



Entergy Services, LLC
639 Loyola Avenue
P. O. Box 61000
New Orleans, LA 70161-1000
Tel 504 576 2984
Fax 504 576 5579
hbarton@entergy.com

Harry M. Barton
Senior Counsel
Legal Department -- Regulatory

August 21, 2020

Via Electronic Delivery

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

Re: Resolution & Order Establishing a Docket and Opening Rulemaking Proceeding to
Establish Renewable Portfolio Standard
Council Docket No. UD-19-01

Dear Ms. Johnson:

Entergy New Orleans, LLC (“ENO”) and Air Products and Chemicals, Inc. (“APC”) jointly submit this correspondence into the record of the above-caption proceeding to address two issues that have been raised by the parties to this proceeding that comprise the Energy Future New Orleans (“EF New Orleans”) intervenor group. The issues were raised at the recent Technical Meeting #2 and in subsequent correspondence submitted by a representative of 350 New Orleans (“350”) and the EF New Orleans group. ENO and APC appreciate the opportunity to submit this correspondence into the record of this proceeding and does so in furtherance of the goal they share with the Council of creating a flexible Renewable and Clean Portfolio Standard (“RCPS”) framework for further reducing the carbon emissions associated with electric service in New Orleans. The substantive issues involved relate to Beneficial Electrification and introducing a framework for accounting for line losses in the RCPS.

Beneficial Electrification

EF New Orleans and 350 recently submitted via correspondence a proposal to introduce two new mandatory minimum standards designed to limit Beneficial Electrification as a means of reducing emissions under the draft RCPS rules: (i) a minimum annual CO₂ reduction of 5,000 tons, and (ii) a standard of reducing 0.56 tons of CO₂ per megawatt-hour. Neither of these criteria should be adopted. The criteria proposed have no basis in fact or sound carbon emissions reduction policy, and they would all but eliminate the ability to use Beneficial Electrification to reduce carbon emissions. The Council has already determined in this rulemaking that emissions should be reduced through all viable means available; the EF New Orleans proposal attempts to circumvent this determination as to Beneficial Electrification.

There is no rational basis for restricting Beneficial Electrification to measures that produce 5,000 tons of annual CO₂ reductions or more. This proposal would unnecessarily restrict the Beneficial Electrification measures that could be adopted under the RCPS in a manner that is contrary to the Council and the City's goals for carbon reduction. For example, an electric bus is estimated to reduce carbon emissions by up to 135 tons annually.¹ An initiative to procure an electric bus, or even as many as 30 electric buses, would not qualify as Beneficial Electrification under this constraint. Public charging stations for light duty electric vehicles would be all but assured of falling short of a 5,000-ton annual CO₂ reduction threshold. A typical workplace or public two-port Level 2 charger would be expected to provide on the order of two megawatt-hours of electricity to charging vehicles in a year and in turn create a net carbon emissions reduction on the order of two tons annually, thus falling well short of EF New Orleans' proposed minimum.² In fact, an annual carbon reduction threshold set at nearly any level would risk excluding EV charging stations as a means of reducing emissions under the RCPS.

The definition of Beneficial Electrification in the draft RCPS rules explicitly includes "charging infrastructure supporting electrification of motor vehicles, electrification of home and commercial appliances that use natural gas, and electrification of municipal and commercial operations that currently rely on fossil-fuel use to power equipment." Implementing a requirement that each measure produce at least 5,000 tons of annual CO₂ reductions would effectively disqualify many, if not all, of these efforts. Further, to prohibit the crediting of these measures would cut against efforts to transform the transportation sector that were highlighted in the New Orleans 2017 Climate Action report, including goals to "Transform infrastructure to reduce car dependence, Encourage active transportation, [and] Increase fuel efficiency, clean fuel use, and shared-use mobility services."³ Fuel efficient public transit was specifically identified, as the report noted it "reduces air pollution and greenhouse gas emissions. This action is second only to cleaning the electricity on our grid in terms of potential impact for our reductions."⁴ EF New Orleans' proposal is, thus, markedly inconsistent with both the City's Climate Action Plan and the Council's goal of reducing emissions through all technologies available.

In response to the second component of 350 New Orleans' proposal (that "Beneficial Electrification measures should meet the standard of reducing 0.56 tons of CO₂ / MWh"), it should be noted that any implication that these criteria are consistent with electrification principles supposedly adopted by the New Orleans Sewerage & Water Board ("S&WB") is factually inaccurate. The 0.56 tons per MWh figure referenced by 350 New Orleans from the S&WB planning document reflects a regional average carbon emission rate of electricity production and is not specific to the project. Nor was that level of emissions reductions considered as a standard or minimum threshold requirement for S&WB Beneficial electrification efforts. As such, the EF

¹ "Zero Emission Buses" Fact Sheet, Sierra Club, <https://www.transportation.gov/sites/dot.gov/files/images/Zero%20Emission%20Buses.pdf>.

² Vermont Tier III Technical Resource Manual, P. 31, <https://publicservice.vermont.gov/content/tier-iii-renewable-energy-standard>. Assumes a one ton per megawatt-hour net reduction from electric vehicle, in line with avoiding emissions from a 24 MPG conventional internal combustion engine.

³ "Climate Action for a Resilient New Orleans," p.19. <https://www.nola.gov/nola/media/Climate-Action/Climate-Action-for-a-Resilient-New-Orleans.pdf>.

⁴ *Ibid*, p.42.

New Orleans proposal is not supported by the S&WB document as the correspondence appears to represent.

The standard for a qualifying Beneficial Electrification measure should be that the measure produces a net reduction in carbon emissions. That is, the reduction to non-electric carbon emissions should exceed the increase in electric sector emissions associated with increased electric use. The definition of Beneficial Electrification in the draft RCPS rules reflects this standard: “‘Beneficial Electrification’ means any program or process that replaces direct fossil fuel use as a source of power and/or heat with electricity in a way that -- when the electric utility’s emissions are accounted for -- **reduces overall emissions...**” [emphasis added].

As ENO and APC interpret the second component of EF New Orleans’ proposal, it would require that a Beneficial Electrification project reduce non-electric emissions by 0.56 tons per MWh electrified to produce a net emissions reduction. However, beneficial electrification measures should not be required to produce net emissions reductions in excess of 0.56 tons/MWh. Adopting this kind of requirement would preclude the use of some measures that create overall carbon emissions reductions. The current definition of Beneficial Electrification articulates the proper standard: a reduction in overall emissions. EF New Orleans’ proposal to make this standard more onerous and restrictive should be rejected.

Adjustment for Line Losses

Among the issues raised during the most recent Technical Conference was a proposal to alter the RCPS compliance requirements to account for transmission and distribution line losses. ENO believes the RCPS rules should retain the current definition of compliance requirements based on retail sales. This is the definition used in the over two-thirds of the 31 jurisdictions (30 states plus Washington, D.C.) that have mandatory Renewable Portfolio Standards or Clean Energy Standards, as shown below.

Compliance Measured Against:	Number of Jurisdictions
Retail sales	21 ⁵
Retail sales adjusted for line losses	8
Installed renewable capacity	2

In each of these 21 programs, a megawatt-hour of renewable or clean energy generation delivered to the generator bus is deemed sufficient to offset a megawatt-hour of retail usage at the customer meter.

Changing the definition of retail compliance load to include an adjustment for losses is unnecessary and would also require a complete recalculation of the annual schedule of compliance requirements. Unless the annual RCPS percentage targets are reconfigured, there would be a

⁵ Includes two programs (in California and Washington) which have provisions for exclusive use of zero carbon resources at a future date, which may require adjustment for losses at that time.

disconnect between the draft annual RCPS percentages and the baseline that the Council’s Advisors used when establishing the draft RCPS. ENO’s clean energy baseline would be significantly different if calculated relative to sales adjusted for line losses, as shown below:

	Using Retail Sales	Sales Adjusted for 5% Line Losses	Sales Adjusted for 10% Line Losses
Potential 2022 ENO Clean Position (before additional compliance actions)	62.5%	59.5%	56.8%

Adopting a definition of retail compliance load that includes line losses would increase retail compliance load, which would in turn increase ENO’s compliance obligation unless the RCPS percentages were also reconfigured in lockstep. Reaching a 64% clean energy position in 2022 could require three to five times more incremental clean energy if an adjustment for line losses were included than under the current proposal. Obviously, this increased level of investment would also jeopardize the ability to maintain compliance with the RCPS rules while remaining under the Council’s 1% cost cap. Given these implications, it becomes clear that radically altering the definition of retail compliance load cannot be accomplished without completely recalibrating the entirety of the contemplated RCPS framework. The Council should thus reject EF New Orleans’ latest attempt to derail the Council’s progress toward establishing a viable, flexible, and achievable RCPS framework for New Orleans.

Summary of the Policy Goals Relative to Latest Proposed Changes

ENO and APC appreciate the opportunity to submit this correspondence and keep the parties’ efforts focused on establishing a reasonable framework for the RCPS that is consistent with the Council’s directives for this proceeding. During the first phase of these proceedings, the Council considered several different proposals and points of view from various parties. The Council wisely chose to adopt policy goals for this proceeding that seek to aggressively reduce carbon emissions while also preserving reliability and keeping rates low.⁶ For this second phase of the proceeding, the Council ordered the parties to work on a framework consistent with the Advisors’ proposed Alternative 2 to accomplish these objectives.⁷ The proposals discussed above, if adopted, would radically alter the Alternative 2 framework such that it would differ vastly from what the Council previously endorsed as being consistent with the Council’s desired balancing of policy objectives. As the recent events in California emphasize, an appropriate balance must be struck between pursuing emissions-related policy goals, maintaining reliability, and controlling costs for customers.⁸ Resolution No. R-20-104 sought to preserve this balance. The proposed

⁶ See, Council Resolution No. R-20-104 at Ordering Paragraph 2.

⁷ *Id.* at Ordering Paragraph 1.

⁸ “California could see repeated rolling blackouts in the coming months in the face of extreme heat waves that have pushed power supplies to the edge. Residents throughout the Golden State endured power shut-offs last weekend when demand surged and electricity supplies ran short.” <https://www.eenews.net/stories/1063711909>

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modifications discussed above threaten to undermine the careful balance struck by the Council's decisions in Resolution No. R-20-104 and should be rejected.

Should you have any questions regarding the above, I may be reached at (504) 576-2984. Thank you for your assistance with this matter.

Sincerely,



Harry M. Barton
Entergy New Orleans, LLC

Carrie R. Tournillon
Air Products and Chemicals, Inc.

HMB/CRT/ddm

cc: Official Service List (*via electronic mail*)

“California’s experience also underscores a growing consensus among energy scholars: that variable renewable energy technologies are unlikely to meet the grid’s power demand by themselves. They will play an important role, but more firm generating sources, like next-generation nuclear reactors, natural gas plants with carbon capture technologies, enhanced geothermal, and others that can balance out variable renewables, will be required.”

<https://slate.com/technology/2020/08/california-blackouts-wind-solar-renewable-energy-grid.html>

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<https://slate.com/technology/2020/08/california-blackouts-wind-solar-renewable-energy-grid.html>