



INTEGRATED RESOURCE PLANNING
REPORTING REQUIREMENTS FOR ENTERGY NEW
ORLEANS, INC. UD-17-01

March 27, 2017

By Hand Delivery and Email

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

**IN RE: RULEMAKING TO ESTABLISH INTEGRATED RESOURCE PLANNING COMPONENTS AND
REPORTING REQUIREMENTS FOR ENTERGY NEW ORLEANS, INC. UD-17-01**

Dear Ms. Johnson:

Please find enclosed the Alliance for Affordable Energy's reply comments in the above mentioned docket. Please file the attached communication and this letter in the record of the proceeding and return one timestamped copy to our courier, in accordance with normal procedures.

Thank you for your time and attention.

Sincerely,

Logan A. Burke
Executive Director
Alliance for Affordable Energy

RECEIVED
MAR 27 2017
BY:

Cc: 17-01 Service List via email

**In Re: RULEMAKING TO ESTABLISH INTEGRATED RESOURCE PLANNING
COMPONENTS AND REPORTING REQUIREMENTS FOR ENTERGY NEW
ORLEANS, INC. UD-17- 01**

Certificate of Service Docket No. UD-17-01

I hereby certify that I have this 27th Day of March, 2017, served the required number of copies of the foregoing correspondence upon all other known parties of this proceeding, by USPS or electronic mail.

A handwritten signature in black ink, reading "Logan A. Burke", is written over a horizontal line. The signature is cursive and includes a middle initial "A".

Logan Atkinson Burke
Alliance for Affordable Energy

UD-17- 01

**In Re: RULEMAKING TO ESTABLISH INTEGRATED RESOURCE PLANNING
COMPONENTS AND REPORTING REQUIREMENTS FOR ENTERGY NEW
ORLEANS, INC.**

Lora W. Johnson, lwjohnson@nola.gov

Clerk of Council
City Hall - Room 1E09
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1085 - office
(504) 658-1140 - fax

Service of Discovery not required

Pearlina Thomas, pthomas@nola.gov

Chief of Staff, Council Utilities Regulatory Office

W. Thomas Stratton, Jr., wstrattonjr@nola.gov

Director, Council Utilities Regulatory Office
City Hall - Room 6E07
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1110 - office
(504) 658-1117 – fax

David Gavlinski, 504-658-1101, dsgavlinski@nola.gov

Interim Council Chief of Staff

City Hall - Room 1E06
1300 Perdido Street
New Orleans, LA 70112

Rebecca Dietz

rhdietz@nola.gov

City Attorney
Law Department
City Hall - 5th Floor
New Orleans, LA 70112
(504) 658-9800 - office
(504) 658-9869 - fax

Service of Discovery not required

Norman S. Foster, nfoster@nola.gov

Department of Finance
City Hall - Room 3W06
1300 Perdido Street
New Orleans, LA 70112
(504) 658-1519- office
(504) 658-1705 – fax

ADMINISTRATIVE HEARING OFFICER

Hon. Jeffrey S. Gulin, jgulin@verizon.net
3203 Bridle Ridge Lane
Lutherville, MD 21093
(410) 627-5357

NEW ORLEANS CITY COUNCIL CONSULTANTS

Clinton A. Vince, clinton.vince@dentons.com
Presley Reed, presley.reedjr@dentons.com
Emma F. Hand, emma.hand@dentons.com
1900 K Street NW
Washington, DC 20006
(202) 408-6400 - office
(202) 408-6399 - fax

Basile J. Uddo (504) 583-8604 cell, buddo@earthlink.net
J. A. "Jay" Beatmann, Jr. (504) 256-6142 cell, (504) 524-5446 office direct,
jay.beatmann@dentons.com
c/o DENTONS US LLP
650 Poydras Street
Suite 2850
New Orleans, LA 70130

Walter J. Wilkerson, wwilkerson@wilkersonplc.com
Kelley Bazile, kbazile@wilkersonplc.com
Wilkerson and Associates, PLC
650 Poydras Street - Suite 1913
New Orleans, LA 70130
(504) 522-4572 - office
(504) 522-0728 - fax

Joseph Vumbaco, jvumbaco@ergconsulting.com
Victor M. Prep, vprep@ergconsulting.com
Joseph W. Rogers, jrogers@ergconsulting.com
Legend Consulting Group
8055 East Tufts Ave., Suite 1250
Denver, CO 80237-2835
(303) 843-0351 - office
(303) 843-0529 - fax

Errol Smith, (504) 284-8733, ersmith@btcpas.com
Bruno and Tervalon
4298 Elysian Fields Avenue
New Orleans, LA 70122

(504) 284-8296 – fax

ENTERGY NEW ORLEANS, INC.

Gary E. Huntley, 504-670-3680, ghuntle@entergy.com
Entergy New Orleans, Inc.
Vice-President, Regulatory Affairs
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112
504-670-3615 fax

Seth Cureington, 504-670-3602, scurein@entergy.com
Entergy New Orleans, Inc.
Manager, Resource Planning
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Polly S. Rosemond, 504-670-3567, prosemo@entergy.com
Entergy New Orleans, Inc.
Manager, Regulatory Affairs
1600 Perdido Street, L-MAG 505B
New Orleans, LA 70112

Derek Mills, dmills3@entergy.com
Project Manager
1600 Perdido Street, Bldg. #505
New Orleans, LA 70112
504-670-3527

Kathryn J. Lichtenberg (504) 576-2763 office, klichte@entergy.com
Tim Cragin (504) 576-6523 office, tcragin@entergy.com
Brian L. Guillot (504) 576-2603 office, bguill1@entergy.com
Alyssa Maurice-Anderson (504) 576-6523 office, amauric@entergy.com
Harry Barton (504) 576-2984 office, hbarton@entergy.com
Entergy Services, Inc.
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113
(504) 576-5579 - fax

Joe Romano, III (504) 576-4764, jroman1@entergy.com
Suzanne Fontan (504) 576-7497, sfontan@entergy.com
Danielle Burleigh (504) 576-6185, dburlei@entergy.com
Therese Perrault (504-576-6950), tperrau@entergy.com

Entergy Services, Inc.
Mail Unit L-ENT-4C
639 Loyola Avenue
New Orleans, LA 70113
(504)576-6029 - fax

JACOBS TECHNOLOGY, INC.

Mr. Michael L. Winberry, michael.l.winberry@nasa.gov
Business Manager
Jacobs Technology Inc.
13800 Old Gentilly Road, Building 320
New Orleans, LA 70129

THE FOLGER COFFEE COMPANY (J.M. SMUCKER)

Rick Boyd, rick.boyd@jmsmucker.com
The Folger Coffee Company
14601 Old Gentilly Road
New Orleans, La 70129

USG CORPORATION

Mr. Fred M. Mazurski, CEM, CDSM, fmazurski@usg.com
Senior Manager, Energy USG Corporation
550 West Adams Street
Chicago, IL 60661-3676

SIERRA CLUB

Joshua Smith, joshua.smith@sierraclub.org
Staff Attorney
Sierra Club Environmental Law Program
85 Second Street, 2nd Floor
San Francisco, CA 94105
(415)977-5560
(415)977-5793 (fax)
(503)484-7194 (cell)

ALLIANCE FOR AFFORDABLE ENERGY

Logan Atkinson Burke, (504) 208-976, logan@all4energy.org
4505 S. Claiborne Ave
New Orleans, LA 70125

GULF STATES RENEWABLE ENERGY INDUSTRIES ASSOCIATION (GSREIA)

Jeff Cantin, President, jcantin@gsreia.org
643 Magazine St., Ste. 102
New Orleans, LA 70130
(504) 383-8936

POSIGEN SOLAR SOLUTIONS

Karla Loeb, kloeb@posigen.com
Director of Business Development
819 Central Ave., Suite 210
Jefferson, La. 70121
504-293-5665

Benjamin Norwood, (504)293-5553, bnorwood@posigen.com
Skelly McCay, smccay@posigen.com
819 Central Ave., Suite 210
Jefferson, La. 70121
504-293-5665

BUILDING SCIENCE INNOVATORS LLC

Myron Katz, myron.bernard.katz@gmail.com
302 Walnut Street
New Orleans, LA 70118

SOUTH COAST SOLAR, LLC

Robert L. Suggs, Jr., CEO, rsuggs@southcoastsolar.com
2605 Ridgelake Drive
Metairie, LA 70002
504-529-7869

AIR PRODUCTS AND CHEMICALS, INC.

Ernest L. Edwards, Jr., (504) 450-4226, ledwards0526@gmail.com
The Law Offices of Ernest L. Edwards Jr. APLC
300 Lake Marina Ave Unit 5BE
New Orleans, LA 70124

Mark Zimmerman, (610) 481-1288, zimmermr@airproducts.com
Air Products and Chemicals, Inc.
7201 Hamilton Boulevard
Allentown, PA 18195-1501
(610) 481-2182 – fax

GREATER NEW ORLEANS HOUSING ALLIANCE

Andreanecia Morris, amorris@gnoha.org

Ross Hunter, rhunter@gnoha.org

4640 S. Carrollton Ave, Suite 160

New Orleans, LA 70119

(504) 224-8301

SEWERAGE AND WATER BOARD OF NEW ORLEANS

James E. Thompson III, jthompson@swbno.org

625 St. Joseph Street, Room 201

New Orleans, LA 70165

(504) 529-2837

Luke F. Piontek, Lpiontek@roedelparsons.com

Judith Sulzer, jsulzer@roedelparsons.com

Roedel, Parsons, Koch, Blache,

Balhoff & McCollister

8440 Jefferson Highway, Suite 301

Baton Rouge, LA 70809

Telephone: (225) 929-7033

Facsimile: (225) 928-4925

- AND -

1515 Poydras Street, Suite 2330

New Orleans, Louisiana 70112

Telephone: (504) 566-1801

Facsimile: (504) 565-5626

Before the New Orleans City Council

**IN RE: RULEMAKING TO ESTABLISH
INTEGRATED RESOURCE PLANING
COMPONENTS AND REPORTING
REQUIREMENTS FOR ENTERGY NEW
ORLEANS, INC.**

DOCKET NO. UD-17- 01

**REPLY COMMENTS ON PROPOSED AMENDMENTS TO THE COUNCIL’S INTEGRATED
RESOURCE PLANNING REQUIREMENTS
BY THE ALLIANCE FOR AFFORDABLE ENERGY**

The Alliance for Affordable Energy (“The Alliance”) appreciates this opportunity to submit reply comments on the above mentioned docket. The process of Integrated Resource Planning is a vital one to the future of New Orleans and we hope these points can move the city further toward intelligent energy planning that best serves the public.

Points of Agreement

There exist a number of valuable points of agreement among the initial comments submitted. Primary among these is an interest in more meaningful stakeholder engagement. The Alliance fully supports the “kickoff” of each IRP cycle with a public education meeting as recommended by ENO, following the guidelines described by DSCEJ to ensure accessibility and transparency. Public education and transparency around this process is critical. To this end, we support the notion of all materials for technical conferences being made available two weeks in advance. We agree that intervenors should be responsible for a certain number of technical conferences. To do so should encourage buy-in from the intervenors and greater faith in the process.

Enhanced focus on inputs and assumptions at the beginning of the cycle should provide a solution to help overcome many of the difficulties between parties. In addition, the notion of mid-cycle decisions by the Council should be a useful tool to reduce tension along the process and ensure certainty. We also support ENO’s suggestion to eliminate the Utility Preferred Resource Portfolio in favor of number of alternatives from which the Council may choose.

The Alliance agrees with a separation between the IRP and resource certification decisions. Similarly, we favor the idea that the Energy Smart program decision-making should happen in its own docket, complimentary but distinct from the IRP proceeding in order to avoid future delays in the efficiency program.

ENO's suggestion of overlapping of procedural timelines for DSM potential and resource inputs in order to efficiently reach a conclusion is appropriate and we support such a move.

Louisiana 350's recommendation to include a Renewable Portfolio Standard (RPS) is one the Alliance broadly supports once a standard is developed. Importantly, standards like this generally require an order or proceeding to craft the structure before it is implemented, as details about applicability to solar, distributed energy, and so-on must be clarified. The Alliance supports the creation of an RPS to be included in future IRP cycles in order to ensure New Orleans incorporates a balanced ratio of renewable energy in its resource mix.

There are many points of agreement that we share with the observations and recommendations made by the Deep South Center for Environmental Justice.

As stated elsewhere in these reply comments, we agree that resource analysis should be comprehensive and we support DSCEJ statements that peaking capacity and energy forecasts, capacity and energy needs, and transmission options should be fully included in the IRP analysis. We also agree that a representative set of resource portfolios should be modeled to test numerous factors and that risk and reliability analysis is needed.

We share a concern that load forecasting has been problematic in the past and directly impacted assertions regarding supply acquisition needs that we now know were out of line with the realities of capacity needs in New Orleans. And we agree with DSCEJ that there is a need for the utility to provide high and low load forecasts with an explanation of all assumptions. As similarly recommended in our initial IRP rules recommendations, there should be a lookback section in the IRP report that evaluates load forecast vs actual for previous IRP submission with an explanation of difference. Finally, while we agree with Entergy that the IRP process should not be thought of as a specific resource acquisition and certification proceeding, we also believe that DSCEJ is right to assert that there was a material relationship between the IRP proceeding and ENO's proposal to build a combustion turbine plant. We also therefore agree that there are lessons to be drawn from the experience of stakeholders and the public with regard to the issues and relationship that exist between these two proceedings.

We agree with the DSCEJ recommendation that both electric and gas service should be included in IRP planning. We support the DSCEJ notion that there is benefit from incorporating assessment of potential environmental impacts of the contemplated resources. We also agree that the relationship between the IRP and a broad array of other planning and community considerations should be acknowledged and efforts made to incorporate overlapping priorities

We support the use of a stated definition for the IRP that emphasizes the public interest and agree with DSCEJ that there is a need for meaningful and effective public

participation as well as candor, openness, and transparency in communications to the public.

We believe that these points of agreement provide a constructive basis on which to build and offer the following suggestions in response to the initial recommendations by Parties in this proceeding.

Purpose of the IRP

A useful Integrated Resource Planning process, with meaningful consideration of stakeholder input, thoughtful development of inputs, and robust modeling makes possible optimization of the combination of supply and demand side resources honestly, accurately, and in a way that directs the utility forward consistent with the Council's vision. Direction from the Council on a vision for New Orleans energy future is necessary, either in these rules or in an initiating resolution, to ensure expectations are clarified for all parties. While the Council has been clear in statements made during utility committee meetings, thus far, directions to the utility to make every effort to include as much cost effective clean energy as is possible have not been formalized. In order for the IRP to fulfill this purpose, clarifying ordering language is necessary. It should be noted that numerous jurisdictions, including those who perform IRPs have Energy Efficient Resource, or Renewable Portfolio Standard policies or explicitly state a preference for DSM and clean energy resources. For Example, Colorado's electric resource planning rules state, "the Commission gives the fullest possible consideration to the cost-effective implementation of new clean energy and energy-efficient technologies."¹

The outcomes of resource planning directly impact not only the cost of delivering reliable service to customers, but also the health and environment of those customers and should endeavor to include concerns from the public. While inclusive planning may be more intensive than "black box" planning by the utility, stakeholder engagement should lead to greater confidence in with the outcome and less of the acrimony described by ENO's filing. Indeed, meaningful stakeholder input and inclusion is considered an IRP best practice by the Regulatory Assistance Project.² "Meaningful" can be an abstract word, but for the purposes of planning that affects the future of a city and its residents, "meaningful" should describe a process whereby inputs impact the final product in significant ways sufficient to reflect the best sources of information and perspective of participating parties.

The Alliance agrees the IRP is not intended to be an acquisition document, but instead a full look at available alternatives to fulfill the needs of the utility's customers. To this

¹ Colorado Public Utilities Commission, Code of Colorado Regulations, pg. 104, Effective October 20, 2011.

² Wilson, Rachel, and B. Biewald, Regulatory Assistance Project June 2013, "Best Practices in Electric Utility Integrated Resource Planning."

end, the Alliance agrees with ENO that the IRP should not be the forum for specific decision-making about the Energy Smart Program. Instead, DSM should be included in a manner consistent with Council targets and then be allowed to compete directly with supply side resources to ensure efficiency and load control are not artificially capped. The development and implementation planning for the council's Energy Smart program should take place outside the IRP in order to avoid delays of the program related to the IRP.

While it is important to note that the acquisition and certification process takes place outside the IRP, the utility may be reminded of this when applications for resources are submitted for approval. There is a circular logic to the utility's process wherein they made a resource selection outside the Aurora modeling process, then forced the IRP to "prefer" the resource through manual portfolio design process, and subsequently claimed that the resource is "consistent" with the not-yet approved IRP, and finally argue that the IRP has no bearing on resource acquisition.

Input Incorporated

The Alliance maintains that a working group for Demand Side Management and other tasks as described in our initial recommendations should be convened. ENO's assertion that this is a fruitless endeavor ignores their own part in the failure of the 2012 cycle process. Indeed, just as public participation is useless if public input is dismissed, the same is true of earnest input from a working group. Mid-cycle Interim Council Action as described in our initial recommendations should ensure that the efforts by any working groups are productive and do not go ignored.

The Alliance agrees that a requirement for a "Utility Preferred Resource Portfolio" should be removed from the criteria. However, removing a "Preferred Portfolio" should not also remove the requirements for robust modeling and consideration of risk and rate impacts. This analysis is precisely the method by which the Council and Stakeholders may understand the implications of each portfolio. Without undertaking this analysis in the IRP the Council simply cannot make an informed decision at the conclusion of the cycle.

As described in our February 27th filing, the Alliance agrees that mid-cycle decisions should be made by the Council to give certainty to the parties as the IRP cycle moves forward.

Jurisdictional requirements for specific energy resources can and should be included in the IRP criteria. For example, as described in Council Resolution R-17-30 ENO is directed to include planning for the Council's energy efficiency targets. Similarly, direction may be given on a requirement for a percentage of other clean energy resources, or a Renewable Portfolio Standard.

ENO's insistence that costs not directly borne on customer bills should not be considered is in conflict with planning trends nationally, where agencies and utilities are directed to make an effort to include social and environmental costs. The EPA formula³ for social and environmental costs, used in federal planning, is an established input the utility could be directed to use. Alternatively, as other jurisdictions have done, another structure for externalized costs may be used. An overly narrow view of costs in an IRP that exists within a sphere of its own without consideration of its impacts on the community is not integrated at all. If the utility does not agree that consideration of impacts to their customers should be included in their work on the IRP, a 3rd party analysis of these costs should be conducted and included within the final IRP product.

The Alliance supports the inclusion Stakeholder inputs. We would remind the Council and utility, however, that the Stakeholder and Intervenor group is not a monolithic one, and has varied interests including industrial, residential, municipal, and environmental concerns. Agreement on a single Stakeholder Input case may not be as simple as contemplated in ENO's filing because of these significant differences. However, technical conferences designed to guide discussion and reach consensus among the stakeholders are an appropriate forum and likely more efficient than relying only on filed comments and reply comments, which can devolve easily into disagreements.

Consideration of Transmission

ENO's filing suggests that including transmission solutions in the IRP would be duplicative⁴ and would not provide additional value as ENO is subject to separate obligations to MISO and the MTEP process. However, other utilities in the MISO footprint have included transmission solutions and studies as part of resource planning, co-optimizing transmission and generation resources. Amren, an electric utility in Missouri included a full consideration of existing transmission resources in their IRP⁵ and conducted a study of transmission and distribution alternatives to improve efficiency and reliability. NIPSCO, a utility in Indiana, likewise includes a discussion of transmission solutions underway in their IRP. Both of these utilities are members of MISO. The MISO planning process includes planning from both the "bottom up" perspective, with projects identified through the transmission owners' local planning, and "top down" planning for regional solutions in the MTEP process. There appears to be no reason the "bottom up" planning should not be part of the IRP. It should be possible to compare supply side options to transmission solutions in the IRP, as other utilities in MISO do. Optimizing transmission solutions alongside generation is growing into a vital part of planning nationally, both in IRP and grid 2.0 considerations. ENO should be no different.

³ US EPA Social Costs of Carbon, retrievable at <https://www.epa.gov/climatechange/social-cost-carbon>.

⁴ Entergy New Orleans, UD-17-01 Initial filing, February, 2017, page 17.

⁵ Amren Missouri IRP, 2016, retrievable at <https://www.ameren.com/missouri/environment/renewables/ameren-missouri-irp>

As all parties are aware, concerns about reliability related to transmission can drive resource acquisition decisions. While the Alliance acknowledges that the IRP is not intended as an acquisition document, its very purpose is to consider what resources may be acquired to solve capacity and reliability needs. It therefore should consider all resources that may fit this bill. While MISO's process will ultimately guide transmission project selection, ENO is not barred from considering transmission projects in "planning for contingencies that could affect ENO's ability to provide reliable, low-cost service to its customers."⁶

The Alliance supports Sewerage and Water Board's recommendation that the MISO Transmission Expansion Plan, Baseline Reliability Projects, Market Efficiency Projects, projected Locational Marginal Pricing, and other MISO related planning be included in ENO's analysis. We believe this is appropriate as each of these directly influence the cost-effectiveness and timeline of new capacity and transmission resources required to provide reliable service. In addition, analysis of MISO's relevant regional peak, similar to the previous language related to the Entergy System Agreement's co-incident peak demand forecast, would shed more light on the realities of ENO's total needs and timeline.

Continued Utility Control of DSM and Renewable Energy Analysis is Deficient and Would Perpetuate Many of the Most Serious Flaws of Previous IRP Cycles

As stated in our initial recommendations, we believe the Council and the public would be better served by hiring independent subject matter expertise in the areas of DSM and renewable energy evaluation, rather than maintaining those functions under utility control as ENO suggests. There is sufficient documented evidence over the course of the previous IRP cycles that DSM and clean energy options are unduly restricted and inadequately evaluated by the utility, which instead historically favors traditional central station generation resources.⁷

The cost of analyzing DSM and renewable energy is ultimately paid for by customers through rates. As such, the public deserves to have their funds utilized in a way that maximizes the potential benefit to customers from these resources. In the past, Entergy has hired, managed, and set the scope of work for these activities, ultimately making all decisions about what assumptions, calculation methodologies, and resource portfolios will be evaluated.

Intervenors and Advisors have identified significant deficiencies that have resulted. Furthermore, Parties other than the utility have been left with the perception that utility control of these evaluations leads to restricted access to information, the use of biased and unfavorable assumptions, and has ultimately failed to reflect the most

⁶ ENO UD -17-01 comments, page 9

⁷ AAE IRP filing Aug 8, 2016 and Advisor Report Nov 7th, 2016 at 51-52 and 75

advantageous resource options available. Utility deference in this area appears to result in a process that goes through the motions rather than genuinely investigate the best clean energy resource options available or problem solve for ways to optimize their contributions to the energy mix.

Intervenor feedback has been largely ignored,⁸ requested modifications have been consistently rebuffed, with little meaningful impact on what the utility ultimately filed, which fails to reflect changes to the IRP analysis or Final Report despite extensive research and credible cited references to back up Intervenor input.

ENO asserts that previous DSM working group activities and efforts to find consensus⁹ prior to the start of the 2015 IRP cycle did not resolve the differences between the parties, and implies that they therefore cannot work.¹⁰ They state, “However, a review of filings from the 2012 IRP cycle, during which the Council experimented with the “DSM Working Groups” concept, reveals that the use of this time-consuming approach did not result in greater consensus around the integration of DSM resources into the IRP or creation of the DSM Potential Study.”¹¹

What this statement overlooks is that fact that Entergy ultimately controlled every input assumption, calculation methodology and modeling protocol - but seldom modified their approach despite the hard work and input of the Alliance and others.

By inference, in their February 27th filing in the present docket ENO indicates that it will convene most, if not all, DSM working group meetings in future IRP cycles and ultimately will determine the inputs and assumptions:

“...in addition to allowing for comment on ENO’s proposed inputs and assumptions, the process ENO is proposing creates the opportunity for Intervenors to facilitate two of the technical conferences, at which the inputs and assumptions to be used for the Stakeholder Input Scenario would be presented and discussed”¹²

An independent party with extensive subject matter expertise and a strong track record of results in other jurisdictions would be better positioned to draw good information from all parties and provide workable solutions to maximize, rather than minimize the

⁸ New Orleans City Council, Show Cause Resolution R- June, 2016 Docket UD-16-01 at 4 and 5

⁹ Despite ENO’s unqualified assertion that consensus was reached, significant issues were left unresolved following the consensus effort and continued to be at issue during the 2015 IRP. The Alliance submitted a filing on April 28th, 2014 describing issue requiring additional action during the 2015 IRP cycle.

¹⁰ ENO at 2 and 16

¹¹ ENO at 16

¹² ENO at 13

contributions of stakeholders, and to optimize benefits from DSM and clean energy generation resources. In this way, the public would receive the full benefit of their investment while the Council and Parties would have greater confidence that the DSM and renewable energy resources included in the IRP reflect the best options available and allow for fair comparison to traditional resources on equal footing.

Hawaii's IRP requirements provide an example of a Commission hiring an "Independent Entity" to ensure unbiased oversight and "provide technical expertise and advice to the Commission or its designee regarding planning issues."¹³

1. The Independent Entity's responsibility shall be to provide unbiased oversight of the integrated resource planning process (including the utility's development of Scenarios, Resource Plans, and the Action Plan) in a cost-effective and timely manner.
2. The Independent Entity shall directly report to, take direction from, and be accountable to, the Commission or the Commission's designee.¹⁴

The functional role of the Independent Evaluator for DSM and renewable energy extends from convening related working group meetings, development of input assumptions, calculation methodologies, modeling protocols, and weighing in the whether the IRP Final Report reflects the best options available for integrating DSM and renewable energy resources.

While the Alliance agrees with the aim to devote more time on the front end to finding the most appropriate input assumptions, calculation methodologies, and modeling protocols, we strongly disagree with the notion that it "also allows for eliminating the portion of the procedural schedule that was devoted to debating the outcome of the model runs once there were completed, but before the IRP was produced..."¹⁵

It is not only our experience but that of many other intervenors across the country that reviewing the modeling results is critical for identifying and responding to substantive issues that were either not recognized at earlier stages of the process or to reveal deficiencies that could not have been identified or addressed earlier.

Alternative Portfolios and Scenarios

ENO proposes consideration of at least three, but no more than five Planning Scenarios, including one scenario influenced stakeholders.¹⁶

While the Alliance agrees with the notion of Alternative Planning Scenarios, there are

¹³ 2011-3-14 Hawaii IRP Framework at 7

¹⁴ *ibid*

¹⁵ ENO at 12

¹⁶ ENO at 8 and Ex2 at 2

important differences between our recommendations and ENO's that should be addressed to ensure the Council receives a meaningful picture of potential future conditions and their resource portfolio options.

First, a working group should be involved in development decisions for all of the Alternative Planning Scenarios, not just one, leading up to the Interim Council Action indicating which scenarios will be included for Aurora modeling.

Second, there remains a need for Alternative Portfolios, not just Alternative Planning Scenarios, to ensure that the Council is aware of how different resource portfolios compare. Cost differences between a Least Cost Plan portfolio selected by the Aurora model and one or more Alternative Portfolios may be minor, while risk factors and Council policy priorities may justify selection of an Alternative Portfolio over the one selected by the modeling software. Unless modeling results for multiple Alternative Portfolios are provided with sufficiently detailed cost and risk analysis, there would be no way to know whether more than one resource portfolio fell within an acceptable range for selection by the Council, thereby unnecessarily and unacceptably limiting important information and options.

Third, there remains a significant divide over access to the modeling software that limits transparency and prevents all parties except the utility from having any direct means of verification of modeling performance and outcomes. The exclusive access ENO has to the Aurora modeling software in New Orleans IRP proceedings to date has meant that they have operated what is essentially a "black box" that gives them significant control over how the modeling software works related to factors that could potentially sway the selection outcome between portfolios that are relatively close to one another. This has the very real potential of empowering the utility to intentionally or unintentionally influence the outcome of which resource portfolio is selected as the Least Cost Plan. Council Interim Action to select Alternative Planning Scenarios and Alternative Portfolios for analysis provides at least a minimum level of protection to ensure sufficient information for evaluation of alternative resource options.

Fourth, ENO selection of all Alternative Planning Scenarios except one (a Stakeholder Input Scenario) provides too much deference to the utility and risks replicating the contentious dynamic of past IRP proceedings, wherein three scenarios were created with enough similarities to produce identical outcome results that would then be used as justification to marginalize the clean energy portfolio. ENO and the working group should collaborate in the development of truly Alternative Planning Scenarios that strive to evaluate a range of future conditions in a way that stress tests each of the Alternative Portfolios, rather than merely reinforcing a single perspective.

Finally, development of the Implementation Plan should follow Council's Concluding Action. Having received robust information on the performance of an array of Alternative Resource Portfolios under various future scenarios, the IRP proceeding is the

only structured mechanism currently in use whereby the Council can evaluate a broad range of resource options and factors influencing their suitability for adoption in New Orleans. Despite frequent and consistent statements from Council members that clean energy was a key component of their vision and policy priorities, the IRP has to date fallen short of empowering the Council to effectively inform and advance their goals in this area. By engaging with the IRP process earlier and in a more substantive manner, the Council, their Advisors, the Utility, Intervenors and the public will have greater assurance that the direction of energy planning in the city is fully and factually informed and decisions are being made amongst the best resource options available.

While there are plenty of examples across the country where the utility is granted high degrees of deference and control with significant limitations on transparency, oversight, and verification of planning results, plenty of examples also exist of regulators establishing the conditions for evaluation of a broader range of alternatives. Due to the unique regulatory authority vested in the New Orleans City Council, there is great value in hands-on Council leadership around the IRP process, a possibility that has been largely underutilized to date.

Cost and Risk Analysis

In their February 27th, 2017 filing, Entergy New Orleans proposed significant changes to the current IRP rules regarding evaluation of cost, rate impact analysis, and risk for the modeled portfolios.

Both the Alliance and ENO agree that the IRP report should present multiple portfolios for consideration by the Council, rather than requiring ENO to argue for a specific Utility Preferred Resource Plan. However, we believe ENO goes too far in recommending that in-depth cost and risk analysis for the Alternative Portfolios be removed, by first stating that “ENO recommends that the Council eliminate the requirements that ENO identify, present, vet, defend, and analyze risks associated with a “preferred resource plan...”¹⁷ they then seem to suggest that in-depth analysis of matters such as rate impacts and stochastic risk-assessment should be removed from IRP requirements all together,¹⁸ stating that such details are inconsistent with what it describes is the purpose of the IRP as “a general planning tool.” On this we disagree for several reasons.

In our initial recommendations to modify the IRP rules, the purpose of removing the UPRP is to ensure that the Council receives a more complete, robust and accurate picture of the relative strengths and weaknesses of various portfolios to enable better decision making related to execution of the Council’s policy priorities and serving the public interest. To that end, analysis of each Alternative Resource Portfolio should continue to fully evaluate costs and risks, including customer bill impact. A failure to do

¹⁷ ENO at 7

¹⁸ ENO at 7 and Ex 2 at 1-2

so would be contrary to the core functional purpose of the IRP planning process and would render the value of the IRP report presented to the Council virtually useless.

Further, it would also be contrary to ENO's own recommendation that:

“The IRP should include a risk analysis which balances quantifiable costs with quantifiable risks to customers. These IRP requirements stress the importance of the integrated resource planning process as a whole and the interdependence of matters...”¹⁹

Customer rate and bill impact analysis are critical quantifiable outputs of the IRP analysis that can and should be provided to stakeholders and the Council. Furthermore, their consideration in the context of the interdependence of matters and the whole picture is central to the function of the IRP.

What ENO is proposing is unnecessary and goes too far in removing the substance on which sound directional decision-making is based.

ENO's suggestion that risk and customer impact analysis are unnecessary for IRP planning and instead should be undertaken only with individual resource acquisition requests misses the point that the IRP is meant to derive insight from these very considerations at the comprehensive / integrated level specifically because individual resource requests fail to sufficiently consider the big picture and lack the robust information for consideration between alternatives.²⁰ The IRP is the only policy tool available to the Council, the Utility, and the public for the purpose of analyzing multiple portfolios under various potential market conditions. The additional analysis should be preserved.

ENO states that analysis of cost and risk as expected in the current rules is not feasible when presenting multiple Alternative Portfolios to the Council but does not provide a meaningful explanation of what would be required to comply with such requirements for multiple portfolios or otherwise back up the claim.

Another odd modification is the peculiar twist of the IRP requirements wherein the language describing the use of deterministic based modeling and stochastic modeling is eliminated, while the statement that use of such methods as an accepted analytic approach is retained.²¹ What ENO adds to replace the original language is so broad and ambiguous as to have very little enforceable meaning.

ENO has removed language (without indicating it with strikethroughs) describing the

¹⁹ ENO Ex 2 at 1

²⁰ ENO at 8

²¹ ENO Exhibit 2 at 1 and 2

original Component 7²² of the IRP that should be retained related to the evaluation of risk factors specifying the need to:

“Conduct uncertainty or scenario analyses for different economic and environmental circumstances, incorporating regulatory and legislative policies;”

ENO includes language stating:

“Therefore, an initial step in resource portfolio planning must be market outlooks or forecasts of costs, prices, and other input variables, as well as measures of their uncertainty, expressed as possible future price ranges along with associated probabilities and the correlations among them.”²³

But ENO’s comments and language modifications suggest that the effect of uncertainty factors will not be included with the analysis of Alternative Portfolios presented to the Council as indicated in the following sections that were removed:

Estimated market prices will be used to analyze potential conservation initiatives and available supply-side resources to meet forecasted resource requirements. The market analysis must include all expected price and price ranges assumed through the planning period.²⁴

...and

As utility system planning typically utilizes a cumulative present worth analysis to rank planning scenarios, it is important that the Utility present not only the cumulative present worth of the reference planning scenario and sensitivities, but the annual estimates of costs that result in the cumulative present worth so that the Council may understand the timing of costs and savings under alternative scenarios.²⁵

In some instances where the UPRP is mentioned, all language is removed related to cost and risk reporting requirement that should instead be applied to the presentation of Alternative Portfolios, such as:

A description of the Utility Preferred Resource Plan ("UPRP") to meet the forecasted loads of the Utility(ies) and a table showing the supply-side and demand-side resources that are planned and their principal rationale for selection (i.e., supply peak demand, supply non-peak demand or operational constraints,

²² Council Resolution R-10-142 at 1

²³ Exhibit 2 page 3

²⁴ ENO Exhibit 2 page 4

²⁵ *ibid*

achieve more economical production of energy);

A schedule of costs showing the annual total demand related costs, energy related costs, and total supply costs associated with the UPRP;

11) If the UPRP is not the least cost plan, the Utility shall provide the basis for rejecting the least cost plan and provide a schedule of costs showing the annual total demand related costs, energy related costs, and total supply costs associated with the least cost plan.

12) An analysis of the rate impacts of the UPRP on the Utility's ratepayers including the timing of increased revenue requirements;²⁶

Where an Alternative Portfolio is not identified as the Least Cost Portfolio, a comparison chart should be provided and a narrative description provided explaining the pros and cons differentiating the them.

ENO Ex 2 page 7 removes:

A risk assessment of the UPRP is required to evaluate the riskiness of alternative portfolios using the range of potential costs along with their associated probabilities. The IRP must provide an evaluation of various resource mixes showing both the expected outcome in terms of average price and the potential range of outcomes around the expected price. The IRP should present the expected cost per MWh of the UPRP in selected future years, along with the range of annual average costs foreseen for the 10th and 90th percentiles of simulated possible outcomes. Those ranges should be the result of iterations or simulations performed for the selected years, in which the possible outcomes are drawn from distributions that describe market expectations and volatility as of the current filing date. For example, the widely used Monte Carlo-style analysis varies renewable resources, load projections, forced outages, environmental costs, and gas price data with multiple iterations of potential future conditions.⁴ The simulation results should be used to estimate the regional electric market, and the iterations collectively form the UPRP of the IRP. Identify the trade-off between risk and cost similar to finding the optimal mix of risk and return, but the trade-off is future costs against resource cost variation.

And:

A discussion and presentation of results for each alternative planning scenario considered, including a schedule of costs showing the annual total demand related costs, energy related costs, and total supply costs associated with each

²⁶ ENO Exhibit 2 page 6-7

alternative planning scenario;

Deletion of the risk analysis of the various portfolios removes valuable information for the Council's consideration. Costs per MWh and potential outcomes related to market expectations form the basis of planning multiple scenarios to avoid risk to customers. Again, while the Alliance agrees that the "UPRP" designation be removed from the criteria, the full consideration of potential costs and risks are too important to delete. Furthermore, consideration of the impact of various risks could be the tipping point between one resource portfolio and another, though ENO removed language that would evaluate this.²⁷

Oregon's IRP rules require the analysis of risk on level par with cost analysis with the added provision that such analysis compare Alternative Portfolios in terms of risk Severity, Variability, and Risk Durability - as referenced on PGE at 36.²⁸ It is also notable that they conduct this analysis for each portfolio.

The Alliance recommends two reports authored by former Colorado Commissioner Ron Binz on the subject of risk in IRP analysis for consideration in these revised IRP rules proceeding as appendices A and B, in which it is noted that

"This report, authored by utility industry and finance experts, concludes that almost without exception the riskiest investments for utilities—the ones that could cause the most financial harm for utilities, ratepayers and investors—are large base load fossil fuel and nuclear plants. In contrast, energy efficiency, distributed energy and renewable energy (whose costs, in some cases, have come down dramatically since 2012) are seen as more attractive investments that have lower risks and costs."²⁹

For a Council interested in pursuing DSM and renewable energy generation, the considerations outlined in these reports are highly valuable. ENO's recommendation to eliminate much of the risk analysis from the IRP would do a disservice to the Council and the public, who have consistently shown up to support clean energy resources.

In Conclusion

We appreciate the opportunity to contribute these reply comments for consideration

²⁷ ENO Ex 2 at 7

²⁸ <https://www.portlandgeneral.com/-/media/public/our-company/energy-strategy/documents/2016-irp-roundtable-16-4-presentation.pdf?la=en>

²⁹ Binz, Ron, CERES November 2014, "Practicing Risk-Aware Utility Regulation: 2014 Update," at 3, retrievable at <https://www.ceres.org/resources/reports/practicing-risk-aware-electricity-regulation>, and Binz, Ron, CERES, 2012, "Practicing Risk-Aware Utility Regulation." Retrievable at <https://www.ceres.org/resources/reports/practicing-risk-aware-electricity-regulation>

and look forward to the chance to further evaluate and supplement these comments as the rulemaking proceeds.