



July 30, 2021

By Electronic Mail

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

In Re: ENTERGY NEW ORLEANS, LLC LOAD SHED PROTOCOLS AND ALL EVENTS AND
DECISIONS RELATED TO THE FEBRUARY 2021 WINTER STORM URI EVENT
(Docket No. UD-21-01)

Dear Ms. Johnson:

Please find enclosed the Initial Comments of the Alliance for Affordable Energy in the above-mentioned docket. We will submit physical copies at your instruction. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Jesse S. George", is written over a solid horizontal line.

Jesse S. George
New Orleans Policy Director
Alliance for Affordable Energy

Before
The Council of the City of New Orleans

**In Re: ENERGY NEW ORLEANS, LLC
LOAD SHED PROTOCOLS AND ALL
EVENTS AND DECISIONS RELATED TO
THE FEBRUARY 2021 WINTER STORM
URI EVENT**

DOCKET NO. UD-21-01

JULY 30, 2021

Initial Comments of The Alliance for Affordable Energy

I. Introduction

On May 6, 2021, the Council of the City of New Orleans (“the Council”) passed Resolution No. R-21-151, (“the resolution”) opening the instant docket, and setting a procedural schedule for an investigation into the prudence of Entergy New Orleans, LLC’s (“ENO”) decision-making during Winter Storm Uri in February 2021. The Alliance for Affordable Energy filed a Petition for Intervention and Inclusion on Service List under this docket on May 14, 2021. ENO filed its Response to the Prudence Investigation on June 16, 2021. The Alliance for Affordable Energy submits respectfully the following Initial Comments.

The facts that precipitated this docket are not in dispute. Between February 13-17, 2021, a frontal system that came to be known as Winter Storm Uri caused record-breaking cold weather across a large swath of North America. Beginning in the early morning of Monday, February 15, 2021, the Midcontinent Independent System Operator (“MISO”) issued directives to utilities in the western portion of its territory to begin shedding load in order to maintain grid reliability and prevent more widespread outages.¹ On Tuesday, February 16, 2021, Mardi Gras Day, between 5:37-5:44 PM, MISO declared a Maximum Generation Emergency Event Step 2 (“Max Gen Event”), which requires the issuance of public appeals and preparation for firm load shedding. At 6:43 PM that evening, MISO directed ENO to begin shedding load, with these curtailments beginning in New Orleans at 7:14 PM.² Due to a combination of technical errors on the part of ENO, instead of shedding 26 MW of capacity as MISO directed, ENO shed 105 MW, or more than four times the required capacity.³ This resulted in a loss of electricity service to more than 25,000 New Orleanians during one of the coldest nights of the year.

¹<https://www.misoenergy.org/about/media-center/miso-load-demand-reaches-an-all-time-high-in-western-south-region/>

² Entergy New Orleans, LLC’s Response to Prudence Investigation, p. 20

³ Id. at 7-8

ENO's Response to Prudence Investigation attempts to divert the Council's attention from the imprudence of its own actions leading up to and during the load shed event, and focus it instead on the global response of MISO and the other Entergy companies. While it is true that New Orleans fared better than, for instance, jurisdictions in Texas, ENO's failure to perform load shed testing and its poor communication with the public were imprudent and led directly to thousands of New Orleanians being left cold and in the dark. Unfortunately, these errors are exemplary of a broader pattern of mismanagement that warrant, if not financial penalties, then at the very least an independent management audit of ENO and its practices.

II. Jurisdiction

As stated in Council resolution No. R-21-151, "[P]ursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans . . . the Council of the City of New Orleans . . . is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans." (See also Louisiana State Constitution, Art. 6, §§5-6; New Orleans Home Rule Charter, Art. III, §3-130). Accordingly, the Council has clear authority to conduct this investigation into the prudence of ENO's decision-making relating to Winter Storm Uri.

III. ENO's Actions in Relation to Winter Storm Uri Were Imprudent

A. ENO's Excess Load Shed Was Imprudent On Its Face

By its own admission, the errors that caused ENO to shed more than four times the load required during Winter Storm Uri were threefold: 1) a data entry error that caused ENO feeders (instead of Entergy Louisiana ("ELL") feeders) to be shed when the ELL Downstream of Gypsy ("DSG") Load Shed Program was executed at the Distribution Operation Center; 2) certain load measurement issues that resulted in approximately 19 MW being shed because load that already had been shed was not recorded as such by the system; and 3) a cell reference error in the spreadsheet used to calculate the amount of load to be shed for each load shed program that resulted in ENO being directed by the Local Bala to shed 26 MW rather than the 23 MW that it should have been directed to shed.⁴

There is no question in this case that ENO's errors were the cause of the excess load shed event. In its Response to Prudence Investigation, ENO argues correctly that under Louisiana jurisprudence, utilities enjoy a presumption of prudence. However, this presumption of prudence is rebuttable, and, where serious doubt as to prudence arises, the burden of proof shifts to the

⁴ Id.

utility.⁵ In this case, the company admits that its own technical errors were the direct cause of its shedding more than four times the load required by MISO. This alone raises serious doubt as to the prudence of ENO's planning and decision-making with regard to Winter Storm Uri. This imprudence was further compounded by ENO's failure to perform load shed testing, as discussed below.

B. ENO Was Imprudent in Its Failure to Perform Load Shed Testing

The technical errors that led ENO to shed more than four times the load required by MISO were further compounded by ENO's failure to perform load shed testing as a part of its normal operating procedure. ENO admits freely in its Response to Prudence Investigation that "load shed test simulations were not historically performed."⁶ The company minimizes this failure to perform testing by claiming that test simulations would not have detected the errors that led to the excess load shed event. However, it is impossible to know what additional errors or inefficiencies load shed testing might reveal without performing such testing. ENO's proposed solution is an improved annual review process, which underscores implicitly the inadequacy and imprudence of ENO's decision-making procedures leading up to Winter Storm Uri.

C. ENO Failed to Timely Notify Ratepayers of Outages

ENO notes that it began issuing notices to customers to conserve electricity 24 hours in advance of the load shed event. However, by its own admission, load curtailments began at 7:14 PM on February 16.⁷ ENO then notes that, "The following media outlets called ENO at the following times: WDSU at 7:30pm, Fox 8 at 7:35pm, NOLA.com at 7:49 pm, WWL at 8:30 pm. Accordingly, 15 minutes after the load shed was executed, the Company confirmed for the media that ENO was instructed to curtail customers."

This response is inadequate and imprudent in two ways. First, ENO ignored MISO's directives around the Max Gen Event, which requires the issuance of public appeals and preparation for firm load shedding, in that it failed to initiate communication with ratepayers and media outlets prior to the load shed event to inform ratepayers that load shedding would commence. Instead, ENO waited for media outlets to inquire as to why New Orleanians were left shivering in the dark after load shedding had already begun. Second, because of this decision by ENO to wait for media outlets to initiate communication rather than be proactive, the message

⁵ *Alliance for Affordable Energy, Inc. v. Council of City of New Orleans*, 578 So.2d 949, 958 (La. App. 4 Cir. 1991), vacated as moot on other grounds, 588 So.2d 89 (La. 1991).

⁶ Entergy New Orleans, LLC's Response to Prudence Investigation, p. 13

⁷ *Id.* at 20

that MISO had ordered curtailment was not transmitted to the public until at least 15 minutes after ratepayers had already lost power.

IV. The Council Has Authority to Impose Financial Penalties

As the regulator of ENO, the Council is within its authority to impose financial penalties for imprudence and inadequate service. ENO argues that

“[T]he focus in a prudence inquiry is not whether a decision produced a favorable or unfavorable result, but rather, whether the process leading to the decision was a logical one, and whether the utility company reasonably relied on information and planning techniques known or knowable at the time. Although a prudence review is necessarily retrospective in that it involves an examination of past circumstances, past information available, and past decisions, *these factors may not be evaluated in light of subsequent knowledge.*” (citing *GSU (1991)*, 578 So. 2d at 85; emphasis added by ENO).⁸

It is clear, however, by ENO’s own admission that it did not reasonably rely on planning techniques known or knowable at the time, in that it failed to perform any sort of load shed test simulations at any time prior to Winter Storm Uri, while MISO itself performs load shed testing on a monthly basis in coordination with Local Balancing Authorities.⁹

Furthermore, ENO argues that “federal law limits the Council’s power to impose penalties on ENO for implementing MISO directives that were issued under emergency circumstances to protect the functioning and reliability of the interstate electric transmission system.”¹⁰ However, ENO’s imprudence was not in following MISO’s order, but in shedding more than four times the required load. The responsibility for this lies squarely on ENO.

The Council should impose a proportionate financial penalty on ENO, with those funds dedicated to one or a combination of three uses: 1) for arrearage forgiveness, 2) to offset ENO’s most recent rate increase request,¹¹ or 3) for energy efficiency funding for low-income ratepayers.

V. The Council Should Conduct an Independent Management Audit of ENO

ENO’s imprudent decision-making in the lead-up to Winter Storm Uri is only the latest example in a long pattern of mismanagement at the company. From astroturfing Council meetings to push through unpopular plans,¹² to the mismanagement of its Grand Gulf nuclear

⁸ Id. at 24

⁹ <https://extranet.misoenergy.org/mcsnotification/?id=836>

¹⁰ Id. at 25

¹¹ https://www.nola.com/news/politics/article_0ae576a8-e64f-11eb-860b-4f3abc299582.html

¹² <https://www.thenation.com/article/environment/energy-utility-entergy-astroturfing-nola/>

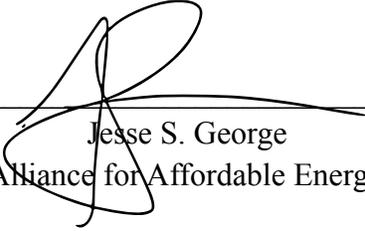
power plant at a cost of millions of dollars to ratepayers,¹³ to routine issues of reliability, even on fair weather days,¹⁴ ENO and its leadership have demonstrated a culture of poor management and imprudent decision-making.

At the March 16, 2021 meeting of the Council’s Utility, Cable, Telecommunications and Technology Committee (“UCTTC”), the UCTTC committed to conducting an independent management audit of ENO in light of its many recent failures.¹⁵ Regardless of whether or not the Council elects to impose financial penalties on ENO for its clear imprudence relating to Winter Storm Uri, at the very least it should use this as an opportunity to proceed with conducting a management audit of the company and the affiliated Entergy companies that support ENO’s operations.

VI. Conclusion

The Alliance appreciates this opportunity to comment on the prudence of ENO’s decision-making during Winter Storm Uri. New Orleans ratepayers deserve prudent planning, reliable service, and clear communication from the monopoly utility from which they are required to purchase their power. We are hopeful that the Council will use this investigation as an opportunity to address the deep, institutional issues within ENO and the Entergy affiliates that serve and support ENO that led to the establishment of this docket.

I hereby certify that I have this 30th day of July, 2021, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.



Jesse S. George
Alliance for Affordable Energy

¹³<https://thelensnola.org/2021/03/03/new-orleans-city-council-joins-1-billion-complaint-against-entergy-over-mismanagement-of-grand-gulf-nuclear-station/>

¹⁴ https://www.nola.com/news/article_f8b4e9b2-e8a8-11eb-810b-3353830a173a.html

¹⁵ https://www.nola.com/news/business/article_aea2bd02-865d-11eb-a4dc-4ff26eb0bf9e.html

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