

Open letter to the City Council of New Orleans
by Myron Katz
on behalf of
Building Science Innovators (BSI),
Nov 6, 2019

Entergy's letter of October 30, 2019 to each member of the New Orleans City Council, regarding disposition of the 2018 ENO Rate Case, opens with the following paragraph.

BSI added underlined, italicized, & numbered insertions in order to reference BSI's recommendations, comments, objections, and/or arguments.

“As reflected in Entergy New Orleans, LLC's (“ENO” or the “Company”) September 2018 Application and supporting testimony in the above-referenced docket, ENO has a bold strategy for the City of New Orleans' (“City”) future and an aggressive plan to invest in New Orleans over the next five years to meet the New Orleans City Council's (“Council”) and the Company's shared objectives. Some of these objectives include *deploying Advanced Metering Infrastructure (“AMI”)*^{#1}, *expanding ENO's use of clean energy resources through renewables*^{#2}, *increasing demand-side management alternatives*^{#3} (including stable funding), *continuing to improve reliability of the electric grid*^{#4} and modernizing it to support the integration of distributed energy resources, electric vehicles, and Smart City objectives. These shared objectives must also be coupled with a plan that preserves ENO's financial health as it seeks to attract substantial capital investment necessary to make these goals a reality. ENO's ability to attract this investment capital to New Orleans is also a required precursor to executing on these objectives.”

1. Deploying Advanced Metering Infrastructure (“AMI”) won early Council approval and over the years more and more approval by the Council because of the intrinsic value and the host of opportunities AMI creates through its real-time monitoring technology. However, ENO and the Council's Advisors (Advisors) have neither gone far enough or fast enough to gain the most important benefits of such infrastructure.
 - a. AMI can provide the meters for time-of-use rates which have been proven over a half century around the world to reduce growth in peak demand and more recently to provide real-time billing data to make distributed energy resources financially viable: e.g., rooftop solar, wind, batteries, microgrids, electric cars, community solar, etc. AMI has also provided the mechanism needed to improve electricity reliability and reduce the need for new peaking plants.
 - b. In retrospect, it is not surprising that ENO fought the introduction of the needed, complementary, time-of-use rates in 2016 and continuing today, because ENO did not want its proposals to build peaking plants to be jeopardized.
 - c. On the other hand, John White, Executive Director of the Center for Energy Efficiency and Renewable Technology recently stated: “Installing and rate-basing advanced metering systems without time-of-use rates, is [simply] a waste of money.”
2. Expanding ENO's use of clean energy resources through renewables is commendable; however, ENO has demonstrated contrary to poor success in their past attempts at this goal.
 - a. Entergy Corporate (ENO's parent company) helped pressure the Louisiana Public Service Commission (LPSC) in 2019, to shut down its highly successful Net Energy Metering (NEM). A program that supports rooftop solar throughout our state—save New Orleans, where the LPSC cannot stop NEM.

- b. ENO's pilot, roughly 1 MW solar plant at the Patterson station, was built by ENO at roughly 6 to 10 times the cost / watt of the industry standard. This is not surprising because ENO does not have a financial incentive to construct facilities economically.
 - c. ENO ran a "competitive" renewable energy "auction" and only found its own, 5 MW distributed solar proposal entry worthy of investment. That proposal was designed to site solar power on commercial buildings.
 - d. ENO's proposal failed to consider that investments in those same buildings to improve their energy efficiency and/or provide peak-demand-reducing technologies (e.g., employing thermal storage) would be far more cost-effective. This happened despite open assertions by BSI that were systematically suppressed by ENO.
 - e. ENO's 5 MW distributed solar installation gained Council approval only after mutual agreement with the Alliance for Affordable Energy, in return for ENO's acquiescence to allow a comprehensive docket on Community Solar.
 - f. ENO allowed the Community Solar docket, but because of the barriers ENO erected therein, the City's program only provides a means for remuneration for low income residents. Consequently, Community Solar would be economically unfeasible for any private company outside of ENO to develop such a solar farm.
3. ENO claims to be "Increasing demand-side management alternatives". ENO's recent Rate Case filing, and the evidence cited just above, show that just the opposite to be the rule:
 - a. Insistence to put on solar instead of investing in renewable energy and/or demand-side management was just cited as a defect in the planning of the 5 MW distributed solar project. My colleague, Kenneth Fonorrow of Gainesville, Florida, who was often cited as the most prolific home energy rater in the country by RESNET in the first decade of this century, stated that putting rooftop solar on a home without an exceptional Home Energy Rating is "like putting lipstick on a pig".
 - b. While we might all prefer that the homeowner spends his money on energy efficiency or even better: thermal energy storage, instead of solar; but not offering CLEP undermines the power of choice in the market and the ability of the consumer to get the proper price signals and on time. The power of choice frees people to make decisions that will drive the market and thereby: the utility to most-economically serve its customer base. However, when the utility makes a less than most economical choice, all ratepayers must pay for the waste such actions generate.
 - c. ENO has consistently fought to simply reduce *consumption* and not to support efforts to refocus Energy Smart on reducing *peak demand*.
 - d. ENO consistently fought (both in the 2015 Integrated Resource Planning Docket and the 2018 Rate Case) efforts to deploy CLEP **or any other time-of-use rate** and provided no alternative time-of-use approach in the rate case.
 - e. ENO's gas infrastructure UPGRADE to high-pressure-line deployment has undermined the energy efficiency of homes. This is the case, both because: the new gas lines often undermine the often-needed upgrade to enclose the crawlspaces and because natural gas does not provide any means to improve the energy efficiency of New Orleans' homes that surpasses what can be done by *only* using electricity—whether measured in units of energy or dollars.
4. ENO is continuing to improve reliability of the electric grid.
 - a. ENO performance is in the bottom quartile in reliability—as provided in evidence in the current rate case; a score of 25% is a failing grade. A recent report ENO provided to the Council before the rate case indicated that the City is experiencing more than 2,000 power outages a year and most of these occur in fair weather.

- b. ENO has not provided any estimate to the Council that X amount of money spent will generate Y amount of reliability improvement.
- c. No ENO project could compete with CLEP's ability to improve reliability. CLEP can do it at negative cost to both the ratepayers and the utility.
- d. ENO should follow the lead of Green Mountain Power: to roll out 1000-home battery pilots and gain the double benefits: more reliability and more rate base. Thus far, and four years after ENO was notified by BSI within the 2015 IRP, ENO has not yet tried.
- e. Every intervenor and the Advisors have pointed out that ENO has the obligation to provide reliable electricity and should not be paid anything extra to do what it has been required to do for nearly a century. The only intervenor giving ENO a pass — a FREE PASS, i.e., a way to improve reliability without more expenditures, is BSI. The pathway for that requires the utility to work with the Council to deploy CLEP.
- f. BSI believes that the notion that a utility should be solely responsible for electricity reliability is a grossly failed and out-of-date concept. It has never fully worked in practice and it is clearly not economical. The only economical path to high reliability is via a network of nano-grids. Electricity reliability should be built into a building and then leak into the grid. The rate structure should reward this effort and result. And CLEP can do this at negative cost.

The BSI team chose these four, but by no means does it imply that there are not others. We believe these four offer the highest quality and fastest opportunities for synergistic benefits to the ratepayers, City, Council, Utility and last, but hardly least, the environment.

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