



November 7, 2022

By Hand Delivery and U.S. Mail

Ms. Lora Johnson, CMC
Clerk of Council
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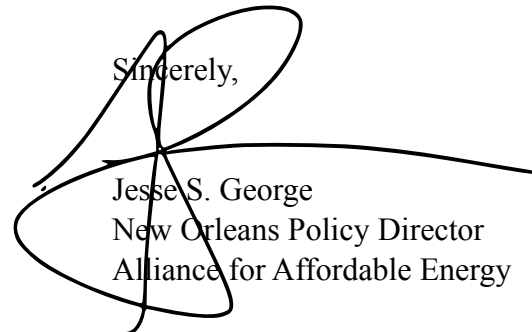
**In Re: RESOLUTION AND ORDER ESTABLISHING A DOCKET AND PROCEDURAL SCHEDULE
WITH RESPECT TO STORM HARDENING AND RESILIENCE (Docket No. UD-21-03)**

Dear Ms. Johnson:

Please find enclosed the Comments of the Alliance for Affordable Energy in the above mentioned docket. Please file the attached communication and this letter in the record of the proceeding. 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 be "Jesse S. George", is written over the typed name and title.

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

**Before
The Council of the City of New Orleans**

**In Re: RESOLUTION AND ORDER
ESTABLISHING A DOCKET AND
PROCEDURAL SCHEDULE WITH RESPECT
TO STORM HARDENING AND RESILIENCE**

DOCKET NO. UD-21-03

NOVEMBER 7, 2022

COMMENTS OF THE ALLIANCE FOR AFFORDABLE ENERGY

I. INTRODUCTION

On July 1, 2022, the parties to this docket filed their initial resilience plans with the New Orleans City Council (“the Council”) pursuant to the procedural schedule established in Council Resolution R-22-411. The procedural schedule provides that parties are to file comments by November 7, 2022 in response to the various proposals addressing four key issues: 1) each party's assessment of which of the resiliency proposals are likely to provide the greatest benefits to ratepayers and the community and how the proposals should be prioritized; 2) to what extent the costs of the proposals should be ratepayer-funded and what an appropriate ratepayer bill impact would be for a master resiliency plan; 3) how the various ongoing energy resiliency efforts in the City can be successfully integrated with utility efforts into a comprehensive master resiliency plan and 4) what additional elements should be included in a master resiliency plan for the City. The Alliance for Affordable Energy (“the Alliance”) hereby submits the following comments:

**II. RESILIENCE PROJECTS SHOULD BE PRIORITIZED ACCORDING TO
THEIR BENEFITS TO THE MOST VULNERABLE MEMBERS OF THE
COMMUNITY**

When disaster strikes and the electric grid fails, it is the most vulnerable among us who pay the ultimate cost. Virtually all of the loss of life in our community following Hurricane Ida

was related in one way or another to a lack of power – either because of inability to regulate extreme heat, or because of exposure to fumes from fossil fuel generators. Even in times of fair weather, lower-income households pay a disproportionately high price for their energy needs.

Accordingly, resilience planning should prioritize those communities most vulnerable to energy insecurity and climate disaster. Together New Orleans’ (“TNO”) proposal of a resilience standard whereby no resident would be farther than a half-mile from a Community Lighthouse resilience hub is a good starting point for thinking of resilience planning in this way. The Council should develop clear and robust goals and metrics for resilience projects to ensure that benefits accrue to those most in need. The Council and CURO should also work collaboratively with the Mayor’s office of Resilience and Sustainability to track such metrics, and the Hazard Mitigation Office to align efforts like its Recovery Framework. The City is also working directly with the National Renewable Energy Laboratory on a Community Local Energy Action Program¹ (C-LEAP), the outcome of which should inform community resilience projects.

III. THE COUNCIL MUST DO ALL IN ITS POWER TO MINIMIZE RATEPAYER BILL INCREASES

New Orleans is currently experiencing a crisis of energy affordability, particularly for vulnerable, low-income populations, with 20,000 residential accounts currently at risk of disconnection, or roughly 12% of ENO’s residential accounts.² In addition to the elevated price of methane, or natural gas, ENO has applied for approximately \$170M in cost recovery for Hurricane Ida, which has the potential to increase ratepayer bills substantially.

New Orleans ratepayers, who suffer one of the highest energy burdens in the country, must not be made to bear the full cost of resilience and storm hardening measures that Entergy

¹ <https://www.energy.gov/articles/doe-will-assist-24-communities-locally-tailored-pathways-clean-energy>

² <https://twitter.com/ShebaTurk/status/1585610191021678594>

should have undertaken years ago.³ Furthermore, the extraordinary costs ratepayers cover following major storms would almost certainly be lower if the system was properly maintained with the dollars the utility recovers for operations and maintenance, rather than put to the company's profit line. The Council must look to creative financing models in any final resilience plan, drawing on all available funding streams and minimizing the ratebasing of expensive capital projects. The Council should seek to integrate utility projects into existing, community-led resilience efforts such as the Together New Orleans Community Lighthouse Project and Feed the Second Line's Get Lit Stay Lit Project. Additionally, the Council could use its broad authority to implement other measures to protect ratepayers from excessive costs, including 1) a time-of-use rate, 2) the addition of incentives for private investment in distributed resources added to the Energy Smart program, 3) property tax abatements, or 4) a local solar carveout under the city's Renewable and Clean Portfolio Standard, Docket No. UD-19-01, which would create a market for local Renewable Energy Credits, or RECs, incentivizing homeowners and community solar developers to invest in local solar, with its attendant resilience benefits.

It is concerning that the Federal Emergency Management Agency has thus far denied all of ENO's applications for grant funding for its proposed resilience projects.⁴ The Council must take a proactive approach, including working with the executive branch of city government and Louisiana's State Energy Office within the Department of Natural Resources, and paying close scrutiny to ENO's pursuit of federal funding, in order to maximize these opportunities.

ENO's filing proposes a new rider, and in a footnote 24 on page 11, explains that ENO's calculation of the costs assume Council authorization of capitalization of costs that are typically

³<https://www.propublica.org/article/entergy-resisted-upgrading-new-orleans-power-grid-when-ida-hit-residents-paid-the-price>

⁴ Federal Energy Management Agency, Building Resilient Infrastructure and Communities (BRIC) selections. FY 2021
<https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities/after-apply/fy-2021-subapplication-status/selections>

accounted for as operations and maintenance (“O&M”) expenses. This is alarming to the Alliance for a number of reasons. Capitalization of costs would mean the utility would earn additional profits on these projects, even if the costs are traditionally considered in the slim category of expenses from which the company does not profit. This means ENO is requesting – and assuming it will receive approval – to extract profits from their customers for spending that they are not allowed in all other cases. ENO did not provide any calculations in its filing using typical expense categorization assumptions, which would highlight the additional utility profits and customer costs they are requesting. If the Council approves any cost recovery or cost recovery mechanism, it must not allow the utility to shift expenses into atypical categories such that they increase costs to customers.

The utility's request to shift expense categories also points to Entergy's history of deferred maintenance in the interest of shareholder profits. The utility's parent company has proudly announced to shareholders that they are among the best utilities in the country at “managing” operations and maintenance spending. These O&M expenses are built into rates for a reason, and where the expense does not match revenues between rate cases, it means customers are not getting what they have paid for, as evidenced by a poorly maintained distribution system. It is unreasonable for ENO to profit on these new capital-intensive proposals after years of using these revenues “flexibly” to customers' detriment

IV. THE COUNCIL MUST TAKE A HOLISTIC APPROACH TO RESILIENCE PLANNING

In addition to the instant docket, the Council currently has open before it numerous other dockets that each touch on different aspects of resilience planning, including the reliability docket (UD-17-04), the Community Solar docket (UD-18-03), the Renewable and Clean Portfolio Standard docket (UD-19-01), the 100% renewable energy docket (UD-22-02), and

ENO's battery storage pilot program (UD-22-03), and the energy efficiency and distributed energy resources docket (UD-22-04), among others.

The Alliance's interest is to see that these dockets are not considered in isolation from one another, such that policy and regulation are conducted in a piecemeal manner. The Council must ensure that all regulatory and rulemaking proceedings are moving us toward the same goal.

The Alliance is opposed to any new projects that would invest new funds into greenhouse gas emitting infrastructure. ENO's proposal to develop microgrids that depend on methane-fired generators is the definition of maladaptation. The Council has stated in multiple dockets that reducing greenhouse gas emissions is critical, and even went so far as to prioritize local emissions reductions in its Renewable and Clean Portfolio Standard. The proposal to add new methane generation inside Orleans Parish is absurd. The Alliance is aware that retail Entergy utilities are pushing to develop a methane-fired "power through fleet" that would not just be used during major outages, but as a peaking generation resource. What the utility has proposed in this docket is a new fleet of three small gas peaking plants spread across Orleans Parish under the guise of resilience. These projects must be dismissed entirely.

V. THE COUNCIL SHOULD MOVE FORWARD WITH PROJECTS THAT HAVE BROAD STAKEHOLDER CONSENSUS

While the Council should take this holistic approach to resilience planning, it is equally vital that improvements begin as quickly as possible. Quite frankly, we have a long way to go with regard to achieving a truly resilient electrical grid, and not much time to get there if the city is to remain habitable in the near term.

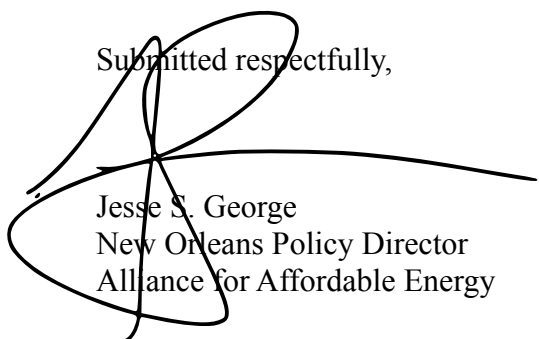
To that end, the Council should work to identify projects with broad stakeholder consensus and support, such as TNO's Community Lighthouse Project, Feed the Second Line's Get Lit Stay Lit Project, and ENO proposals such as the Front Street to Michoud transmission

project and the Derbigny substation improvements, that can move forward while stakeholders formulate a more comprehensive resilience plan. The remaining technical conferences in under the docket should serve, in part, to help identify these consensus projects. ENO has not been forthright in previous technical conferences, nor in responses to discovery requests, which has made a collaborative approach to resilience planning difficult. A mediated approach to identify consensus projects could help the Council to prioritize approval and procurement of funding for those projects that receive broad support.

VI. CONCLUSION

We have been fortunate thus far this hurricane season to be spared from any major storms, but the next test of our city's electric grid will arrive sooner rather than later. The work of this docket – and of the Council's other open dockets touching on this issue – is a matter of critical urgency. We must move deliberately, but swiftly, in order to create a livable city for our most vulnerable citizens.

Submitted respectfully,



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

**Before
The Council of the City of New Orleans**

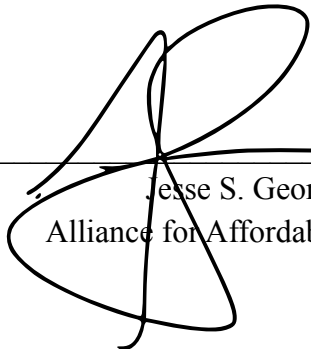
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NOVEMBER 7, 2022

CERTIFICATE OF SERVICE

I do hereby certify that I have, this 7th day of November 2022, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.



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Alliance for Affordable Energy

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