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August 22, 2017

**By Hand Delivery**

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

Re: **In Re: 2018 Triennial Integrated Resource Plan of Entergy New Orleans, Inc.**  
**Docket No. UD-17-03**

Dear Ms. Johnson:

Entergy New Orleans, Inc. ("ENO") respectfully submits its Reply to Comments by the Alliance for Affordable Energy Concerning the Independent Demand Side Management Potential Study submitted in the above referenced Docket. Please file an original and two copies into the record in the above referenced matter, and return a date-stamped copy to our courier.

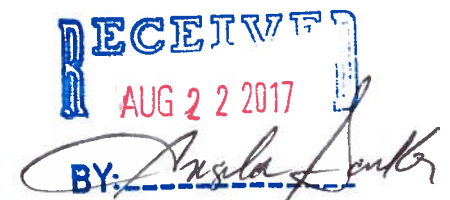
Should you have any questions regarding the above, I may be reached at (504) 576-2984. Thank you for your assistance with this matter.

Sincerely,

  
Harry M. Barton

HMB/bkd  
Enclosures

cc: Official Service List (via email)



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**BEFORE THE  
COUNCIL OF THE CITY OF NEW ORLEANS**

**EX PARTE: IN RE: 2018 TRIENNIAL )  
INTEGRATED RESOURCE PLAN OF )  
ENTERGY NEW ORLEANS, INC. )  
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**DOCKET NO. UD-17-03**

**ENTERGY NEW ORLEANS, INC.’S REPLY COMMENTS CONCERNING THE  
INDEPENDENT DEMAND SIDE MANAGEMENT POTENTIAL STUDY**

Entergy New Orleans, Inc. (“ENO”) respectfully submits its Reply to Comments by the Alliance for Affordable Energy (“AAE”) Concerning the Independent Demand Side Management (“DSM”) Potential Study (the “AAE Comments”) submitted in the above referenced Docket. Resolution R-17-430 requires the Advisors to the Council for the City of New Orleans (the “Council”) to present a DSM Potential Study Request for Qualification (“RFQ”) at the August 30, 2017 meeting of the Council’s Utility, Cable, Telecommunications and Technology Committee (“UCTTC”). The AAE Comments offer the Council and the Advisors the AAE’s point of view concerning the scope, contents, and purpose of the RFQ. Some aspects of the AAE’s Comments advocate for the Advisors to present, and the Council to issue, an RFQ that would (i) contravene parts of the Electric Utility Integrated Resource Plan (“IRP”) Rules (the “IRP Rules”) recently adopted in Resolution R-17-332, and (ii) assist the AAE in advancing its policy agenda rather than neutrally evaluating opportunities for demand-side savings in New Orleans as required by Resolution R-17-430. ENO’s limited Reply Comments highlight these elements of the AAE Comments.

**I. Brief Factual and Procedural Background.**

At the June 28, 2017 UCTTC meeting, the UCTTC adopted amendments to the IRP Rules, one of which affirmed the Council’s ability to “procure an independent consultant to

perform a DSM Potential Study.”<sup>1</sup> Numerous Councilmembers, and the Advisors, indicated the purpose of the Council exercising its option to hire an independent DSM Consultant was to obtain an objective, neutral, fact-based evaluation of opportunities for demand-side savings in New Orleans.<sup>2</sup> Although not expressly discussed at the June UCTTC meeting, another important task for the Council’s DSM consultant will be creating a DSM Potential Study that is compliant with the IRP Rules and, therefore, capable of being incorporated into ENO’s 2019 IRP. Many recommendations in the AAE’s Comments, if followed, would jeopardize these goals.

## **II. DSM Potential Studies Must Comply with the IRP Rules to be Useful for the IRP.**

The AAE’s Comments make several recommendations that are inconsistent with the IRP Rules the Council recently adopted. If the Council were to follow these recommendations, the Council’s DSM consultant may spend time and money crafting a DSM Potential Study that did not comply with the Council’s IRP Rules and, therefore, would not be appropriate for incorporation into the 2019 IRP. As all parties and intervenors to the IRP proceeding presumably hope to avoid such a situation, the following inconsistent recommendations from the AAE’s Comments should be noted.

- The AAE Comments state that the “the Total Resource Cost, Societal, and Program Administrator tests will be used for screening purposes.”<sup>3</sup> In contrast, the IRP Rules require that “[i]n the development of the DSM potential study, all four California Standard Practice Tests 192 (i.e. TRC, PACT, RJM and PCT) will be calculated for the DSM measures and programs considered for the DSM measures and programs considered.”<sup>4</sup> The Council also explicitly rejected use of the Societal Cost Test, stating that “the Council does not believe there is sufficient consensus as to the appropriate definition and application of the Societal Cost Test to include it as an additional DSM screening test in the IRP analysis at this time.”<sup>5</sup>
- The AAE Comments call for inclusion of “non-cost effective measures” in the DSM Study results.<sup>6</sup> This recommendation directly contradicts the IRP Rules, which contemplate consideration of “all cost-effective demand-side resources,” specifically,

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<sup>1</sup> See IRP Rules, Section 5(A)(4)(g).

<sup>2</sup> See Transcript of June 28, 2017 UCTTC meeting, at pages 64 – 92.

<sup>3</sup> See AAE Comments at pg. 9 of 25. Like many AAE filings, the AAE Comments do not include page numbers, or any citations to verify the accuracy of the various factual assertions contained therein. As such, ENO will refer to the page numbers of the PDF file containing the AAE Comments.

<sup>4</sup> See IRP Rules, Section 5 (A)(4)(c).

<sup>5</sup> See R-17-332 at pgs. 50-51.

<sup>6</sup> See AAE Comments at pg. 6 of 25.

“DSM measures with a Total Resource Cost Test value of 1.0 or greater.”<sup>7</sup> The Council’s IRP Rules also limit consideration of demand response programs to cost-effective ones.<sup>8</sup>

- The IRP Rules clearly state that “The principle reference document for the DSM potential shall be the New Orleans Technical Reference Manual.”<sup>9</sup> The AAE Comments relegate the NOTRM to a secondary status.<sup>10</sup>
- The IRP Rules contain specific definitions of DSM and Demand Response.<sup>11</sup> The scope of DSM programs proposed for consideration in the AAE Comments greatly exceeds the Council’s definitions.
- The AAE Comments indicate the DSM “study would also quantify the impact of customer sited and customer-owned generation.”<sup>12</sup> The IRP Rules indicate that ENO is to perform this quantification as part of its load forecasting efforts.<sup>13</sup> If the Council’s consultant included this quantification in the DSM Potential Study, the effects of customer-owned generation would be double counted.

The above are a few examples of inconsistencies between the Council’s IRP Rules and the AAE Comments. Given these inconsistencies, the Council and the Advisors should carefully scrutinize all aspects of the AAE Comments prior to taking action based on any of the Alliance’s recommendations.

In addition to advocating for a DSM Potential Study that does not conform to the IRP Rules, the AAE Comments also advocate for the DSM consultant’s scope of work to greatly exceed the performance of a DSM Potential Study. The extraneous tasks outlined in the AAE Comments, many of which the Advisors already perform, include (i) reviewing and commenting on ENO’s modeling related to utility-scale renewable energy, (ii) reviewing and commenting upon ENO’s MISO projections, (iii) second-guessing ENO’s load forecasts, (iv) issuing discovery requests to ENO, (v) reviewing and commenting “on the draft and final versions of the IRP,” and (vi) training “the Council and designated parties” on use of the consultant’s modeling software. These functions appear to go well beyond what the Council seems to have intended

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<sup>7</sup> See IRP Rules, Section 5(A)(4).

<sup>8</sup> *Id.* at Section 5(A)(4)(e).

<sup>9</sup> *Id.* at Section 5(A)(4)(b).

<sup>10</sup> See AAE Comments at pg. 8 or 25. (“While the NOLA TRM should be used to inform measure and technology characterizations, the contractor may propose characterizations that differ from the TRM.”).

<sup>11</sup> See IRP Rules, Section 2 (A)(3) and (4).

<sup>12</sup> See AAE Comments at pg. 5 of 25.

<sup>13</sup> See IRP Rules, Section 4(A)(2).

when indicating “it would be reasonable for the Council to retain the ability to procure its own DSM Potential Study consultant.”<sup>14</sup>

### **III. The DSM Potential Study Should Present a Policy-Neutral, Fact-Based, Evaluation of DSM Potential in New Orleans.**

As noted above, during the Council’s discussion of the purpose of hiring an independent consultant to perform the DSM Potential Study, much emphasis was placed on the importance of retaining a neutral consultant, who is well-respected in the industry and has a proven track record of performing DSM Potential Studies, to provide an objective analysis of DSM potential in New Orleans. In performing an objective analysis, the neutral, independent consultant should not be influenced by the policy objectives of any entity, including ENO, the Council, the Advisors or any party. Indeed, Resolution R-17-332 specifically stated that “hiring a consultant whose sole role is to promote the intervenors’ desired treatment of DSM and DER in the IRP **goes against the purpose of having a balanced analysis in the IRP.**”<sup>15</sup>

The AAE Comments appear to seek exactly what R-17-332 sought to avoid, namely a consultant who will promote one party’s policy objectives. The policy-driven tasks contained in the RFQ proposed in the AAE’s Comments include: (i) evaluating “the potential for DSM to offset the need for near-term addition of generation capacity,” (ii) informing “Council decision making related to resource acquisitions and future policy matters,” and (iii) providing “recommendations regarding policy and regulatory changes that would help ensure attainment of all available DSM resources.”<sup>16</sup> Including these tasks in an RFQ for the Council’s DSM consultant would not result in the neutral and objective analysis the Council seeks for the IRP.

### **IV. The Success of the Council’s Energy Smart Program Should not be Mischaracterized as “Modest.”**

In an attempt to justify the issuance of an RFQ that exceeds the scope of what was authorized by the Council and that does not conform to the Council’s IRP Rules, the AAE makes

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<sup>14</sup> See R-17-332 at pg. 50.

<sup>15</sup> See R-17-332 at pg. 25, emphasis added.

<sup>16</sup> See AAE Comments at pgs. 5 and 9 of 25.

many unsupported assertions. While ENO chooses to largely refrain from responding to such claims, one such assertion requires response.<sup>17</sup> The AAE characterizes the “energy efficiency efforts in New Orleans,” undertaken as part of the Council’s Energy Smart program, as “modest.” The success of the Council’s Energy Smart program is far from a “modest” one. In the first six years’ of the Council’s program, ENO, the Council, the Advisors, and program participants have worked together to achieve savings of over 115 million kilowatt hours (kWh)<sup>18</sup> and help participating customers to save over \$13.5 million on energy efficiency projects. The Council’s program has also been recognized with the Home Performance with Energy Star Partner of the Year Award in 2014 and 2016, and the Southeast Energy Efficiency Alliance Energy Pro 3 Award. These results are anything but “modest.”

In an effort to distract from these successes, the AAE alludes to savings levels achieved in jurisdictions outside of the Southeastern United States. Comparisons to jurisdictions not affected by the same kind of factors as ENO, including weather, income levels, age of housing stock, etc., bear little relevance to ENO and should not be used to detract from the success of the Council’s program. Indeed, as ENO noted in a communication sent to the UCTTC Chair on July 24, 2017, 2016 data from the United States Department of Energy’s Energy Information Administration shows that, of 29 utilities in the Southeastern United States, ENO’s residential customers had the third lowest average monthly kWh usage and the fifth lowest average monthly bills. This neutral, objective, third-party information demonstrates the success of the Council, the Advisors, and ENO’s past efforts. ENO looks forward to continued progress in this regard.

## **V. Conclusion**

The Council’s stated goal for its RFQ is to solicit a consultant to perform an objective DSM Potential Study that complies with the Council’s IRP Rules, thus fulfilling the Council’s stated objectives for hiring a DSM consultant. As noted above, the draft RFQ proposed by the AAE in its Comments would not assist the Council in achieving such results.

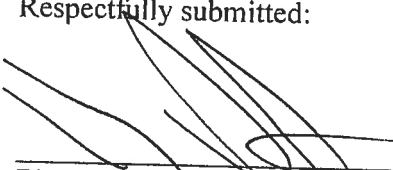
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<sup>17</sup> ENO’s restraint in this regard should not be interpreted as agreement with the AAE’s unsupported claims.

<sup>18</sup> This number combines results for the Legacy program and the Algiers program.

Respectfully submitted:

BY:



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**ATTORNEYS FOR ENTERGY  
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**CERTIFICATE OF SERVICE**  
**Docket No. UD-17-03**

I hereby certify that I have served the required number of copies of the foregoing report upon all other known parties of this proceeding, by the following: electronic mail, facsimile, overnight mail, hand delivery, and/or United States Postal Service, postage prepaid.

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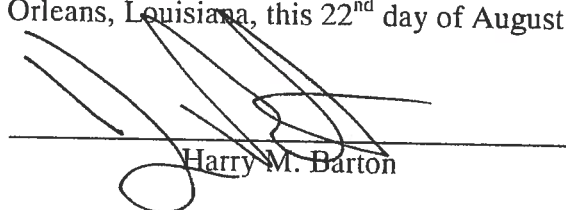
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New Orleans, Louisiana, this 22<sup>nd</sup> day of August 2017.



Harry M. Barton