By Hand Delivery

Ms. Lora Johnson, CMC
Clerk of Council
Room 1E09, City Hall
1360 Perdido Street
New Orleans, LA 70112

In Re: 2018 TRIENNIAL INTEGRATED RESOURCE PLAN OF ENTERGY
NEW ORLEANS, INC. PENALTY MECHANISMS (Docket No. UD-17-03)

Dear Ms. Johnson:

Please find enclosed an original and three (3) copies of the Alliance for Affordable Energy’s Comments on ENO’s Application for Approval of the Implementation plan in the above-referenced docket. 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,

Logan A Burke
Executive Director
Alliance for Affordable Energy

P.O. Box 751133, New Orleans, LA 70175 | Office: 504.208.5761 | www.all4energy.org
BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS

IN RE: 2018 TRIENNIAL
INTEGRATED RESOURCE PLAN
FOR ENTERGY NEW ORLEANS, INC.

DOCKET NO. UD-17-03

ALLIANCE FOR AFFORDABLE ENERGY’S REPLY TO ENTERGY NEW ORLEANS, LLC’s APPLICATION FOR APPROVAL OF THE IMPLEMENTATION PLAN OF THE ENERGY SMART PROGRAM

The Alliance for Affordable Energy (“the Alliance” or “AAE”) respectfully submits these responsive comments to Entergy New Orleans, LLC’s (“ENO” or “the company”) implementation plan for Energy Smart program years ten through twelve. The Alliance supportive of the majority of ENO’s Plan for Energy Smart Program. This Council should take pride in the growth that ENO’s programs have seen in the past three years. Despite initial hesitation to pursue increasing levels of energy savings and demand reductions, this filing by Entergy signals a future of collaboratively developed efficiency programs that not only align with the Council’s 2% targets but show an opportunity and willingness to take more aggressive steps to reduce New Orleans energy bills, waste, and carbon footprint. There is little doubt that this outcome is a direct result of the Council’s inclusion of an Independent Demand Side Management (“DSM”) potential study. While the use of two distinct DSM studies in the 2018 Integrated Resource Plan cycle was a challenge, the additional data and engagement on this most important topic has proven worthwhile. AAE commends the Council, Entergy, and all participants in the 2018 IRP cycle on this outcome.

Areas of Agreement

---

Increasing savings from Energy Smart programming by .2% of sales until reaching a level of 2% savings of sales annually.
The Alliance is in support of the majority of Entergy New Orleans’ (“ENO”) implementation plan filing. Below, we outline our points of agreement and positions.

-AAE supports continuity in program administration by Aptim and ADM Associates, and the addition of Honeywell Smart Energy for Demand Response programming. The Energy Smart programs of the last three years have proven successful, and the team assembled to implement these growing energy savings plans should be retained to continue this momentum. AAE is pleased to see the addition of contractors focused on peak demand reduction, and expects to see new opportunities to leverage the relationship already developed with Honeywell, which has been part of the Advanced Metering Infrastructure roll out.

- AAE supports Proposal for Scenario 2, to more aggressively reduce energy waste in New Orleans, and increase customer benefits for the next three years, including proposed budgets, with some amendments. These proceedings have moved well beyond the doubts from three years ago that the 2% savings trajectory was unattainable, and where further savings remain cost-effective, AAE encourages the Council to approve the greater attainable savings. Indeed, ENO’s filing shows that by pursuing scenario 2, the TRC benefits that will accrue to customers increases from $78.5M to $86M. Recommendations on the proposed Pilot discussed in the section below. In addition, AAE is supportive of the new program offerings, especially Commercial Real Estate, which dovetails with the increase in data access for these customers, thanks to recent Council decisions in Docket UD-18-04.

-AAE supports the implementation of ENO’s proposed Demand Response programs. The Alliance has been urging Entergy to pursue more robust Demand Response (“DR”) programs for many years. This flexible resource will provide greater benefits over time as initial investments are made.

- AAE supports recovery of costs via the EEKR rider, approved by the Council in Docket UD-18-07, with potential amendments. Following a lengthy procedural schedule, with testimony from various stakeholders on the subject, the Council has recently approved in Resolution R-19-457, including the cost recovery mechanism called the Energy Efficiency Cost Recovery Rider
(“EECR”). The Alliance is supportive of this mechanism, with a potential change to the utility performance incentive formula, which we discuss further below.

-AAE supports Green Light New Orleans

The Alliance is supportive of the Green Light New Orleans initiative and recommends that the remaining budget continue to be dedicated to the project. As Green Light works with additional programs in the city, Green Light should continue to spend down the previously budgeted dollars, using their relationships in the community to provide access to both lightbulb programs and as a conduit and ambassador to other Energy Smart programs and measures. As Entergy suggests in their filing, we are happy to work with the Council and other stakeholders on this matter.

Areas of Disagreement

Utility Performance Incentive

The Alliance agrees that a utility performance incentive (“UPI”) is an appropriate an inducement to capture savings and to further encourage a utility to out-perform their required goals. Entergy argues that as the Council’s savings targets increase, they are required to “work harder, think more creatively, and invest more capital.” In order to incentivize savings beyond the Council’s goals, AAE is supportive of a new mechanism that increases as savings grow.

While AAE does not agree with the exact formula ENO has presented in their Implementation plan filing, the majority of the format is workable. We agree that the historic fixed-dollar UPI has been opaque, while ENO’s proposed formula is a more transparent way for all parties to understand how ENO’s performance is encouraged.

AAE recommends the Council approve the mechanism Entergy has put forward, with the substitution of 5% in place of ENO’s proposed 10% of Council-approved program costs. We agree that the language ENO has put forward protects rate-payers from unnecessary increases, and elegantly ties achieved savings above and below the program year kWh savings goal to an appropriate inducement. It has been our concern that incentives linked to spending, rather than to benefits could drive program design and spending that is increasingly less cost-effective. The
solution of fixing a baseline incentive at 100% of the savings target, with an increasing (or decreasing as needed) incentive tied to benefits is one that the Council can confidently approve, without concern for unintended inflation of costs, especially, as ENO points out, this Council approves all Energy Smart budgets ahead of implementation. Our remaining concern is the size of the incentive.

We disagree on the size of the increase of incentive that ENO has put forward, which would more than double the incentive (over the historic UPI) for the total of the next three program years. Instead, we propose that in order to modestly escalate the incentive, while still offering the opportunity for an increasing reward for superlative results, the Council should approve a UPI that provides the utility a fair and moderate increase over the existing formula, and one that encourages additional energy savings, but does not excessively reward the utility in a way that is not grounded in Council policy.

Entergy does not make the case that their incentive proposal is an appropriate percentage of budget as a starting place. While the company points to a single historic program year (PY5), there is no reason to assume this was ever considered a best practice or intended threshold for incentive. Indeed, a 10% incentive on EE spending is far in excess of ENO’s currently approved Return on Equity or Return on Ratebase in Resolution R-19-457. The figure below illustrates the significant margin of new incentive ENO is requesting, over (1) the historic UPI formula, (2) the Alliance’s recommended 5% of Council-Approved budgets, and (3) even the most recently approved WACC of 7.09%. As AAE expert witnesses outlined in testimony in the recently resolved Consolidated Rate Case2, for various reasons, including ambition of targets and past results that over-shoot savings goals, the UPI should not be equivalent to ENO’s WACC unless the achievement is well in excess of 100%. Historically the utility business model has been tied entirely to spending and recouping costs on large capital investments, with an allowed return on investment. However, these programs are different in many ways from that traditional model, and should not try to mimic or fit that out-dated mold.

---

2 UD-18-07, Direct Testimony of Justin Barnes, at 51.
The Alliance agrees with Entergy’s UPI multiplier framework, which would increase or decrease by 0.1% based on under/over achievement of the 100% goal. This would allow ENO the opportunity to earn up to 7% of Council-approved program costs for savings achieved at 120% of the savings goal.

Our concerns about an excessive baseline incentive is especially true if the Council approves Entergy’s more ambitious savings plan for the next program cycle, which the Alliance supports. This inducement would become burdensome to rate-payers, and would be one of the most expensive portions of total Energy Smart costs. However, if the Council approves Entergy’s formula, using the Alliance’s recommended 5% of Approved Budget, and Scenario 2, the company still has an opportunity to earn a fair and increasing incentive at both baseline and for additional savings.

### SCENARIO 1

<table>
<thead>
<tr>
<th>Historic UPI Formula</th>
<th>5% of Approved Budget</th>
<th>7.09% - WACC</th>
<th>10% - ENO Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>PY10</td>
<td>$829,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PY11</td>
<td>$829,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PY12</td>
<td>$829,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,487,000</td>
<td>$2,525,376</td>
<td>$3,581,266</td>
</tr>
</tbody>
</table>

### SCENARIO 2

<table>
<thead>
<tr>
<th>Historic UPI Formula</th>
<th>5% of Approved Budget</th>
<th>7.09% - WACC</th>
<th>10% - ENO Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>PY10</td>
<td>$829,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PY11</td>
<td>$829,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PY12</td>
<td>$829,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>$2,487,000</td>
<td>$2,721,589.55</td>
<td>$3,859,214</td>
</tr>
</tbody>
</table>

**Demand Response**

Flexible resources like demand response are becoming a more valuable utility tool in a modern energy system. The addition of these programs, and the growth of existing ones shows that Entergy intends to both reduce peak demand, and continue to develop a more modern way of managing their local grid. It is encouraging to see the discussion of demand response and reduced peak throughout the implementation plan, with the continued deployment of technologies like smart thermostats and AMI and fairly robust participation by residents by year 12.
The Alliance’s remaining concern with the programs as proposed here is that the projections are anemic, especially for Small Commercial and Industrial (“C/I”) offerings. Based on the tables on page 16, the program only projects a peak demand reduction averaging .83 kW from each of these small C/I customers, who have loads as large as 100 kW. This is a shockingly low expectation, and we hope to see greater reductions achieved through these programs. However, without a reason (a set goal or incentive) to use these programs, Entergy may not call on these customers as much as is cost-effective. As for cost-effectiveness testing, while Aptim points out that the higher cost-effectiveness numbers shown in both DSM potential studies is due to a longer term (20 years) it is unclear how many years were used in calculating the TRC benefits shown for the Residential and Small C/I DR programs. Honeywell describes the increasing cost-effectiveness over the course of five years in their filing3 and it would be helpful to understand this TRC timeline for residential and small C/I programs.

Appliance Pilot
The Alliance appreciates ENO’s addition of new programs and pilots, but is concerned that like some other pilots, there may be a dearth of useful information about the success of the program along the way. If the Council approves this appliance pilot, we encourage the utility to supply information regularly, and that the program be re-approved each program year. We understand that the pilot, here, is presented as a three-year program for a better illustration of projected savings and growth, but we believe a three-year pilot that is not cost-effective should have some necessary guardrails.

Conclusion
The Alliance appreciates this opportunity to respond to Entergy’s Energy Smart Implementation Plan application. This cycle of IRP and DSM planning has been the most fruitful yet. Multiple threads are now weaving together to create a robust DSM market in New Orleans, and we look forward to Council approval of a resolution that will support ever greater savings.

3 ENO Implementation Plan Filing, Exhibit B-3, at 6.
IN RE: 2018 TRIENNIAL INTEGRATED RESOURCE PLAN OF ENTERGY NEW ORLEANS, INC.

Certificate of Service Docket No. UD-17-03

I hereby certify that I have this 6th Day of January, 2020 served the required number of copies of the foregoing correspondence upon all other known parties of this proceeding, by USPS or electronic mail.

Logan Atkinson Burke
Alliance for Affordable Energy

November 7, 2019

Docket UD-17-03

2018 TRIENNIAL INTEGRATED RESOURCE PLAN OF ENTERGY NEW ORLEANS, INC.

DOCKET NO. UD-17-03

Lora W. Johnson, lwjohnson@nola.gov
Clerk of Council
City Hall - Room 1E09
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1085 - office
(504) 658-1140 - fax
Service of Discovery not require

Erin Spears, espears@nola.gov
Chief-of-Staff, Council Utilities Regulatory Office
Bobbie Mason, bfmason1@nola.gov
Christopher Roberts, cwroberts@nola.gov
City Hall - Room 6E07
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1110 - office
(504) 658-1117 – fax

David Gavlinski, 504-658-1101, dsgavlinski@nola.gov
Council Chief-of-Staff
City Hall - Room 1E06
1300 Perdido Street
New Orleans, LA 70112

Andrew Tuozzolo, CM Moreno Chief of Staff, avtuozzolo@nola.gov
1300 Perdido St. Rm. 2W40
New Orleans, LA. 70112

Suni LeBeouf, Sunni.LeBeouf@nola.gov
Law Department
City Hall - 5th Floor
New Orleans, LA 70112
(504) 658-9800 - office
(504) 658-9869 - fax
_Service of Discovery not required_

Norman White, Norman.White@nola.gov
Department of Finance
City Hall - Room 3E06
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1502- office
(504) 658-1705 – fax

Jonathan M. Rhodes, Jonathan.Rhodes@nola.gov
Director of Utilities, Mayor’s Office
City Hall – Room 2E04
1300 Perdido Street
New Orleans, LA 70112
(504) 658-4928 - Office

ADMINISTRATIVE HEARING OFFICER
Hon. Jeffrey S. Gulin, judgegulin@gmail.com
3203 Bridle Ridge Lane
Lutherville, MD 21093
(410) 627-5357

NEW ORLEANS CITY COUNCIL CONSULTANTS

Clinton A. Vince, clinton.vince@dentons.com
Presley Reed, presley.reedjr@dentons.com
Emma F. Hand, emma.hand@dentons.com
Herminia Gomez, herminia.gomez@dentons.com
Dee McGill, dee.mcgill@dentons.com
1900 K Street NW
Washington, DC  20006
(202) 408-6400 - office
(202) 408-6399 - fax

Basile J. Uddo (504) 583-8604 cell, buddo@earthlink.net
J. A. “Jay” Beatmann, Jr. (504) 256-6142 cell, (504) 524-5446 office direct,
jay.beatmann@dentons.com
c/o DENTONS US  LLP
650 Poydras Street
Suite 2850
New Orleans, LA  70130

Victor M. Prep, vprep@legendcgl.com
Joseph W. Rogers, jrogers@legendcgl.com
Cortney Crouch, ccrouch@legendcgl.com
Legend Consulting Group
6041 South Syracuse Way, Suite 105
Greenwood Village, CO 80111
(303) 843-0351 - office
(303) 843-0529 - fax

Errol Smith, (504) 284-8733, ersmith@btcpas.com
Bruno and Tervalon
4298 Elysian Fields Avenue
New Orleans, LA  70122
(504) 284-8296 – fax

ENTERGY NEW ORLEANS, LLC
Brian L. Guillot, 504-670-3680, bguill1@entergy.com
Entergy New Orleans, LLC
Vice-President, Regulatory Affairs
Polly S. Rosemond, 504-670-3567, prosemo@entergy.com
Manager, Regulatory Affairs
Kevin T. Boleware, 504-670-3673, kbolewa@entergy.com
Regulatory Affairs Coordinator
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112
504-670-3615 fax

Derek Mills, dmills3@entergy.com
Project Manager
1600 Perdido Street, Bldg. #505
New Orleans, LA 70112
504-670-3527

Seth Cureington, 504-670-3602, scurein@entergy.com
Keith Wood, 504-670-3633, kwood@entergy.com
Resource Planning
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Tim Cragin (504) 576-6571, tcragin@entergy.com
Alyssa Maurice-Anderson (504) 576-6523, amaurie@entergy.com
Harry Barton (504) 576-2984, hbarton@entergy.com
Karen Freese (504) 576-4170, kfreese@entergy.com
Entergy Services, LLC
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113
(504) 576-5579 - fax

Joe Romano, III (504) 576-4764, jroman1@entergy.com
Suzanne Fontan (504) 576-7497, sfontan@entergy.com
Therese Perrault (504) 576-6950, tperrau@entergy.com
Entergy Services, LLC
Mail Unit L-ENT-4C
639 Loyola Avenue
New Orleans, LA 70113
(504)576-6029 – fax
350 NEW ORLEANS

Renate Heurich, (504) 473-2710, renae@350neworleans.org
1407 Napoleon Ave., #C
New Orleans, LA 70115

Andy Kowalczyk, (504) 676-1047, a.kowalczyk350no@gmail.com
1115 Congress St.
New Orleans, LA 70117

Benjamin Quimby, (978) 505-7649, benjaminquimby1@gmail.com
1621 S. Rampart St.
New Orleans, LA 70113

ALLIANCE FOR AFFORDABLE ENERGY

Logan Atkinson Burke, logan@all4energy.org
Sophie Zaken, regulatory@all4energy.org
4505 S. Claiborne Ave.
New Orleans, LA 70115

AIR PRODUCTS AND CHEMICALS INC.

Katherine W. King, Katherine.king@keanmiller.com
Randy Young, randy.young@keanmiller.com
400 Convention St. Suite 700 (70802)
P.O. Box 3513
Baton Rouge, LA 70821-3513
(225)387-0999

Carrie R. Tournillon, carrie.tournillon@keanmiller.com
900 Poydras St. Suite 3600
New Orleans, LA 70112

Maurice Brubaker, mbrubaker@consultbai.com
16690 Swingly Ridge Rd., suite 140
Chesterfield, MO. 63017

WISZNIA COMPANY INC.

Marcel Wisznia, mwisznia@wisznia.com
Daniel Weiner, dweiner@wisznia.com
800 Common St. suite 200
New Orleans, LA 70112
(504) 581-1948

U.S. GREEN BUILDING COUNCIL, LOUISIANA CHAPTER

Monica Gonzalez, mgonzalez@enterprisecommunity.org
Casius Pealer, casius.pealer@gmail.com
PO.Box 82572
Baton Rouge, LA 70884

SEWERAGE AND WATER BOARD OF NEW ORLEANS

Luke F. Piontek, Lpiontek@roedelparsons.com
Judith Sulzer, jsulzer@roedelparsons.com
J. Kenton Parsons
Christian J. Rhodes
Shelly Ann McGlathery
Roedel, Parsons, Koch, Blache, Balhoff & McCollister
8440 Jefferson Highway, Suite 301
Baton Rouge, LA 70809
(225) 929-7033
(225) 928-4925

LOWER NINE HOUSE OF MUSIC

Corey G. Dowden, yourgreaterway@outlook.com
1025 Charbonnet St.
New Orleans, LA 70117
(504) 209-8640

GREEN LIGHT NEW ORLEANS

Andreas Hoffmann, Andreashoffmann@greenlightneworleans.org
8203 Jeannette St.
New Orleans, LA 70118
(504) 324-2429

THE WATER COLLABORATIVE OF GREATER NEW ORLEANS
Nathan Lott, nathan@nolawater.org
Brady Skaggs, (504) 836-2235, brady@saveourlake.org
Miriam Belblidia, miriam@waterworksla.com
4906 Canal St.
New Orleans, LA. 70119

AMERICAN INSTITUTE OF ARCHITECTS

Jason Richards, jrichards@eskewdumezripple.com
Angela Morton, amorton@mathesbriere.com
Joel Pominville, pominville@aianeworleans.org
1000 St. Charles Ave.
New Orleans, LA. 70130
(504) 525-8320

GULF STATES RENEWABLE ENERGY INDUSTRIES ASSOCIATION (“GSREIA”)

Jeffery D. Cantin, jcantin@gsreia.org
400 Poydras St. Suite 900
New Orleans, LA. 70130

DEEP SOUTH CENTER FOR ENVIRONMENTAL JUSTICE

Monique Harden, moniqueh@dscej.org
3157 Gentilly Blvd., #145
New Orleans, LA. 70122
(504) 517-2534

GREATER NEW ORLEANS HOUSING ALLIANCE

Andreanecia Morris, amorris@gnoha.org
Trayshawn Webb, twebb@gnoha.org
4460 S. Carrollton Ave. Suite 160
New Orleans, LA 70119
(504) 224-8300

POSGEN
Elizabeth Galante, bgalante@posigen.com
Ben Norwood, bnorwood@posigen.com
819 Central Ave., Suite 201
Jefferson, LA. 70121
(504) 293-4819

ADVANCED ENERGY MANAGEMENT ALLIANCE

Katherine Hamilton, Katherine@aem-alliance.org
1200 18th St. NW, Suite 700
Washington DC 20036
(202) 524-8832

OPTIMAL ENERGY, INC.

Cliff McDonald, mcdonald@optenergy.com
Jeff Loiter, loiter@optenergy.com
10600 Route 116, Suite 3
Hinesburg, VT 05461
(802) 482-5600