

**RESOLUTION**

**NO. R-15-599**

**CITY HALL: December 10, 2015**

**BY: COUNCILMEMBERS WILLIAMS, HEAD, GUIDRY, BROSSETT AND GRAY**

**IN RE: COUNCIL REVIEW OF ENERGY SMART PROGRAM YEAR 4 AND ENERGY SMART PROGRAMS' SOURCES AND USES OF FUNDS, AND AVAILABLE FUNDING SOURCES**

**DOCKET NO. UD-08-02**

**WHEREAS**, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans ("Charter"), the Council of the City of New Orleans ("Council") is the governmental body with the power of supervision, regulation and control over public utilities providing service within the City of New Orleans; and

**WHEREAS**, pursuant to its powers of supervision, regulation and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

**WHEREAS**, Entergy New Orleans, Inc. ("ENO" or "Company"), effective September 1, 2015, is a public utility providing electric and natural gas service to all of New Orleans;<sup>1</sup> and

**WHEREAS**, ENO is a wholly-owned subsidiary of Entergy Corporation ("Entergy"). The other four operating companies are Entergy Arkansas, Inc. ("EAI"), Entergy Louisiana, LLC

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<sup>1</sup> Prior to September 1, 2015, ENO's electric service area consisted of all of New Orleans except for Algiers ("Legacy-ENO service area").

("ELL")<sup>2</sup>, Entergy Mississippi, Inc. ("EMI"), and Entergy Texas, Inc. ("ETI"). The five operating companies are referred to collectively as the ("Operating Companies"); and

**WHEREAS**, prior to September 1, 2015, ENO and ELL each operated a Council-authorized DSM program within their jurisdictions in Orleans Parish, known as the ENO Energy Smart Program and the ELL-Algiers Energy Smart Program, respectively, and after September 1, 2015, ENO assumed responsibility for both Energy Smart programs; and

**WHEREAS**, the March 25, 2009 Agreement in Principle in Docket No. UD-08-03, as adopted by Resolution No. R-09-136 ("2009 AIP"), provided that energy efficiency targets should be set based on approved funding levels and that such targets shall be reviewed annually to account for changes in funding, program design and market conditions. Pursuant to the 2009 AIP, for every 12 month program period the Council will evaluate the funding level, savings goals, and deemed savings calculations; and

**WHEREAS**, the 2009 AIP and Resolution No. R-09-136 also provided for: (i) recovery of lost contribution to fixed costs ("LCFC") in a timely fashion, specifying that such recovery shall be accomplished as described in Attachment G of the Electric Formula Rate Plan ("EFRP"), Exhibit 7, and (ii) the opportunity for ENO to earn incentives based on its performance and implementation/execution of programs on an annual basis; and

**WHEREAS**, in Resolution No. R-09-483, the Council found that the annual evaluation and cost-effectiveness provisions required by the 2009 AIP will provide the means of vigilant Council oversight of the program to ensure funds are put to their most productive use and not wasted; and

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<sup>2</sup> On October 1, 2015, the business combination of Entergy Gulf States Louisiana, L.L.C. ("Old EGSL") and Entergy Louisiana, LLC ("Old ELL") was completed, through which Old EGSL and Old ELL combined into a single operating company, Entergy Louisiana, LLC.

## Evaluation Of Program Year 4

**WHEREAS**, Resolution Nos. R-14-122 and R-15-15 approved the design and selection of ENO’s proposed Energy Smart programs and established kWh savings goals for the fourth program year (April 2014 – March 2015); and

**WHEREAS**, on July 10, 2015, pursuant to the 2009 AIP, ENO submitted to the Council its *Energy Smart Annual Report for Program Year 4* (“Program Year 4 Report”), including several recommendations which apply to Program Year 5, a copy of which was provided to all parties in the instant docket; and

**WHEREAS**, the Council’s Advisors have conducted a review and evaluation of the Program Year 4 Report, including an evaluation of the funding level and changes in funding; and

**WHEREAS**, the Council and the Council's Advisors strongly support the Energy Smart program and its continued success, however, the Program Year 4 Report has raised certain concerns that must be addressed to ensure the continued vitality of the program; and

**WHEREAS**, ENO’s Program Year 4 Report presents results for the Energy Smart programs for Program Year 4, which are summarized in the following tables:

Post-Year Evaluation of ENO Energy Smart Programs Year 4 – Legacy - ENO						
Program	Actual kWh	Percent of Goal Achieved	Program Cost	% Customer Incentive Cost	% Non-Incentive Cost	\$/kWh Reduction
Home Perf. w EnergyStar	4,445,224	110%	\$941,431	64%	36%	0.21
ENERGY STAR AC	237,416	61%	\$129,247	46%	54%	0.54
Air Conditioner Tune-up	279,772	29%	\$144,451	31%	69%	0.52
Income Qualified	1,825,848	200%	\$703,871	77%	23%	0.39
Energy Smart New Homes	112,562	63%	\$103,816	20%	80%	0.92
CFL Direct Install	1,205,662	66%	\$327,703	52%	48%	0.27
Small Commercial	2,519,153	94%	\$649,194	47%	53%	0.26
Large Commercial	5,823,379	95%	\$1,374,216	38%	62%	0.24
<b>Sub-Total</b>	<b>16,449,016</b>	<b>96%</b>	<b>\$4,373,929</b>	<b>52%</b>	<b>48%</b>	<b>0.27</b>
NOLA Wise			\$333,333			
<b>Sub-Total Program Cost</b>			<b>\$4,707,262</b>			
LCFC			\$814,226			
Utility Incentive			\$589,867			
<b>Total</b>			<b>\$6,111,355</b>			

Post-Year Evaluation of ENO Energy Smart Programs Year 4 – Legacy - Algiers			
Program	Actual kWh	Percent of Goal Achieved	Incentive Cost
Home Perf. w EnergyStar	1,470,226	372%	\$96,525
ENERGY STAR AC	26,675	38%	\$8170
Air Conditioner Tune-up	3,008	4%	\$455
Income Qualified	115,564	184%	\$6,824
CFL Direct Install	164,915	22%	\$16,954
Small Commercial	215,680	79%	\$26,014
Large Commercial	24,576	6%	\$626
<b>Total Costs</b>	<b>2,020,644</b>	<b>98%</b>	<b>\$155,568</b>

**WHEREAS**, ENO’s Program Year 4 Report indicates that to achieve the 16,499,016 kWh energy savings for the Legacy-ENO service area in Program Year 4, ENO spent \$4,707,262 on program costs, incurred LCFC of \$814,226, and earned utility incentives of \$589,867, totaling \$6,111,355; and

**WHEREAS**, ENO’s Program Year 4 Report indicates that the Program Year 4 kWh reduction for the Legacy-ENO service area fell short (96.0%) of the goal approved by the Council, and the Program Year 4 expenditures for customer incentives were less than the approved customer incentives budget (87.0%); and

**WHEREAS**, ENO’s Program Year 4 Report indicates that for the Energy Smart programs for the Legacy-Algiers service area in Program Year 4, the kWh reduction also fell short of the Council-Approved goal (97.6%), with only 64.1% of customer incentives budget expended; and

**WHEREAS**, it appears that for each of Program Years 1, 2, 3, and 4 in the Legacy-ENO service area, the majority of kWh reductions from the Small Commercial program were derived from lighting measures<sup>3</sup>; and

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<sup>3</sup> The analysis was derived from an ENO workpaper entitled “Evaluation of Energy Smart Program – Advisors Inquiry All 4 Years – Final,” provided to the Council’s Advisors on October 23, 2015.

**WHEREAS**, in a September 28, 2012 report to the Council, the Advisors noted that lighting measures represented a significant source of the Program Year 1 kWh savings and recommended that other measures be considered to procure further savings; and

**WHEREAS**, the Advisors question whether the programs would have achieved greater kWh savings if the expenditures were increased to the approved budget level and if the customer incentive funds were allocated to measures that were providing more reduction per dollar of incentive expended; and

**WHEREAS**, the individual program results reported in the Program Year 4 Report raise the question of whether the focus of program design and planning could have been developed to result in increased kWh savings. Of particular concern, ENO's Program Year 4 Report indicates that: (i) participant incentive funds for the Large Commercial program were depleted merely three weeks after the program year started; (ii) the ENERGY STAR Central Air Conditioning Program only achieved 60.9% of its kWh savings goal, but incentive expenditures were 68.0% of the budgeted amount; and (iii) the same program in Legacy-Algiers only achieved 38.1% of kWh goal but used 60% of the incentives budget; and

**WHEREAS**, ENO's Program Year 4 Report indicates that the Central A/C Tune-Up program only achieved 28.9% of its kWh goal for Legacy ENO, and that result was only achieved by a significant effort of identifying and convincing multi-family property owners to have an A/C tune-up performed for their tenants. ENO's Program Year 4 Report also indicates that the results for this program were even less robust for Legacy-Algiers, achieving only 3.8% of kWh goal with 3% of budgeted incentives expended; and

**WHEREAS**, the Advisors note more emphasis is also needed for a solution to addressing the continuing problem of energy efficiency for multifamily dwellings, particularly due to the predominance of multifamily dwellings in New Orleans; and

**WHEREAS**, certain programs have been particularly successful, in particular, ENO's Program Year 4 Report indicates that the Assisted Home Performance with Energy Star Program ("AHPwES") achieved 200% of goal using only 87% of the budgeted incentives. The majority of AHPwES kWh reductions was from elderly single family homeowners on fixed incomes, and the majority of the work was performed by minority and female owned participating contractors. There were 35 participating contractors in Energy Smart in Program Year 4; and

**WHEREAS**, the Advisors note that several programs have been redefined by moving measures among previously approved Energy Smart programs, which increases the difficulty of maintaining a consistent basis to evaluate programs among program years; and

**WHEREAS**, no kWh reduction estimates have been provided in ENO's Program Year 4 Report for the NOLA Wise program, whose activities represent a marketing function for energy efficiency in New Orleans, separate from those conducted by CLEAResult, the Third Party Administrator ("TPA") for Energy Smart. The funding for NOLA Wise in Program Year 4 was \$333,333, and despite several Advisor requests to the Company, no information was provided regarding NOLA Wise program design, spending, cost-effectiveness and performance; and

**WHEREAS**, ENO's Program Year 4 Report indicates that a separate program related to NOLA Wise, the school kit and education program reported 160,000 kWh in savings for direct-install kits (primarily CFLs and faucet aerators) distributed to school children; and

**WHEREAS**, in May 2015, Optimal Energy, Inc. prepared an impact evaluation of Energy Smart Program Year 4 for the residential, commercial, and industrial programs for both

Legacy-ENO and Legacy-Algiers. The evaluation included two main components: (i) an analysis of all data in the program tracking databases, and (ii) a detailed engineering review of sampled project files selected from the tracking database. The results of the evaluation indicated that verified kW and kWh reduction calculations were 98% of reported reductions, and that there are good data verification and quality control procedures regarding the use of deemed savings and maintenance of an up-to-date database; and

**WHEREAS**, the Advisors concur with the Optimal Energy recommendations related to Evaluation, Measurement, and Verification (“EM&V”), namely: (i) investigate the install rate for the direct install School Kit, CFL Giveaway and Online Store programs; (ii) perform on-site verification of measure installations; and (iii) evaluate assumptions in the deemed savings algorithms which have uncertainty or high impact; and

**WHEREAS**, with the goal of improving the initial estimates used in proposed Energy Smart program designs, Council Resolution No. R-09-483 directed ENO to prepare a set of EM&V metrics for each program, based on the International Performance Measurement & Verification Protocol standards and to provide definitions regarding how such data will be used in the annual evaluation of each program; and

**WHEREAS**, the Council’s Advisors state that ENO has failed to achieve full compliance with such EM&V directives in Council Resolution No. R-09-483, but the EM&V technical manual for New Orleans required by Resolution R-15-140 should address EM&V for the Energy Smart programs more comprehensively; and

**WHEREAS**, the Program Year 4 Report provided the following objectives for Program Years 5 and 6: (i) more funding for the Large and Small Commercial Solutions Programs; (ii) higher goals and more funding for the CoolSaver A/C Tune-Up Program; continued high

funding for the AHPwES; and (iii) the addition of a retail buy-down program (savings from manufacturers provided at time of purchase of the specified energy efficiency item); and

**WHEREAS**, the Advisors have made the following additional recommendations relative to the Program Year 4 Report: (i) subsequent Quarterly Reports should include documentation comparing funding to expenditures and stating the balance of the funding account; (ii) the focus of the small and large commercial classes should be shifted away from lighting and toward non-lighting programs designed to procure significant additional savings; (iii) specific marketing strategies, including NOLA Wise, should be provided in subsequent Quarterly Reports to improve those programs which performed less than the budgeted program goal; and (iv) future Annual Reports should focus resources on specific areas which represent significant savings, such as on-site verification, confirmation of deemed savings assumptions, and improvements in program processes and procedures; and

#### **Energy Smart Funding and Expenditures**

**WHEREAS**, ENO's Program Year 4 Report indicates that for Program Year 4 for the Legacy-ENO service area, only \$2,259,626 or 86.9% was expended of the \$2,598,298 budgeted for Energy Smart Programs, exclusive of LCFC and incentives. To provide for these expenditures, \$2,318,165 was deposited from Rough Production Cost Equalization ("RPCE") funds and \$29,257 was carried over from Program Year 3, totaling \$2,347,422. The difference of the Program Year 4 funds made available (\$2,347,422) and the expenditures (\$2,259,626) was \$87,795, identified as an incentive account balance for Program Year 4. The Annual Report also lists a total incentive balance of \$367,928, which, based upon available information, has not been able to be confirmed by the Advisors; and

**WHEREAS**, ENO's Program Year 4 Report indicates that for Program Year 4 in Legacy-Algiers, only \$155,568 or 64.1% was expended of the \$242,790 budgeted for Energy

Smart Programs. To provide for these expenditures, \$176,500 was deposited from ratepayers through the Fuel Adjustment Clause (“FAC”) and \$42,467 was carried over from PY3, totaling \$218,967. The difference of the Program Year 4 funds made available (\$218,967) and the expenditures (\$155,568) was \$63,398, identified as an incentive account balance for Program Year 4. The Report also lists a total incentive balance of \$129,689, which, based on available information, has not been able to be confirmed by the Advisors; and

**WHEREAS**, since the Council desires to thoroughly review ENO’s Energy Smart Programs in terms of their past and anticipated sources and uses of funds, the Advisors conducted a review based on available information of Energy Smart funding and expenditures by program year; and

**WHEREAS**, the 2009 AIP provided Energy Smart Funding at a level of \$3.1 million per year for the Legacy-ENO service area for each of the periods April 2011 through March 2012 (Program Year 1), April 2012 through March 2013 (Program Year 2), and April 2013 through March 2014 (Program Year 3); and

**WHEREAS**, Council Resolution No. R-14-122, Council Resolution No. R-14-277, and Council Resolution No. R-15-15 collectively provided for \$6.1 million Energy Smart program funding for the Legacy-ENO service area for the period April 2014 through March 2015 (Program Year 4); and

**WHEREAS**, Council Resolution No. R-15-140 provided for annual expenditures related to Energy Smart programs in the Legacy-ENO service area of \$6,500,000 for the period April 2015 through March 2016 (Program Year 5) and \$7,800,000 for the period April 2016 through March 2017 (Program Year 6), including LCFC and incentives; and

**WHEREAS**, the Council intends to continue Energy Smart programs for the total ENO service area beyond Program Year 6; and

**WHEREAS**, Council Resolution No. R-15-140 states that upon Council-designated funds being fully expended in Energy Smart programs in the Legacy-ENO service, the recovery of further such costs is expected to be through an increase in ENO's FAC rate for the Legacy-ENO service area; and

**WHEREAS**, it is presently undetermined if the Council will receive further RPCE funds; and

**WHEREAS**, an August 8, 2013 Agreement in Principle settling Docket No. UD-08-02 (ENO 2012 FRP Evaluation) as adopted in Council Resolution R-13-270 ("2013 AIP") provides for an annual \$1.791 million recovery of the combined LCFC and incentive mechanism from Energy Smart in the Legacy-ENO service area commencing with the first billing cycle in October 2013; and

**WHEREAS**, the information available to the Advisors to date regarding the Legacy - ENO Energy Smart program costs and funding by program year through the approved budget for Program Year 6 is summarized in the following table, excluding LCFC and incentives; and

Summary of Energy Smart Program Activity (Legacy-ENO service area)						
	Actual Program Results				Budgeted Program Results	
	Program Year 1 -3 <sup>4</sup>			Program Year 4 <sup>5</sup>	Program Year 5 -6 <sup>6 7</sup>	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	(Apr `11- Mar `12)	(Apr `12- Mar `13)	(Apr `13- Mar `14)	(Apr `14- Mar `15)	(Apr `15- Mar `16)	(Apr `16- Mar `17)
<b>Expenditures &amp; Funding</b>						
Program Expenditures (incl. EM&V)	\$3,302,809	\$3,523,407	\$3,526,361	\$4,373,929	\$4,774,003	\$5,993,060
NOLA Wise	-	-	\$200,000	\$333,333	\$380,000	\$380,000
<b>Expenditures Sub-Total</b>	<b>\$3,302,809</b>	<b>\$3,523,407</b>	<b>\$3,726,361</b>	<b>\$4,707,262</b>	<b>\$5,154,003</b>	<b>\$6,373,060</b>
Funding - Ratepayers' Base Rates	\$4,960,000	\$3,100,000	\$3,100,000	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Funding - RPCE	\$0	\$0	\$200,000	\$6,130,000	\$6,375,000	\$6,375,000
<b>Ending Energy Smart Funding Balance</b>	<b>\$1,657,191</b>	<b>\$1,233,784</b>	<b>\$807,423</b>	<b>\$2,230,161</b>	<b>\$3,451,158</b>	<b>\$3,453,098</b>

**WHEREAS**, given the information available to Advisors to date, the Advisors estimate that using available sources of funding, including RPCE funds, the annual expenditures provided by ENO, and the approved budgets for Program Years 5 and 6, a \$3,453,098 surplus program funding balance will exist by March 2017, exclusive of LCFC and incentives; and

**WHEREAS**, the annual \$1.791 million recovery of combined LCFC and incentive costs as provided for in the 2013 AIP have continued since the first billing cycle in October 2013 and are expected to continue until the Council may establish new rates as part of the anticipated Combined Rate Case; and

<sup>4</sup> Council Resolution R-08-601 approved \$1.86M for funding first year of Energy Smart; Council Resolution R-09-136 approved an annual funding of \$3.1 M for first three years of Energy Smart programs. A total funding of \$11.15M was available for the first three program years of Energy Smart.

<sup>5</sup> D.C. Circuit ordered ENO to receive RPCE refunds of \$5.09 M out of which \$0.2M was used for funding NOLAwise. A total of \$4.89M was available for funding the first 9 months of Program Year 4. Pursuant to Council Resolution R-15-15, ENO was authorized to utilize \$1.25M of the RPCE funds for funding the remaining quarter of Program Year 4 (Jan 1, 2015 - Mar 31, 2015). A total of \$6.13 M was available for funding Program Year 4.

<sup>6</sup> In addition to the RPCE funds \$11.85 M balance after Program Year 4, \$0.9 million (re: FERC Docket No. ER08-1056) of RPCE funds were made available, totaling \$12.75M for funding Program Years 5 and 6, not including any interest earned on the escrow balance.

<sup>7</sup> Program Years 5 and 6 figures assume that expenditures will be equal to the budgeted program expenses and performance will be equal to 100% of program goals.

**WHEREAS**, the Advisors note that ENO has not submitted an annual filing to true-up the amounts received for LCFC and utility incentives with the annual amounts for LCFC and incentives calculated in accordance with the format specified in AIP 2009 and Resolution -09-136; and

**WHEREAS**, the Legacy-ENO Energy Smart programs calculated LCFC and incentives and the LCFC and incentives recovered are summarized in the following table; and

<b>ENO Incentives and LCFC Costs Pre 2012 FRP Rate Adjustments</b>						
	Year 1 (Apr `11- Mar `12)	Year 2 (Apr `12- Mar `13)	Year 3 (Apr `13- Mar `14)	Year 4 (Apr `14- Mar `15)	Year 5 (Apr `15- Mar `16)	Year 6 (Apr `16- Mar `17)
Calculated ENO Incentives Earned Based on Actual and Budgeted Results	\$0	\$796,322	\$589,867			
Calculated LCFC Based on Actual and Budgeted Results	\$806,461	\$1,018,335	\$792,396			
Incentive and LCFC cost recovery in Base Rates through FRP adjustments <sup>8</sup>	\$328,000	\$0	\$1,791,436			
<b>Program Year LCFC and Incentive Over (Under) Recovery of Calculated Costs</b>	<b>(\$478,461)</b>	<b>(\$1,814,657)</b>	<b>\$409,173</b>			
Cumulative LCFC and Incentive Over (Under) Recovery of Calculated Costs Based on Rate Lag	(\$478,461)	(\$2,293,117)	(\$1,883,944)			
<b>ENO Incentives and LCFC Costs Post 2012 FRP Rate Adjustment</b>						
Calculated ENO Incentives Earned Based on Actual and Budgeted Results				\$589,867	\$530,000	\$530,000
Calculated LCFC Based on Actual and Budgeted Results				\$814,226	\$783,734	\$887,882
Incentive and LCFC cost recovery in Base Rates through FRP adjustments <sup>9</sup>				\$1,791,436	\$1,791,436	\$1,791,436
<b>Program Year LCFC and Incentive Over (Under) Recovery of Calculated Costs</b>				<b>\$387,343</b>	<b>\$477,703</b>	<b>\$373,555</b>
Cumulative LCFC and Incentive Over (Under) Recovery of Calculated Costs Based on Rate Lag				\$387,343	\$865,046	<b>\$1,238,600</b>

**WHEREAS**, the Council has approved the Energy Smart budget for Program Years 5 and 6 ending March 2017, the limited funding source of RPCE funds has been directed to Energy Smart in Resolution R-14-509, and a revision to base rates as a funding source is not expected until the revised rates effective from the anticipated Combined Rate Case in 2019; and

<sup>8</sup> Council Resolution R-11-457 provides for \$328,000 in LCFC recovery for Program Year 1. The August 8, 2013 Agreement in Principle settling Docket No. UD-08-02 provides for \$1.791 million in funding for Energy Smart LCFC and incentive cost recovery beginning in October 2013.

<sup>9</sup> The August 8, 2013 Agreement in Principle settling Docket No. UD-08-02 provides for \$1.791 million in funding for Energy Smart LCFC and incentive cost recovery beginning in October 2013.

**Energy Smart Program Years 5 and 6 Revised Budget and Forecasted Goals**

**WHEREAS**, in Council Resolution No. R-15-140, the Council directed ENO to file with the Council a new proposal for individual program budgets for Program Years 5 and 6 in the Legacy-ENO area that complies with both the Council's total approved budgets of \$6,500,000 for Program Year 5 and \$7,800,000 for Program Year 6 and all other changes ordered within that Resolution, including adjusting the proposed kWh goals to correspond to the new individual program budgets; and

**WHEREAS**, ENO and ELL made a filing on May 11, 2015 submitting a revised budget and corresponding forecasted goals; and

**WHEREAS**, the following tables summarize the revised proposed budgets, and

**Entergy New Orleans, Inc. ("ENO") Year 5:**

<b>ENO Residential, C&amp;I Program Portfolio Budgets</b>			
<b>Year 5</b>			
<b>Residential Program</b>	<b>Incentives</b>	<b>Non-incentives</b>	<b>Total</b>
HPwES	\$ 291,512	\$ 219,668	\$ 511,180
Consumer Products	\$ 241,491	\$ 180,015	\$ 421,506
Low Income Audit & Weatherization	\$ 320,349	\$ 364,414	\$ 684,763
NOLA Wise Schoolkits and Education	\$ 70,894	\$ 380,517	\$ 451,411
Residential Heating and Cooling	\$ 248,409	\$ 120,534	\$ 368,943
Small C&I	\$ 455,876	\$ 486,188	\$ 942,064
Large C&I	\$ 894,890	\$ 879,246	\$ 1,774,136
Behavioral Pilot			
Lost Contribution to Fixed Costs ("LCFC")**			\$ 783,734
Utility Incentive at 100%			\$ 530,000
<b>Total Budget</b>			<b>\$ 6,467,737</b>
<b>Council Approved Budget</b>			<b>\$ 6,500,000</b>

\*\$314,563 of EM&V is contained in the non-incentive numbers

\*\*LCFC is based upon an adjusted gross margin of .0495

ENO Year 6:

<b>ENO Residential, C&amp;I Program Portfolio Budgets</b>			
<b>Year 6</b>			
<b>Residential Program</b>	<b>Incentives</b>	<b>Non-incentives</b>	<b>Total</b>
HPwES	\$ 346,032	\$ 241,586	\$ 587,618
Consumer Products	\$ 249,353	\$ 197,974	\$ 447,327
Low Income Audit & Weatherization	\$ 361,252	\$ 400,467	\$ 761,719
NOLA Wise Schoolkits and Education	\$ 81,884	\$ 384,903	\$ 466,787
Residential Heating and Cooling	\$ 230,735	\$ 132,555	\$ 363,290
Small C&I	\$ 564,721	\$ 534,105	\$ 1,098,826
Large C&I	\$ 941,341	\$ 966,151	\$ 1,907,492
Behavioral Pilot		\$ 300,000	\$ 300,000
Direct Load Control Pilot		\$ 440,000	\$ 440,000
Lost Contribution to Fixed Costs**			\$ 887,882
Utility Incentive at 100%			\$ 530,000
<b>Total Budget</b>			<b>\$ 7,790,941</b>
<b>Council Approved Budget</b>			<b>\$ 7,800,000</b>

\*\$343,802 of EM&V is contained in the non-incentive numbers

\*\*LCFC is based upon an adjusted gross margin of .0495

Entergy Louisiana, LLC ("ELL Algiers") Year 5:

<b>ELL Algiers Residential, C&amp;I Program Portfolio Budgets</b>			
<b>Year 5</b>			
<b>Residential Program</b>	<b>Incentives</b>	<b>Non-incentives</b>	<b>Total</b>
HPwES	\$ 23,806	\$ 20,064	\$ 43,870
Consumer Products	\$ 19,333	\$ 15,579	\$ 34,912
Low Income Audit & Weatherization	\$ 28,321	\$ 30,243	\$ 58,564
NOLA Wise Schoolkits and Education	\$ 6,433	\$ 79,530	\$ 85,963
Residential Heating and Cooling	\$ 22,315	\$ 10,436	\$ 32,751
Small C&I	\$ 41,913	\$ 43,548	\$ 85,461
Large C&I	\$ 75,883	\$ 77,220	\$ 153,103
Behavioral Pilot			
Lost Contribution to Fixed Costs**			\$ 64,355
Utility Incentive at 100%			\$ 49,000
<b>Total Budget</b>			<b>\$ 607,979</b>
<b>Council Approved Budget</b>			<b>\$ 718,265</b>

\*\$30,199 of EM&V is contained in the non-incentive numbers

\*\*LCFC is based upon an adjusted gross margin of .0466

ELL Algiers Year 6:

<b>ELL Algiers Residential, C&amp;I Program Portfolio Budgets</b>			
<b>Year 6</b>			
<b>Residential Program</b>	<b>Incentives</b>	<b>Non-incentives</b>	<b>Total</b>
HPwES	\$ 26,795	\$ 20,064	\$ 46,859
Consumer Products	\$ 20,616	\$ 15,579	\$ 36,195
Low Income Audit & Weatherization	\$ 28,139	\$ 30,243	\$ 58,382
NOLA Wise Schoolkits and Education	\$ 6,293	\$ 79,530	\$ 85,823
Residential Heating and Cooling	\$ 17,824	\$ 10,436	\$ 28,260
Small C&I	\$ 43,078	\$ 43,548	\$ 86,626
Large C&I	\$ 75,116	\$ 77,220	\$ 152,336
Behavioral Pilot		\$ -	\$ -
Direct Load Control		\$ -	\$ -
Lost Contribution to Fixed Costs**			\$ 65,193
Utility Incentive at 100%			\$ 49,000
<b>Total Budget</b>			<b>\$ 608,674</b>
<b>Council Approved Budget</b>			<b>\$ 718,265</b>

\*\$30,199 of EM&V is contained in the non-incentive numbers

\*\*LCFC is based upon an adjusted gross margin of .0466

WHEREAS, the following table summarizes the revised kWh goals; and

**Energy Smart New Orleans**

DSM Portfolio Budgets								
Sector	Year 5				Year 6			
	Implementation	Incentives	EM&V	Total	Implementation	Incentives	EM&V	Total
Residential	\$1,196,061	\$1,172,555	\$99,007	\$2,437,804	\$1,249,100	\$1,269,257	\$106,290	\$2,626,742
C&I	\$1,149,958	\$1,350,766	\$215,476	\$2,716,199	\$1,264,762	\$1,506,061	\$235,504	\$3,006,317
<b>Total</b>	<b>\$2,316,019</b>	<b>\$2,523,421</b>	<b>\$314,583</b>	<b>\$5,154,003</b>	<b>\$2,513,939</b>	<b>\$2,775,318</b>	<b>\$343,802</b>	<b>\$5,633,059</b>

DSM Portfolio Savings						
Sector	Year 5			Year 6		
	Participation	Gross Energy Savings (MWh)	Gross Demand Savings (MW)	Participation	Gross Energy Savings (MWh)	Gross Demand Savings (MW)
Residential	9,220	4,576	1.4	9,760	5,127	1.5
C&I	70	11,254	2.2	73	12,810	2.5
<b>Total</b>	<b>9,290</b>	<b>15,833</b>	<b>3.7</b>	<b>9,853</b>	<b>17,937</b>	<b>4.1</b>

**Energy Smart Algiers**

DSM Portfolio Budgets								
Sector	Year 5				Year 6			
	Implementation	Incentives	EM&V	Total	Implementation	Incentives	EM&V	Total
Residential	\$145,283	\$100,207	\$10,570	\$256,060	\$145,283	\$99,667	\$10,570	\$255,519
C&I	\$101,139	\$117,796	\$19,629	\$238,564	\$101,139	\$118,194	\$19,629	\$238,962
<b>Total</b>	<b>\$246,422</b>	<b>\$218,003</b>	<b>\$30,199</b>	<b>\$494,624</b>	<b>\$246,422</b>	<b>\$217,861</b>	<b>\$30,199</b>	<b>\$494,481</b>

DSM Portfolio Savings						
Sector	Year 5			Year 6		
	Participation	Gross Energy Savings (MWh)	Gross Demand Savings (MW)	Participation	Gross Energy Savings (MWh)	Gross Demand Savings (MW)
Residential	779	397	0.1	782	395	0.1
C&I	6	984	0.2	6	1,004	0.2
<b>Total</b>	<b>785</b>	<b>1,381</b>	<b>0.3</b>	<b>788</b>	<b>1,399</b>	<b>0.3</b>

WHEREAS, the Advisors have reviewed the revised proposed budgets and kWh goals and recommended to the Council that they are reasonable; and

WHEREAS, the Council believes it would be reasonable in the development of subsequent Energy Smart Program Years (Program Year 7 and beyond) for the Company to incorporate in its Energy Smart and IRP filings for evaluation by the Advisors, Intervenors, and the Council the goal of increasing the projected savings from the Energy Smart program by 0.2% per year, until such time as the program generates kWh savings at a rate equal to 2% of annual kWh sales; now therefore;

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS**

**THAT:**

1. Regarding the evaluation of Program Year 4, ENO is directed to submit a Compliance Filing within 30 days of the Council adoption of this Resolution which provides all supporting detail and work papers in response to the following concerns.
  - a. Why the expenditures for customer incentives were 87% of the approved customer incentives budget for Legacy-ENO, and 64.1% for Legacy-Algiers, considering that kWh savings were short of goal;
  - b. Why customer incentive funds were not allocated to measures that were providing more kW and kWh reduction per dollar of incentive expended;
  - c. ENO's plan to improve the overall allocation of the approved program year budget to increase the total quantified program benefits of Energy Smart;
  - d. Actions ENO has taken to make increased incentive funds available to Large Commercial participants;
  - e. Actions ENO has taken relative to the individual programs that are under-performing;
  - f. Actions ENO has taken to improve the energy efficiency results for multi-family dwellings with multi-family property owners;
  - g. Supplemental information to enable the Council to assess the cost-effectiveness of the marketing efforts of NOLA Wise;
  - h. A quantification by ENO of the specific incentive and non-incentive costs of the School Kits Program corresponding to the reported 160,000 kWh savings;
  - i. Specific detail outlining the content of the New Orleans Technical Reference Manual on EM&V for demand side management programs, including a set of

EM&V metrics for each measure/program, and a definitive time line for receipt of the initial draft by the Advisors for reviewing;

- j. Detailed support confirming the estimates of kWh savings related to the direct install School Kit, CFL Giveaway, and Online Store Programs;
  - k. Detailed support quantifying the retail buy-down program listed as an objective in the Program Year 4 Report;
  - l. Detailed support quantifying all non-lighting projects that have been targeted for Small and Large Commercial Programs; and
  - m. Quantification and qualification for Program Year 4's total incentive balance of \$367,928 for Legacy-ENO and \$129,689 for Legacy-Algiers, complete with all work-papers.
2. ENO is hereby directed to include documentation showing funding and expenditures, funds carryover, and the balance of the Energy Smart funding account in all subsequent Quarterly Reports.
  3. ENO is hereby directed to submit a Compliance Filing by December 31, 2015 supporting the calculation of LCFC and incentives for each previous program year, and the recovery of LCFC and incentives associated with each program year, beginning with Program Year 1. Subsequent annual filings for LCFC and incentives pursuant to Resolution R-15-140 will be made on or before June 30 following each program year.
  4. The revised individual program budgets and kWh goals for Program Years 5 and 6, as set forth in ENO and ELL's May 11, 2015 filing are hereby approved.

**THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF AND RESULTED AS FOLLOWS:**

**YEAS:**

**NAYS:**

**ABSENT:**

**AND THE RESOLUTION WAS ADOPTED.**