

May 18, 2021

VIA ELECTRONIC MAIL (*twjohnson@nola.gov*)

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

RE: *Resolution and Order Establishing a Docket and Opening a Rulemaking Proceeding to Establish Renewable Portfolio Standards*
CNO Docket UD-19-01
Our File No.: 7717-47

Dear Ms. Johnson:

Enclosed please find attached for electronic filing in the referenced docket, Air Products and Chemicals, Inc.'s ("Air Products") Letter to Councilmembers regarding proposed modifications to the Renewable and Clean Portfolio Standard rules. As a result of the remote operations of the Council's office related to COVID-19, Air Products submits this filing electronically and will submit the requisite original and number of hard copies once the Council resumes normal operations, or as you or the Council otherwise directs. Air Products requests that you file this submission in accordance with Council regulation as modified for the present circumstances.

Should you have any questions regarding the above, please do not hesitate to contact me. Thank you for your assistance with this matter.

Very truly yours,



Carrie R. Tournillon

CRT/tp
Enclosure

cc: Councilmembers (via electronic mail)
Official Service List UD-19-01 (via electronic mail)

May 18, 2021

Via Electronic Mail Only

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Re: UD-19-01, In Re: Resolution And Order Establishing A Docket
And Opening A Rulemaking Proceeding To Establish Renewable
Portfolio Standards.
File No. 7717.47

Dear Councilmembers:

On behalf of Air Products and Chemicals, Inc., I write to respectfully express opposition to the Council's proposed modifications to the RCPS Rules attached in Appendix A to the Advisors' Reply Comments, date October 14, 2020, ("**Final Proposed RCPS Rules**"). Air Products has fully participated in this proceeding as an Intervenor-stakeholder, having filed seven sets of comments and participated in both technical conferences. As a participating party to the proceeding, Air Products has contributed to the process that resulted in the Final Proposed RCPS Rules. Such process was transparent and thoroughly vetted the issues, including which resources should be eligible for receiving credits towards the renewable and clean portfolio standard ("**RCPS**").

However, following issuance of the Final Proposed RCPS Rules, the Council has proposed modifications that are not supported by the process undertaken in this docket by all stakeholders. Those modifications include proposals to: (i) exclude the deployment of carbon capture sequestration (“CCS”) and carbon capture utilization and storage (“CCUS”) technologies on generating resources for compliance credit under the RCPS Rules, (ii) exclude beneficial electrification (“BE”) as an eligible resource for compliance credit under the RCPS Rules, and (iii) restructure the Tiers system of the RCPS Rules, for awarding RCPS compliance credits, to reflect the exclusion of the CCS/CCUS and BE resources. The Council’s proposed modifications to the Tiers system also change the credit values to be awarded to resource by Tier level.

To its credit, the Council requested input from stakeholders prior to finalizing the RCPS Rules with the proposed modifications. Air Products and others submitted comments opposing the modifications because of the preferences that the modifications would create for certain types of resources eligible to meet the RCPS, resulting in cost consequences for customers. Air Products re-urges its opposition to the proposed modifications in this letter.

Over the course of this proceeding, the Advisors to the Council have taken three potential paths for an energy standard for New Orleans and with input of stakeholders and the Council put forth regulations for an RCPS that will result in decarbonization of the city while being mindful of the economic impact such change would have on ratepayers of Entergy New Orleans (“ENO”) if not approached in a practical way. In developing and revising the draft regulations to produce the Final Proposed RCPS Rules, the Advisors have made changes that recognize the necessity for flexibility in an RCPS to allow the utility to make economic decisions on how to best achieve RCPS compliance while adhering to its obligation to provide reliable service at the lowest reasonable cost to ratepayers.

As stated in the Advisors’ Reply Comments, the Advisors endeavored to balance an aggressive clean energy standard with “(i) rate protections for electricity customers, (ii) the flexibility to use any zero-carbon resource to accomplish the goal, and (iii) certain incentives to prioritize investment in measures that reduce carbon emissions inside Orleans Parish and renewable resources, zero carbon resources, distributed energy resources and demand-side management resources located in Orleans Parish.”¹ Air Products supports the adoption of the Final Proposed RCPS Rules, without modification, as meeting those objectives - - objectives that are consistent with the Council’s instructions to the Advisors to develop a renewable and clean standard based on Alternative 2 of Appendix A to the Advisors’ Report dated September 3, 2019, which includes all zero-carbon resources.² Simply put, adopting a technology neutral RCPS is key to balancing aggressive decarbonization within the City of New Orleans and customer rate impact protections.

¹ Advisors Reply Comments, p. 1 (October 14, 2020) (“**Advisors’ Reply Comments**”).

² Resolution No. R-20-104 at 13-14; see also Advisors Reply Comments, p. 40 (October 14, 2020); and Advisors Report, p. 36 (September 3, 2019); see also, Advisors’ Report, Appendix A, p. 9 and 11-12 (September 3, 2019).)

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Further, in departing from a technology-neutral RCPS to promoting renewables over clean energy resources, the Council would jeopardize the ability for the integrated resource planning processes to determine the lowest cost resources to achieve compliance with the RCPS goals while providing reliable service for customers of ENO. The proposed modifications would essentially create a renewables and nuclear portfolio standard, with some energy efficiency and demand side management - - which is simply not practical economically or for reliability purposes and is not technology-neutral.

The Final Proposed RCPS Rules included in the Advisors' Reply Comments allow for a technology-neutral RCPS and should be adopted without elimination of CCS/CCUS technologies or BE, and without changes to the Tiers system, that will result in a more expensive and harder to reach RCPS. Air Products respectfully requests the Council to adopt the Proposed Final RCPS Rules that will provide a path for the Council to achieve rapid decarbonization in the City, without giving preference to any technology.

Due to a previously scheduled meeting before another regulatory body, I do not expect to be able to participate in the meeting of the Utility, Cable, Telecommunications and Technology Committee ("**Committee**") scheduled on May 19, 2021. Please accept this letter as comments of Air Products at such meeting (or any future meeting) of the Committee for which this docket is on the agenda.

Should you have any questions regarding the above, I may be reached at (504) 585-3056. Thank you for your assistance with this matter.

Very truly yours,



Carrie R. Tournillon

CRT

cc: Councilmembers (via electronic mail)
Official Service List, Docket UD-19-01 (via electronic mail)