

Entergy New Orleans Integrated Resource Planning

**IRP Technical Meeting
March 28, 2014
Docket UD-08-02**



Objective

- **Per Council Resolution R-13-363, the objective of the meeting is to attempt to reach consensus among the parties on the following topics:**
 - **Future application of the TRC and PAC test and the method by which the tests are to be utilized in the integration of DSM in the IRP modeling process;**
 - **Use of average versus marginal line losses in the development of the next Triennial IRP Filing;**
 - **Appropriate methodology for the development of avoided costs for use in the next IRP Triennial Filing; and**
 - **Process, work plan and timeline to be used in the next Triennial Filing date of October 31, 2015.**

Methodology for Determining Avoided Cost

Background (Avoided Cost)

- In their Report to the Council on the 2012 ENO IRP, the Advisors agreed with AAE's recommendation that avoided costs for the screening and evaluation of demand-side measures should be developed prior to conducting the DSM potential study
- In conclusion the Advisors recommended that the Council:
 - Require ENO to propose a methodology for the development of avoided costs for use in the next Triennial IRP process; and
 - Consider the merits of such proposal as part of the Council's ongoing review of the IRP process

ENO's Proposed Methodology for Consideration

- **ENO supports sharing of all material IRP input assumptions and modeling results with parties to the IRP proceeding who sign a confidentiality agreement subject to the Council's Official Protective Order**
 - **This includes avoided capacity and avoided energy cost projections used in the DSM Potential Study**
- **ENO strives to use industry standard practices for determining the value of DSM and commits to provide documentation to stakeholders as appropriate through the IRP process established by the Council**
- **Determination of ENO's avoided costs in MISO necessitates that ENO evaluate those costs in the context of the MISO market**
 - **ENO proposes to establish its avoided capacity cost based on a projection of the price for capacity in MISO's annual planning reserve auction for Local Resource Zone 9, avoided line losses, avoided reserves and avoided transmission and distribution spending**
 - **ENO proposes to establish avoided energy cost based on a projection of the hourly Locational Marginal Price at the ENO load zone**

Use of Average vs. Marginal Line Losses

Background (Line Losses)

- In their Report to the Council on the 2012 ENO IRP, the Advisors recognized that practical time and resource constraints for the 2012 IRP process prevented a more extensive and time consuming analysis of how marginal line losses could be applied in the evaluation of demand-side resources
- However, the Advisors recommended that for the next Triennial IRP filing:
 - A marginal line loss analysis be used in an evaluation of demand-side resources; and
 - The corresponding kWh savings be estimated or measured at the customer meter

ENO's Proposed Methodology for Consideration

- **ENO is evaluating potential enhancements to line loss projections. Considerations include the materiality in improved decision making and the amount of resources required to implement changes vis-à-vis other IRP efforts. Currently ENO proposes the following treatment:**

Loss Type	ENO Proposal	Additional Comments
Transmission Losses (Avoided energy)	Move to a calculation of marginal line loss by hour where possible	The avoided energy cost calculation that ENO proposes to use in the DSM Potential Study can reflect varying line losses by hour when a nodal production cost model simulation is run. There are technical reasons, however, that in the production cost optimization modeling only average line losses can be considered.
Transmission Losses (Avoided capacity)	Establish input assumption consistent with MISO tariff	As a member of MISO, ENO is required to account for capacity requirements associated with transmission line losses according to the line loss assumptions provided for in MISO's tariff.
Distribution Losses (Avoided energy and capacity)	Establish input assumption using average line loss	Distribution systems are typically designed and constructed to serve existing peak load and provide for future load growth. ENO continues to look at this issue, but currently recommends using average distribution line loss in the IRP.

Future Application of TRC and PAC

Background (TRC vs. PAC)

- In their Report to the Council on the 2012 ENO IRP, the Advisors concluded the following:
 - That ENO followed the guidelines established by the Council with respect to both the screening of resources and the comparison of supply- and demand-side measures in a fair and consistent manner; and
 - ENO's application of the TRC and PAC tests is permissible under the Council's IRP requirements
- However, the Council also acknowledged the divergent views of the parties with respect to the use of the TRC and PAC tests in concluding that:
 - The IRP is not reflective of the consensus level of agreement expected by the Council; and
 - Future IRPs could be improved through greater clarity on the front end of the IRP process with respect to the TRC and PAC tests and the evaluation and integration of DSM in the modeling process

ENO's Proposed Methodology for Consideration

- **DSM Potential Study**

- As in the 2012 IRP all four California Standard Practice Tests would be calculated (e.g. TRC, PACT, RIM, PCT)
- Propose that all DSM programs or end uses that have a TRC test of 1.0 or greater be considered in the IRP production cost optimization process
- Based on recommendations from ICF, the Council or Stakeholders ENO could expand the number of programs or end uses considered in the optimization
- Practical constraints and input from stakeholders may require ranking/bundling of programs identified in the potential study
- Should ranking or bundling of the DSM Potential Study results be necessary, the TRC test will be used to ensure similar cost effective measures are grouped accordingly
- ENO proposes to use ICF International to conduct the potential study
 - Will result in efficiencies given ICF's experience with New Orleans and cost savings to ENO given ICF is conducting potential studies in other jurisdictions

Process for 2015 IRP

Background (IRP Process)

- In their Report to the Council on the 2012 ENO IRP, the Advisors acknowledged input from AAE in recommending that the Council adopt a procedural schedule for the next IRP Triennial Filing that:
 - Identifies discrete milestones in the IRP process;
 - Provides an opportunity for input from stakeholders at each milestone; and
 - Recognizes that obtaining full agreement among all stakeholders at every milestone would be unduly burdensome
- The Advisors went on to recommend that the Council direct ENO in the next IRP process to:
 - Provide the Council and stakeholders the relevant assumptions and work papers;
 - Host a technical conference prior to each milestone; and
 - Address, as appropriate, the concerns of the Council and stakeholders during the IRP process

ENO's Proposed IRP Process for Consideration

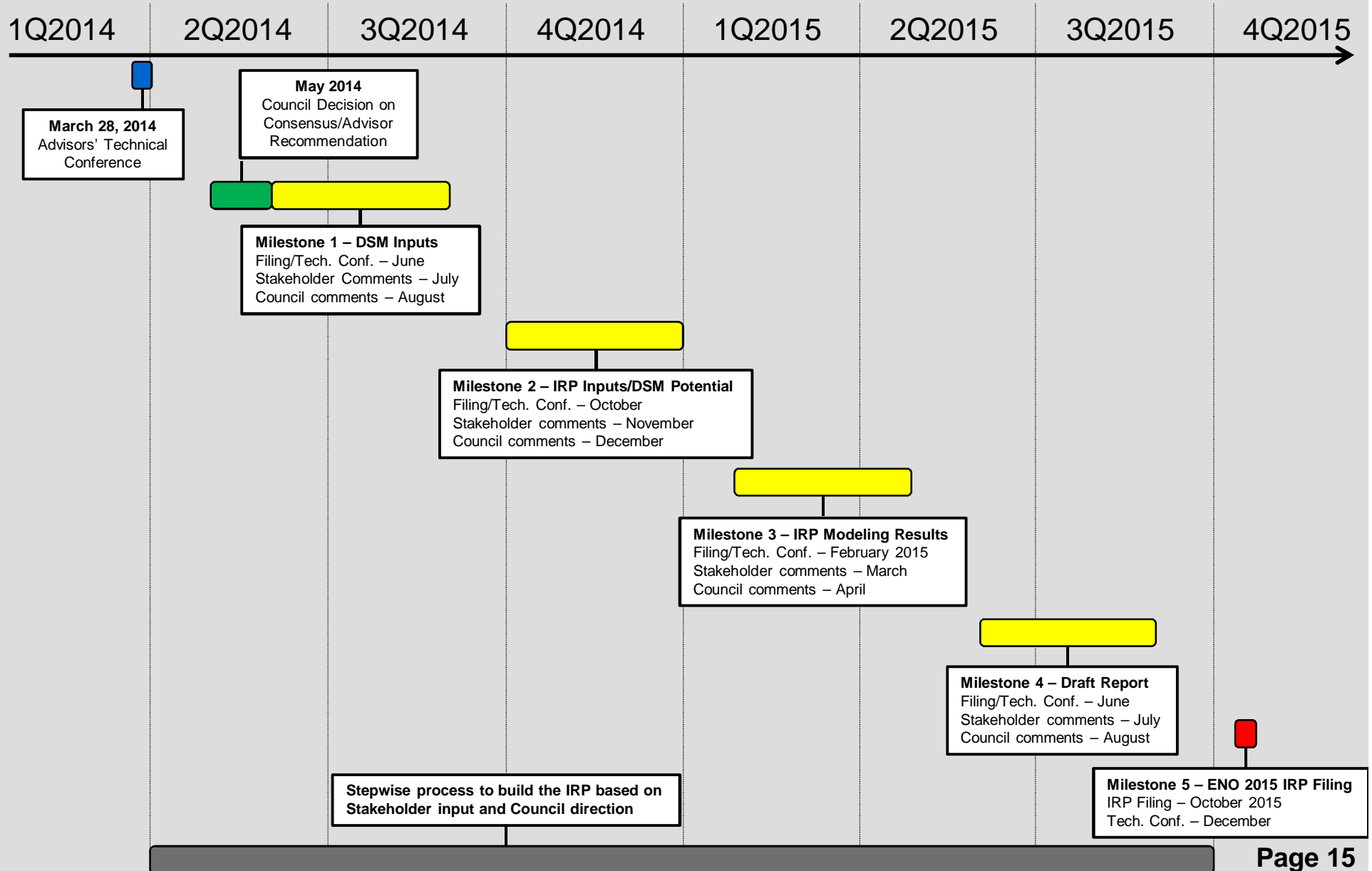
- ENO seeks to establish an open and transparent IRP process consistent with the Council's IRP requirements (R-10-142)
- ENO proposes that the process for the next Triennial IRP include the following key elements:
 - Pre-established process milestones that would necessitate ENO file with the Council the status of the IRP including key conclusions and recommendations
 - ENO to host a technical conference following each milestone, open to the public, to present and discuss its filing
 - Scope of meetings to include input assumptions, modeling results and review of upcoming milestones
- ENO commits to use reasonable best efforts to provide parties with documentation at least one week prior to each technical conference
 - Propose to contemporaneously post a redacted version on IRP website

ENO's Proposed IRP Process for Consideration (Continued)

- The following provides an example of how ENO's proposal would fit within the remaining timeframe leading up to the 2015 IRP filing requirement
 - Each technical conference would be open to the public to cover non-confidential information, immediately followed by a meeting to review confidential information with parties in this docket who have executed a confidentiality agreement

Milestone	Target for Technical Conference	Stakeholder Comments	Company's Comments	Council Comments
DSM Potential Study Inputs	June 2014	Within 30 days	Within 60 days	Within 90 days
IRP Inputs Including DSM Potential Study Results	October 2014	Within 30 days	Within 60 days	Within 90 days
IRP Modeling Results	February 2015	Within 30 days	Within 60 days	Within 90 days
Draft IRP Report	June 2015	Within 30 days	Within 60 days	Within 90 Days
IRP Final Report (10/31/2015)	December 2015	TBD - by Council Resolution		

Illustrative Timeline of Proposed Process



Additional Considerations

- ENO will consider all stakeholder comments including those from the public
- ENO supports the use of telephone conferences with parties during the comment period following each milestone to the extent necessary
- ENO anticipates that information that meets the traditional threshold for Highly Sensitive Protected Material (HSPM) will be designated as such
- ENO anticipates that the process proposed herein will involve greater complexity and require additional time and expense than prior processes
- To the extent consensus is not reached on the proposal for consideration herein, ENO reserves the right to make alternative proposals or modifications accordingly

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