

1402 Third Avenue, Suite 1315, Seattle, WA 98101

April 26, 2021

Lora W. Johnson

Clerk of Council

City of New Orleans

New Orleans, LA

**Re: Resolution No. R-21-109 (Rulemaking proceeding to establish renewable portfolio standards, referred to as RPS): Opportunity to submit comments on the removal of Beneficial Electrification as an eligible method for RPS compliance per the resolution)**

Dear Ms. Johnson and Members of the Council:

***We wish to submit brief comments in this rulemaking proceeding as provided after your action to adopt a revised resolution and providing an opportunity to comment in a 30-day period. We strongly oppose the removal of Beneficial Electrification measures, and specifically policies, ratemaking, and cost allocation related to the adoption of Electric Vehicles (EVs) and EV related infrastructure or charging stations. Such a removal as an eligible compliance method is inconsistent with the basic concept of beneficial electrification and its significant momentum in most jurisdictions with clean energy standards, as well as disregarding the best practices adopted by Commissions and forward-looking utilities.***

***Overall comments:***

The Alliance for Transportation Electrification (ATE), a 501(c)(6) non-profit corporation, is led by utilities, electric vehicles (EV) infrastructure firms and service providers, automobile manufacturers, and EV charging industry stakeholders and affiliated trade associations. We started with 20 organizations at the launch just over a year ago. By taking a “big tent” approach to advance the industry, we have grown rapidly to include over 50 national members today and are actively engaged in regulatory proceedings such as this across the country.

First, we wish to emphasize that transportation electrification (TE) is one of the effective and verifiable ways of reducing greenhouse gases (GHGs) as well as criteria air pollutants, especially in metropolitan areas such as New Orleans. In recent years, the transportation sector has become the leading source of GHG pollution (carbon dioxide and its equivalent emitting sources) in most States, and electrification of both light-duty and medium-heavy duty vehicles provide one of the most significant means of meeting the goals for which the RPS is designed over the next decade and beyond. Multiple incentives are available to promote comprehensive TE and can be utilized in New Orleans through Entergy New Orleans (ENO), including rebates or allowances to charging station providers, utility owned and operated infrastructure for some customers or end use cases, leasing options, and vehicle rebates for both new and pre-owned vehicles.

For illustration, the average light-duty vehicle discharges about 4.6 metric tons, or about 10,100 pounds of carbon dioxide pollution, in the atmosphere every year. The numbers, of course, are much higher for medium and heavy-duty vehicles whose routes and depots tend to be located in commercial and industrial areas close to disadvantaged or BIPOC communities, which has suffered disproportionally from the legacy transportation issues as well as the recent Covid-19 pandemic. The necessary charging stations at such warehouses and depots will need to be sited, permitted, and built out as well. Therefore, developing an RPS that includes the avoidance of carbon dioxide emissions through fair and transparent regulatory incentives is critical.

Second, we wish to emphasize that the electric vehicle industry, led by the auto and truck and bus OEMs, is rapidly approach an inflection point in terms of market transformation. Namely, as with other new energy technologies previously such as solar rooftop, energy efficiency, demand response and others, the market is quickly moving from the early adopter stage to mass majority adoption over the next several years. Today, the OEMs offer about 45 vehicles across all vehicle types (compact, sedan, SUV, and others), and by 2024 we and other analysts, such as EPRI, Alliance for Automotive Innovation, EEI, BNEF, and others expect this number to grow to above 150 different vehicles. Just as importantly, since light trucks such as the F-150 of Ford have become the best-selling vehicle in the country, each auto OEM, and new companies such as Arrival located in both North and South Carolina in the southeastern region, have developed and will soon market light duty trucks and logistics vans in the near future.

Third, although the EV ecosystem is broad with the OEMs and competitive EV service providers and battery manufacturers, the utility needs to have a robust role in this market transformation process, and especially be at the center of integrating these distributed loads (DERs) reliability in the distribution grid. The utility role can include many responsibilities, such as program development, tariffs and rates, education and outreach, fleet advisory services, and of course long-term planning. In addition, since it has the universal service obligation, it can take on the challenge of some of the more difficult use cases, such as underserved and BIPOC areas for equity, multi-family dwellings such as apartments and condominiums, and publicly accessible charging station development along with the EVSPs.

Fourth, we do not believe that the Council should be selective in its regulatory treatment of the different types of DERs, and afford preferential treatment, through the tiered RPS compliance system, to one type of zero-carbon distributed resource over another. As a utility does in an integrated resource plan (IRP) examining all loads and resources, including both generation side and demand side resources, each resource should be examined objectively by its expected performance, life of the asset, and ensuring that the operating asset’s avoidance of carbon dioxide emissions is cumulative and persistent over its life. Utilities and vendors have extensive experience in performing similar analysis for energy efficiency measures (and other demand-side measures) in recent years, and accordingly, the Council’s analysis should be focused on performance, metrics, and demonstrable results in an RPS compliance mechanism.

Finally, we urge you to keep the concept of Beneficial Electrification (BE) as straightforward as possible, and not to try to distinguish and/or discriminate among the multiple potential technologies and use cases in the final rulemaking. ATE believes that the BE concept relies on three core principles and benefits:

* Consumers should save money over the long-run (and life of the asset).
* Any BE measure should be scalable and enable more efficient grid management.
* Such measures should have positive environmental impacts, such as GHG reductions.

Obviously, the devils will be in the details of this rulemaking, and crafting a cost-benefit analysis that is broader than traditional tests and allows environmental and other non-energy benefits to be quantified is key. In addition, compliance mechanisms should be crafted, as stated above, to allow each attribute of BE to be treated fairly and not selectively among the various types of zero-carbon resources.

***Specific Comments:***

At the outset, we wish to state that we wish to support the previous version of the RCPS that was drafted with the Advisors’ advice: namely the “Advisors Final Proposed Regulations”, stipulated in Appendix A in their reply comments submitted on October 13, 2020. In other words, we do not support the striking amendments that the Council made in March to Appendix A.

1. Definition of Beneficial Electrification (BE), Section 2: although we prefer a higher level and broad definition of BE, we believe that the original definition provided in the previous version is acceptable, and provides sufficient flexibility to deal with both TE and other end use cases in the service territory of ENO in the near future. We urge you to restore that definition. As stated above, by excluding Beneficial Electrification and TE-related investments and infrastructure, New Orleans will be moving the opposite direction from many other Commissions and jurisdictions pursuing TE plans and zero-carbon goals.
2. RCPS Tier Multipliers, Section 3(b): we question the need for this differentiation of multipliers, and the basis for affording only a 1.0 multiplier for BE-related investments, such as EV adoption and EV infrastructure. Again, we urge you to not focus on preferred technologies or end use cases for a higher multiplier; instead, we urge you to offer the same multiplier for any DER, end use case, and BE measure, such as 1.0x. We are involved with TE related measures and RPS (clean energy programs broadly) in many states, and often higher multipliers are used for the “non-energy benefits” or social benefits that are not necessarily in the traditional ratemaking calculation, such as workforce and apprenticeship measures, investments in low-income or BIPOC communities, and so on. That approach makes more sense to us.
3. Section 4: again, we oppose the striking language in both subsection (a) and (d) in this Section. This is the language dealing with incremental costs, total revenue requirements, and how to allocate those costs equitably with a netting process. This is clearly punitive to the economics and cost-benefit analysis of any BE measure related to EVs and transportation electrification by not allowing a netting mechanism. As stated above in our general comments, the transportation electrification measures should be viewed on a more holistic basis and not measure by measure with direct cost assignments, which is called the portfolio approach. The benefits of transportation electrification, both related to the optimization of the grid and the environmental benefits in terms of cleaner air and less carbon dioxide pollution will be shared broadly among all customers of the utility in New Orleans. So, we urge you to restore the original language.

Sincerely,

Philip B. Jones

Philip B. Jones, Executive Director

Alliance for Transportation Electrification (ATE)

cc: Official List Service in Docket