

# ***Entergy New Orleans Integrated Resource Planning***

**2<sup>nd</sup> IRP Technical Meeting**

**April 11, 2014**

**Docket UD-08-02**



# Objective

- **Address the parties comments, with respect to the Council's requirement to attempt to seek a consensus resolution, by presenting clarification and/or proposed modification to ENO's original 3/28/14 proposal on the following matters**
  - **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.**

# **Process for 2015 IRP**

# Modifications to ENO's Proposed IRP Process

- The modifications below are to ENO's 3/28 proposal and reflect input from the parties
  - The table below outlines the modified proposal to accommodate Q&A (parties and public) and the option for the parties to file comments following each milestone
- Absent Council direction otherwise, ENO would proceed as proposed in its applicable milestone filing or subsequent clarification through the Q&A process

Milestone	Target for Technical Conference	Questions Due From Stakeholders*	Company Responses Due*	Intervenor Comments*	Council/ Advisor Comments*
DSM Potential Study Inputs (Including Avoided Cost)	June 2014	Within 7 days	Within 30 days	Within 60 days	Within 90 days
IRP Inputs Including DSM Potential Study Results	October 2014	Within 7 days	Within 30 days	Within 60 days	Within 90 days
IRP Modeling Results	February 2015	Within 7 days	Within 30 days	Within 60 days	Within 90 days
Draft IRP Report	June 2015	Within 7 days	Within 30 days	Within 60 days	Within 90 Days
IRP Final Report (10/31/2015)	December 2015	Within 7 days	TBD - by Council Resolution		

*\* Deadline is from the date of each respective technical conference*

# **Methodology for Determining Avoided Cost**

# Clarification of ENO's Proposed Methodology

- In addition to ENO's 3/28 proposal, the following is provided to further clarify ENO's intent to engage the parties in the development of its avoided cost
  - As part of Milestone 1, the 3/28 proposal identified the process by which material would be shared with the parties, including key inputs and assumptions used to determine avoided costs
  - As documented in the 3/28 proposal, the key changes to the determination of ENO's avoided costs as a result of joining MISO are expected to include
    - 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
    - Avoided energy cost based on a projection of the hourly Locational Marginal Price at the ENO load zone
  - During the 1<sup>st</sup> technical conference, ENO would present the above information including an explanation of the effect of MISO's tariff requirements and market structure
  - Additional clarification regarding the context of the MISO market can be provided during the Q&A process following the technical conference
  - Given the target to file the first milestone and host a technical conference in June, ENO does not anticipate being in a position to provide information on the MISO requirements prior to the 1<sup>st</sup> technical conference

# **Use of Average vs. Marginal Line Losses**

# Clarification of ENO's Proposed Methodology

- As provided for in its 3/28 proposal, ENO committed to evaluate potential enhancements to its line loss projections
- Upon further review, ENO has determined the following with respect to losses on its distribution system
  - The highly concentrated nature of load on ENO's distribution system makes it inherently more efficient than systems with more widely dispersed loads
  - Line loading post-Katrina for ENO's residential and commercial customers is significantly below system capacity
  - The more efficient the distribution system, and the lower the line loading (relative to system capacity), the less difference there will be between average and marginal line losses
  - Because line losses can vary by feeder, the location of the specific customer participating in the DSM program may be more important than the time of day or season
- ENO understands there may be instances where specific parts of the distribution system realize higher losses on the margin than on average; however, precisely because ENO does not expect that marginal line loss would be consistent across time and customer location, additional study of or movement toward marginal line losses cannot be justified and may lead to an overstatement of actual avoided line losses attributable to DSM
- ENO recommends continued use of average distribution line losses for the 2015 IRP



# **Future Application of TRC and PAC**

# Modifications to ENO's Proposed Methodology (Mitigating the Need to Bundle)

- In response to comments from the parties, ENO proposes the following clarification to its 3/28 proposal for evaluating DSM potential in New Orleans
  - The ICF DSM Potential Study would examine a wide range of DSM Measures
    - Similar to the 2012 study where 899 measures were examined and 438 measures were included in program design (based on TRC)
    - Cost effective measures (generally with a TRC of at least 1.0) would then be grouped into programs (or end uses) and evaluated under three levels of ENO investment (i.e. low, medium and high)
- Additionally, ENO proposes the following modifications to its 3/28 proposal
  - The low, medium and high investment results would then be used to determine the optimal level of spend for each program (or end use)
  - This may help reduce the number of modeling iterations and therefore the need to bundle similar programs (or end uses) for purposes of the DSM Optimization
- As provided for in the 3/28 proposal, should bundling be necessary, to the extent possible, reasonable attempts would be made to bundle programs (or end uses) with similar characteristics and TRC test results

# Clarification of ENO's Proposed Methodology (Non-Electric Customer Benefits)

- Regarding the incorporation of non-electric customer benefits into the DSM screening process, ENO offers the following clarification to its 3/28 proposal
  - As in the 2012 DSM Potential Study, the process to screen DSM measures (or end uses) would capture the benefit of
    - Direct electric customer savings (i.e. ENO electric customer savings)
    - Non-electric customer associated fuel savings (i.e. ENO gas customer savings)
  - Including other non-electric customer benefits are outside the services ENO provides to its customers and could therefore lead to investment in DSM that would not result in electric customer savings, and thus increases in customer electric bills
- Additionally, ENO reiterates its comment on this matter in the 2012 IRP cycle that customer, economic and societal benefits are not limited to investment in DSM
  - However, the significant time and expense associated with quantifying all direct and indirect benefits for supply- and demand-side resources would not alter the need for a balanced portfolio of resources that ensures all customers (not just those that participate in DSM programs) are provided reliable service at the lowest reasonable cost

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