

June 3, 2019

VIA HAND DELIVERY

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:

Please find enclosed the original and three copies of the Response to Request for Comment on behalf of Air Products and Chemicals, Inc. which we request you file into the record in the above-referenced matter. Please file an original and two copies into the record and return a date-stamped copy to my office in accordance with normal procedures.

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/mpk
Enclosure

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

BEFORE THE

NEW ORLEANS CITY COUNCIL

**IN RE: RESOLUTION AND ORDER
ESTABLISHING A DOCKET AND
OPENING A RULEMAKING
PROCEEDING TO ESTABLISH
RENEWABLE PORTFOLIO
STANDARDS.**

**DOCKET NO. UD-19-01
June 3, 2019**

**AIR PRODUCTS AND CHEMICALS, INC.
RESPONSE TO REQUEST FOR COMMENT**

Air Products and Chemicals, Inc. (“Air Products”) respectfully submit the following responses to questions issued by the Council of the City of New Orleans in Resolution R-19-109, in which the Council initiated the referenced docket to consider establishing Renewable Portfolio Standards (“RPS”).

1. What would an appropriate RPS target for New Orleans be, and should it be a requirement or a goal?

Air Products Response: Air Products does not recommend the Council set an RPS target for New Orleans, but should encourage Entergy New Orleans, LLC (“ENO”) to pursue generation resources (acquisition or contract) that use clean energy (including renewable energy resources) when there is a need for additional generation and the proposed resource is the lowest reasonable cost resource to meet the need and provide reliability of service.

To the extent the Council adopts an RPS target, Air Products recommends the target be a goal, and not a requirement, to avoid uneconomic generation resources being added to ENO’s fleet in order to meet a mandated target RPS, particularly if generation is not needed to serve load. Further, a rate cap should be included, as further discussed in Air Products response to Question 4 below.

- a. What percentage of ENO's load should be met through renewable resources, and what data or other information exists indicating that the target is achievable in New Orleans?

Air Products Response: Please see Air Products initial response to Question 1.

b. In what year should ENO be required to meet this target, and should ENO have specific, incremental targets to meet?

Air Products Response: Air Products disagrees that ENO should be required to meet an RPS target. However, should the Council decide to require ENO to meet an RPS target, Air Products responds that the timing of the RPS target depends on the size of the target and should consider and align with ENO's capacity need and expected load growth. Use of incremental targets could help in aligning the RPS target to capacity need and load growth.

2. How should a New Orleans RPS target be satisfied?

Air Products Response: Should the Council adopt an RPS target, the RPS should allow all clean energy resources to count towards meeting the target and include the purchase of properly verified RECs.

a. Should ENO be allowed to purchase RECs to satisfy the requirement, and if so what, if any, limitations should be applied to the use of RECs? If RECs are allowed, how should they be certified or verified?

Air Products Response: Yes, the purchase of RECs by ENO should be allowed to satisfy any RPS target adopted by the Council. ENO should be required to retire the RECs for the RECs to count toward the RPS target, subject to verification by an independent third-party.

b. What resources should be included in the definition of resources that may be used to meet the target (whether through the addition of resources to ENO's system or through the purchase of RECs) -- Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar Thermal Electric, Solar Thermal Process Heat, Solar Photovoltaics, Wind (Large and Small), Biomass, Hydroelectric, Geothermal Heat Pumps, Combined Heat & Power, Landfill Gas, Hydroelectric (Large and Small), Geothermal Direct-Use, Anaerobic Digestion, Fuel Cells using Renewable Fuels, other?

Air Products Response: Air Products considers Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar Thermal Process Heat and Geothermal Heat Pumps to be load and not generation resources. Should the Council adopt an RPS, Air Products recommends the RPS not be limited to renewable resources but consider all resources that produce clean energy, including nuclear. Air Products identifies the following resources (through acquisition or contract) for including in the definition of resources that can satisfy any RPS target adopted by the Council: Solar Photovoltaics, Wind, Biomass, Hydroelectric, Anaerobic Digestion, Fuel

Cells using Renewable Fuels, Nuclear, and Waste Heat Recovery Facilities. Further, to the extent that Solar Thermal Electric is intended to mean concentrating solar generation, then Air Products would agree that Solar Thermal Electric should also be eligible to meet an RPS target.

c. Should there be a requirement that some portion of the RPS must be met through specific types of renewables (or RECs), such as solar or distributed generation?

Air Products Response: No, should an RPS target be adopted by the Council, the Council should not mandate a certain portion of the target to be met through a specific type of renewable resource or RECs, or that any portion should be met only through renewable resources in general. The RPS target should include non-renewable resources that generate clean energy. Further, to the extent a particular type of renewable resource is economic, it would be selected on merit. When a mandate is needed for a particular renewable resource to be selected, then resources will be added (through acquisition or contract) that are not lowest reasonable cost or otherwise economic.

d. Should the Council consider adopting a method of encouraging local renewable resources, such as by providing ENO with greater credit toward meeting the RPS requirement for local resources than for remote resources?

Air Products Response: No, for the same reasons Air Products provided in response to subpart (c).

3. How should the RPS standard be enforced, should the Council consider a penalty or Alternative Compliance Payment structure?

Air Products Response: To the extent the Council adopts an RPS with a required target, the Council should review on an annual basis ENO's compliance with the RPS and target. Should ENO be found out of compliance, the Council should initiate a docket, with opportunity for intervention and discovery, to evaluate the non-compliance and to determine if the non-compliance was the result of reasonable and prudent decision-making. To the extent it is determined the non-compliance was the result of reasonable and prudent decision-making by ENO, a penalty or compliance payments should not be imposed.

4. What protections should be put in place to protect ratepayers from unreasonable increases in rates due to the RPS?

Air Products Response: To the extent an RPS target is adopted by the Council, it should be subject to a 1% rate cap, such that if acquiring or contracting for the resource being added to satisfy the RPS target would cause rates to serve ENO to increase by 1% or more compared to either not adding the resource or adding another resource that would otherwise be available, the RPS-compliant resource would not be added.

- a. What would be an unacceptable level of rate impact resulting from compliance with an RPS?

Air Products Response: See Air Products above response, regarding a 1% rate cap limitation.

- b. If a limit on rate impact is established, how should it be structured -- as a flat cap, as an Alternative Compliance Payment structure, or through some other structure?

Air Products Response: See Air Products' above response regarding a flat 1% cap.

RESPECTFULLY SUBMITTED:



Katherine W. King (#7396)
Randy Young (#21958)
Carrie R. Tournillon (#30093)
KEAN MILLER LLP
Post Office Box 3513
Baton Rouge, LA 70821
(225) 387-0999
Attorneys for Air Products and Chemicals, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been served by hand delivery to the Clerk of Council with a copy to the Director, Council Utilities Regulatory Office, and upon the Official Service List via electronic mail.

New Orleans, Louisiana this 3rd day of June, 2019.



Carrie R. Tournillon