



October 14, 2019

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 AND ORDER ESTABLISHING A DOCKET AND OPENING A
RULEMAKING PROCEEDING TO ESTABLISH RENEWABLE PORTFOLIO STANDARDS
DOCKET NO. UD-19-01

Dear Ms. Johnson,

Please find enclosed an original and three (3) copies of the party 350 New Orleans reply comments in accordance with the procedural schedule established in Resolution R-19-109, with the Service List for the above-mentioned 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 consideration.

Best Regards,


10/14/19

Andy Kowalczyk
Just Transition Group
350 New Orleans

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BEFORE THE
NEW ORLEANS CITY COUNCIL

IN RE: RESOLUTION UD-19-01 DOCKET
OPENING RULEMAKING PROCEEDING TO
ESTABLISH RENEWABLE PORTFOLIO
STANDARDS

DOCKET NO. UD-19-01
October 14, 2019

350 NEW ORLEANS

REPLY COMMENTS

350 New Orleans respectfully submits the following comments pursuant to the Resolution and Order Establishing a Docket and Opening a Rulemaking Proceeding to Establish Renewable Portfolio Standards Resolution R-19-109.

Renewable portfolio standard, Clean Energy Standard, 350 New Orleans, Alliance for Affordable Energy, Energy Futures New Orleans, Energy Futures Initiative, Entergy New Orleans LLC, the Advisors to the City Council Utility Cable Telecommunications and Technology Committee (Dentons LLP and Legend), Midcontinent Independent System Operator and Renewable Energy Credit will be referred to throughout the comments respectively as ‘RPS’, ‘CES’, ‘350 NOLA’, ‘AAE’, ‘EFNO’, ‘EFI’, ‘ENO’, ‘the Advisors’, ‘MISO and ‘REC’ for the sake of brevity.

Summary

350 New Orleans is a 501(c)(3) climate activist and energy transition advocacy group connecting our region to the international climate change movement led by 350.org. Our mission is to lend support to initiatives in New Orleans that raise consciousness and promote sound policy around climate change mitigation.

We exist because **climate change poses unprecedented threats to life, and coastal Louisiana is especially vulnerable**. Rising seas, hotter temperatures, and stronger storms have grave implications for the future of our coasts, communities, and cultures.

We prioritize *locally-grown initiatives* over national initiatives, and *collaboration* over working alone. We recognize and seek to amplify the power of existing New Orleans, and Gulf-based groups working for climate justice in their own communities.

As an organization we believe that a renewable energy mandate that addresses the issues of equity, resilience and reliability are foundational for the future of the city. The reality of climate change is undeniable and daunting in its implications and requires not only bold action, but also a credible and comprehensive response that demands accountability from current industries responsible for greenhouse gas emissions, and specific to this proceeding, utilities in the power sector. The following comments are in response to the comments filed September 3, 2019 regarding UD-19-01 by the Advisors.

New Orleans is uniquely vulnerable to the effects of climate change

In the words of the Advisors' report filed September 3rd, 2019 in response to the intervening parties on UD-19-01, the Advisors correctly cite EFI's *Green Real Deal* that 'after declines in the previous three years, the U.S. greenhouse gas (GHG) emissions rose in 2018 at a historically high rate.' This fact is not only indisputable, but of great import for New Orleans as a coastal city with a high population of economically vulnerable residents. Any claims to the contrary, that diminish the threat of climate change and the impact of fossil fuels on the climate are not credible, and may pose a considerable threat to not only the safety of residents in New Orleans, but also to the commerce that fuels the city¹.

The alarming trend of rising emissions, paired with increased fossil fuel exploration in the U.S., and a lack of policy leadership bolstering renewables nationally has created an awakening in the public consciousness, and to a lesser extent, many in our political institutions. EFI's *Green Real Deal* of course borrowed its title from the more widely known *Green New Deal* resolution sponsored by freshman Rep. Alexandria Ocasio Cortez (D-NY) and Sen. Ed Markey (D-MA).

At the heart of this resolution is the recognition that climate change acts as a multiplier for many problems faced in our modern society, and that a holistic approach to decarbonization is necessary to sustain not only the societal transformation required for decarbonization, but also the political will that is needed to maintain it's vital importance. Decarbonization, along with increased health outcomes, economic empowerment for historically disenfranchised communities, and investment in the infrastructure and industry of the United States to sustainably meet the challenges of the 21st Century are all among the goals of HR 109 - Recognizing the duty of the Federal Government to create a Green New Deal². Although HR 109 is a resolution, without specific prescriptions or a mandate to address climate

¹ *National Climate Assessment 4 - Summary Findings / #2. Economy* - <https://nca2018.globalchange.gov/>

² "H.R. 109 - Recognizing the duty of the Federal Government to create a Green New Deal" - [Congress.gov](https://www.congress.gov/bills/115/109)

change, there is significant value in viewing decarbonization efforts through the lens of societal benefit, when weighing certain technical solutions to decarbonization, especially in a city like New Orleans that faces a sizable income disparity among its residents, a great need for affordable housing, as well as access to affordable carbon free energy.

The Decline of Competitive Natural Gas Generation

Natural gas is spoken of as a ‘bridge fuel’ between higher emitting resources like coal, and renewable energy generating resources, but this bridge has been unable to reach many markets across the U.S. where renewables are more competitive. In these markets, both utility scale and behind the meter energy storage + solar are being integrated into resource planning by utilities in lieu of building combined cycle natural gas generation facilities. Innovative examples like those detailed in a recent report by Clean Energy Group (CEG) show significant potential for replacing power plants with low-income behind the meter solar + storage as well³.

The state of Massachusetts is engaged currently in rulemaking regarding a ‘Clean Peak Standard’ (CPS) which incentivizes both storage + solar resources, and microgrids which will be utilized to meet seasonal peak demand⁴. Additionally, co-located renewable energy + storage facilities are becoming more cost effective than their natural gas counterparts in many regions across the U.S.. Solar + storage has begun displacing natural gas units in Arizona⁵ and California⁶ most prominently, but aggregated behind the meter storage has become a viable business model offering power purchase agreements to utilities also⁷. In a recent analysis by Bloomberg New Energy Finance (BNEF) “based on information on real projects starting construction and proprietary pricing information from suppliers. Its database covers nearly 7,000 projects across 20 technologies (including the various types of coal, gas and nuclear generation as well as renewables), situated in 46 countries around the world.” BNEF found that energy storage’s Levelized

<https://www.congress.gov/bills/116th-congress/house-resolution/109/text>

³ “*Replacing Power Plants with Low-Income Residential Solar+Storage*” - Clean Energy Group
<https://www.cleangroup.org/webinar/replacing-power-plants-with-low-income-residential-solar-storage/>

⁴ “*Massachusetts zeroes in on shaving the peak*” - PV Magazine USA
<https://pv-magazine-usa.com/2019/08/07/massachusetts-zeroes-in-on-shaving-the-peak/>

⁵ “*Historic shift: APS says batteries are cheapest energy option, plans big investment*” - AZ Central
<https://www.azcentral.com/story/money/business/energy/2019/02/21/aps-battery-cheapest-energy-option-arizona-power-grid/2911299002/>

⁶ “*Another California City Drops Gas Peaker in Favor of Clean Portfolio*” - Greentech Media
<https://www.greentechmedia.com/articles/read/glendale-drops-gas-peaker-in-favor-of-clean-and-distributed-portfolio#gs.9tce40>

⁷ “*The future of energy storage is here: An inside look at Rocky Mountain Power's 600-battery DR project*” - Utility Dive
<https://www.utilitydive.com/news/virtual-power-plant-utah-sommen-rocky-mountain-power-future-of-storage-distributed-energy/563734/>

Cost of Energy (LCOE) is competitive with natural gas in a number of markets without a subsidy⁸. Perhaps more relevant to a comparison with Combined Cycle Natural Gas Generation (CCNG) is a 76% cost decline for energy storage from 2012-2017 and a similar decreasing cost curve for wind and solar. Additionally, according to a recent study released by the group Rocky Mountain Institute, 90% of planned CCNG in the U.S. will be uneconomical by 2035⁹. These will present so-called “stranded assets” in the future, saddling an ratepayers in New Orleans with a higher cost of energy than what is available in markets that have more economical options like co-located renewables + storage. Recent analysis by the group Lazard bares out a similar conclusion (*Fig. 1*).

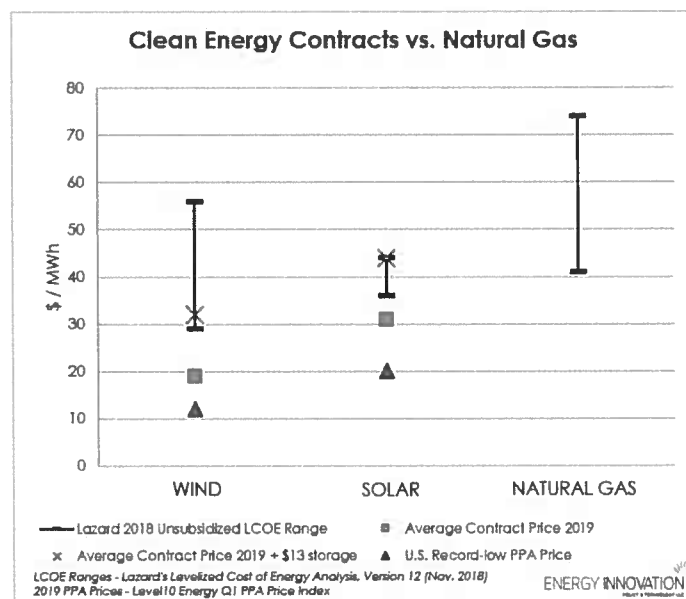


Fig. 1

Utilizing Carbon Capture and Sequestration for Decarbonization

The above presents a dilemma when proposing a nascent technology like Carbon Capture and Sequestration (CCUS) paired with CCNG facilities. When considering a 20-30 year timeline for decarbonization, we must be forward thinking with regards to solutions that show promise, but have not reached full technical potential. We must also weigh recent historical trends in technology, and properly weigh them when they have achieved a measure of competitiveness and scalability, as well as their ability to provide affordable energy for New Orleans residents.

⁸ "Battery Power's Latest Plunge in Costs Threatens Coal, Gas" - Bloomberg New Energy Finance
https://about.bnef.com/blog/battery-powers-latest-plunge-costs-threatens-coal-gas/#_ftn1

⁹ "The Growing Market for Clean Energy Portfolios" - Rocky Mountain Institute
<https://rmi.org/insight/clean-energy-portfolios-pipelines-and-plants/>

In a market becoming increasingly uncompetitive for CCNG facilities, CCUS presents a complex low carbon solution for reliable and cost-effective generation. Recent cost estimates by the Energy Information Administration (EIA) places CCNG with CCUS at roughly 6.75 cents per kW (\$67.5/MW)¹⁰, which is markedly more than a recent solar + storage power purchase agreement (PPA) between developer 8Minute Solar and Los Angeles Department of Water and Power (LADWP) which came in at 3.3 cents per kWh (\$33/MW)¹¹. The cost of CCUS has been cited in other publications as between \$94 and \$232 per ton, much higher than EIA estimates¹². Considering the public data available from the EIA¹³ regarding carbon emissions per 1,000 cubic feet of natural gas (or 1 million btu's), which is the amount of natural gas used to generate 1 kWh of electricity, costs roughly equate to an additional \$5.5-\$13.57 per kWh. This number is astronomically high considering the average household uses between 25-35 kWh of electricity a day, but there is scant evidence from public resources suggesting a different methodology to reach the cost of CCUS per kWh. If there is a resource available from the intervening parties, credibly outlining cost of CCUS for CCNG, it is suggested that it is brought forth in this proceeding. At this time however it remains unclear what the future costs incurred by ratepayers would be either to retrofit existing CCNG, or to build new CCNG facilities.

To further cloud the outlook for CCUS, there is a cautionary tale in the specter of the Kemper power plant project in Mississippi which resulted in a \$5 billion overrun in costs¹⁴. In terms of technological viability, CCUS remains largely unproven, while renewables have consistently broken records in terms of capacity and generation, as well as facilitated lower energy costs for ratepayers when provided with a positive regulatory environment. It could be a very risky proposition to officially mandate CCUS as a decarbonization method in lieu of developing a more economical, and strategically deployed renewable energy infrastructure.

¹⁰ "U.S. Energy Information Administration | Levelized Cost and Levelized Avoided Cost of New Generation Resources AEO20191 February 2019 Levelized Cost and Levelized Avoided Cost of New Generation Resources in the Annual Energy Outlook 2019" - https://www.eia.gov/outlooks/aeo/pdf/electricity_generation.pdf

¹¹ "L.A. Looks to Break Price Records With Massive Solar-Battery Project" - <https://www.greentechmedia.com/articles/read/ladwp-plans-to-break-new-low-price-records-with-massive-solar-battery-proje#gs.9tmuuf>

¹² "New Carbon Capture Technology Slashes Cost Per Ton" - Energy and Environment Leader <https://www.environmentalleader.com/2018/06/carbon-capture-technology/>

¹³ U.S. Energy Information Administration | "Carbon Dioxide Emissions Coefficients by Fuel" - https://www.eia.gov/environment/emissions/co2_vol_mass.php

¹⁴ "Bosses at world's most ambitious clean coal plant kept problems secret for years" - The Guardian - <https://www.theguardian.com/us-news/2018/mar/02/clean-coal-kemper-plant-mississippi-problems>


Conclusion

New Orleans is a city that suffers from a 53% Asset Limited Income Constrained Employed¹⁵ population according to an index developed by United Way of Southeast Louisiana. As this research suggests an already burdened population, the RPS to be mandated by the Utility Cable Telecommunications and Technology Committee and the City Council of New Orleans pursuant to UD-19-01 should aggressively prioritize renewable energy technology that lowers the cost of energy to reflect national trends. This should be a thoughtful and holistic effort that takes into account economic benefits to the City of New Orleans, as well as it's residents. These solutions are manifold across different cities and states in the U.S., and they lead to job creation and economic stimulation in addition to decarbonization. Whether or not it is the intention of *The Green Real Deal*, it presents a binary choice between a very specific deep decarbonization strategy including CCNG with CCUS, and a dismissal of distributed energy resources to lay the foundation for a more resilient and community-choice-centered energy infrastructure.

This is a false choice, an RPS for New Orleans is not limited to a binary choice between decarbonization and addressing the needs of the city's residents to have resilient, reliable and affordable zero carbon energy that provides opportunities for New Orleanians to participate in the renewable energy workforce of tomorrow. It is vital that the RPS established by the City of New Orleans addresses decarbonization through the lens of systematic inequality in the city and how to undo its ongoing and debilitating effects. To empower the residents of New Orleans to combat climate change and the inequities they face in the city. Only then will we unlock the full potential of the city to combat climate change.

¹⁵ *The ALICE Report - United Way of Southeast Louisiana* - <https://www.unitechwaysela.org/alice-report>

RESPECTFULLY SUBMITTED THIS 14TH DAY OF OCTOBER, 2019


By  10/14/19

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served by hand delivery to the Clerk of Council with a copy to the Director, Council Utilities Regulatory Office, and upon all known parties of record via electronic mail.
New Orleans, Louisiana this 14th day of October, 2019.

 10/14/19

Andy Kowalczyk

October 14, 2019

**RULEMAKING PROCEEDING TO ESTABLISH RENEWABLE PORTFOLIO STANDARDS
DOCKET UD-19-01**

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