

May 11, 2022

VIA Electronic Delivery

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

**Re: Entergy New Orleans, LLC's Eighth Annual Post-Miso-Integration
Monitoring Report
Docket No. UD-11-01**

Dear Ms. Johnson:

Please find enclosed for your further handling the Public Version of the Eighth Annual Post-MISO-Integration Monitoring Report of Entergy New Orleans, LLC ("ENO" or the "Company"). As a result of the remote operations of the Council's office related to COVID-19, ENO submits this filing electronically and will submit the requisite original and number of hard copies once the Council resumes normal operations, or as you direct. ENO requests that you file this submission in accordance with Council regulations as modified for the present circumstances.

In connection with the Company's filing, a Confidential Version of the Report bearing the designation "Highly Sensitive Protected Materials" is being provided to the Council's Advisors pursuant to the terms and conditions of the Official Protective Order adopted in Council Resolution R-07-432. Portions of the information included in the filing consist of or reflect competitively sensitive cost and market information, the disclosure of which may present a risk of harm to ENO's customers. In addition, portions of the filing may contain highly sensitive information of third parties to which an obligation of confidentiality is owed.

Thank you for your assistance with this matter.

Sincerely,



Keith Wood.

Enclosures

cc: Official Service List (*via email*)

**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

**INVESTIGATION OF THE)
POTENTIAL COSTS AND BENEFITS)
OF ENTERGY NEW ORLEANS, INC.)
AND ENTERGY LOUISIANA, LLC)
JOINING A REGIONAL)
TRANSMISSION ORGANIZATION)
VERSUS CONTINUATION OF THE)
ENTERGY INDEPENDENT)
COORDINATOR OF TRANSMISSION)
WITH ENHANCEMENTS)**

DOCKET NO. UD-11-01

**ENTERGY NEW ORLEANS, LLC’S EIGHTH ANNUAL
POST-MISO-INTEGRATION MONITORING REPORT**

Pursuant to, and in compliance with, Council of the City of New Orleans Resolution R-15-139 dated April 9, 2015, Entergy New Orleans, LLC (“ENO” or the “Company”)¹ submits its Eighth Annual Post-MISO-Integration Monitoring Report (“Report”) related to the integration of ENO into the Midcontinent Independent System Operator, Inc. (“MISO”) regional transmission organization (“RTO”) on December 19, 2013. The headings and sub-headings set forth below correspond to the headings and sub-headings contained in the Summary of Proposed Post-MISO-Integration Reporting Guidelines, in Exhibit 4 to the Agreement in Principle attached to Council Resolution R-15-139.

On December 14, 2017, the Council adopted Resolution R-17-627 in Docket No. UD-17-02 that found, among other things, that ENO’s continued membership in MISO beyond December 19, 2018, is in the public interest at this time.² This Eighth Annual Report follows the streamlined

¹ Effective December 1, 2017, Entergy New Orleans, Inc. underwent a Council-approved corporate restructuring to become a limited liability company. Accordingly, the utility formerly operating as Entergy New Orleans, Inc. is now operating as Entergy New Orleans, LLC.

² Resolution R-17-627, Ordering Paragraph #4. *See also* AIP, Paragraph 2.e., at page 4 (“ENO shall develop, in consultation with the Advisors, a detailed framework and content for future reporting that is better suited to assess the annual historic costs and benefits of MISO membership.”).

framework and includes estimated benefits to ENO customers resulting from the Company's continued membership in MISO calculated as of the end of 2021 using the updated methodology discussed with the Advisors.

a. Resource Adequacy

1. The following related to resource adequacy in MISO for ENO³ for the current Planning Year including:

i. The Results from MISO's Planning Resource Auction for the current Planning Year

MISO's Resource Adequacy Construct, including the Planning Resource Auction ("PRA"), is conducted on an annual basis coinciding with the MISO Planning Year, which begins on June 1 of a given year and concludes on May 31 of the following year. The Resource Adequacy Construct establishes capacity requirements for specific geographic areas, known as Local Resource Zones ("LRZs"), which can be met through participation in the PRA. ENO is located in LRZ 9, which covers Louisiana and Texas. ENO owns and has long-term contracts with generating resources located in LRZ 8 (Arkansas) and LRZ 10 (Mississippi). The PRA results in a clearing price for each LRZ, which is used for both capacity purchases and capacity sales for auction participants within each LRZ. The 2021-2022 PRA resulted in a clearing price of \$5.00/MW-day for LRZs 1-7, and \$0.01/MW-day for LRZs 8-10.

ii. A list of the capacity purchases, by amount and cost, made by ENO

Certain information responsive to this component of the filing has been designated as Highly Sensitive Protected Material ("HSPM"), has been redacted from the Public Version of this

³ Resolution 15-139 contemplated the "System Agreement Operating Companies," which included ENO and the other Entergy operating companies participating in the System Agreement at the time the resolution was issued (Entergy Louisiana LLC, Entergy Gulf States Louisiana, L.L.C., Entergy Texas Inc., and Entergy Mississippi, Inc. (now Entergy Mississippi, LLC)). Because the Entergy System Agreement terminated on August 31, 2016, the information and data in this and each subsequent Report shall only be provided for ENO.

filing, and will be provided only to Reviewing Representatives authorized and designated under the confidentiality agreement executed in this docket.

ENO has been participating in MISO's Resource Adequacy process for the 2021-2022 Planning Year since June 1, 2021. For the period from June 1, 2021 through May 31, 2022, ENO [REDACTED] reflecting the auction clearing price of \$0.01/MW-day.

Please see HSPM Attachment 1 titled [REDACTED] for more detailed information regarding ENO's participation in the 2021-2022 PRA.

b. Market Operations

- 1. A breakdown of the energy mix used to supply ENO's customers, for the previous twelve month period, showing the MWh and average cost by month, as supplied by resources owned or controlled (through limited or long-term bilateral purchase power agreements) by ENO, and purchases from the MISO markets**

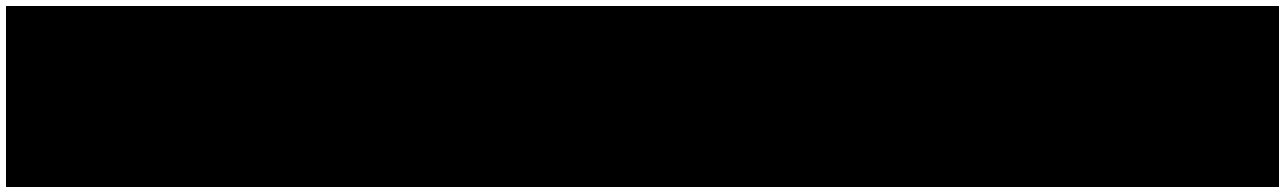
Please see HSPM Attachment 2 titled [REDACTED] for a breakdown of the energy mix used to serve ENO's customers in 2021.

- 2. The following related to congestion hedging for the System Agreement Operating Companies, collectively and individually:**
 - i. The allocation of Auction Revenue Rights ("ARRs") and Financial Transmission Rights ("FTRs") received by ENO**

Please see HSPM Attachment 3 titled [REDACTED], which outlines the allocation of ARR and FTRs to ENO for the 2021-22 Planning Year.

ii. The cost of any ARR and FTRs purchased by ENO in the MISO market processes

The information responsive to this component of this filing has been designated as HSPM.



iii. The annual net congestion charges (net of congestion revenues which will be identified and quantified separately), if any, paid by ENO to MISO

The Company's net congestion charges are shown in the table below, with positive numbers reflecting net congestion charges and negative numbers reflecting net congestion revenues. Congestion charges represent the cost of delivering owned and contracted generation to load. This can be calculated by subtracting the Marginal Congestion Component ("MCC") of the Locational Marginal Price ("LMP") of the generator source from the MCC of the LMP of the load sink.

The HSPM table below reflects congestion charges (net of revenues from ARRs and FTRs) from resources owned or under contract by ENO prior to MISO integration on December 19, 2013 ("pre-MISO integration resources").⁴ After the termination of the Entergy System Agreement on August 31, 2016, ENO modified its net congestion calculation. While the System Agreement was in effect, ENO was allocated a share of the total net congestion incurred by the System Agreement Operating Companies. This calculation included both Day-Ahead and Real-Time market effects, with the specifics of the calculation dictated by the System Agreement for purposes of allocating costs among the System Agreement Operating Companies. As a result of ENO operating as a standalone entity outside of the System Agreement, ENO is able to produce

⁴ The pre-MISO integration resources include Ninemile Unit 6 because that resource was granted transmission service by the Independent Coordinator of Transmission prior to MISO integration.

a simplified congestion calculation that only includes Day-Ahead market effects. ENO has chosen to exclude the Real-Time market effects because: (1) FTRs hedge congestion incurred in the Day-Ahead market only, and (2) over 97% of ENO’s load needs have been served through the Day-Ahead market since joining MISO. The following table reflects ENO’s net congestion charges from its pre-MISO integration resources utilizing the Day-Ahead only methodology.

ENO’s Net Congestion from Pre-MISO Integration Resources	
Period	Net Congestion Charge/(Revenue)
Jan. 1, 2021 – Dec. 31, 2021	██████████

3. Net Revenue Sufficiency Guarantee charges (net of any make whole payment revenues, which will be identified and quantified separately), if any, paid by ENO to MISO

The HSPM table below provides a summary of ENO’s Revenue Sufficiency Guarantee (“RSG”) charges and Make Whole Payments for the period from January 1, 2021 through December 31, 2021. Positive numbers reflect amounts paid to MISO, and negative numbers reflect amounts received from MISO.

Charge/Determinant Name	Description	Charge/(Credit) to ENO (1/1/2021 – 12/31/2021)
Day-Ahead RSG Distribution (DA_RSG_DIST)	The total Day-Ahead RSG Distribution amount obligation for an Asset Owner	██████████
Day-Ahead RSG Make Whole Payment (DA_RSG_MWP)	The total Day-Ahead Revenue Sufficiency Make Whole Payment credit for all assets of an Asset Owner	
Real-Time First Pass RSG Distribution (RT_RSG_DIST1)	The charges related to funding first pass distribution of Real-Time RSGs	
Real-Time Second Pass RSG Distribution (RT_RSG_DIST2)	The charges related to funding second pass distribution of Real-Time RSGs	

Real-Time RSG Make Whole Payment (RT RSG MWP)	The total credits received for Real-Time RSG Make Whole Payments	
Grand Total		

4. A summary of the types of ancillary services purchased by ENO from MISO as well as those provided by ENO to MISO and the compensation received by ENO from such services

The HSPM table below provides a summary of ENO's charges and revenues related to MISO ancillary services from January 1, 2021 through December 31, 2021, with positive numbers reflecting amounts paid to MISO and negative numbers reflecting amounts received from MISO.

Charge /Determinant Name	Description	Charge/(Credit) to ENO (1/1/21-12/31/21)
Day-Ahead Regulation (DA_ASM_REG)	The total daily amount due to Asset Owners that own the Regulation Qualified Resources with Day-Ahead Schedules for Regulating Reserves.	
Day-Ahead Spinning Reserves (DA_ASM_SPIN)	The total daily amount due to Asset Owners that own the Spin Qualified Resources with Day-Ahead Schedules for Spinning Reserves.	
*Day-Ahead Short-Term Reserve Amount (DA_ASM_STR)	The total daily amount due an Asset Owner that clears Short-Term Reserve in the Day Ahead Market.	
Day-Ahead Supplemental Reserves (DA_ASM_SUPP)	The total daily amount due to Asset Owners that own the Supplemental Qualified Resources with Day-Ahead Schedules for Supplemental Reserves.	
Day-Ahead Ramp Capability Amount (DA_RC_AMT)	The total daily amount due to Asset Owners for Up Ramp Capability and/or Down Ramp Capability in the Day-Ahead Energy and Operating Reserve Market.	
Contingency Reserve Deployment Failure Charge (RT_ASM_CRDFC)	The total daily net charge for an Asset Owner that owns Resources that was unable to deploy the specified amount of Contingency Reserve within the Contingency Reserve Deployment Period following a Contingency Reserve Deployment Instruction.	

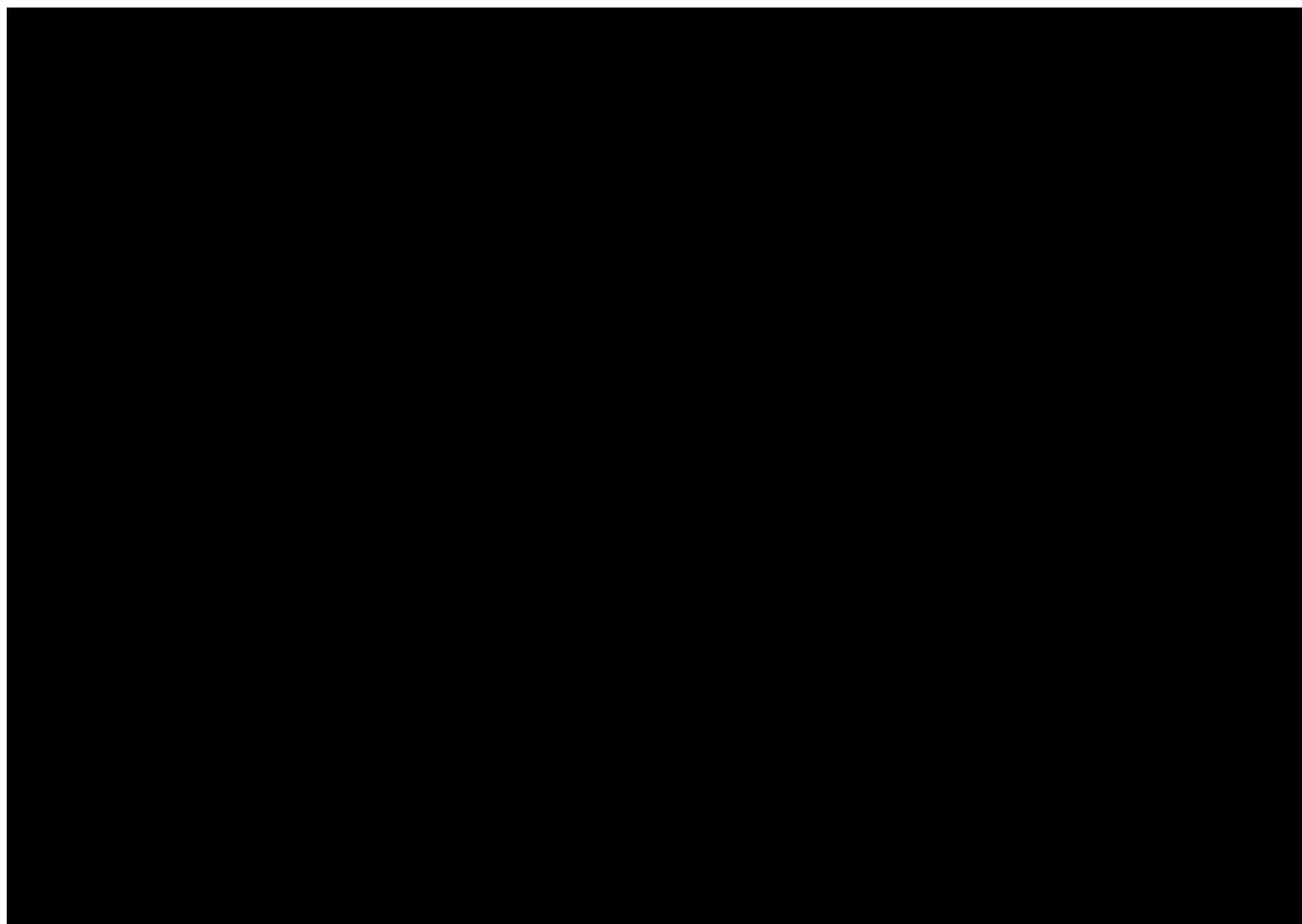
Excessive/Deficient Energy Deployment Charge (RT_ASM_EXE_DFE_DEP)	The total daily Asset Owner charge associated with the Asset Owners that was unable to follow Setpoint Instructions and are assessed a share of the cost of procuring regulation service.
Real-Time Net Regulation Adjustment Amount (RT_ASM_NRGA)	Charges or credits to a Resource providing deployed Regulation Service such that the Resource is indifferent to deploying Energy above or below its Dispatch Target for Energy to provide the Regulation Service.
Real-Time Regulation (RT_ASM_REG)	The total daily net charge or credit for an Asset Owner that owns Regulation Qualified Resources with cleared hourly Real-Time Regulating Reserve delta MW.
Real-Time Regulation Cost Distribution (RT_ASM_REG_DIST)	The total daily charges or credits to an Asset Owner for Day-Ahead and Real-Time Regulating Reserve procurement costs.
Real-Time Spinning Reserves (RT_ASM_SPIN)	The total daily net charge or credit for an Asset Owner that owns Spin Qualified Resources with cleared hourly Real-Time Spinning Reserve delta MW.
Real-Time Spinning Reserve Cost Distribution (RT_ASM_SPIN_DIST)	The total daily charges or credits to an Asset Owner for Day-Ahead and net Real-Time Spinning Reserve procurement costs.
*Real-Time Short-Term Reserve Amount (RT_ASM_RST)	The total daily net charge or credit for an Asset Owner that owns Short-Term Reserve Qualified Resources with cleared Hourly Real-Time Short-Term Reserve delta MWs.
*Short-Term Reserve Cost Distribution Amount (RT_ASM_STR_DIST)	The total daily net charge or credit for an Asset Owner that owns Supplemental Qualified Resources with cleared hourly Real-Time Supplemental Reserve delta MWs.
Real-Time Supplemental Reserves (RT_ASM_SUPP)	The total daily net charge or credit for an Asset Owner that owns Supplemental Qualified Resources with cleared hourly Real-Time Supplemental Reserve delta MW.
Real-Time Supplemental Reserve Cost Distribution (RT_ASM_SUPP_DIST)	The total daily charges or credits to an Asset Owner for Day-Ahead and net Real-Time Supplemental Reserve procurement costs.

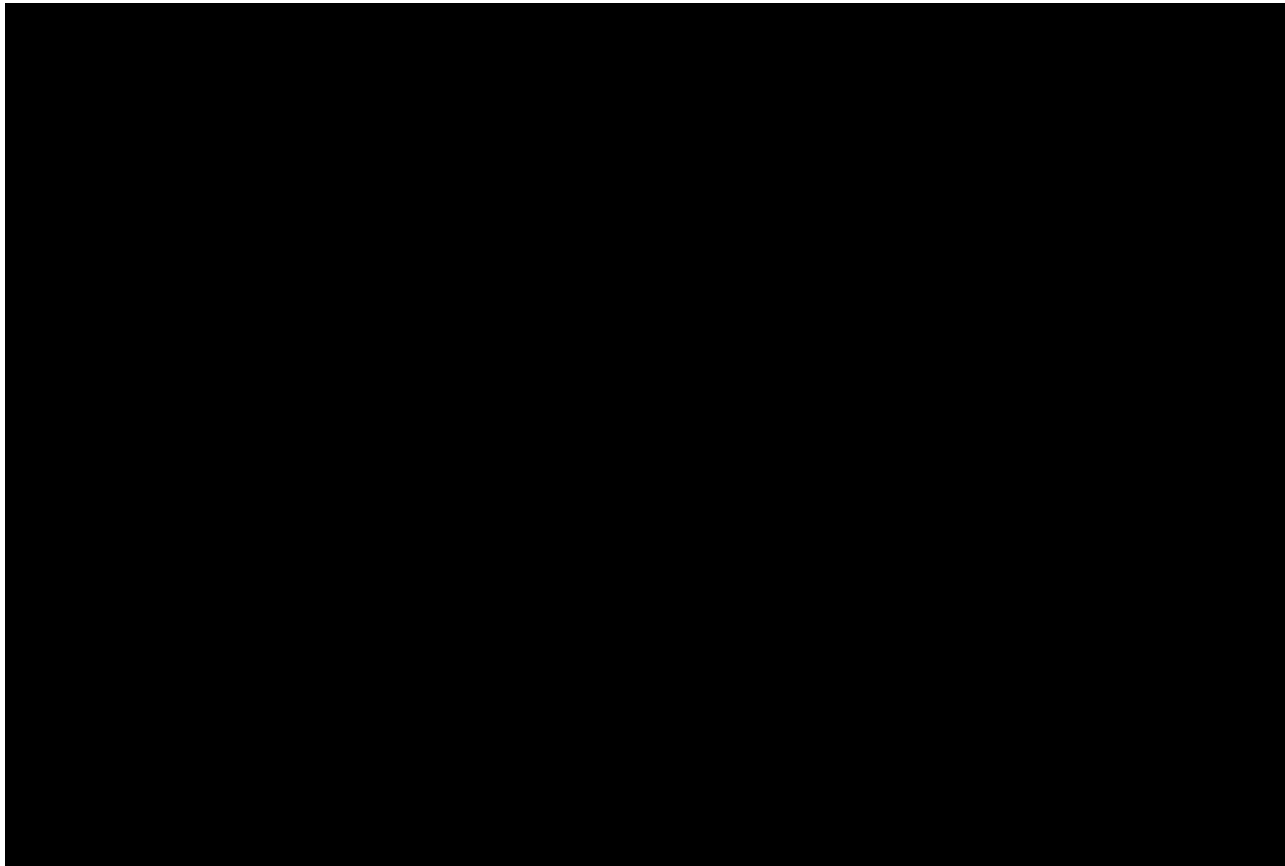
Real-Time Ramp Capability Amount (RT_RC_AMT)	The total daily charges or credits to an Asset Owners for Ramp Capability in the Real-Time Energy and Operating Reserve Market, net of Ramp Capability amounts in the Day-Ahead Energy and Operating Reserve Market.	
Real-Time Ramp Capability Cost Distribution (RC_DIST)	The total daily charges or credits to an Asset Owners for Day-Ahead and net Real-Time Ramp Capability procurement cost.	
Grand Total		

*Short Term Reserves are exclusive to the New Orleans Power Station unit.

5. A summary of ENO’s transmission charges and revenues from the previous twelve month period

The HSPM table below provides a summary of ENO’s transmission charges and revenues from the previous twelve-month period.





6. Any changes approved by the ENO Operating Committee to the principles, practices, and protocols utilized to procure capacity and energy in MISO, including:

- i. The manner of offering in generation and bidding and scheduling load into the Day-Ahead and Real Time Markets**

The information responsive to this component of the filing has been designated as HSPM.



- ii. ARR nominations**

The information responsive to this component of the filing has been designated as HSPM.



iii. Other material aspects of any MISO-administered market interaction, if requested by the Advisors to the Council.

The Company is not aware of any further information requested by the Advisors to the Council.

7. Any unexpected material costs or market impediments that ENO is encountering within MISO

ENO has not encountered unexpected material market impediments since MISO integration. Starting on February 1, 2016, ENO has been billed monthly for JOA Settlement charges under Schedule 49—Cost Allocation for Available System Capacity Usage. For the period January 1, 2021 through December 31, 2021, ENO was billed approximately \$275,305 pursuant to Schedule 49.

8. A list identifying any existing, enhanced and/or supplemental records series to be incorporated under the Entergy System Records Management and Retention Policy necessary to facilitate retention of data required to support SPO operations in MISO on behalf of ENO

No further record series have been added beyond those reported previously.

c. MISO's Transmission Expansion Planning Process

1. Any proposed transmission projects by ENO and directives received by ENO from MISO to construct transmission

The transmission projects planned and proposed by ENO are posted on the Company's OASIS page⁵ and are generally updated on a monthly basis. The posted report includes the status of the projects in the MISO Transmission Expansion Planning ("MTEP") process.

On December 9, 2021, the MISO Board of Directors approved the MTEP21, Appendix A, which did not contain any ENO transmission projects.

⁵ http://www.oasis.oati.com/EES/EESdocs/Construction_Plan.htm

One MTEP22 Target Appendix A project was submitted by ENO to MISO in September 2021, and reviewed at the February 1, 2022 MTEP22 South Subregional Planning Meeting. MISO’s presentation on these projects is posted with the meeting materials.⁶ At this meeting, ongoing Generator Interconnection studies were reviewed. There will be no formal Market Congestion Planning Study as part of MTEP22. MISO continues to use the MTEP21 Futures⁷ for planning scenarios in the Long Range Transmission Planning (“LRTP”) process, which does not currently include any analysis of MISO South. The MTEP21 Futures include various load growth, electrification, generator retirement, and renewable energy assumptions. MISO is planning to begin analysis of LRTP projects for MISO South (*i.e.*, LRTP Tranche 3 of 4) in 2023 and begin working on the MISO North/South Interface in 2021. While Future 1 is the primary focus for the projects that MISO intends to bring to the MISO Board of Directors in July 2022, subsequent Tranches are anticipated to utilize all three Futures Scenarios, which are expected to be updated before the Tranche 3 analysis begins. ENO continues its active participation in MTEP21 and in the discussions and analyses that are ongoing for LRTP.

2. The status of developments within the MISO stakeholder process that could have a material effect on the allocation of MISO costs, including the cost of transmission investment included by MISO in its MTEP, to ENO.

Since ENO’s monitoring report filed in May 2021, MISO has been working with stakeholders through the Regional Expansion Criteria and Benefits (“RECB”) Working Group to develop Multi-Value Project Tariff revisions that include Sub-Regional postage stamp cost allocation of LRTP projects. The tariff revisions were filed on February 4, 2022, in Docket No.

⁶

https://cdn.misoenergy.org/20220201%20SSPM%20Item%2004c%20Review%20of%20Proposed%20Reliability%20projects_LA621711.pdf

⁷ <https://cdn.misoenergy.org/MISO%20Futures%20Report538224.pdf>

ER22-995-000, with a requested effective date of May 19, 2022. The transmittal letter accompanying these revisions described MISO’s phased approach to the development of LRTP projects, and a commitment to continue to work towards a more granular approach to cost allocation as the study progresses towards Tranche 2. ENO, along with the other Entergy Operating Companies, filed comments in support of this approach on March 7, 2022. The Entergy Operating Companies also joined with a “Coalition of MISO Transmission Owners” in a Motion to Intervene in the proceeding, filed on February 7, 2022, and later joined with these Owners and MISO in filing a Motion for Leave to Answer and Answer on April 6, 2022.

At the April 12, 2022 meeting of the MISO Planning Subcommittee (“PSC”), MISO initiated discussion of developing a Regional Targeted Market Efficiency (“TMEP”) project type that would utilize concepts from the interregional MISO-PJM TMEP process and traditional production cost analysis using PROMOD.⁸ MISO will explore the viability of this proposal and update stakeholders on its findings at an upcoming PSC meeting.

3. Material changes, if any, proposed by MISO or MISO stakeholders to MISO’s governance structure or allocation principles for the cost of transmission investment

i. Regional Planning

Outside of the Regional Cost Allocation filing described above, no material changes have been proposed by MISO or MISO stakeholders to MISO’s governance structure or allocation principles for the cost of transmission investment since ENO’s May 2021 monitoring report.

ii. Interregional Planning

Since ENO’s May 2021 report was filed, MISO and Southwest Power Pool (“SPP”) have been evaluating potential transmission projects that would alleviate system congestion from

⁸ [20220412 PSC Item 06c Address Congestion at Existing Resources in Planning \(PAC 2021 1\)](https://cdn.misoenergy.org/20220412%20PSC%20Item%2006c%20Address%20Congestion%20at%20Existing%20Resources%20in%20Planning%20(PAC-2021-1)623909.pdf)
([https://cdn.misoenergy.org/20220412%20PSC%20Item%2006c%20Address%20Congestion%20at%20Existing%20Resources%20in%20Planning%20\(PAC-2021-1\)623909.pdf](https://cdn.misoenergy.org/20220412%20PSC%20Item%2006c%20Address%20Congestion%20at%20Existing%20Resources%20in%20Planning%20(PAC-2021-1)623909.pdf))

expected generator interconnection through a Joint Targeted Interconnection Queue Study (“JTIQ”). Several projects were identified through this Study, two of which were also identified in the LRTP and will be recommended to the MISO Board of Directors for approval with the Tranche 1 LRTP projects, assuming that MISO’s LRTP Cost Allocation filing is approved by Federal Energy Regulatory Commission (“FERC”). Cost Allocation for the remaining projects was discussed at a MISO-SPP JTIQ Study Workshop on April 15, 2022,⁹ including an element of allocation of costs to interconnecting generators. As described in detail in ENO’s May 2021 report, Case No. 20-1262 filed in the United States Court of Appeals for the D.C. Circuit – which seeks judicial review of FERC’s order directing a cost allocation for MISO’s share of the costs of lower voltage economic projects that are planned with PJM Interconnection, L.L.C. (“PJM”) – remains pending. This appeal was initially filed by the MISO Transmission Owners, including ENO, seeking review of FERC’s orders regarding the interregional filing and cost allocation directive; however, on September 18, 2020, all of the MISO Transmission Owners withdrew from the case except for the Entergy Operating Companies, and certain affiliates of Xcel Energy, Inc., who continue to pursue this appeal.

d. Interim Cost-Benefit Analysis

Please see Attachment 4 titled “2021 MISO Savings_ENO_Final.pptx”, which provides the calculation of MISO energy- and capacity-related savings through 2021.

- 1. Identification of any material changes to ENO’s generation portfolio, such as the retirement or addition of a long-term resource, and an estimate of the impact of that change (if any) on the savings identified in the Interim Cost-Benefit Analysis**

⁹ <https://cdn.misoenergy.org/20220415%20MISO%20SPP-JTIQ%20Cost%20Allocation%20Presentation624016.pdf>

There were no material changes (long-term resource retirements or additions) to ENO's generation portfolio in 2021.

CERTIFICATE OF SERVICE

Docket No. UD-11-01

I, the undersigned counsel, hereby certify that a copy of the above and foregoing has been served on the persons listed below by facsimile, by hand delivery, by electronic mail, or by depositing a copy of same with the United States Postal Service, postage prepaid, addressed as follows:

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1300 Perdido Street
New Orleans, LA 70112

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F. Alvin Taylor
Holland & Knight LLP
800 17th Street N.W., Suite 1100
Washington, DC 20006

New Orleans, Louisiana, this 11th day of May 2022.



Keith Wood

**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

**INVESTIGATION OF THE)
POTENTIAL COSTS AND BENEFITS)
OF ENTERGY NEW ORLEANS, INC.)
AND ENTERGY LOUISIANA, LLC)
JOINING A REGIONAL)
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VERSUS CONTINUATION OF THE)
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WITH ENHANCEMENTS)**

DOCKET NO. UD-11-01

ATTACHMENT 1

**HIGHLY SENSITIVE
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MAY 2022

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ATTACHMENT 3

**HIGHLY SENSITIVE
PROTECTED MATERIAL
INTENTIONALLY OMITTED**

MAY 2022

MISO Historical Benefits Calculation

Results of 2021 ENO Analysis

April 2022

Overview

- The results of the 2021 MISO savings calculation indicate that ENO continues to experience meaningful benefits from MISO participation -- \$39 million of benefits in 2021 compared to standalone BA operations
- ENO's 2021 benefits represent an increase from those estimated for 2020
 - The increase is largely attributed to an increase in ENO's energy-related benefits caused by significantly higher gas prices and LMPs in 2021 compared to 2020
 - It is also attributed to an increase in ENO's capacity-related benefits; specifically, an increase in the value of long-term planning reserves avoided as a result of MISO participation relative to 2020
- The following slides discuss the 2021 results in more detail.

Highlights of the energy-related cost/benefit calculation

- An important difference between MISO and standalone BA operations involves the commitment of flexible resources to meet needs
- The methodology used for estimating “flex savings” identifies whether MISO’s commitment of ENO’s resources is sufficient to meet standalone BA flexibility requirements
 - If the MISO commitment is sufficient, the analysis assumes no flex savings attributed to MISO participation
 - If the MISO commitment is not sufficient, the analysis estimates the cost of the additional flexibility required based on the opportunity cost of operating units for flex as opposed to operating them at their preferred level given the LMP
- As such, the additional cost of flex, and therefore flex savings, can change when:
 - The estimate of standalone BA flex requirements changes or the amount of flex committed by MISO changes
 - Gas prices and the LMPs change
- The additional cost of flex more than doubled between 2020 and 2021, causing a significant increase in ENO flex savings
 - This increase was driven by significant increases in gas prices and LMPs.

Highlights of the capacity-related cost/benefit calculation

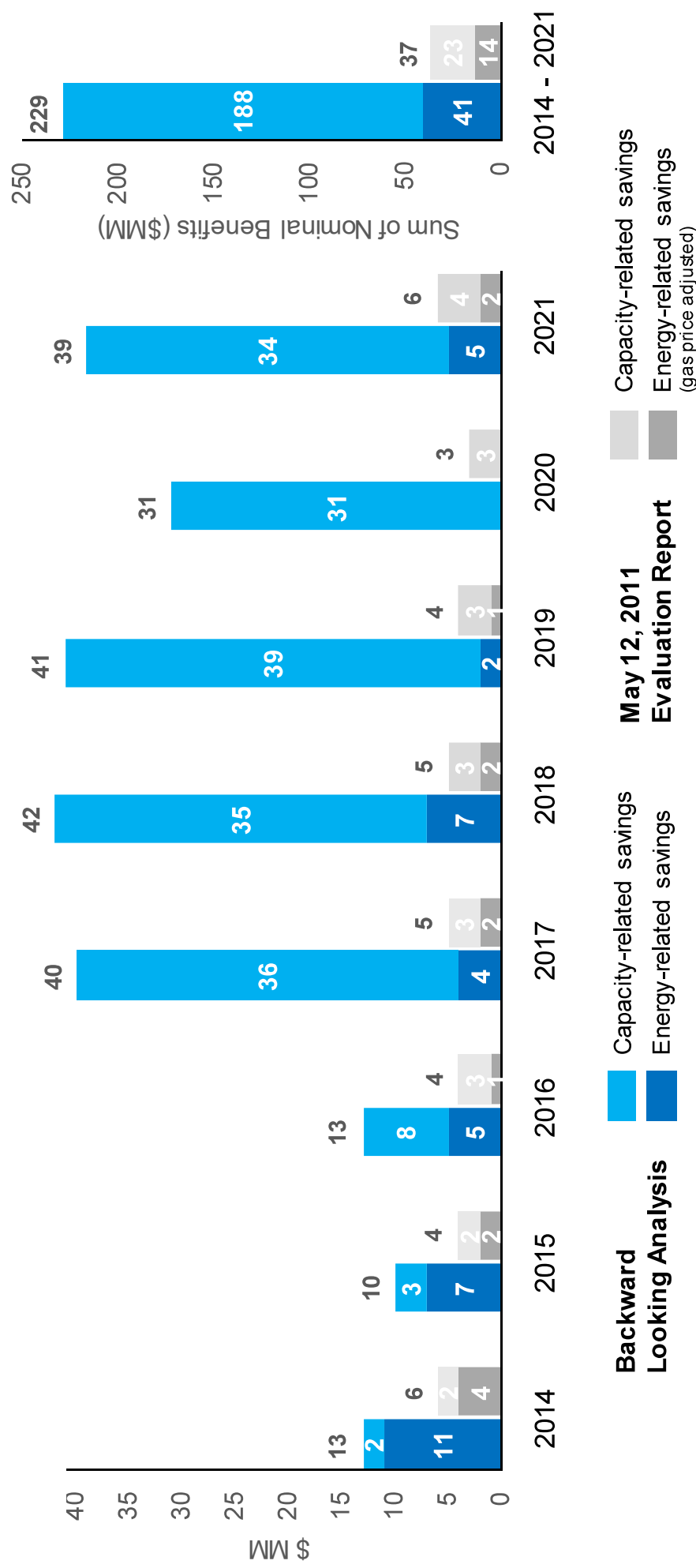
- The capacity-related cost/benefit calculation is based on two main items:
 - First, a comparison of the MW of long-term planning reserves required in MISO versus what would have been required had ENO not joined an RTO¹
 - Second, an estimate of the value of this difference in MW -- the avoided cost of the additional planning reserves -- based on the long-term cost of capacity
- There were changes in both items between 2020 and 2021
 - ENO estimated that fewer MW of long-term planning reserves were avoided by participating in MISO due to changes in peak load²
 - ENO changed its basis for the long-term cost of capacity from a CT to a CT with hydrogen capability, therefore, the value of the MW difference increased
- These net impact of these two changes was a \$3 million increase in capacity-related benefits between 2020 and 2021.

¹ It is important to note that the calculation produces a conservative estimate of capacity-related benefits given the way this first item is measured. The impact of forced outage rates is included in the calculation of the long-term planning reserves required in MISO but not in the standalone calculation. If it were included in the standalone calculation, standalone requirements would be larger, the difference between the two cases would be larger, and capacity-related benefits would be larger.

² ENO's non-coincident peak (NCP) load is used to measure requirements as a standalone; ENO's coincident peak (CP) load with MISO is used to measure requirements in MISO. As a result, if both NCP load and CP load decrease by the same amount, there is no net difference between the cases and no difference in the benefit of MISO participation. However, if NCP load decreases by more than CP load (as it did between 2020 and 2021), there is a smaller difference between the two cases and less benefit to MISO participation.

ENO's estimated benefits from MISO participation

- ENO continues to experience meaningful benefits from MISO participation -- \$39 million of benefits in 2021 compared to standalone BA operations.



Notes:

- The May 12, 2011 Evaluation Report assumed continuation of the ESA for all OpCos except EAL thru 2015, and all OpCos except EAL and EML thereafter. The Backward-Looking analysis reflects continuation of the ESA for all OpCos except EAL thru November, 2015, for all OpCos except EAL and EML thru August, 2016, and termination of the ESA thereafter.
- Energy-related savings include incremental administrative costs.
- 2017 - 2020 capacity-related savings corresponding to the Backward-Looking analysis reflects the impact of forced outage rates on MISO requirements but not on standalone requirements.