

April 26, 2021

Via Electronic Mail

Ms. Lora W. Johnson, CMC, LMMC Clerk of Council Council of the City of New Orleans Room 1E09, City Hall 1300 Perdido Street New Orleans, LA 70112 lwjohnson@nola.gov

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 Energy Future New Orleans's (EFNO) Comments in the above-mentioned docket. Please file the attached communication and this letter in the record of the proceeding. As a result of the remote operations of the Council's office related to COVID-19, EFNO submits this letter electronically and will submit the requisite original and number of hard copies once the Council resumes normal operations, or as you direct. EFNO requests that you file this submission in accordance with Council regulations as modified for the present circumstances. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention,

Sincerely,

Logan Atkinson Burke Executive Director Alliance for Affordable Energy Energy Future New Orleans

BEFORE THE COUNCIL OF THE CITY OF NEW ORLEANS

Establishing a Docket and Opening a Rulemaking Proceeding to Establish a Renewable Portfolio Standard

Docket No. UD-19-01

Comments of the Energy Future New Orleans Coalition

Parties working together as the Energy Future New Orleans Coalition ("EFNO") offer these comments pursuant to Council Resolution R-21-209.¹ EFNO supports the Redline of Council Renewable and Clean Portfolio Standard ("RCPS") Against Advisors' Final Draft Proposed Regulations, appended to the resolution, and respectfully provides the following recommendations.

New Orleans is in need of energy that costs less and does more for families, workers, our health, environment and climate. To meet this need, members of EFNO and supporting organizations requested in the Summer of 2018 that the City Council consider establishing a renewable portfolio standard for electricity supplied to New Orleans. We commend the City Council for granting our request by unanimously passing Resolution No. 19-109, the Rulemaking Proceeding to Establish Renewable Portfolio Standards. With Resolution R-20-104, the Council directed parties in the proceeding to work together to finalize a rule that would achieve net zero emissions by 2040, and remove all carbon-emitting resources by 2050.² EFNO has previously noted, both through procedural comments³,⁴ and direct letters⁵ to the Council, that some mechanisms in the Proposed Renewable and Clean Portfolio Standard ("Proposed Standard") submitted into the record on August 28, 2020 by the Advisors allowed offsets

¹ March 25, 2021. Resolution and Order Establishing a Thirty Day Comment Period On the Proposed Renewable and Clean Portfolio Standard Regulations.

² April 16, 2020. Resolution and Order Providing The Council's Guidance Regarding the Development of Renewable Portfolio Standards and Establishing a New Procedural Schedule.

³ September 28, 2020, Energy Future New Orleans Coalition Comments on Advisor's Proposed RCPS and Redline Revisions.

⁴ October 13, 2020, Energy Future New Orleans Coalition Reply Comments

⁵ August 27, 2020, Energy Future New Orleans Coalition communication to New Orleans City Council.

and mechanisms that do not meet the Council's goal to remove all fossil fuels or climate pollution from Entergy New Orleans, LLC's ("ENO") portfolio. The Redline of the Council RCPS wisely removes the untenable offsets including carbon capture sequestration and utilization (CCUS), and the use of beneficial electrification (BE) as a decrement to compliance load and receiving not only credit but the top multiplier tier of credit. Importantly, the redline version finally puts local renewable energy resources and energy efficiency as the most encouraged resources in the Council RCPS.

EFNO's position on beneficial electrification is not that it should not be generally encouraged. However, it has no place in a renewable portfolio standard as an offset for polluting generation because this would enable the continued use of fossil fuels, which is counter to the guidance in Resolution R-20-104. Indeed, it is for this very reason that no state has established a renewable portfolio standard to allow beneficial electrification. The reality is that with or without a renewable portfolio standard, Entergy is already incentivized to do this kind of electrification at our port, public transit, personal vehicles, and the Sewerage and Water Board because doing so would increase its revenues through higher electricity sales.

One of the four focus areas in the Council's directions to the parties in developing this final rule was to ensure that the costs of transitioning New Orleans to a decarbonized energy mix are not burdensome. The process for the Integrated Resource Planning ("IRP") is the best way to meet this directive. The very purpose of an IRP is to find the least-cost and least-risk portfolio of resources to meet New Orleans' energy needs. Thus, we urge the Council to require that all resources to be considered in the IRP, which is currently underway, are optimized according to economics. The Council's resolution initiating the current IRP, R-20-257, came very close to requiring exactly this:

"... The Council is of the opinion that true least cost portfolio IRP analysis would be free of [these] constraints. Thus, the Council clarifies that while the Council would expect the reference planning strategy to include the current anticipated retirement dates of existing resources, the lowest cost option planning strategy should assume resources could be retired in the IRP optimization process when it becomes economic to retire them relative to the cost of new resources;"⁶

EFNO recommends that in the forthcoming resolution on the Redline Council RCPS, the Council provide direction to Entergy that all resources considered in the 2021 IRP be optimized based on economics to ensure the least-cost and least-risk portfolio for New Orleans' energy needs.

⁶ August 20, 2020. 2021 Triennial Integrated Resource Plan of Entergy New Orleans. Initiating Resolution p. 20.

The outstanding resource in the Redline Council RCPS that remains a concern is nuclear energy, which is not a renewable energy source. The Redline Council RCPS provides for the continued use of the Grand Gulf Nuclear Station and other nuclear plants and extension of the operating life of these assets in a way that is both risky and unaffordable. The license of all of these plants is expected to terminate before 2050, and some of them even ahead of 2040. Without planning for a future that retires these plants according to their current licenses, ENO imprudently imposes a significant risk that New Orleanians will pay far more than necessary. Indeed, there is strong evidence that New Orleans already pays too much for this resource, certainly more than is economic. This is a very real risk now and in the future, especially where these plants are unreliable, and require additional grid-purchases from fossil-generated power to replace nuclear power that is frequently offline. Already the Council is, itself, in litigation at the Federal Energy Regulatory Commission over what it claims are the excessive and potentially imprudent costs of Grand Gulf. For this reason, we strongly recommend the Council remove nuclear energy as a resource in the renewable portfolio standard.

To reduce reliance on fossil fuel resources in the current ENO portfolio, it's critical that the Council does not limit its attention to the distribution system, but meaningfully engages in grid infrastructure planning so that New Orleans enjoys the benefits of a more competitive wholesale electricity market and a more comprehensive transmission system throughout the MISO South region. Transmission planning is an important element with regards to fulfilling the Council's renewable and clean energy goals that compliments local generation, and boosts reliability in the face of an aging fleet of gas and coal fuel resources and assets that experience frequent outages. By engaging in transmission planning that leads to better access to a competitive wholesale market, it will also ensure that ratepayers will not be confronted with efforts by Entergy to invest in new polluting resources.

Lastly, we want the final renewable portfolio standard adopted by the Council to support equitable climate solutions and be informed by science. For this reason, we disagree with limiting the focus of the Redline Council RCPS to carbon dioxide alone, when science teaches that carbon dioxide is one of several greenhouse gases contributing to the climate crisis. This narrow focus would undermine the climate policy adopted by the City of New Orleans prior to the Council opening this docket. The policy focuses on ways to reduce greenhouse gas emissions in New Orleans that also ensure equity for residents (*see* <u>City of New Orleans Climate Action Strategy</u> and <u>Taking Steps Together on Equity and Climate Change: A Report by and for New Orleans Residents</u>). Historically, renewable portfolio standards have targeted a percentage of renewable resources, not specific emission reductions. While there is a correlation between the

two, they are not substitutes for each other. If, indeed, the Council seeks targeted reductions of climate pollution, we urge the Council to think more broadly about all greenhouse gas pollutants and their effects.

In conclusion, the Redline Council RCPS removes many of the problematic offsets that would have enabled the continued use of polluting energy serving New Orleans in perpetuity, which would undermine the Council's goals to reduce greenhouse gas emissions. We support the adoption of the Redline Council RCPS, with the understanding that this is a commendable first step in the Council's regulation of Entergy New Orleans in a more resilient, affordable and cleaner-powered direction. However, the inclusion of nuclear energy greatly reduces the positive impact of the Redline Council RCPS and minimizes a transformation in New Orleans toward energy that is renewable, equitable, affordable and livable. Members of EFNO will remain engaged in transmission planning as well as the Integrated Resource Planning process to ensure that the resources and portfolios are optimized to reduce bill impacts, including the retirements of costly and hazardous nuclear generation. Furthermore, EFNO will intervene across other City and Council efforts to tackle the climate crisis affecting New Orleans and the inequities of high energy cost burdens and power plant pollution.

Sincerely,

Andy Kowalczyk, 350 New Orleans Logan A. Burke, Alliance for Affordable Energy Peter Digre, Climate Reality New Orleans Monique Harden, Deep South Center for Environmental Justice Brent Newman, Audubon Delta, National Audubon Society Grace Morris, Sierra Club

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 26th day of April 2021, served the required number of copies of the foregoing correspondence upon all other known parties of this proceeding, by USPS or electronic mail.

Alliance for Affordable Energy Energy Future New Orleans

November 5, 2019

RULEMAKING PROCEEDING TO ESTABLISH RENEWABLE PORTFOLIO STANDARDS

DOCKET UD-19-01

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