

Logan Burke, Executive Director of the Alliance for Affordable Energy

Thank you for the chance to speak today on this important matter

The New Orleans City Council has the unique power and responsibility to decide when and whether to authorize Entergy to charge customers for energy infrastructure, and to stand up for and defend the public interest. In this capacity, the Council must recognize when our city has a need, evaluate the best options for meeting those needs, consider what is fair to ask people to pay, and ultimately choose the most prudent and financially responsible course of action.

The fact is, Entergy does not need this plant for capacity reasons.

New Orleans does have a transmission reliability concern that requires a transmission investment solution. The record shows we have considerable access to affordable reliable power through Entergy's existing generation fleet, through the MISO markets, and the ability to offset power requirements through growing our demand side management programs. In fact the record shows that we have more than enough power to serve our needs for many years, ultimately producing a surplus of power.

Neither does New Orleans need this *plant* to resolve transmission reliability and power outages. This is because our transmission problems call for a direct transmission solution that is cost effective and specifically capable of solving our reliability problems. ENO's own analysis shows that much needed transmission improvements provide a better solution than Entergy's gas fired power plant at a fraction of the cost. They directly resolve the most urgent P6 contingency outages and overloading issues, which will be further mitigated by the effects of the Council's existing demand side management policy and Entergy's commitment to 100 MW of renewable energy.

If Entergy's claimed transmission reliability risks represented the sort of existential threat that ENO and the Advisors suggest they are, one would expect that a prudent utility would have developed a "Plan B" for addressing those critical risks, or, at the very least, would have conducted a detailed assessment of the feasibility, time, and costs of upgrading the five transmission lines necessary to mitigate any risk. But the Company failed to conduct any such analysis despite knowing of the risk for nearly four years.

ENO's own data show that the cost of directly solving the transmission reliability concerns is \$57 million, over \$150 million less than the smaller RICE power plant Entergy has proposed and the Advisors are arguing for. Yet according to the Advisor's own testimony as presented by witness Joe Rogers, the bill impact for the transmission

upgrade solution could be a mere \$1.82 / month, approximately ¼ of the bill impact of the \$6.91 monthly cost for the RICE peaker plant. In other words, Entergy's proposed peaking gas plant is dramatically more expensive than the cost of directly solving the transmission reliability issue with a transmission solution.

Furthermore, the record shows the addition of strategically placed autotransformers could resolve the most immediate concern of voltage collapse at a cost of approximately \$10-\$15 million. This equipment provides redundancy to ensure continuous voltage stability, a distinct advantage over a limited run fossil fuel power plant with potential lag time to power up in the event that P6 contingency conditions threaten to cause cascading outages. Entergy Louisiana is installing the same type of equipment at one of its substations, and ENO already owns the land needed for such a solution in the city, thereby avoiding right of way issues. If there are challenges to implementing the transmission fix, like scheduling outages to upgrade the transmission equipment, then those challenges must be examined and resolved as part of the analysis that Entergy has thus far been unwilling to do.

Given the performance capabilities and dramatically lower costs of transmission upgrades compared to the expensive gas plant that ENO has proposed, it is a more than reasonable that the Council be provided with the information needed to fully and accurately evaluate the cost, timing and capability of transmission improvements to resolve reliability concerns.

In addition to withholding critical information from the Council, ENO has presented a list of fears, problems, and obstacles that they have sought to use to confuse and block the Council from pursuing this cheaper more direct solution.

Ultimately, none of these concerns are proven justifications that the projects cannot be done effectively and affordably. ENO's failure to conduct the analysis means that they cannot factually back up their claims that the transmission solution is not the better choice for New Orleans. In this proceeding and through their public relations and advertising, it appears ENO has spared no expense to advance their aim to build NOPS, making their choice not to conduct the transmission analysis all the more revealing. A reasonable person would conclude that they chose to not conduct the transmission solution analysis because they anticipated that the results would potentially undermine or defeat the narrow set of choices they have sought to put before the Council.

~~Given the dramatically lower cost of the transmission solution, this gas plant cannot be found to be in the public interest while a far cheaper option is on the table. The Council is well within their right, and has a compelling justification, to require that the transmission solution analysis be completed and presented to the Council for authorization rather than this plant.~~

The Council should take note that although Entergy has argued they are pursuing a decision with extreme urgency on the basis that they are concerned about the risk of outages from a P6 contingency, they have made it abundantly clear that they would accept, in fact they would prefer, to do nothing to resolve the P6 risk for a **three year period** if the Council would authorize construction of the larger more expensive CT power plant, rather than the RICE units.

Costing customers 75% less than Entergy's gas power plant, the transmission solution frees up more than \$150 million dollars of costs to customers for other more important needs such as repairing, hardening, and modernizing our distribution system or investing in 21st century energy resilience technologies to prepare and protect us against hurricanes.

2)

However, There is not enough money in our pocketbook for critical infrastructure investments such as these if we waste customer money on Entergy excessively expensive power plant.

New Orleans faces an array of pressing infrastructure needs but there are real limits on what we can afford to pay. In this context it is essential that our City Council maintain focus on the big picture to ensure that the limited dollars collected through taxes, energy, and water bills are effectively directed towards the most critical issues using the most cost effective solutions. Overspending on one project has the very real potential of coming directly at the expense of our ability to complete other essential projects.

Among these, investment in our electric transmission and distribution systems are **REQUIRED** to ensure reliability in New Orleans.

By contrast, New Orleans does not have lack of access to power. ENO owns ample generating capacity and through the MISO markets we have access to vast energy resources at low prices that have been saving customers millions of dollars compared to the costs we would pay with Entergy power alone.

What we do have are over 2,000 power outages each year that are directly attributable to the neglected and deteriorating distribution infrastructure. Fixing and modernizing our distribution system will require a substantial investment. Additionally customers will pay for discarding and replacing our electric meters at a cost of more than \$100 million. Similar upgrades are underway for our water meters. And we all know there are extensive investments needed in our drinking water system, pumping, and drainage systems, and the power systems that support them that will add up to many hundreds of millions of dollars in the very near future. It would be a terrible omission not to acknowledge that New Orleans must prepare for critical investments in resilience to protect us from the effects of climate change and the impacts of more severe storms.

New Orleans can ill afford to approve expensive power plants like the one Entergy has proposed without acknowledging and pursuing less expensive and more effective solutions like modernizing and hardening our transmission and distribution system - in fact we simply cannot afford to do otherwise.

We must recognize and resist Entergy's attempts to withhold and limit the information the Council has to make such decisions and reject the pressure they exert to force a rushed decision at the expense of sound long term thinking.

Decisions of this magnitude cannot be made without consideration of the big picture costs to the citizens of New Orleans. If there is one crucial lesson we must draw from the destructive flooding that occurred last summer, it is that we have a collective responsibility to see past the outdated thinking and technologies...break down the barriers that blind us to both the dangers and the opportunities available to move us towards better solutions for now and into the future.

We also must take a hard look at the choices before us and find opportunities for economic efficiencies that come through coordination and integration of major infrastructure investments. It is that spirit that we need to prevent unnecessary redundancy, waste, and ineffective solutions to our very real problems.

As the leaders of our City turn to the limited funds in our collective pocketbooks to pay for these infrastructure projects we must all recognize the incredible amount of responsibility and trust in our elected officials when it comes time to justify the costs we are made to bear. Paying for Entergy's power plant serves their own corporate financial interest but squanders the limited dollars our city has to pay for electric grid modernization, S&WB, street repair and the resilience investments we sorely need in our city.

3)

New Orleans should be prepared and resilient in the face of storms. No one disagrees on this point. This *should* mean that the city and its utilities develop plans according to risk and probability, and plan honestly. In this proceeding, Entergy has hand selected “islanding,” their favorite worst case scenario, as the risk standard to meet. Other than baldly asserting that a gas generator would provide storm-related benefits for New Orleans, the Company has failed to conduct any assessment of storm-related reliability risks or benefits of any particular option. **Entergy witness Charles Long put it bluntly: “we don’t model hurricanes.”** Furthermore the chance of their plant operating in the way they claim is far fetched. Nothing in the record shows that this plant is a real or cost effective method of making New Orleans resilient during and after a major storm compared to other strategies designed for that purpose.

More likely, the scenario they describe would render their plant virtually useless. Here’s why: New Orleans has 7 transmission lines coming into the parish, and the circumstance Entergy describes, with every one of the 7 lines being severed would have such a catastrophic impact on our already fragile distribution system, that a 128 MW power plant stationed on the far eastern side of the city (if it were miraculously the only thing spared by such a storm) would be of little help. **At most, it could meet 10% of the City’s normal load. Storm restoration will always depend on bringing back our transmission and distribution lines.**

Entergy’s message has been “New Orleans needs a local source of power. “ We couldn’t agree more, AND we we already have *many*. Immediately across the river Nine Mile Point is the site of 2,440 MW of capacity. In addition, New Orleanians have already invested in 40 MW of their own generation, with solar on rooftops across the city. Plus Entergy has committed to investing in more of this distributed generation. The fact is, New Orleans has access to an array of resources.

In addition, Entergy’s now retired plant at Michoud never served as a reliable source of power for New Orleans in the face of hurricanes. Instead, power served to the city via transmission lines connecting us with Nine Mile Point generating station, and other plants up the river have consistently been a resilient and reliable way to bring power into the city during and following storms, including hurricanes like Gustav. History has shown transmission lines are more resilient than our distribution system.

Within this proceeding, Entergy has never provided an analysis or review of what would actually make the city more resilient. But we know this: you cannot call a cherry

picked scenario a hurricane strategy. (especially when that strategy has failed you in the past)

4) When a utility asks to invest in new resources, scrutiny is warranted and the burden of proof is a high bar for a sound Public Interest reason: The Utility profits and their customers pay. ENO hasn't earned the benefit of the doubt or proven a need for this plant. Far from it. Over and over, Entergy's demand forecasts and guesses have been proven untrue. Energy need forecasts fell, when Entergy said they would grow. The MISO market became cheaper, while Entergy said it would balloon. Entergy says solar and batteries "aren't there yet," while nearby states like Florida choose to invest in the paired resources for both cost and resilience - specifically to replace the need for gas peaking generation like ENO has proposed.

Throughout this process, ENO and the Advisors have ignored an incontrovertible truth, that the burden of proof is on ENO - not the public, not advocates, and not the Council itself. Even so, ENO's own data and the Public Interest Intervenor filings & arguments demonstrate that there are cheaper, faster, better options that must be pursued and that a public interest determination cannot be granted to this gas plant without the council having information before them.

Dire urgency for a decision today is an Entergy-created condition. We have been presented a false Either/Or premise: give Entergy their plant, or there will be blackouts. ENO has intentionally restricted solutions in this way in an attempt to force an expensive choice. Unfortunately this is not a new tactic.

Entergy has a history of deferring transmission investments where it serves their financial interests at the expense of their customers. Before joining MISO, Entergy stifled transmission improvements that would have benefited their customers. By avoiding transmission upgrades, Entergy protected their bottom line, hindered competition, and caused costly inefficiencies. For decades, Entergy kept its customers vulnerable and dependent upon their own generation. Since joining MISO, New Orleans customers have saved millions of dollars annually by accessing low cost power on the MISO market and Entergy has finally begun to invest in long-deferred transmission improvements.

Unfortunately, basic upgrades and solutions to New Orleans transmission concerns remain ignored, continuing this old cycle of deferring transmission investments in the interest of shareholder returns. Even while their own applications describe available transmission solutions to transmission problems, Entergy's refusal to heed this council's

directions to model the costs forces their customers and this city into the same old position: overpaying for a system that is specially built to profit the utility. Don't let them do this to customers again.

5) Council Authority, Responsibility, and Action

You have enough evidence to say no to this plant today.

However there is more information to be had and it is okay to take the time you need. Remember, though Entergy is pushing for a decision today, they would evidently feel no such urgency if they were allowed to build the larger more expensive CT. Entergy is willing to give you three years.

We recommend the following course of action:

- Reject Entergy's unnecessarily expensive NOPS plant.
- Require the transmission analysis Entergy has refused to do.
- Consider the over-all infrastructure pricetag to be borne by the city's residents and how these needs could be coordinated.
- Insist Entergy solve the transmission concerns they have with a transmission solution.
- Order Entergy to acquire future resources through a transparent and competitive process to ensure customers are getting the best deal.
- Next Tuesday in the Integrated Resource Plan, Entergy is expected to deliver their most recent load and sales forecast. Insist on it.

You are the regulator, elected to represent everyone who would pay for this plant, and other infrastructure the city needs to be safe. We ask you to insist that Entergy meet their burden before we are forced to take on another one. ~~We ask you to remember that unless this council insists Entergy stand by their forecasts and predictions, residents and businesses will be forced to hold all of the risk for this plant for the next three decades, with the likelihood of even higher bill impacts than Entergy has predicted.~~
To be clear - we are not suggesting you deny Entergy's power plant and then do nothing. What we are suggesting is that you do the *right* thing.

Thank you