

July 15, 2019

By Hand Delivery

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

**In Re: RESOLUTION AND ORDER ESTABLISHING ADOCKET AND
OPENING 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 the Alliance for Affordable Energy's Reply Comments on the above-mentioned 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,

Logan A Burke

Executive Director

Alliance for Affordable Energy

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

**Establishing a Docket and Opening a Rulemaking
Proceeding to Establish Renewable Portfolio
Standards**

Docket No. UD-19-01

ALLIANCE FOR AFFORDABLE ENERGY’S REPLY COMMENTS

Following the first round of comments by formal intervenors in Council Docket UD-19-01, the Alliance for Affordable Energy (“the Alliance”) provides these reply comments in addition to the collaborative filing also submitted on this day by the group of intervenors known as the Energy Future New Orleans coalition (“EFNO”). The below represents the positions of the Alliance in response to Entergy’s first set of comments, filed June 3, 2019. We appreciate the Council’s leadership on this important issue and we look forward to New Orleans joining other jurisdictions, like Washington D.C., in instituting solid plans to reach emissions goals in line with the Paris Climate Agreement and the New Orleans Climate Action Strategy which this Council has deemed priorities^{1 2}.

In the resolution that initiated this docket, titled, R-19-109, this Council requested input from stakeholders on the shape and scope of a Renewable Portfolio Standard (“RPS”). This resolution contemplated the addition of new renewable resources, rather than existing resources as a part of standard. In fact, the resolution noted that the Council has “pressed ENO for greater use of renewable generation resources.” Nothing in the Council’s resolution contemplated a Clean Energy Standard that depends on already existing resources.

¹ Council Resolution R-17-303, June 8, 2017

² Council Resolution R-17-428, August 10, 2017, Resolution Regarding Climate Action for A Resilient New Orleans Strategy.

While the Alliance is encouraged to see that ENO appears to be moving forward with its first large scale acquisition of renewables in the coming months, the addition of only 150 MW more than this by 2030 simply doesn't go far enough to address the urgent need for emissions-free resources. We recognize that as part of a larger corporation whose affiliate companies own and operate nuclear assets that Entergy has stated its intentions to reduce their emission rate since 2000, but an RPS is not about protecting existing resources, it is about encouraging the growth of new renewable resources and even farther reducing energy waste. Entergy's proposal to increase "clean energy" resources by 15% is not a commensurate response to the Intergovernmental Panel on Climate Change's 2018 report³ urging more swift action in the next 12 years, which will require deep market transformation.

Though it may be true that Entergy New Orleans current portfolio includes a large portion of low-carbon emitting resources, it is also true that at least one of these assets, namely Grand Gulf, which represents a significant portion of ENO's capacity resources, has not performed as expected since 2016, which has forced the company to depend more on MISO purchases to serve customers. Since Entergy operating companies, and others in the MISO South market have been so slow to adopt renewable resources, it is certain that the resources thus serving New Orleans are not other clean energy sources, but instead are carbon (and other pollutant) emitting. This has seriously impacted the % of "clean" energy used in New Orleans, moving from 57% in 2014 to 36% in 2016. If these older nuclear assets continue to underperform, Entergy's proposed voluntary goal is actually an emissions risk.

As the Alliance pointed out in our comments of June 3⁴, Entergy's current supply of nuclear resources are well out of line with the affordability goals the Company describes in their first round of comments. The Alliance is concerned that if the Council adopts Entergy's proposed voluntary clean energy goals, giving nuclear assets a credit for their clean energy attributes, that these assets costs could only further increase to customers. Already the cost

³ October 8, 2018, Special Report on Global Warming of 1.5°C. Retrieval at <https://www.ipcc.ch/sr15/>.

⁴ June 3, 2019, Alliance for Affordable Energy's First Comments Responsive to Resolution R-19-109. Pg 22

impacts of Grand Gulf's unreliability⁵ have been apparent in Fuel Adjustment Charges, and while the Company has stated they are putting money into significant up-staffing, training, capital projects⁶ at the plant, none of these costs have been made apparent, while all of those costs will be borne by ratepayers. The Alliance appreciates Entergy's historic goals to reduce emissions using their existing fleet, however it is clear that the costs of that fleet do not currently provide the benefits to customers that low-cost renewables would do.

On the other hand, Entergy's first foray into utility scale renewables, (Docket UD-18-06) show that acquiring new renewable resources can provide benefits to customers through savings that would not otherwise have been realized without the addition of these renewables. This points to additional savings available where existing resources are more expensive.

We are glad to see that ENO's filing appears to support the continuation of NEM⁷ in New Orleans. However, as with the company's application to acquire 90 MW of new solar resources, ENO reminds the Council of the amount of solar per-customer already in their territory⁸. To be clear, this per customer solar penetration is not because of Entergy's support and encouragement of these resources, but in fact, despite the company's efforts in the past to change solar policy in a way that would inhibit continued customer adoption of renewables, and affordability to solar customers. ENO's first set of comments in this docket is a welcome sign that the utility expects continued NEM policy for New Orleans customers.

The Alliance also agrees that the energy efficiency⁹ and demand response should play an important role in a comprehensive set of policies to reduce New Orleans emissions. We encourage the Council to consider any RPS adopted as a companion to the Council's existing efficiency goals to reach 2% of savings from its Energy Smart program. Additional savings should be encouraged through the RPS, and the Council may even consider a third goal of peak

⁵ The Alliance's position on this is supported by research conducted by Union of Concerned Scientists, see Attachment A of this filing.

⁶ May 15, 2019, Update on Grand Gulf Nuclear Power Station, Entergy.

⁷ June 3, 2019, Entergy New Orleans, LLC Response to Council Resolution R-19-109, pg 21.

⁸ ENO response, pg 5

⁹ ENO response, pg 20

demand reduction. Policies like these, with required targets, can create positive feedback loops to help the utility meet City and Council goals, even out-performing expectations.

In a different way, beneficial electrification, which may actually grow electricity sales in the short term, should also be supported as an opportunity to reduce emissions. The Alliance appreciates the Company's interest in electrifying transportation¹⁰ in the city, as apparently does Mayor Cantrell who has recently announced a partnership with other Climate Mayors in collective purchasing of EVs for the City's fleet¹¹. In order to ensure this transition represents the deepest emissions reduction possible, we encourage this effort to be supported by an investment in new renewable resources. Other beneficial electrification, including reducing gas combustion in commercial and residential spaces (heating, cooking, etc) may also play an important role in reducing New Orleans emissions, while improving indoor and outdoor air quality.

Conclusion

The Alliance looks forward to a discussion of the proposal filed today by the Energy Future New Orleans Coalition, and is particularly interested in finding ways to meet Council priorities to keep costs low for New Orleans residents while supporting a much needed transformation of our energy system with a policy that sufficiently responds to the reality of the climate crisis.

¹⁰ ENO response, pg 1.

¹¹ June 28, 2019, City of New Orleans Announces Partnership with Climate Mayors EV Purchasing Collaborative. One of 127 Cities to Acquire EVs by 2020. Retrieved at <https://nola.gov/mayor/news/june-2019/city-of-new-orleans-announces-partnership-with-climate-mayors-ev-purchasing-collaborative,-one-of-12/?fbclid=IwAR3SkW4sIT8O1xQ9vxrvOeOl06kK33J1yFmrw0PxIPeBnunP0IDJDk9q6yE>



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7/15/2019

The Honorable Helen Moreno
New Orleans City Council
City Hall, Room 2W40
1300 Perdido Street
New Orleans, LA 70112

CC: The Hon. Jay H. Banks,
The Hon. Jared C. Brossett,
The Hon. Joseph I. Giarrusso III,
The Hon. Cyndi Nguyen; and,
The Hon. Kristin Gisleson Palmer

Dear President Moreno and the Members of the City Council,

It has come to the attention of the Union of Concerned Scientists (UCS) that our name and positions on energy policy have been referenced in comments submitted for your consideration in Docket # CNO UD-19-01.

The comments by Third Way and Entergy NOLA¹ both evoked UCS's name in a way that would suggest that our organization prefers a Clean Energy Standard (CES) over a Renewable Portfolio Standard (RPS) as the result in this docket. Those comments suggest that UCS might not support a 100 percent RPS and that UCS might recommend preserving nuclear power with a CES. UCS would like to take this opportunity to clarify our position as it relates to this docket.

UCS has been a leader in crafting RPS policies and has been engaged in analyzing RPS policies since the early 1990's. Recently, UCS wrote a report entitled "The Nuclear Power Dilemma" in which we recommended that states adopt policies like a CES or a price on carbon to recognize the value of all low-carbon technologies including nuclear power.² These policies would help prevent the replacement of existing nuclear reactors with natural gas, which would increase electric sector emissions at a time when we need to be achieving deep cuts to limit the worst impacts of climate change. However, our report also recommended a series of conditions that must be met relating to policy design, safety, transparency, and consumer protection, none of which were offered by Entergy NOLA in their proposal for a CES.

¹ See ENO Page 9. And ENO Attachment C page 1.

² Clemmer, S., J. Richardson, S. Sattler, Dave. Lochbaum. (2018) "The Nuclear Power Dilemma." Union of Concerned Scientists. Cambridge, MA.
<https://www.ucsusa.org/sites/default/files/attach/2018/11/Nuclear-Power-Dilemma-full-report.pdf>

First, our report recognized that some nuclear power plants might fail to be economically solvent without additional policy or financial support. Our analysis did identify Grand Gulf as being at-risk economically because of low gas prices and high operating costs compared to lower cost alternatives available in the market. UCS assumed that Grand Gulf was operating in a competitive environment, which it is not. Rather, it has several bi-lateral contracts with affiliated companies at prices that are considerably above market prices.³

Second, our report highlights examples where it makes sense to shut down some existing plants that have had major, reoccurring safety issues, or ones that have high operating costs and need to make major capital investments. Our report also acknowledges that not every nuclear plant that retires early will be replaced with fossil fuels. With sufficient planning and strong climate and clean energy policies, some existing plants could be replaced with renewables, energy efficiency and other low carbon technologies. For example, California passed legislation last year that commits the state to replace Diablo Canyon with zero carbon energy sources by 2025.⁴ In a world where NOLA has committed to a 100 percent RPS, a transitioning off nuclear and onto new renewable energy resources, any concern of higher emissions is mitigated.

Third, UCS is clear that any reactor receiving financial or policy support via a CES would have to consistently meet the Nuclear Regulatory Commission's (NRC) most stringent criteria for safety and security performance. Grand Gulf doesn't meet that standard as it is currently one of only seven reactors to be listed in Column 2 of the NRC Reactor Oversight Process Action Matrix and thus subject to a regulatory response by the NRC regional staff.⁵

In addition to the safety concern, Grand Gulf has also experienced many reliability concerns, incurring unplanned outages and reductions in output on multiple occasions this past year, and has had a poor track record for many years.^{6,7}

Lastly, UCS stipulates that plant owners requesting financial or policy support should be required to open up their books to regulators to demonstrate need to protect consumers and avoid windfall profits. To UCS's knowledge, Entergy has not offered to take such actions.

In the case of municipal level clean energy policy, UCS preference is for an RPS over a CES, primarily as a means to stimulate the development of new carbon-free resources rather than support existing resources.⁸ This is similar to the position UCS took in Washington, DC as they considered—and ultimately decided upon—a 100 percent renewable energy standard policy.

³ Alliance for Affordable Energy Comments, analysis and research conducted by UCS.

⁴ Maloney, P. Aug. 22, 2018. "California legislators smooth closure path for state's last nuclear plant." Utility Dive. Online. <https://www.utilitydive.com/news/california-legislators-smooth-closure-path-for-states-last-nuclear-plant/530694/>

⁵ NRC Action Matrix. <https://www.nrc.gov/reactors/operating/oversight/actionmatrix-summary.html> Retrieved 7/15/19.

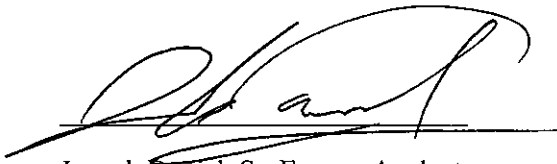
⁶ Amy, J. Dec. 18, 2018. "Another Outage at Mississippi Nuclear Plant Raises Concerns." Associated Press. Online. <https://www.usnews.com/news/best-states/mississippi/articles/2018-12-18/another-outage-at-mississippi-nuclear-plant-raises-concerns>

⁷ Amy, J. April. 12, 2019. "Nuclear Regulator Cites Plant for 2 Low-Level Violations." Associated Press. Online <https://www.usnews.com/news/best-states/mississippi/articles/2019-04-12/nuclear-regulator-cites-plant-for-2-low-level-violations>

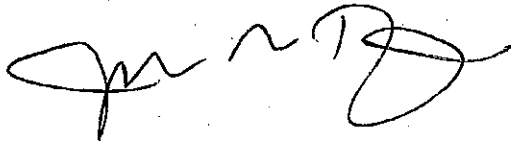
⁸ The existing contract for nuclear energy from Grand Gulf costs NOLA customers \$77/MWh, whereas renewables can be procured for much lower costs. See Alliance for Affordable Energy Comments, analysis and research conducted by UCS.

UCS would unequivocally not support even the spirit of Entergy's proposal as it stands today. Having reviewed the comments of the Alliance for Affordable Energy, which UCS provided technical assistance, and having reviewed the joint intervenors proposal for a resilient renewable portfolio standard, UCS supports this proposal and opposes the proposal put forth by Entergy NOLA which would include incentives for nuclear.

Sincerely,

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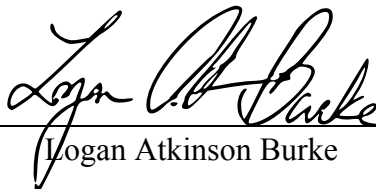
Joseph Daniel, Sr. Energy Analyst

A handwritten signature in black ink, appearing to read "Jeff Deyette", written over a horizontal line.

Jeff Deyette, Director of State Policy and Analysis

**In Re: RESOLUTION AND ORDER ESTABLISHING A DOCKET AND OPENING A
RULEMAKING PROCEEDING TO ESTABLISH RENEW ABLE PORTFOLIO
STANDARDS. DOCKET UD-19-01**

I hereby certify that I have on this 15th day of July, 2019, served the required number of copies of the foregoing correspondence upon all other known parties of this proceeding, by USPS or electronic mail.



Logan Atkinson Burke

Executive Director

Alliance for Affordable Energy

July 2, 2019

**RULEMAKING PROCEEDING TO ESTABLISH RENEWABLE PORTFOLIO
STANDARDS**

DOCKET UD-19-01

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