 576-6523 office, tcragin@entergy.com

Brian L. Guillot (504) 576-2603 office, bguill1@entergy.com

Alyssa Maurice-Anderson (504) 576-6523 office, amauric@entergy.com

Harry Barton (504) 576-2984 office, hbarton@entergy.com
Karen Freese (504)576-4171 office, kfeese@entergy.com
Entergy Services, Inc.
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113
(504) 576-5579 - fax

Joe Romano, III (504) 576-4764, jroman1@entergy.com
Suzanne Fontan (504) 576-7497, sfontan@entergy.com
Danielle Burleigh (504) 576-6185, dburlei@entergy.com **Therese Perrault** (504-576-6950), tperrau@entergy.com Entergy Services, Inc.
Mail Unit L-ENT-4C
639 Loyola Avenue
New Orleans, LA 70113
(504)576-6029 - fax

THE FOLGER COFFEE COMPANY (J.M. SMUCKER)

Rick Boyd, rick.boyd@jmsmucker.com

The Folger Coffee Company
14601 Old Gentilly Road
New Orleans, La 70129

USG CORPORATION

Mr. Fred M. Mazurski, CEM, CDSM, fmazurski@usg.com Senior
Manager, Energy USG Corporation
550 West Adams Street
Chicago, IL 60661-3676

SIERRA CLUB

Joshua Smith, joshua.smith@sierraclub.org
Staff Attorney
Sierra Club Environmental Law Program
2101 Webster St. suite 1300
Oakland, CA. 94612
(415)977-5560
(415)977-5793 (fax)

(503)484-7194 (cell)
ALLIANCE FOR AFFORDABLE ENERGY

Logan Atkinson Burke, (504) 208-976, logan@all4energy.org
Forest Wright, forest@all4energy.org
Sophie Zaken, regulatory@all4energy.org
4505 S. Claiborne Ave
New Orleans, LA 70125

GULF STATES RENEWABLE ENERGY INDUSTRIES ASSOCIATION (GSREIA)

Jeff Cantin, President, jcantin@gsreia.org
643 Magazine St., Ste. 102
New Orleans, LA 70130
(504) 383-8936

POSIGEN SOLAR SOLUTIONS

Benjamin Norwood, bnorwood@posigen.com
Skelly McCay, smccay@posigen.com
Beth Galante, bgalante@posigen.com
819 Central Ave., suite 210
Jefferson, La. 70121
504-293-5665
504-293-5553

BUILDING SCIENCE INNOVATORS LLC

Myron Katz, myron.bernard.katz@gmail.com
302 Walnut Street
New Orleans, LA 70118

SOUTH COAST SOLAR, LLC

Robert L. Suggs, Jr., CEO, rsuggs@southcoastsolar.com
2605 Ridgelake Drive
Metairie, LA 70002
504-529-7869

AIR PRODUCTS AND CHEMICALS, INC.

Ernest L. Edwards, Jr., (504) 450-4226, ledwards0526@gmail.com
The Law Offices of Ernest L. Edwards Jr. APLC

300 Lake Marina Ave Unit 5BE
New Orleans, LA 70124

Mark Zimmerman, (610) 481-1288, zimmermr@airproducts.com
Air Products and Chemicals, Inc.
7201 Hamilton Boulevard
Allentown, PA 18195-1501
(610) 481-2182 – fax

GREATER NEW ORLEANS HOUSING ALLIANCE

Andreanecia Morris, amorris@gnoha.org
Tessa Hartley, info@gnoha.org
4640 S. Carrollton Ave, Suite 160
New Orleans, LA 70119
(504) 224-8301

SEWERAGE AND WATER BOARD OF NEW ORLEANS

James E. Thompson III, jthompson@swbno.org
625 St. Joseph Street, Room 201
New Orleans, LA 70165
(504) 529-2837

Luke F. Piontek, lpiontek@roedelparsons.com **Judith
Sulzer**, jsulzer@roedelparsons.com
Roedel, Parsons, Koch, Blache,
Balhoff & McCollister
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
(225) 929-7033
(225) 928-4925

- AND -

1515 Poydras Street, Suite 2330
New Orleans, Louisiana 70112
(504) 566-1801
(504) 565-5626