

Summary

New Orleanians have endured characteristically temperamental flooding and powerful weather events for three centuries and have adapted the city and modernized systems to their needs. This adaptation has been a standard for generations of New Orleanians, and has resulted in a place that is unique in both its audacity and its cultural traditions. These traditions and ways of life for most are threatened, however, by aging infrastructure and the effects of climate change that are pushing the limits of existing systems. The City of New Orleans is confronted by challenges that pre-date this Council, and yet by establishing Council Resolution No. R-19-109 and finalizing a Renewable Portfolio Standard this regulatory body will shape the course of energy here for decades to come. This is a great challenge, but one that the Council must address in a comprehensive way that increases opportunity for and meets the needs of all city residents and businesses, and does not exclusively sustain the city's largest corporation. The very opening of this docket has drawn national attention, and the outcome will raise the profile of the city's commitment to climate action, confirming that New Orleans is taking all the steps necessary to secure a thriving future. Because of the impacts of climate change- including more volatile weather events and increased heat and humidity- the energy burdens that so many residents already bear are at risk of increasing dramatically. This is precisely why the Energy Future New Orleans coalition has proposed an innovative platform to enable a shift to a cleaner, more efficient city, with less ratepayer-dependent investment. Our proposal means that those at the greatest risk stand to benefit the most from the R-RPS proposal. The climate crisis demands a shift to zero emission energy quickly, and the needs of New Orleanians demand that it is done in a way that serves the community, and provides the maximum benefits for all.

On Achieving 100% Renewable Energy

"Clean Energy"

Washington DC has set a goal of 100% renewable by 2032, and other states are considering similar moves, but Entergy argues that this unrealistic. Infact, ENO has asserted that it is impossible to achieve 100% renewable energy by 2040, and yet would have the Council and the rest of the intervenors believe that ENO's current nuclear assets will affordably or adequately provide zero carbon energy past the year 2050. ENO has not put forth a plan that has a realistic path for "clean" energy beyond 2045, when Entergy Corporation's last nuclear plant's federal

license expires. Surely any cost calculation of future energy policy should include the extreme capital infusions these assets would require. Thus far Entergy's filings have been silent on the potential cost increases and nuclear retirements. This Council must be realistic in their assessment of technologies and the risks they pose to the citizens of New Orleans. Without a firm RPS, Entergy can be expected to recommend excessively expensive nuclear license extensions or replacements for the retiring nuclear power with additional fossil-fueled capacity.

The lifespan of nuclear assets are not infinite, and nuclear reactors are both costly and time intensive assets to build. While Entergy insists that the implementation of currently available renewable technology, with costs that continue to fall¹ is a fantasy, the costs of their legacy assets remain outrageously expensive and continue to escalate. These costs prohibit the growth of renewables and locally sited resources. To assume that in 2040, a 55 year old nuclear power plant would provide reliable zero emission electricity without additional ratepayer dollars is not realistic, and should be viewed with extreme skepticism. This is an additionally risky proposal in light of the fact that as temperatures intensify, long outage periods for refueling will still be necessary. These refueling periods tend to last roughly 40 days on average. Although these lengthy periods of refueling usually occur during non-peak times of the year, the risk remains that nuclear assets could be offline during unexpected demand caused by more volatile weather patterns.

Entergy isn't alone in its push to maintain a lucrative monopoly that ties ratepayers to expensive nuclear plants. Exelon increased lobbying efforts based around including struggling nuclear assets online by spending from an average of just over \$646,000 from 2008 to 2016 to nearly \$1.8 million in 2018.² The 'all zero emissions technology' approach including costly nuclear is less about its merits as a decarbonization strategy, and more about its merits for the vertically integrated utility business model.

¹ November 7, 2019, Levelized cost of energy and levelized cost of storage, 2019. Lazard.
<https://www.lazard.com/perspective/lcoe2019>

² April 19, 2019. State Nuclear Subsidies Not Needed. Forbes, Adam Millsap.
<https://www.forbes.com/sites/adammillsap/2019/04/19/state-nuclear-subsidies-not-needed/#579f09a0111d>

ENO insists that the energy future of New Orleans be tethered to a shaky assumption that their existing nuclear assets will suddenly be more reliable than they have been in recent years. ENO's portion of Grand Gulf has underperformed significantly, and yet the ratepayers of New Orleans have paid increasing premiums for it, as each time the plant goes down, additional market purchases must fill the gaps.

In recent years, Entergy has poured ratepayer capital into Grand Gulf without appreciable improvements³. Indeed, on a quarterly shareholder call on October 30, 2019 when asked about the status of Entergy's nuclear fleet according to the Nuclear Regulatory Commission, Entergy Corporation CEO, Leo Denault reported that Grand Gulf would be undergoing yet another long outage in 2020⁴. According to other documents (in FERC cases regarding double recovery, high ROEs, and unbalanced capital structures, all associated with Grand Gulf) System Energy Resources Inc planned \$246M in capital improvements from 2017-2019⁵, and the company expects to spend even more between 2020 and 2039. All of this will be paid for by ratepayers of various Entergy affiliates whether or not this plant provides any power. The idea that this proposal is economical for ratepayers is simply not borne out by historical evidence.

Changing the model

The EFNO coalition is recommending systemic change that will benefit all parties. Entergy's new assertions that New Orleans must take climate change seriously is undermined by their insistence that they not be required to move to a cleaner portfolio. The addition of 150 MW of renewables between 2020 and 2030 is so small it is nearly immaterial. These are the very same 10 years that scientists say the world must get its greenhouse gas act together.

The recommendations of the Energy Future New Orleans coalition are a hedge against the increasing costs of power from Entergy New Orleans. Such recommendations could even offer a

³ As of this filing, Grand Gulf is 100% down. <https://www.eia.gov/nuclear/outages/>

⁴ October 30, 2019, Third Quarter 2019 Earnings Release and Teleconference <https://entergycorporation.gcs-web.com/events>

⁵ 2017. Protest of the Arkansas Public Service Commission. Federal Energy Regulatory Commission Docket No. ER17-2219-000.

hedge against financial difficulty for the utility as well as major impacts to those dependent on Entergy's existing grid in the event of a major storm or outage. The recent events in California, and PG & E's subsequent bankruptcy are brutal lessons that distributed resources like solar + storage are an essential asset to grid infrastructure for risk prone regions like the Gulf South.

The EFNO coalition has proposed a transformational shift to a renewable and resilient energy system away from historically utility-owned and centralized resources. Approaches like this wherein private industries and utilities co-operate are not rare. Distributed solar + storage arrangements like 'virtual power plants' are becoming increasingly common. Utilities like National Grid, Green Mountain Power, Rocky Mountain Power, East Bay Community Energy and Hawaii Electric are just a few examples. Whether or not Entergy's nuclear power becomes more reliable, the cost-effective climate solution lies in supporting private investment in grid infrastructure that will be reliable.

Entergy New Orleans' Clean Energy Standard is an Outlier Compared to Mandates Across the Country

Entergy New Orleans' ("ENO") voluntary Clean Energy Standard ("CES") proposal is an outlier in terms of decarbonization policy across the country, and is simply a recommendation to take trivial action to address climate change, and instead trust that the utility's existing carbon-free resources are good enough. Instead, EFNO suggests the Council take into consideration what much of the rest of the US has done with RPS policies. In no instance has a state or city committed to a Clean Energy Standard before an RPS, and indeed many of the elements in the R-RPS are now being proposed in other jurisdictions throughout the country.

The R-RPS proposed by the EFNO coalition offers solutions that are being instituted by state mandates across the country to increase reliability. ENO is quick to point to Clean Energy Standards being implemented in many states, but does not acknowledge that in 6 out of 7⁶ of the states with a clean energy standard, there was a renewable portfolio standard implemented first. Massachusetts, Arizona, New York, and California are also setting standards that prioritize energy storage for its value as a solution that provides not only zero emission dispatchable

⁶ <https://www.c2es.org/document/renewable-and-alternate-energy-portfolio-standards/>

electricity, but also a number of benefits that increase grid reliability. ENO is clearly cherry picking solutions that solely fit their current business model.

Public Policy Purpose

That Entergy somehow believes that this docket should not acknowledge the externalized benefits and costs of innovative energy policies shows Entergy's continued blindness to the externalized costs of their business. We agree that decarbonization in an attempt to mitigate the very worst scenarios of climate change is the urgent priority. Our recommendation takes deep-decarbonization a step further from mitigation and adds flexible adaptation in a concession that the crisis is already here; there are impacts that New Orleanians will bear in the coming decades, even if every coal plant on the planet shuts down tomorrow. Moreover, our recommendations seek to do this in an equitable way that works to support those who have been left behind by incumbent energy systems.

ENO contends, in this docket, that the Council only consider a very narrow set of costs and benefits, constrained by their selectively narrow definitions and argues that the only "legitimate public policy purpose" is decarbonization.⁷ Meanwhile, in other dockets, the utility has not only acknowledged the benefits of local generation, they have actually used these economic development arguments in their favor to win Council approval. In their June 20, 2016 application to build the New Orleans Power Station, ENO included a 16 page local economic development report developed by Mr. Loren Scott, touting the various knock-on benefits of a local gas plants. Then, in their application to install 5 MW of distributed rooftop solar, the utility described the project as providing additional benefits, including new local labor, property taxes, sales tax revenues, and of course, a "new opportunity for shareholders to invest capital in the City of New Orleans."⁹ Finally, in 2018, ENO included another local economic impact study (classified as "Highly Sensitive Protected Materials," and thus not open to public scrutiny) with their filing to

⁷ ENO reply at p 4

⁸ Economic Impact on the Orleans Parish and Louisiana Economies of New Orleans Power Station, Loren Scott and Associates, Inc., May 2016, attached as Exhibit CWL-2 to Application of Entergy New Orleans, Inc, for Approval to Construct the New Orleans Power Station and Request for Cost Recovery and Timely Relief.

⁹ Application of Entergy New Orleans, Inc., for Approval to Construct Distributed Generation-Scale Solar Photovoltaic Systems and Request for Relief. October 6 2017, Direct Testimony of D. Andrew Owens, Page 25

acquire 20 MW of solar generation in New Orleans East¹⁰, which again projected significant benefits. Over and over, when the rate-payer economics don't look good, the utility highlights alternate attributes of their preferred projects through economic reports and testimony, but argues the contrary when any other party suggests the City Council consider other tangible benefits. The utility insists that the only time the Council should acknowledge other benefits is if a "proposal furthers the objective of least cost resource planning."¹¹ Unfortunately, Entergy itself doesn't follow these guidelines when they file applications for resources that do not meet least-cost tests, including all of the above projects.

ENO argues, incorrectly, that the Integrated Resource Plan is "by its nature, designed to obtain a line of sight on the technologies that may make carbon-free electricity by 2050 possible." In fact, the Council's IRP rules, in no-way state decarbonization as a purpose or nature, which is why the intervening parties in the current IRP cycle advocated for a strategy to do just that. Instead, as Entergy is aware, the rules do set a pathway for new Council policies- like an RPS, decarbonization goals, or priorities on distributed generation- to inform each IRP cycle, which is precisely why firm policies are so vital.

Public Benefit Program

The very same argument ENO makes about "subsidization" is more correctly applied to their own traditional business model. We are concerned that a Clean Energy Standard, as Entergy proposes, undermines cost-effective decarbonization and climate adaptation by propping up nuclear power at the expense of newer, cheaper options. While ratepayers may be forced to continue to pay for poorly performing assets¹², the addition of more low-cost renewables and demand side management reduces ratepayer exposure to energy market risks. Every MWh that New Orleanians self generate or avoid, also hedges the impact of large power plants that fail to

¹⁰ NOSS Economic Impact Study (HSPM), attached as Exhibit SEC-9 to Application Of Entergy New Orleans, LLC For Approval of Renewables Portfolio (90 megawatts (MW) of solar) and Request For Cost Recovery and Related Relief, August 9, 2018.

¹¹ ENO reply at p 4.

¹² December 4, 2018, Downtime at 'aging' Grand Gulf attracts increased scrutiny. E&E News, Edward Klump and Kristi E Swartz. <https://www.eenews.net/stories/1060108635>

show up¹³. By Entergy's own admission¹⁴, each time their largest nuclear asset (by ENO allocation) is down, it costs ratepayers \$90,000 per day, and additional energy must be purchased from the market; most likely from polluting gas and coal plants in the region. When planning for least-cost resources there is no cheaper or cleaner resource than the energy that is not used and power not purchased. Thus, local demand-side resources should play an important role in efforts to decarbonize New Orleans' energy mix.

Interpreting the encouragement of local distributed energy options for the residents of New Orleans as a "subsidy" by ENO is incorrect. Typically, a subsidy raises revenue through taxes to lower the cost of goods or services. EFNO is not asking for a tax to be placed on ENO, but a charge that supports grid reliability and resilience. This is not a giveaway, nor is it philanthropy for local businesses, nor is it rare as there are 33 states where a public benefits charge is in place benefitting local residents and businesses¹⁵. As EFNO has recommended, the primary value of these programs is to reduce the energy burdens of those who are already suffering with extreme housing costs.

Many public benefits funds are specifically focused on job creation and clean energy deployment, in addition to reducing costs for income-qualified residents and leveraging the expertise of private industries. This Council has already acknowledged the value of incentivizing ratepayer savings through the Energy Smart program. In a survey¹⁶ of utility service areas where public benefit charges are implemented, the one proposed by EFNO is in the lowest quarter of additional cost to ratepayers. ENO is suggesting that the policy proposal offered by EFNO is outlandish and arbitrary, when instead it is more commonplace than the Clean Energy Standard they are proposing, and in some jurisdictions has been in place for more than 20 years. Providing a framework for additional reduced bills, distributed generation, and renewable energy jobs has a clear benefit to the public.

¹³ December 19, 2018. Grand Gulf nuclear power plant troubles "happening far too often," Mississippi official says. Clarion Ledger, Jeff Amy <https://www.clarionledger.com/story/news/2018/12/19/grand-gulf-nuclear-power-plant-troubles-happening-far-too-often-mississippi-official-says/>

¹⁴ May 15, 2019, New Orleans City Council Utility Cable Telecommunication and Technology Committee meeting. Entergy Presentation, Mike Gowan, Director of System Planning and Operations.

¹⁵ https://openei.org/wiki/Public_Benefits_Fund

¹⁶ March, 2010. Public Benefit Funds: Increasing Renewable Energy and Industrial Energy Efficiency. Opportunities. United States Department of Energy, p 4.

We maintain, however, that it is important to place qualifications on dollars collected as a Public Benefit Fund (PBF) to support livable wage opportunities of participating rooftop solar companies, efficiency contractors, battery companies, installers, and the like. The goal should not just be to increase market share for local companies, but to increase prosperity for the City of New Orleans and the availability of true opportunities for residents to become not merely employees of local companies, but entrepreneurs in a home-grown economy that provides consumer options and competition. This is what Entergy has missed in their derisive response to our proposal¹⁷. We are explicitly **not** suggesting a framework that enriches a single company (as, of course, Entergy's status quo currently does). Instead we envision a system that enables equitable community development rather than singular shareholder capitalization.

It is well within the authority of the City Council as regulator of ENO to establish a framework to encourage local generation through a PBF. It has been implemented in other regions for multitudinous reduction in energy burdens and extension of employment benefits¹⁸. In the name of addressing New Orleans' historic economic challenges, it is more than advisable that this step be taken here as well.

Cynical accusations and threats

The allegations in ENO's filing on October 15, suggesting that advocacy organizations are using this docket to somehow enrich a still nascent industry, are beyond absurd. 350 New Orleans and the Alliance's missions are dedicated to climate action and affordable energy. While the utility may want to believe that organizations can be used as political tools, and that money is the only motivator that matters, these non-profit organizations are dedicated to the purpose of solving climate change and reducing energy burdens. It is not surprising, however, that Entergy cynically asserts that non-profit members of the EFNO coalition are for sale, as the company has attempted to buy non-profit favors regularly in recent years. New Orleans' largest for-profit company, in continued attempts to protect its monopoly, power, and profits, has advocated against individual and community ownership of energy resources as well as against policies that would reduce

¹⁷ ENO reply p 5.

¹⁸ April 9, 2018, Land of Lincoln Chases Low-Income Solar Access, E&E News, Jeffrey Tomich. <https://www.eenews.net/stories/1060078463>

energy burdens. Therefore, it is difficult to take the utility seriously about their desire to support low/moderate income customers after their profit seeking behavior during the course of the recently finalized Rate Case.

Entergy believes it can successfully gaslight organizations that have devoted themselves to finding solutions to the climate crisis and fighting greenhouse gas emissions, and suggests that we are engaged in science denial. And yet, this same company has chosen to build a new methane burning power plant in a FEMA designated special flood-hazard area that is also subsidizing.

Entergy's reply comments also include a now common threat of litigation. While ENO's filing describes prolonged and costly litigation as an unavoidable fact should they be required to move to more renewable energy, we would like to remind this Council that any litigation pursued by Entergy is entirely avoidable. By Entergy. This tactic is simply intended to intimidate.

Conclusion

We are at a turning point. How we choose to mitigate and adapt to the realities of climate change will define the future of New Orleans. The Alliance and 350 New Orleans request that this Council move forward with firm commitments towards a resilient and renewable energy future for New Orleans, and consider the broad implications of both action and in-action. This coalition has never proposed to make these transformations overnight. A change is urgent, and this urgency is being met with an accelerated pace of development by utilities and cities across the country- but in order to gracefully transition from the system that has gotten us this far, to the energy that will carry us into the future, we must begin in earnest now.

We ask that this council provide an opportunity for public comment ahead of a final resolution on a Renewable Portfolio Standard Policy. Thus far, the Energy Future New Orleans Coalition's proposal is the only proposal offered to the Council that has support from community members and provides an innovative way forward to a more equitable and clean energy system.