



advanced
energy
management
alliance

PO Box 65491
Washington, DC 20035

p 202.580.8284
e info@aem-alliance.org

aem-alliance.org

January 16, 2019

VIA ELECTRONIC MAIL

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

RE: Entergy New Orleans Planning for Gas Plant

Dear Ms. Johnson:

The Advanced Energy Management Alliance (AEMA) is writing as an interested party and intervenor in the Integrated Resource Planning Docket UD-17-03 to provide additional information about solutions that could be helpful during discussions regarding Entergy New Orleans' ("ENO") proposed gas plant.

AEMA is a trade association under Section 501(c)(6) of the Federal tax code whose members include national distributed energy resource ("DER"), demand response ("DR"), and advanced energy management service and technology providers, as well as some of the nation's largest consumer resources, who support advanced energy management solutions due to the electricity cost savings those solutions provide to their businesses. This letter represents the opinions of AEMA as an organization rather than those of any individual association members.

AEMA believes that DR and DER should be considered in the context of any proposal for additional resource capacity in New Orleans. Both DER and DR are proven capacity resources, driving significant cost savings for customers as an alternative to

supply-side generation. DR is widely used in wholesale electricity markets and utility IRPs as a firm resource that increases system reliability and resiliency. We believe demand-side resources are under-utilized by ENO and could provide viable alternatives to the gas plant.

While capacity additions from new plant builds could cause severe upward pressure on rates for consumers, resulting in rate increases of 40% or more,¹ alternative options in DER and DR would create a more economic resource mix, while putting consumers front and center. Customers that participate in DR programs are able to put money directly back in their pockets by agreeing to lower their demand when needed in exchange for compensation. All consumers benefit from a more cost-effective system that reduces their exposure to sunk costs of a new power plant for which they will pay, regardless of future need.

A few examples of proven economic benefits of DR include:

- NIPSCO's curtailable Commercial and Industrial ("C&I") DR programs deliver over \$2 in benefits for every \$1 spent;²
- Utility DR programs in New York and Pennsylvania are similarly cost-effective;³ and
- In markets where DR competes head-to-head with new generation DR can offer significant value. DR resources in PJM typically provide 7 to 9% of capacity resources overall and lead to significant reductions in customer costs for both resource owners and non-participants

AEMA is confident that customer-sited distributed resources—including demand response, solar, combined heat and power, energy storage, and other advanced energy

¹ Docket No. S-34426. May 11, 2017 Technical Conference Staff's Notes (filed May 24, 2017)

² NIPSCO 2016 IRP, page 91. <https://www.nipSCO.com/docs/default-source/about-nipSCO-docs/2016-irp.pdf>

³ Josh Bode et al., *Cost-Effective of CECONY Demand Response Programs* (prepared for Consolidated Edison Company of New York) (Freeman, Sullivan & Co. Report, Nov. 2013), <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7BBE9E7304-DA3C-4C06-B18B-ADD0D4568E3F%7D>; *Demand Response Potential Pennsylvania* (prepared for Pennsylvania Public Utility Commission) (Statewide Evaluation Team, Final Report, Feb. 25, 2015), <http://www.puc.pa.gov/pedocs/1345077.docx>.

management solutions —provide cost-effective alternatives that can defer utility investment in generation and distribution systems while increasing consumer choice and options. An example of deferred investment was in New York’s Brooklyn-Queen Demand Management (“BQDM”) program where ConEdison deferred a \$1.2 billion substation upgrade by contracting for customer-sited resources, including 52 MW of DR and 17 MW of DER.⁴

Therefore, AEMA respectfully requests that the City Council consider proven cost-effective and quickly deployable alternatives to construction of a new gas plant by ENO. Please do not hesitate to contact me at 202-524-8832 should you have any questions or require additional information regarding this letter.

Respectfully submitted,



Katherine Hamilton
Executive Director, AEMA

Cc: New Orleans City Council

⁴ <https://www.utilitydive.com/news/straight-outta-bqdm-consolidated-edison-looks-to-expand-its-non-wires-app/447433/>