

RESOLUTION

NO. R-22-413

CITY HALL: September 15, 2022

**BY: COUNCILMEMBERS MORRELL, MORENO, GIARRUSSO, HARRIS, KING,
GREEN AND THOMAS**

**RESOLUTION AND ORDER ESTABLISHING RULEMAKING TO CONSIDER
SAVINGS TARGETS AND PROGRAM DESIGN FOR ENERGY EFFICIENCY,
CONSERVATION, DEMAND RESPONSE AND OTHER DEMAND-SIDE
MANAGEMENT PROGRAMS AS WELL AS CUSTOMER-OWNED DISTRIBUTED
ENERGY RESOURCES AND BATTERY STORAGE
DOCKET NO. UD-22-04**

WHEREAS, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans (“Charter”), the Council of the City of New Orleans (“Council”) is the governmental body with the power of supervision, regulation and control over public utilities providing service within the City of New Orleans; and

WHEREAS, pursuant to its powers of supervision, regulation, and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations governing the terms and conditions of service, and to govern applications for the fixing and changing of rates and charges for public utilities; and

WHEREAS, Entergy New Orleans, LLC (“ENO” or “Company”) is a public utility providing electric service and natural gas service to New Orleans; and

WHEREAS, the Council approves Energy Smart program designs, savings targets, and budgets and incentives for three prospective Program Years every three years upon the conclusion of ENO’s Triennial Integrated Resource Plan (“IRP”) analysis; and

WHEREAS, in Resolution No. R-15-599, the Council adopted a goal of increasing the projected kWh savings from the Energy Smart program by 0.2% per year, until such time as the program generates kWh savings at an incremental rate equal to 2% of annual kWh sales; and

WHEREAS, the Energy Smart Program is currently authorized by the Council through the end of Program Year 12 on December 31, 2022; and

WHEREAS, on July 29, 2022 ENO submitted the *Application of Entergy New Orleans, LLC for Approval of the Implementation Plan for Program Years 13 through 15 of the Energy Smart Plan* (“PY 13-15 Implementation Plan”) to the Council setting forth its Energy Smart Program Years 13-15 (2023-2025) program designs, budgets, kWh savings targets, and requested utility performance incentives; and

WHEREAS, the PY13-15 Implementation Plan indicates that in PY 12, the Energy Smart Program is expected to produce kWh savings of 1.68% of annual sales,¹ and applying targeted percentages compliant with the Council’s 2% policy to the rolling average of three years (2019-2021) of total annual sales, the kWh savings goals for PY13-15 would be 1.88%, 2.0% and 2.0%, indicating that the Energy Smart Program will have achieved the Council’s goal of reaching 2% of annual sales; and

WHEREAS, in light of the potential attainment of the Council’s 2% during the upcoming Energy Smart three-year implementation period, the Council wishes to consider what the next phase of the Energy Smart Program should be and whether the 2% goal should be maintained, increased, or otherwise altered; and

WHEREAS, in its comments on Entergy’s 2021 IRP, AAE argued that the Council could open a new docket to consider a demand-side management (“DSM”) Rule, which would

¹ Resolution R-20-51 approved the kWh savings target of 1.68 % of annual sales for PY 12, included in the PY10-PY12 Energy Smart Implementation Plan.

(i) include both an energy savings target as well as a peak demand reduction target, (ii) include new programs directing more support to parts of the City that suffer both extreme energy burdens and severe heat island impacts and (iii) include a requirement for DSM cost-benefit analyses to use a more appropriate discount rate, rather than the high 8% discount rate used in both IRP DSM Potential Studies;² and

WHEREAS, the Advisors also recommend that the Council open a new rulemaking proceeding to consider what goal should be set to replace the 2% goal for Program Years 16 and beyond, and stated that such a rulemaking could consider a broad range of issues beyond simply what an appropriate energy efficiency kWh savings goal would be – it could also consider issues such as whether a peak demand reduction goal should be included as well as an energy sales goal, whether new programs should target specific geographic areas of the city to address heat islands or towards customers facing particularly severe energy burdens, as well as the impact of the programs on customer bills and whether customer incentives funded through energy bills are the most appropriate way to achieve all forms of energy efficiency, or whether it might be more cost effective to achieve energy efficiency through regulatory measures such as improved building efficiency standards;³ and

WHEREAS, the Council is also interested in proposals to make Energy Smart programs more effective and more accessible to New Orleans customers as well as rate design proposals, such as time-of-use rates designed to encourage demand response; and

WHEREAS, on July 30, 2021, in the 2021 IRP proceeding, Council Docket No. UD-20-02, ENO submitted the *Entergy New Orleans LLC 2021 Integrated Resource Plan DSM Potential Study, Final Report*, (“ENO DSM Potential Study”) prepared for ENO by Guidehouse, and the

² Comments of the Alliance For Affordable Energy, May 9, 2022

³ Advisors’ Report at 28.

Council's independent DSM Potential Study consultant, GDS Associates, Inc. submitted the *City Council of New Orleans 2021 DSM Market Potential Study* ("Council DSM Potential Study"). Both DSM Potential Studies provide useful data and analysis that can assist Parties and the Council in considering the future of DSM in New Orleans; and

WHEREAS, the Council wishes to establish a rulemaking proceeding in order to carefully consider these issues and to allow all proposals to be fully vetted;

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS THAT:

1. The Council hereby establishes Docket No. UD-22-04 to consider modification of the Energy Smart energy efficiency and conservation program as well as potential Council policy with respect to DSM and customer-owned DERs and energy storage.
2. The Council appoints the Honorable Jeffrey S. Gulin as Hearing Officer in this docket, who shall, for good cause shown and as required by the circumstances of the proceedings, have authority to change or amend the procedural dates set forth herein. To the extent that the City Clerk's office closes before 5:00 pm on the date of any deadline contained herein, the deadline shall be extended to the next business day.
3. ENO is designated as a party to these proceedings.
4. The Council's Advisors are directed to fully participate in the proceeding, including conducting discovery, submitting comments, and/or drafting reports as needed, to ensure that the Council's objectives for this docket are achieved.
5. The ENO DSM Potential Study and the Council DSM Potential Study submitted in Docket No. UD-20-02 on July 30, 2021 shall both be incorporated into the record in this proceeding by reference and shall be provided to any Parties who did not receive copies of them in Docket UD-20-02 via email upon request to CURO.
6. The following procedural schedule is adopted:
 - a. Stakeholders desiring to intervene shall file a motion to intervene with the Clerk of Council no later than October 1, 2022, with a copy submitted electronically to Bobbie Mason (bfinason1@nola.gov). The Council's requirements for motions to intervene may be found in the City Code at sections 158-236, 158-240, 158-286, 158-287, 158-288, 158-322, and 158-

324. Objections to motions to intervene shall be filed within 5 days of such requests. Timely filed motions to intervene not objected to within that time period shall be deemed **GRANTED**.

- b. By October 31, 2022, Parties interested in proposing changes to the Council's energy efficiency, conservation, DSM, kW and kWh savings goals, and customer-owned DER and energy storage policies should submit their proposals, along with a proposed funding mechanism for those proposals.
- c. The Parties shall convene a virtual technical conference to discuss the proposals between November 28, 2022 and December 16, 2022.
- d. By January 12, 2023, Parties shall file any responsive comments.
- e. By February 1, 2023, the Advisors shall submit an Advisors Report summarizing the comments received, the resulting changes to existing Council's policies, as well as additional guidance to the Parties on how to fulfill the Council's goals for this docket.
- f. A second virtual technical conference of the Parties shall be convened between February 6 and 17, 2023.
- g. By March 1, 2023 Parties shall file any comments on the Advisors' proposed revisions.
- h. By March 15, 2023, Parties shall file reply comments regarding the Advisors' proposed revisions.
- i. By April 7, 2023, the Hearing Officer shall certify the record and submit it to the Council for final consideration.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:

YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.