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June 3, 2019

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

In Re: A Rulemaking Proceeding to Establish Renewable Portfolio Standards
(Docket No. UD-19-01)

Dear Ms. Johnson:

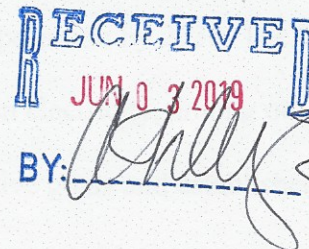
Please find enclosed an original and three (3) copies of Audubon Louisiana's comments in the above-referenced docket.

Please file the attached communication and this letter in the record of the proceeding and return one time-stamped copy to our courier, in accordance with normal procedures. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,

Karen J. Profita
Vice President, National Audubon Society
Executive Director, Audubon Louisiana



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**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

**IN RE: A RULEMAKING PROCEEDING
TO ESTABLISH RENEWABLE PORTFOLIO
STANDARDS**

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

COMMENTS OF AUDUBON LOUISIANA

Introduction and Overview

Audubon Louisiana (“Audubon”) submits these comments in the Council of the City of New Orleans’s (“Council”) Docket No. UD-19-01 pursuant to Council Resolution No. R-19-109, dated March 28, 2019.

The Council’s groundbreaking decision to initiate this Renewable Portfolio Standards (“RPS”) rulemaking docket is an important leadership step that Audubon strongly supports. Audubon thanks the Council for its leadership and vision. We stand ready to actively participate in the vital proceeding.

In July 2017, the City of New Orleans (“City”) set itself on a course of climate responsibility through adoption and publication of “Climate Action for a Resilient New Orleans” (“Climate Action”) and committed to a 50% reduction in greenhouse gas pollution by 2030. The City further committed to a complementary goal of 100% low-carbon electricity, among other goals, by that same date. Climate Action made the case for its aggressive goals and established essential objectives that include incremental annual energy savings, new renewable energy generation, ending dependence on coal, affordability, equity, and resilience, among others. Transportation,

waste reduction, and cultural transformation initiatives are also key elements of the Climate Action vision.

In Audubon's view, establishing workable and strong renewable portfolio standards is a reasonable and necessary major step in achieving the Climate Action vision, and more importantly, in achieving a 100% renewable energy future for the City of New Orleans. Realizing a 100% renewable energy goal is completely aligned with Audubon's mission as well.

Audubon Louisiana's mission is to conserve and restore natural ecosystems, focusing on birds, other wildlife, and protecting their habitats for the benefit of humanity and the earth's biological diversity. The National Audubon Society, which includes Audubon Louisiana, 22 other state offices, and chapters and members in all 50 states, has the local and national presence to advance public and political support for climate solutions in communities across the country. Securing even a single victory that builds resilience while reducing carbon emissions in any major city or state builds momentum for more, and progress in one place seeds progress in others.

New Orleans more than any other place in the nation is experiencing an imminent threat to its culture and way of life from a changing climate and rising sea levels. As a beloved historic community located within the magnificent Mississippi River Delta ecosystem that supports 100 million migratory, nesting and wintering birds, New Orleans is ideally positioned to demonstrate how communities can address climate threats through renewable energy policies. Audubon's almost 4,000 members in Louisiana, 1.2 million members across the country, and the 45 million Americans who consider themselves birders stand ready to support and assist as New Orleans acts not as a victim of environmental changes but instead as a role model making lasting

1 environmental impacts that will benefit all of us and the communities inspired to follow in our
2 footsteps.

3 Audubon is seriously committed to the success of the Council’s efforts. Audubon Louisiana is
4 coordinating its work with other Audubon chapter staff and leaders and has secured expert
5 advisory support. We have already launched a dialogue with New Orleans-local, regional, and
6 national stakeholders in this proceeding. Audubon submits these comments in the spirit of
7 opening a broad, rich, honest, and constructive dialogue with the Council and all other
8 stakeholders, including Entergy-New Orleans (“ENO”).

9 *Audubon urges the Council to set itself on a course to adopt and enforce a 100%*
10 *decarbonization goal and supporting 100% renewable portfolio standards for services today*
11 *provided through electricity and gas. These goals should apply to City functions, and all energy*
12 *uses and services, public and private. The Council should set an aggressive timeline for*
13 *achieving these goals that also takes full account of equity, affordability, and technological*
14 *considerations. As a starting point, Audubon believes a 2040 goal meets these considerations.*

15 Decarbonization and 100% RPS goals will be transformative of almost every aspect of life and
16 work in New Orleans. Audubon’s comments at this stage reflect its view that the Council’s
17 consideration of the issues relating to a renewable portfolio standard should be broad and
18 inclusive and include all issues both directly and indirectly implicated by the comments
19 submitted by all the parties.

20 Audubon urges to ground its work in implementing a vision of decarbonization through 100%
21 renewable energy supply on five key principles as pillars for its work. These principles are
22 equity, affordability, reliability, resilience, and technological innovation. Equity involves

1 ensuring that the benefits of a transition to renewable energy reach all communities and are
2 targeted to address historical environmental and economic issues. The methods and means of
3 decarbonization must account for energy and economic burdens. Affordability is about prices,
4 and so much more; affordability entails careful consideration of costs and value. The strategies
5 and resources that ENO proposes and ultimately utilizes must be economic over both the short-
6 and long-term, and affordability decisions must be fully assessed using benefit-cost analysis
7 frameworks that are transparent, broadly inclusive of impacts on customers and the City, and
8 long-term in outlook. Reliability means that ENO must not compromise system performance on
9 the path to decarbonization, nor should the utility operate under assumptions of false tradeoffs
10 between reliability and low-carbon, renewable, and efficient utility operations. Resilience is
11 about the ability of the system to keep operating at baseline levels under extreme weather and
12 system events and to recover quickly to full performance after such events. Resilience is
13 enhanced through technology adoption and operational improvements, but most cost-effectively
14 through structural reforms, including reform of basic energy services systems to more a more
15 intelligent, distributed, adaptive, and self-healing network model. Technological innovation
16 implies that ENO must not only be willing to change the resource mix it relies upon, but to
17 facilitate structural and operational reforms that accelerate the adoption and reliance upon
18 efficient, intelligent, distributed, and competitive energy services solutions, even if it does not
19 own them.

20 Audubon further recommends that the Council formally establish its own network relationships
21 with other cities pursuing these important goals. At this time, Washington, District of Columbia
22 stands out as a similarly-situated partner for shared learning and collaboration.

Audubon’s comments are organized according to the questions put forth in Council’s Resolution No. R-19-109.

Replies to and Comments on Council Questions

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

Reply: Audubon recommends that the Council adopt a commitment to decarbonization with a 100% renewable energy requirement imposed on ENO for all energy services that are today provided through electricity and gas, and for all future demand for electricity service. Audubon’s focus on decarbonization is based on a recommendation that no lesser commitment will be sufficient to mitigate the most severe impacts that climate change is likely to inflict on society, and that we live and work in an interrelated energy ecosystem that is itself a part of our natural and anthropogenic ecosystems. Everything is connected, so the Council’s policy should be, too.

Collectively the renewable portfolio standards should be: (1) all electricity generation for loads served in the City should be fueled by renewable energy, (2) all heat and process loads served in the City should be fueled by renewable gas (methane derived from renewable sources) or converted to renewable electricity, (3) all heat, process, and transportation loads served by petroleum should be converted to renewable electricity or gas, and (4) all new electric loads such as those relating to electrified transportation, building electrification, or others should be driven by renewable electricity.

The Council should establish a date certain for achieving these 100% standards that is aggressive while addressing several key policy objectives: equity (economic,

1 social, and inter-generational), affordability (in the broadest sense of the word and
2 including affordability in the future), reliability, resilience, and technological innovation.
3 Because the Council's determination of the scope of the RPS will inform the date goal, a
4 specific decision is premature, but for purposes of establishing the RPS, Audubon
5 believes a placeholder date of 2040 meets all criteria.

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

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

10 **Reply** - There are no technological barriers to achieving the 100% RPS goals described above.

11 That is the percentage of ENO load that must be renewable by the milestone date. In
12 order to ensure that ENO achieves these goals in the most affordable way consistent with
13 policy priorities, the Council should also adopt incremental date-certain milestones along
14 the road to the ultimate goal (e.g., by 2025, 2030, 2035), and adopt tiers that insure timely
15 progress is made in key areas. Tiers should be considered for low-income customer
16 demand, local and remote generation, direct supply and REC-based renewable energy,
17 and other categories.

18
19 *2. How should a New Orleans RPS target be satisfied?*

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

4 **Reply** – Achievement of RPS goals requires balancing of several competing policy priorities, but
5 one thing is sure, the Council cannot afford delay. With third-party certification, RECs
6 are an immediately available and cost-effective way to “green” electricity supply.
7 Therefore, RECs should be allowed in order to set aggressive and affordable milestones.
8 It is also true that distributed generation resources cited close to load offer resilience,
9 economic benefits, jobs, local control, and market development. The Council goal should
10 be maximizing local renewables over the period of RPS achievement. A “see-saw”
11 approach within tiers is a good way to achieve all goals at once—allowing high REC
12 percentages in early years, while building toward high local distributed generation
13 content as the deadline for 100% renewable resources nears.

14 RECs must be independently certified by a non-utility organization (such as the
15 Center for Resource Solutions’ “Green-e®” standard¹) to ensure regulatory additionality
16 and the prevention of double counting. The Council may also wish to require that RECs
17 be tracked through the Midwest Renewable Energy Tracking System (“M-RETS”)²

18 b. *What resources should be included in the definition of resources that may be used to meet*
19 *the target (whether through the addition of resources to ENO's system or through the*

¹ Audubon’s expert advisor, Karl R. Rábago, serves as the chair of the board for the non-profit Center for Resource Solutions. He derives no direct financial benefits from his role or relationship with CRS.

² See <https://www.mrets.org>.

1 *purchase of RECs) -- Solar Water Heat, Solar Space Heat, Geothermal Electric, Solar*
2 *Thermal Electric, Solar Thermal Process Heat, Solar Photovoltaics, Wind (Large and*
3 *Small), Biomass, Hydroelectric, Geothermal Heat Pumps, Combined Heat & Power,*
4 *Landfill Gas, Hydroelectric (Large and Small), Geothermal Direct-Use, Anaerobic*
5 *Digestion, Fuel Cells using Renewable Fuels, other?*

6 **Reply** - Audubon recommends adoption of an established renewable energy fuels and
7 technologies definition and eligibility standard. The Green-e Standard has promulgated a
8 definition that is nationally and internationally agreed-upon.³

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

11 **Reply** – Yes. As described above, the Council should consider a tier structure that builds toward
12 increasing reliance on local, distributed, and resilient renewable energy resources.

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

16 **Reply** – It is possible that in the future New Orleans will enjoy an opportunity to establish
17 “trading” systems with other cities or as a participant in a greenhouse gas management
18 system that includes “cap and trade markets.” But right now, the Council has two broad
19 strategies available for ensuring compliance. First, it could adopt an approach of
20 mandates and penalties. Mandates should be clear, objective, and achievable. Penalties

³ See <https://www.green-e.org>.

1 should be monetary and require either direct payment to the City or a system of
2 alternative compliance penalties. If used, such credits must be priced well above the cost
3 of ordinary compliance. Proceeds must be channeled directly efficiency, renewable
4 energy development, or carbon reduction.

5 The second method, which Audubon recommends, is to install performance-based
6 regulation (“PBR”) measures such as increases or reductions in return on equity (so-
7 called Performance Incentive Mechanisms), regulatory flexibility, and others. Developing
8 a PBR system to ensure compliance with RPS goals would be a complex undertaking, but
9 a growing number of useful examples are in use or in development that could inform the
10 Council’s work. PBR offers the opportunity to have positive impacts on ENO’s financial
11 ratings as well.

12
13 3. *How should the RPS standard be enforced, should the Council consider a penalty or*
14 *Alternative Compliance Payment structure?*

15 **Reply** – See reply to question 2, above.

16
17 4. *What protections should be put in place to protect ratepayers from unreasonable increases in*
18 *rates due to the RPS?*

19 **Reply** – Successful implementation of a decarbonization strategy that relies upon 100%
20 renewable energy portfolio standard must be an interactive, adaptive, and flexible process
21 that is driven by careful planning, complete transparency, and full accountability.

1 Extreme and truly unpredictable major events can derail a plan and require adjustments in
2 order to avoid unreasonable rate impacts. But careful, comprehensive, and broadly
3 inclusive planning processes—local integrated resource plans guided by the 100% RPS
4 objectives—can optimize the rates of technology adoption, the realization of economic
5 and other benefits of more efficient and cleaner energy systems, and the rate impacts for
6 customers in general. The Council must clearly and unequivocally set the expectation that
7 climate responsibility and energy and economic justice can and must go hand in hand.

8 The Council should evaluate a wide range of tools in addition to a comprehensive
9 local integrated resource planning requirement. These tools include constant monitoring
10 and frequent reporting, regulatory and public dashboards communicating progress toward
11 tier and incremental goals, frequent customer education and information opportunities,
12 the introduction and stimulation of competitive market development opportunities
13 (especially for energy efficiency businesses), and performance-based regulatory
14 approaches.

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

17 **Reply** – The costs of global warming and climate change adaptation dwarf any reasonably
18 expected costs associated with a carefully crafted and well-managed decarbonization
19 strategy. Failure to act has a massive unacceptable level of rate impact already. To guide
20 the pace and magnitude of adoption and implementation of component strategies, the
21 Council should require ENO to develop a comprehensive benefit-cost analysis framework
22 that takes a long-term view of costs and benefits and considers societal impacts as well as

1 rate impacts. There is no difference between residents and citizens of New Orleans and
2 customers of ENO, so benefit-cost analysis must evaluate not only rate impact, but
3 societal cost impacts as well.

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

6 **Reply** – Audubon believes it is too early in the process to commit to any hypothetical caps or
7 limits. This decision will be informed by the RPS metrics, including the critical dates for
8 achieving milestones on the road to 100% renewable energy supply.

CHAIR
Cathy Pierson

June 3, 2019

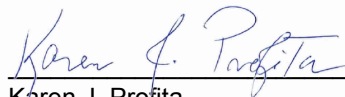
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In Re: A Rulemaking Proceeding to Establish Renewable Portfolio Standards
(Docket No. UD-19-01)

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I hereby certify that this 3rd day of June 2019, I have caused to be filed and served the required number of copies of Audubon Louisiana's comments dated June 3, 2019 in this proceeding by hand-delivery to the Clerk of Council and by electronic mail to all known parties in this proceeding.



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[Continued on Next Page]

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