

RESOLUTION

R-12- 280

CITY HALL: JULY 26, 2012

**BY: COUNCILMEMBERS HEDGEWORTH, CORRELL, GUIDRY, HEAD AND
GISLESON PALMER**

**IN THE MATTER OF ENTERGY NEW ORLEANS, INC.'S APPLICATION OF
ENTERGY NEW ORLEANS, INC. FOR A CHANGE IN ELECTRIC AND GAS RATES
PURSUANT TO COUNCIL RESOLUTION R-06-459**

DOCKET NO. UD-08-03

Jul 26 10 08

**RESOLUTION INITIATING A PUBLIC COMMENT PERIOD TO CONSIDER
ENERGY SMART ANNUAL REPORT FOR THE FIRST PROGRAM YEAR**

WHEREAS, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans, the Council of the City of New Orleans ("Council") is the governmental body authorized to exercise regulatory control over the rates, charges, and general conditions under which electric and gas services are provided in New Orleans; and

WHEREAS, Entergy New Orleans, Inc. ("ENO" or "Company") provides electric service to all of New Orleans, except the Fifteenth Ward ("Algiers"), and gas service to all of New Orleans; and

WHEREAS, Entergy Louisiana, LLC ("ELL") provides electric service to the Algiers section of New Orleans; and

WHEREAS, on December 6, 2007, the Council through Resolution R-07-600 demonstrated its commitment to energy efficiency and the development of a viable, cost-effective energy efficiency program in Orleans Parish; and

WHEREAS, the Council adopted Resolution R-08-601 on November 6, 2008, which directed ENO to set aside approximately \$1,855,000 for future use in the residential programs of the Energy Smart Plan; and

WHEREAS, the Council adopted Resolution R-08-366 on July 10, 2008, which found that the consensus-based Energy Smart program concepts were an appropriate basis for developing an Energy Smart Plan for Council future consideration and;

WHEREAS, in 2008, the Advisors, on behalf of the Council, participated in a broad-based facilitated stakeholder process to develop a highly progressive and diverse energy efficiency program that would benefit all New Orleans rate payers which laid the ground work for many of the components in today's Energy Smart energy efficiency program; and

WHEREAS, in Docket UD-08-03, the Advisors, the Alliance for Affordable Energy, the Sewerage and Water Board, the New Orleans Business Energy Council, Air Products and Entergy New Orleans executed the 2009 Agreement in Principle ("2009 AIP") which, among other issues, provides for the establishment and implementation of an energy efficiency program based upon significant input from and involvement of many community stakeholders, and

WHEREAS, on April, 2, 2009, Resolution R-09-136, the Council approved the 2009 AIP and the establishment and implementation of appropriate demand-side management programs to be known as Energy Smart; and

WHEREAS, in addition to the \$1,855,000 seed money for residential energy efficiency programs set aside pursuant to Resolution R-08-601, the 2009 AIP established that the Energy Smart Plan will be funded at a level of \$3.1 million per year from rates; and

WHEREAS, the 2009 AIP directed the Advisors to the Council to “collaborate with the Company and further evaluate the general program concepts identified by the Council in Resolutions R-07-600 and R-08-366 for consideration and integration into the Energy Smart Plan”; and

WHEREAS, the 2009 AIP provides that “the Company will design, select and implement either itself or through contractors, and with the approval of the Council, demand side programs which are to benefit all customer classes that support such programs through their electric rates;” and

WHEREAS, the 2009 AIP further provides that “the Company will be held to the achievement of specific DSM and energy conservation goals and targets for any programs approved by the Council in Council Docket UD-08-02;” and

WHEREAS, the 2009 AIP provides for an annual review by the Council to assess “whether the Company has attained the targets/goals established by the Council within the 12-month review period;” and

WHEREAS, the 2009 AIP also provides that the Council’s annual review will include an “evaluation of the appropriateness of goals/targets for the prospective 12-month review period and, if necessary, adjustment of the stated goals/targets, shall be accomplished through a sub-docket of the Council in Docket UD-08-02;” and

WHEREAS, the 2009 AIP provides that “the Company shall utilize deemed savings as verified appropriate by the Council (with appropriate monitoring and verification in support thereof) to measure the effects of the Energy Smart Plan’s programs and in determining whether it has met or exceeded its goals/targets;” and

WHEREAS, the 2009 AIP provides that “[demand-side measures/energy efficiency] targets should be set based on approved funding levels and based on a set of specific approved programs with calculated deemed savings and estimated market participants for those designed programs,” and “such targets shall be established by the Council in its order in Council Docket UD-08-02 and will be reviewed annually to account for changes in funding, program design and market conditions;” and

WHEREAS, Resolution R-09-267, issued on June 4, 2009 in Docket UD-08-02, set forth a procedural schedule to implement the Energy Smart Plan pursuant to Resolution R-09-136 and the 2009 AIP; and

WHEREAS, ENO filed on July 2, 2009 in Docket UD-08-02 its Application for Approval of Programs to be Included in the Energy Smart New Orleans Plan and Related Approvals Pursuant to Resolution R-09-136 and the 2009 AIP, which included a Report in support of its Application and supporting affidavits; and

WHEREAS, in Resolution R-09-483 (“Approval Resolution”), the Council found that: (i) the design and selection of the proposed Energy Smart Programs were reasonable and based on supporting studies and analysis; (ii) no adjustments were required to ENO’s proposed programs

until the Council had an opportunity to conduct its 12-month review of the Energy Smart program pursuant to paragraph 46.a of the 2009 AIP, which review would include an evaluation of the results of the Tier 1 and Tier 2 audit programs; and

WHEREAS, with respect to concerns regarding the proper reallocation of resources from under-performing energy efficiency programs to programs that are succeeding in the Approval Resolution, the Council found that the Energy Smart Application addressed the concern of determining which programs are under-performing and which are performing well by providing that ENO monitor and assess the programs on an on-going basis in addition to the Council's oversight. The Council further found that the annual evaluation and cost-effectiveness provisions required by Resolution R-09-136 and the 2009 AIP will provide a backstop to ensure funds are not wasted; and

WHEREAS, with respect to the concern of how to reallocate the funds, the Council directed ENO to take such action as may be necessary to ensure the reallocation of any funds is prudent and appropriate, complete with supporting documentation and rationale for such reallocation, for including in its subsequent filing with the Council at the end of the 12-month period and the Council would review the fund reallocations and supporting reports in its annual evaluation of the Energy Smart Plan; and

WHEREAS, the 2009 AIP stated that the New Orleans specific experience in implementing the Energy Smart Plan would be utilized in the evaluation of the appropriateness of goals/targets for the prospective annual periods. The initial target authorized in the Approval Resolution was effective for the calendar years of 2010 and 2011 to provide for a delayed start of the first program year. Accordingly, the 2011 targets set by the Council were revised to accommodate the revised program implementation schedule; and

WHEREAS, the Council would evaluate whether the Company had attained the targets/goals established by the Council when ENO had submitted its annual electric Formula Rate Plan ("EFRP") filing following the completion of the first Energy Smart program year. Further, the Council elected not to set goals for the second Energy Smart program year until its review of the first year of Energy Smart; and

WHEREAS, with the goal of improving the initial estimates used in the proposed Energy Smart program design, the Company was directed in the Approval Resolution to prepare a set of evaluation, measurement, and verification ("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 Approval Resolution addressed the concerns that more transparency and stakeholder participation is required in the evaluation of the Energy Smart Plan by noting that the evaluation of appropriateness of the targets and any needed adjustments for the next twelve (12) months will occur in the annual review of the Energy Smart Plan; and

WHEREAS, on June 12, 2012, pursuant to the 2009 AIP, ENO submitted its Annual Report for the Energy Smart Plan for the period April 2011 to March 2012, including several recommendations which apply to the second program year; and

WHEREAS, a copy of the Annual Report was provided to all parties in Docket UD-08-02; and

WHEREAS, a copy of the Annual Report is available at the Council Clerk's office for public review; and

WHEREAS, in its Energy Smart Annual Report Filing, ENO also requested that the Council establish a comment period of 30 days for parties to respond to the annual report, and to take any other related actions that may be appropriate; now therefore:

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

THAT:

1. The Council hereby establishes a public comment period for the consideration of the issues set forth above regarding changes to the Energy Smart Program to create the best result for the City of New Orleans.
2. Within thirty (30) days of the adoption of this Resolution, parties wishing to comment on the issues set forth above shall submit written comments to the Council by making a filing with the Clerk of the Council, including one copy to the Director of the Council Utilities Regulatory Office.
3. Within sixty (60) days of the adoption of this Resolution, the Council's Advisors shall submit recommendations to the Council regarding potential changes to the Energy Smart Program.

**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.