



November 15, 2016

By Hand Delivery and Email

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

RE: Examination of Opportunities for and Effects of Consumer Based Renewable Technologies in the City of New Orleans (UD 13-02)

Dear Ms. Johnson:

Enclosed please find an original and three copies of the Alliance for Affordable Energy's responses in the above-mentioned docket. Please file the attached responses and this letter in the record of the proceeding and return one time-stamped copy to our courier, in accordance with normal procedure.

Thank you for your time and attention.

Sincerely,

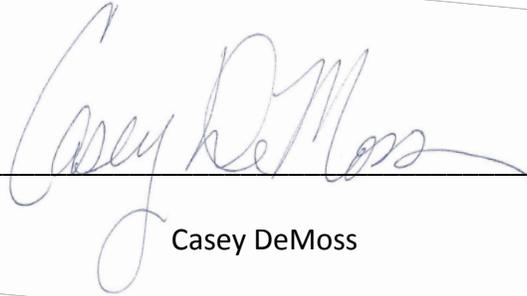
A handwritten signature in blue ink that reads "Casey DeMoss". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Casey DeMoss

Alliance for Affordable Energy

Certificate of Service Docket No. UD-08-02

I hereby certify that I have this 6th day of September, 2016, served the required number of copies of the foregoing motion upon all other known parties of this proceeding, by electronic mail.

A handwritten signature in cursive script, reading "Casey DeMoss", is written over a horizontal line. The signature is contained within a light gray rectangular box that is slightly tilted.

Casey DeMoss

Alliance for Affordable Energy

problem, they choose an alternative policy that will DIRECTLY shift costs to non-NEM customers.

Two-channel billing also means an unfair cost to ALL ratepayers. If ENO purchases all exported solar energy at avoided cost (- 3.5-4 cents/kWh), sells it to other customers at retail (+ 9.7 cents/kWh), and then recovers the purchased cost through fuel charges (+ 3.5-4 cents/kWh) then this allows ENO to make a profit (~ 9.7 cents/kWh) off all customers for energy that the company did not create nor build.

But, this is also unfair to the NEM customer who is not being compensated for their capital costs or benefits to the grid. Net-metered customers with net-excess generation (NEG) have their NEG rolled over, which does not fairly compensate customers. Utilities do not cash out customers and may rollover NEG indefinitely and hence, in practice, may be receiving energy free of charge.

ENO claims that no party in the proceeding provided evidence for environmental/externalized costs. That is false. The Alliance supplied the EPA's externalized cost estimates to ENO via email on April 19, 2016 (attached to filing). ENO admits to not including these costs in its analysis stating "and thus this quantifiable information was not considered in the cost-benefit analysis." Currently, ENO charges a residential customer an upfront charge of \$50 to cover administrative costs, whereas the actual costs of processing paperwork and physically replacing the existing meter are higher. Entergy should be allowed to charge actual costs for installing a NEM meter, but only after the costs are verified by an independent 3rd party.

ENO stated that high penetration of solar generation may require additional capital investments on circuits to ensure on-going reliable service for all customers. The Alliance requests an analysis of these high penetration areas, a description of "high penetration", and what types of upgrades would be needed for the grid.

The Alliance understands that to the utility companies, the idea of selling less power means shrinking profits and the Alliance agrees that there is a problem with the long-standing rate designs that mainly utilize volumetric (cents/kWh) charges to recover ENO's fixed infrastructure and operating costs. For this reason, the Council, ENO and intervenors agreed that a Decoupling mechanism is appropriate. By disassociating the utility's profits from its sales, the utility's drive to maximize sales is eliminated and helps them become more concerned with energy efficiency and distributed generation. The company should be able to earn its revenue requirement and customers should not be forced to use the same amount of energy they have always used.

Controlling bills for customers is important and it should not be assumed that bills will always go up.

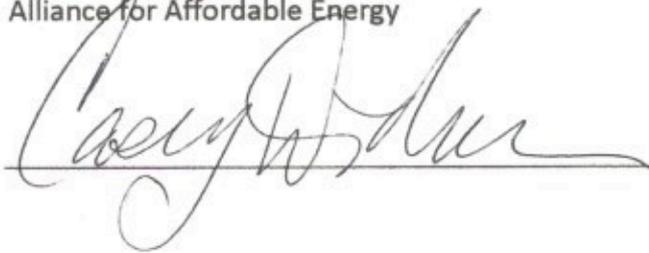
ENO summarizes results claiming there is a cost-shift to non-NEM customers. The Alliance identifies several problems with this analysis. First, ENO's current rate structure is based on the 2008 rate case when there were 130,879 residential customers. ENO calculated its cost shift based on revenues for 2015, which had 155,652 customers. The Alliance has a concern about the calculations of cost shifting when it is based on 2008 data.

The Alliance recommends that the Council not change NEM policy until and unless:

1. A professional cost-benefit analysis is completed by an independent 3rd party. No jurisdictions allow the utility to perform its own cost-benefit analysis. The utility is too incentivized to bias its analysis toward its bottom-line;
2. A decoupling mechanism is adopted by the Council;
3. AMI is deployed and NEM load can be accurately assessed. This will allow a proper analysis on costs to other ratepayers;
4. ENO files an analysis on high penetration areas, defines high penetration, and what circuits would be needed to upgrade the grid; and
5. The costs for installing a meter are verified by an independent 3rd party.

RESPECTFULLY SUBMITTED,

Alliance for Affordable Energy



Certificate of Service

I do hereby certify that a copy of the above document has been served on the persons listed below by electronic mail.

