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January 15, 2020

VIA HAND DELIVERY

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

RE: Filing of Entergy New Orleans, LLC's Energy Smart Program Extended Program Year 9 Implementation Plan (Resolutions R-19-516; UD-08-02, UD-17-03)

Dear Ms. Johnson:

On December 19, 2019, the Council of the City of New Orleans ("Council") adopted Resolution R-19-516 extending Energy Smart Program Year 9 ("PY9") by three months through March 31, 2020, and reducing Program Year 10 ("PY10") to a nine-month period (April 1, 2020 – December 31, 2020). In addition, Council Resolution R-19-516 required Entergy New Orleans, LLC to file proposed budgets and savings targets for the three-month extension of PY9 and the nine-month PY10.

On behalf of APTIM, Entergy New Orleans, LLC submits the enclosed original and three copies of the proposed budgets and kWh savings targets along with an accompanying summary for the Energy Smart PY9 extension (January 1, 2020 – March 31, 2020). After conferring with the Council's Advisors, Entergy New Orleans, LLC will file the proposed budgets and kWh savings targets for PY10 by January 22, 2020. Should you have any questions regarding this filing, please contact my office at (504) 670-3680.

Thank you for your assistance with this matter.

Sincerely,

Brian L. Guillot

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BY:

Enclosure

cc: Official Service List UD-08-02 and UD-17-03 (via electronic mail)

Program Year 9 (“PY9”) Extension Summary

The following summary discloses the methodology and assumptions that were used in preparing the proposed budgets and kWh savings targets for the PY9 Extension, January 1, 2020-March 31, 2020 (“Quarter 5” or “Q5”). As a starting point, APTIM began by assuming a three-month pro rata share of the approved PY9 budget and kWh savings targets. From there, adjustments were made based on actual program performance in Program Years 8 and 9 as well as other factors that affect program results.

Overarching Q5 Budgets, Goals and Assumptions

- The total budget is below 25% of the PY9 Quarter 1 (“Q1”) through Quarter 4 (“Q4”) budget and projected savings are higher than the Program Year 8 (“PY8”) and PY9 Q1 pro rata actuals. For programs like this, savings achievement is cyclical over the course of a year, while administrative and implementation efforts are relatively consistent.
- EM&V budgets were set to 6.5% of the total program cost, as required by policy.
- Administration budgets were calculated by applying a multiplier to each program’s annual implementation budget. The multiplier is calculated by dividing the PY9 Q1-Q4 administration budget by the implementation budget for each program. Administrative effort is relatively consistent over the course of the year, which is also true for implementation lift, while incentive spend is cyclical, so it seemed like the most appropriate basis for a multiplier.
- Program implementation budgets were set at 25% of PY9 Q1 through Q4 implementation budgets to reflect the consistent level of effort required to deliver savings over the course of the year. As identified in the program detail below, proposed formulaic program implementation budgets were altered if there were changes to programs or market conditions that required a significant increase or decrease in implementation effort.
- Program incentive budgets and savings forecasts were set at actual numbers for PY9 Q1 and then modified as noted below to reflect changes to programs or market conditions that resulted in a significant increase or decrease in forecast.

Program Level Detail

- Small Commercial & Industrial
 - The target is similar to that of PY9 Q1.
- Large Commercial & Industrial
 - Incentive budget and savings goals were lowered from PY9 Q1 actuals to reflect the current Q5 pipeline, removing projects that slipped from late PY9 Q4 to PY9 Q5 that were already captured in the PY9 Q1-Q4 projections. This adjustment is appropriate for Large C&I because projects typically take 12-18 months to mature, so the likely achievement is already known. The implementation budget was slightly lowered to reflect the reduced effort to process incentives in Q5; however, there is considerable implementation effort required to continue to build the pipeline for 2020 and beyond.
 - Large projects from PY8 carried into Q1 of PY9 and minimal new kWh was attained in that first quarter. In addition to the regular carryover across program years, the 3-month program extension resulted in significant savings carryover from PY9 Q4 that will

be realized in Q5. At the conclusion of Q5, kWh savings will be significantly higher than the previous first quarters for PY8 and PY9. Across the 15-month period for PY9, the program will likely achieve the original targets and additional kWh target for Q5.

- Publicly Funded Institutions
 - No proposed kWh for Q5 due to putting several City projects on hold and the recent cyber-attack.
 - Some funding was allocated through Large and Small C&I programs to cover any projects that occur in Q5.
- Home Performance with Energy Star
 - Savings projections are based on the typical production for this time of year. PY9 Q1 experienced extra savings from kits due to the end of year PY8 boost that carried over into PY9.
- Retail Lighting & Appliances
 - RLA will be launching an Online Marketplace in Q5, so we expect a considerable uptick in incentives, savings and effort.
- Energy Smart for Multi-Family
 - Projections reflect an increase in kWh compared to PY9 Q1 through pushing additional measures such as insulation and air sealing.
- Low Income Audit & Weatherization
 - Projections reflect higher savings achievement compared to PY9 Q1.
- School Kits & Education
 - Targets reflect achievable savings based on schools by territory and fixed monthly outreach budgeting.
- High Efficiency Tune Up
 - Projected lower savings due to seasonality but maintaining minimal budget to support equipment replacements and some tune-ups depending on weather conditions. Targets are lower than PY9 Q1, as the Program received a backlog of rebates from a trade ally in PY9 Q1 for work completed in PY8, which inflated the savings for that quarter.
- Behavioral
 - Projections reflect a one-fourth cut from the PY9 projection.
- Direct Load Control
 - DLC will not be installing additional switches in Q5, so no incentive budget is required. The implementation, administration and EM&V budgets were significantly reduced because the scope is reduced to maintaining customer support and basic program reporting requirements in Q5. DLC efforts will be reimbursed at a set rate per service call or removal based on actual work performed and not at a fixed amount.

Q5 ENO - New Orleans - Proposed

Offering	EM&V	Administration	Implementation	Non-Incentive	Incentive	Total	Q5 kWh
Small Commercial & Industrial	\$16,923	\$12,784	\$160,000	\$189,707	\$70,640	\$260,346	470,930
Large Commercial & Industrial	\$31,782	\$27,166	\$340,000	\$398,948	\$90,000	\$488,948	600,000
Publicly Funded Institutions	\$0	\$0	\$0	\$0	\$0	\$0	
Home Performance with Energy Star	\$11,440	\$9,854	\$65,000	\$86,294	\$89,700	\$175,994	390,000
Retail Lighting & Appliances	\$16,857	\$12,472	\$80,000	\$109,329	\$150,000	\$259,329	2,500,000
Energy Smart for Multi-Family	\$5,704	\$2,554	\$20,000	\$28,258	\$59,500	\$87,758	350,000
Low Income Audit & Wx	\$16,111	\$16,550	\$100,000	\$132,661	\$115,200	\$247,861	240,000
School Kits & Education	\$10,247	\$7,530	\$94,241	\$112,017	\$45,624	\$157,641	347,468
High Efficiency Tune Up	\$1,371	\$974	\$6,000	\$8,346	\$12,750	\$21,096	75,000
Behavioral	\$4,962	\$5,281	\$66,093	\$76,335	\$0	\$76,335	1,711,030
Direct Load Control		\$2,444	\$18,000	\$20,444	\$0	\$20,444	-
Total	\$115,397	\$97,609	\$949,333	\$1,162,339	\$633,413	\$1,795,753	6,684,428

Q5 ENO - Algiers - Proposed

Offering	EM&V	Administration	Implementation	Non-Incentive	Incentive	Total	Q5 kWh
Small Commercial & Industrial	\$2,978	\$1,678	\$21,000	\$25,656	\$20,154	\$45,809	134,359
Large Commercial & Industrial	\$2,252	\$2,397	\$30,000	\$34,649	\$0	\$34,649	-
Publicly Funded Institutions	\$0	\$0	\$0	\$0	\$0	\$0	-
Home Performance with Energy Star	\$1,671	\$973	\$6,420	\$9,064	\$16,640	\$25,704	64,000
Retail Lighting & Appliances	\$1,334	\$935	\$6,000	\$8,269	\$12,250	\$20,519	175,000
Energy Smart for Multi-Family	\$541	\$230	\$1,800	\$2,571	\$5,750	\$8,321	23,000
Low Income Audit & Wx	\$1,594	\$1,655	\$10,000	\$13,249	\$11,275	\$24,524	20,500
School Kits & Education	\$1,896	\$1,542	\$19,295	\$22,732	\$6,430	\$29,162	48,972
High Efficiency Tune Up	\$187	\$163	\$1,000	\$1,350	\$1,530	\$2,880	8,500
Behavioral	\$717	\$763	\$9,550	\$11,029	\$0	\$11,029	288,970
Direct Load Control		\$204	\$1,500	\$1,704	\$0	\$1,704	-
Total	\$13,169	\$10,538	\$106,564	\$130,272	\$74,029	\$204,301	763,301