



May 2, 2018

**By Hand Delivery**

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

*Re: The New Orleans Technical Resource Manual: Version 1.0 and TRM Update Initial Scoping Memo (Dockets UD-08-02 and UD-17-03)*

Dear Ms. Johnson:

Please find enclosed an original and three (3) copies of the Alliance for Affordable Energy's comments regarding the Technical Resource Manual. Please file the attached communication and this letter in the record of the proceeding and return one timestamped 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,

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Forest Bradley-Wright  
Senior Policy Director  
Alliance for Affordable Energy



MAY 04 2018

## **Before the City Council of New Orleans**

*Re: The New Orleans Technical Resource Manual: Version 1.0  
And TRM Update Initial Scoping Memo*

### **Now Comes the Alliance for Affordable Energy**

The development of a Technical Resource Manual, and the allocation of financial resources to support the work, are reflections of a long term commitment by the New Orleans City Council for investments in Demand Side Management (DSM). This commitment has translated into over \$50 million dollars for Energy Smart, the designation of demand side management as an energy resource to be fully evaluated against supply side alternatives in the City's Integrated Resource Planning Proceedings, and the establishment of escalating energy saving goals aimed at saving 2% of gross annual sales within the next few years.

With these policy decisions comes a need for more robust data collection and analysis, a function the TRM is intended to support. But the quality and usefulness of DSM data is not merely a function of its precision. It is directly tied to the clarity and specificity of its public policy purpose, which evolves over time. From the big picture to the most granular detail, the public policy purpose of DSM in New Orleans affects determinations of the value and need for particular types of information, the basis of comparison between factors, appropriate allocation of funds for research activities, and much more.

### **The Need for Council Guidance and Use of the National Standard Practice Manual**

It is in recognition of unique public policy priorities of local jurisdictions that the National Standard Practice Manual (NSPM) has been presented as a tool for local regulators, utilities, and stakeholders to work together to tailor the tools used in determining values for DSM investments in a manner that is relevant to local circumstances and aligned with local public policy priorities. In our January 31<sup>st</sup>, 2018 filing, the Alliance made the case for undertaking the process of developing a framework for evaluating DSM resources in accordance with the recommendations

of the NSPM.<sup>1</sup> In their March 1<sup>st</sup>, 2018 filing the Council Advisors similarly indicated their support for such a process and stated the following:

“We also recommend that the Resource Value Test (“RVT”) should be included among the screening tests in the NO TRM. The RVT is advocated by the National Efficiency Screening Project’s National Standard Practice Manual, and we have previously included the RVT in the scope of work for the Council’s DSM Potential Study in the 2018 IRP.”<sup>2</sup>

There has been considerable progress with DSM in New Orleans in the past decade since the City Council’s 2007 “Resolution Asserting the Commitment of the Council of the City of New Orleans to Energy Efficiency and the Development of a Viable Energy Efficiency Program.”<sup>3</sup> But there is a need for a renewal of that vision to align today’s public policy purpose for DSM with its application in the TRM, as well as Energy Smart program planning, strategies for reaching the Council’s 2% DSM targets, incorporation of DSM into the IRP, and the development and implementation of new policies related to capacity savings targets, decoupling, rate design and more. As a “living document,” we believe the New Orleans TRM should be aligned to reflect and inform the Council’s goals.

These Council goals will carry different implications for establishing priorities for analytic precision, budgeting and setting baselines. Each of these would be impacted depending on whether the Council wants to maximize total savings potential for each building (including those that are not up to modern code), focus on emphasizing economic return for each utility dollar spent on customer incentives, ensure equitable opportunity for low-income customers and renters, or work to drive down demand at times of peak consumption.

The TRM has a significant effect on cost effectiveness screening, quantification and attribution of benefits, evaluation of program success, determining when there is a need for corrective

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<sup>1</sup> Alliance for Affordable Energy, “AAE Comments Re Energy Smart PY 7-9.” January 31, 2018. Page 2

<sup>2</sup> “Advisors Recommendations for Council Consideration Pursuant to Resolution R-17-623.” March 1, 2018. Page 8

<sup>3</sup> Resolution R-07-600, “Resolution Asserting the Commitment of the Council of the City of New Orleans to Energy Efficiency and the Development of a Viable Energy Efficiency Program.” December 6, 2007.

improvements, and aiding in the development of strategies for programs to expand and evolve DSM programs over time. As such, we respectfully request that a proceeding be initiated to follow the NSPM framework as a key first step forward.

### **The Importance of Fully Evaluating Both Capacity and Energy Savings**

DSM savings offset the need for the most expensive power in use at the time the savings are achieved. Because shaving our requirement for peak power at the times when demand is greatest has the potential to return even higher levels of financial savings to customers, we believe it is important that the TRM fully evaluate capacity savings, in addition to energy savings, to better inform the full value of measures according to their coincidence with higher demand times. This will be important for evaluation in the Council's DSM potential study, incorporation of DSM into the IRP, and ultimately help inform the Council's decision making around establishing capacity saving targets.

### **Lighting**

While 2018-2019 costs for lighting are provided, there is no indication of how recent these estimates are or what is the basis for their underlying derivation. Having this TRM cite another TRM from Illinois as references presents concerns, including not knowing the vintage of the cited data. It appears that the incremental costs for lighting need to be reviewed and likely updated.

Directional LEDs are now covered by EISA. As a result, savings should be treated similar to omnidirectional lamps. Additionally, the estimated useful life of 20 years cannot be justified given the rapid transformation of this technology. For omnidirectional lamps, the deemed savings appear to be based on the 2020 federal minimum of 45 lumens/watt, which reflects a mediocre level of CFL efficiency. However, LEDs are considerably more efficient, approaching twice that of the 45 lumen/watt backstop standard. As with the directional LED measure, a 20-year lifetime cannot be justified, even at much lower gross savings per unit, due to the rapid transformation of the lighting market. Where there is a change of federal minimum, measures that no longer

conform can be removed from the TRM, such as with CFLs as well as non lighting measures like residential ECM furnace fans.

### **The New Orleans TRM is Not a Policy Document**

While the New Orleans TRM clearly has substantial importance for the development and analysis of DSM investments and should help inform policy debate, the TRM is not itself a policy document and should take pains to avoid including content that could be interpreted as setting policy or making policy recommendations. On this point the Alliance agrees with the Council’s Advisors who state that “The NO TRM is not a policy or planning document; the Council establishes policy with the evaluations and planning of Energy Smart and the IRP Rules.”<sup>4</sup>

In light of this, we observe that the upfront incentive level discussion in the TRM Version 1.0 should be deleted (see Section A4).<sup>5</sup> Such guidelines, including some specific recommendations on incentive thresholds, do not belong in a TRM. Similarly, within specific measure characterizations ADM gives program recommendations, such as ceasing support for many LED lamp types in 2020 due to the Energy Independence and Security Act of 2007.<sup>6</sup> While it is not that we necessarily disagree with this particular recommendation, we do not believe that the TRM is necessarily the appropriate place for such statements.

We appreciate the substantial work that has gone into the TRM and the opportunity to provide feedback into continually improving this ‘living document.’ We look forward to the opportunity to provide additional feedback again soon.

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<sup>4</sup> “Advisors Recommendations for Council Consideration Pursuant to Resolution R-17-623.” March 1, 2018. Page 7-8

<sup>5</sup> ADM, “New Orleans Energy Smart Technical Reference Manual: Version 1.0.” September 15, 2017. Section A4

<sup>6</sup> Ibid B-135