

WILKERSON & ASSOCIATES, PLC

ATTORNEYS & COUNSELLORS AT LAW
THE POYDRAS CENTER, SUITE 1913
650 POYDRAS STREET
NEW ORLEANS, LA 70130

TELEPHONE: (504) 522-4572

FAX: (504) 522-0728

April 25, 2017

Via U.S. Mail and/or Email

Ms. Lora Johnson
Clerk of Council
Council of the City of New Orleans
City Hall, Room 1E09
1300 Perdido Street
New Orleans, LA 70112

RE: In Re: Resolution and Order Establishing a Rulemaking
Proceeding Regarding Integrated Resource Planning
Council Docket No. UD-17-01


Dear Ms. Johnson:

Please find enclosed the Advisors' Report in the referenced docket, which report is being filed pursuant to the requirements of Resolution R-17-32 (as corrected). It is requested that you file the report in accordance with your normal procedure, and that you provide us a time-stamped copy of same to certify receipt.

With best regards, I remain

Sincerely,

WILKERSON & ASSOCIATES, PLC


Walter J. Wilkerson

WJW/krb
Enclosures

cc: Official Service List

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

In Re: Rulemaking to Establish Integrated)
Resource Planning Components and)
Reporting Requirements for Entergy New)
Orleans, Inc.) **UD-17-01**

**ADVISORS REPORT REGARDING PROPOSED CHANGES TO THE
COUNCIL'S IRP REQUIREMENTS AND TRIENNIAL IRP PROCESS**

The Advisors respectfully submit their Report to the Council, with a recommendation that the Council adopt new IRP Rules, which are attached as Appendix A to this report and explained more fully herein.

I. Background

In the 2015 Triennial IRP review proceeding, the parties' comments and Advisor Report raised various concerns regarding both the IRP process and IRP Requirements.¹ The Council also heard from members of the public who attended the Community Hearing in that proceeding that there was a desire for greater community involvement and transparency in the IRP process.² The Council found that parties' suggestions for changing the IRP process and IRP Requirements were more properly considered in a rulemaking, and consequently on January 26, 2017, the Council issued Resolution No. R-17-32 establishing this docket and setting forth a procedural schedule for the consideration of proposed changes to the Council's IRP process and IRP Requirements.

Resolution No. R-17-32 required parties to file any proposed changes to the Council's IRP Requirements or IRP process with specific language amending or modifying the Council's IRP Requirements or improving the IRP process by February 24, 2017. The Resolution stated clearly that specific language must be proposed for the Council to consider any such modifications or amendments. Resolution No. R-17-32 then set a deadline of March 27, 2017 for parties to file reply comments responding to the proposed changes, and a deadline of April 25, 2017 for the Advisors to file an Advisors Report.

The Advisors note that the comments filed by the parties were somewhat wide-ranging in nature, and not easily reconciled. As the Advisors worked through the comments filed by the parties, it became evident that it would be extremely difficult to edit the existing IRP Requirements to address all of the parties' concerns, and that rewriting the IRP Requirements in their entirety would produce IRP Requirements that are more coherent, understandable, and capable of

¹ See, e.g. Alliance for Affordable Energy, *An Integrated Resilience Plan for New Orleans City Council*, Docket No. UD-08-02, at 50-52 (filed Aug. 6, 2016).

² *Integrated Resource Plan Community Hearing*, Docket No. UD-08-02, Tr. at 37:7-17, 41:19-24, 49:3-11, and 57:15-20 (June 15, 2016).

implementation. The parties, however, may not have been able to anticipate such a significant change and the Advisors recommend that the Council allow the parties an opportunity to comment upon this Advisors Report before rendering its decision.

II. Positions of the Parties

A. Overview

On February 27, 2017, Entergy New Orleans, Inc. ("ENO") filed its *Entergy New Orleans, Inc.'s Comments in Support of its Proposed Modifications to the Council's Integrated Resource Plan Criteria and Procedures* ("ENO Proposed Modifications"). On the same date the Alliance for Affordable Energy ("Alliance") filed its *Proposed Amendments to the Council's Integrated Resource Planning Requirements by the Alliance for Affordable Energy* ("Alliance Proposed Changes"). Similarly, the Sewerage and Water Board of New Orleans ("S&WB") filed its *Sewerage and Water Board of New Orleans' Comments Regarding Potential Improvements to Integrated Resource Planning Requirements* ("S&WB Proposed Changes") and the Deep South Center for Environmental Justice, Inc. ("DSCEJ") filed its *Petition to Intervene Out of Time and Proposed Amendments to the Council's Integrated Resource Planning Requirements by the Deep South Center for Environmental Justice, Inc.* ("DSCEJ Proposed Changes"). PosiGen of Louisiana, LLC ("PosiGen") filed *Comments Regarding Proposed Changes to the Electric Utility Integrated Resource Plan Requirements of the Council of the City of New Orleans Docket UD-17-01* ("PosiGen Comments"). 350 Louisiana ("350 LA") filed *Out of Time Proposed Amendments to the Council's Integrated Resource Planning Requirements by 350 Louisiana - New Orleans* ("350 LA Proposed Changes"). The Council also received a February 3, 2017 *Motion by Building Science Innovators, LLC to Perform Integrated Resource Planning (IRP) by Market-Based Acquisition and Correct Assumptions and Conditions Needed for State-of-the-Art IRP for Entergy New Orleans (ENO)* ("BSI Motion") which was initially filed by Building Science Innovators, LLC ("BSI") in UD-08-02, rescinded in that docket and resubmitted in this proceeding. The BSI motion, like the comments filed by the other parties, proposes changes to the Council's IRP criteria and procedures, and thus should be treated in the same manner as the pleadings filed by the other parties proposing changes.

ENO proposes modifications to the Council's IRP criteria and procedures it argues will (i) improve the efficiency of, and shorten the timeline for, the IRP process; (ii) create the potential for the incorporation of more meaningful stakeholder input; (iii) allow for more effective, efficient, and comprehensive public engagement throughout the entire IRP process; (iv) allow for greater flexibility and adaptability on the 2018 and future triennial cycles; and (v) better conform the IRP process and Requirements to the Council's stated purpose for the IRP -- serving as a general resource planning roadmap to the Council and ENO, rather than a forum for evaluating specific resource acquisition, certification or deployment decisions.³

³ ENO Proposed Changes at 2.

The Alliance recommends (1) more meaningful public participation and engagement in the IRP process; (2) utilization of a collaborative Working Group to offer recommendations and attempt to reach consensus with the utility on various items; (3) consideration of other planning processes underway in Orleans Parish and the region, including but not limited to Resilience, Climate and coastal planning, other public utility systems planning in Orleans Parish; (4) explicit inclusion of reliability and resilience considerations in the IRP, to include standards set forth by agencies like NERC and MISO; (5) that the Council take Interim Actions during the course of the IRP cycle in order to avoid conflict among parties and offer clarity for the utility at the conclusion of future IRP cycles; (6) that the utility's final IRP report include at least three fully modeled portfolios, as directed by the Council's vision and priorities; and (7) that the Council's Concluding Action include the selection of one of the utility's portfolios, and direction to the utility to develop an action plan for implementation of the portfolio, if the Council chooses to accept the final IRP.⁴

S&WB proposes changes to (1) place more emphasis on reliability on ENO's territory; (2) analyze the effects of ENO's membership in MISO; and (3) thoroughly vet the effects of any resource retirements or deactivations.⁵ The DSCEJ proposes changes to the IRP requirements to (1) employ best practices in forecasting customer need for energy; (2) assure that factual and unbiased information for meaningful and effective public participation in the IRP planning process; and (3) clarifying the legal and policy framework, define IRP and incorporate an environmental impact assessment of each planning scenario.⁶

PosiGen does not propose any specific changes to the Council's IRP Requirements in its comments. The PosiGen Comments focus on its disappointment at not being granted an extension of time, and urges that stakeholders meet in no less than two in person planning sessions between stakeholders for a minimum of four hours each in order for the parties to try to reach consensus.⁷ PosiGen expresses its frustration at the lack of solar PV adopted in the 2015 IRP and ENO's reluctance to adopt the Council's 2% savings goal for energy efficiency.⁸ PosiGen does propose that a third party consultant specializing in the deployment of clean energy resources be hired to aid in the IRP process, ensuring a fair treatment of demand side management ("DSM") and distributed energy resources ("DER") and providing the community with cleaner energy choices.⁹ Although not relevant to the Council's IRP criteria, PosiGen also argues, without citing any evidence, that a prioritization of AMI technology deployment in New Orleans over other Entergy service territories could completely eliminate the need for NOPS.¹⁰

⁴ Alliance Proposed Changes at 2-3.

⁵ S&WB Proposed Changes at 3-7.

⁶ DSCEJ Proposed Changes at 4.

⁷ PosiGen Comments at the fourth and fifth pages.

⁸ PosiGen Comments at the fifth page.

⁹ PosiGen Comments at the sixth page.

¹⁰ PosiGen Comments at the sixth page.

350 LA proposes that the City Council mandate that ENO meet at least 20% of its energy needs with renewable sources by 2020, and states that it collected more than 1,200 signatures on a petition in support of the proposal.¹¹ 350 LA also proposes that the Council establish regulatory tools to allow residents to participate in community solar projects.¹² Finally, 350 LA requests that the Council include a Resilient Power Plan in the rule making procedures of the 2018 IRP, combining solar power generation with back-up storage at critical infrastructure locations.¹³

BSI's Motion muddles several concepts from different dockets and various Council requirements and is admittedly somewhat repetitive and difficult to parse, but it appears that BSI is proposing that the Council abandon its current IRP framework entirely and instead (1) mandate rapid deployment of smart meters; (2) establish virtual net metering; (3) allow unlimited Community Solar with 10% low income ownership; (4) consider the idea that smart meters should include the ability to control aggregated distributed resources; (5) open an RFP process for pilot rate structures, batteries, and community solar; (6) make various corrections to the assumptions, understandings and approaches to IRP work; (7) require that the IRP process be administered by third-party consultants; (8) adopt a new IRP paradigm called Integrated Resource Planning by Market Based Acquisition ("IRPbMBA") where IRP work is done routinely every two years and in addition, for each major investment pursued by ENO, with a definition of "major investment" to be adopted by the Council; (9) establish how ENO will demonstrate that a major investment is needed, which BSI suggests should be done through execution of the first two steps of an industry-standard IRP process; (10) that future resource planning prioritize market-based acquisitions guided by environmental and total resource planning consistent with DSM and renewable energy goals; (11) suggest that the Council upgrade CURO staff and take advantage of various free resources from the National Association of Utility Commissioners ("NARUC") and their research arm, the National Regulatory Research Institute ("NRRI"); and (12) that the decision to build a combustion turbine power plant in New Orleans be resolved in an iterative IRP process.¹⁴ Though not relevant to the Council's IRP rulemaking proceeding, BSI renews its proposal previously rejected by the Council to start a rulemaking proceeding to fashion a way to compensate intervenors for their participation in Council dockets.¹⁵

On March 27, 2017, the parties filed reply comments to each others' proposals. ENO filed its *Entergy New Orleans, Inc.'s Reply Comments Concerning the Proposed Modifications to the Council's Integrated Resource Planning Requirements and Process submitted by Intervenors* ("ENO Reply Comments"). ENO argues that (1) parties proposing changes in a regulatory rulemaking bear the burden of proof for supporting their proposed changes, and that the

¹¹ 350 LA Proposed Changes at the second page.

¹² 350 LA Proposed Changes at the third page.

¹³ 350 LA Proposed Changes at the fourth page.

¹⁴ BSI Motion at the fifth and sixth pages.

¹⁵ BSI Motion at the sixth page. BSI initially raised its proposal for intervenors to be paid by the Council for their participation in Council dockets in its August 31, 2015 comments in the IRP docket, UD-08-02. The Advisors note that at that time, BSI submitted an invoice to the Council for its services in the amount of \$50,000 as Attachment A to its comments.

intervenors failed to support many proposals with evidence, analysis, or even an explanation; (2) many of the intervenors failed to meet the burden to provide the "specific language" required by the Resolution; (3) regulation of a public utility does not extend to management of that business; (4) the Council desires, and customers deserve, an efficient IRP process that is focused on least-cost resource planning to meet customer needs while remaining flexible enough to foster ENO's adaptability to uncertain futures; (5) the process for public and stakeholder input must be constructive and a short, efficient process is a Council priority and would benefit customers; (6) customer-focused resource planning requires least-cost resource planning; (7) long-term resource planning should be geared toward flexibility, not selecting and implementing a specific portfolio; and (8) the IRP's discussion of transmission issues must recognize the realities of ENO's membership in MISO while not unnecessarily duplicating MTEP efforts.

In its *Reply Comments on Proposed Amendments to the Council's Integrated Resource Planning Requirements by the Alliance for Affordable Energy* ("Alliance Reply Comments") the Alliance states that it agrees with ENO on a number of points: (1) the need for more meaningful stakeholder engagement; (2) the elimination of the Utility Preferred resource portfolio in favor of a number of alternatives; (3) separation between the IRP and resource certification decisions; and (4) the suggestion of overlapping procedural timelines for DSM potential and resource inputs in order to efficiently reach a conclusion.¹⁶ In its Reply Comments, the Alliance also supports the concept that Energy Smart program decision-making should happen in a separate docket unrelated to the IRP.¹⁷

The Alliance also states that it agrees with 305 LA's recommendation to include a Renewable Portfolio Standard ("RPS") once such a standard is developed through an appropriate proceeding.¹⁸ The Alliance states that it agrees with several points made by the DSCEJ: (1) that resource analysis should be comprehensive, fully including peaking capacity and energy forecasts, capacity and energy needs, and transmission options; (2) that a representative set of resource portfolios should be modeled to rest numerous factors and that risk and reliability analysis is needed; (3) that load forecasting has been problematic in the past, and there is a need for high and low load forecasts with an explanation of all assumptions and a review of the accuracy of prior load forecasts; (4) that both electric and gas should be included in IRP planning; (5) that there is benefit from incorporating an assessment of potential environmental impacts of the contemplated resources; (6) that the relationship between the IRP and a broad array of other planning and community considerations should be acknowledged and efforts made to incorporate overlapping priorities; and (7) the use of a stated definition for the IRP that emphasizes the public interest and that there is a need for meaningful and effective public

¹⁶ Alliance Reply Comments at 2-3.

¹⁷ Alliance Reply Comments at 2.

¹⁸ Alliance Reply Comments at 3.

participation as well as candor, openness, and transparency in communications to the public.¹⁹ PosiGen filed a letter in support of the Alliance's Reply Comments.²⁰

350 LA also filed their *Reply to Intervenor Comments* ("350 LA Reply Comments") on March 27, 2017, supporting the DSCEJ's proposal to conduct a thorough environmental impact assessment.²¹ 350 LA argues that many factors currently outside the scope of the IRP process, such as equity and affordable housing are quantifiable, and that such research should fall under the purview of organizations -- universities, think tanks, policy research institutes - with a full understanding of and expertise in quantifying quality-of-life measures.²² 350 LA disagrees strongly with ENO's arguments that social and environmental benefits associated with a particular resource that will not ultimately impact the costs of providing service to ENO's customers, as reflected in the bills they pay, are not appropriate for consideration in the IRP.²³ 350 LA states that it supports calls for more meaningful public participation in the 2018 IRP process.²⁴ 350 LA also strongly supports the proposals to include reliability and resilience considerations in the IRP.²⁵

B. Areas of Consensus between ENO and the Intervenors

While the parties' comments and proposed changes covered a wide range of issues and diverged significantly in some respects, the Advisors believe that there is consensus in the following areas:

- There is a need for stakeholder input into the IRP and a level of interaction between the Utility and stakeholders that will allow for constructive input from stakeholders.
- Where consensus cannot be reached a mechanism is needed to prevent the lack of consensus from creating an ongoing dispute that disrupts and prolongs the proceeding.
- There should be some separation between the IRP and specific resource decisions.
- The IRP process should be made more efficient.
- CURO facilitation and administration of the technical conferences and public hearings should be increased.

C. Areas of Ongoing Dispute between ENO and the Intervenors

The Advisors observe that the parties lack consensus with respect to the following issues:

- The need for an Independent Evaluator to perform certain tasks with respect to the IRP.

¹⁹ Alliance Reply Comments at 4.

²⁰ Letter from Karla Loeb, Dir. Of Policy & Gov. Affairs, PosiGen of Louisiana, LLC, to Lora W. Johnson, CMC, Clerk of Council, Council of the City of New Orleans, (March 27, 2017) (submitted in UD-17-01).

²¹ 350 LA Reply Comments at the second page.

²² 350 LA Reply Comments at the third page.

²³ 350 LA Reply Comments at the fourth page.

²⁴ 350 LA Reply Comments at the fourth and fifth pages.

²⁵ 350 LA Reply Comments at the fifth and sixth pages.

- The removal of the Ratepayer Impact Measure ("RIM") test from the DSM criteria.
- The creation of an "Interested Party" class of participant in the IRP case.
- The removal of the qualifier "directly quantifiable" from the requirement to measure DSM benefits.
- Redefining "supply-side resources" to include assets that do not generate electricity.
- Redefining "least-cost planning."
- Expanding the IRP to include supply planning for natural gas customers.
- Replacing the Council's IRP Requirements with the RAP "Best Practices."
- Creation of a DER/DSM Consultant.
- Introduction of a requirement for analysis of the accuracy of prior load forecasts and IRP projections.
- Adoption of the California Total Resource Cost test.
- Inclusion of the concept of resilience as a criteria for evaluation of the IRP.
- The limits of the Council's authority to regulate ENO's management of its business, and the extent to which various proposals violate that limit.
- The extent to which stakeholder input must be adopted and implemented by ENO.
- The proposal that written or verbal statements made by the Utility or its representatives to the public shall affirm under penalty of perjury the statements are believed to be true.
- How to facilitate greater stakeholder input that is constructive, and whether the procedural schedule should be shorter and more streamlined or longer, with more stakeholder meetings.
- Removal of consideration of quantifiable costs and benefits to customers from the analysis.
- Whether benefits to customers beyond benefits that actually accrue on bills should be considered.
- Whether customer class rate impacts should be included for each portfolio in the IRP.
- Whether the Council should choose a portfolio from those presented and require ENO to implement that portfolio.
- Whether and how transmission should be considered in the IRP.
- Whether various policy choices, such as implementation of a Renewable Portfolio Standard, implementation of community solar, deactivation of resources, effects of MISO membership, single-customer reliability issues, and appropriateness of confidentiality and HSPM designations should be included in the IRP analysis.
- Whether analyses typically performed in a resource certification proceeding should be required in the IRP proceeding, such as DSM-first loading order criteria, distributed energy resource and DSM consultant requirement for resource certification dockets, and resource-specific environmental impact assessments.

III. Advisor Position

A. Nature and Purpose of an Integrated Resource Plan

The Advisors note that many of the intervenor comments appear to confuse an IRP process with a resource acquisition process or a policy-making process. The IRP is neither, it is a technical analysis and the Advisors support retaining the structure wherein the IRP is an analytical framework to assure that the utility is performing a sufficiently robust planning analysis considering all appropriate criteria on a periodic basis. An IRP should provide the Council, utility, and stakeholders with data and analysis that assist in decision-making as the utility acquires new assets and the Council sets new policies. An IRP should generate general guidance regarding the types of acquisitions that would be advantageous and remain flexible enough to allow for new and/or unanticipated developments as market forces shift and new technologies become available. An IRP should not, however, be a vehicle for consideration of specific assets. The Council should continue its current practice of evaluating each resource acquisition on a case-by-case basis as opportunities ENO wishes to pursue arise. An IRP by its nature must be a high-level analysis that cannot be performed with any degree of efficiency if every actual possible resource must be analyzed in the detail required for approval of a resource acquisition. As is discussed in more detail below, many parties sought to introduce additional considerations into the IRP that go well beyond the scope of the IRP and that are more properly taken up in separate dockets. The Advisors are concerned that if all such suggestions are incorporated into the IRP, the IRP process will become so cumbersome as to be unworkable and will consume unreasonable amounts of the Council's resources, ENO's resources, and the intervenors' resources.

Additionally, an IRP should be an analytical framework that aids the Council in making policy decisions, it should produce useful data to the Council about the range of options available, not drive toward a single conclusion or be designed in a manner that puts a thumb on the scale in favor of one type of resource or another. In order to assure that the utility is regularly performing the type of analysis that will keep both the utility and the Council fully informed of the options available to it to meet its energy supply, the Advisors are recommending that the IRP develop resource portfolios based on several scenarios or market outlooks and several planning strategies.²⁶ The Advisors agree that the purpose of the IRP will not be for the Council to select and approve a single resource portfolio at the end of the process, but rather to be presented with an analysis that informs the Council as to the range of available options that the utility and various parties believe are reasonable and an analysis as to the impact of each potential resource portfolio on the ratepayers and citizens of New Orleans.

²⁶ Among the recent IRP filings reviewed in other national jurisdictions, the Advisors note the following: Tennessee Valley Authority 2015 Integrated Resource Plan; Tucson Electric Power Company 2017 Integrated Resource Plan; PacifiCorp 2011 Integrated Resource Plan; and Avista Power 2015 Electric Integrated Resource Plan. The Advisors have also reviewed RAP's document "Best Practices in Electric Utility Integrated Resource Planning," dated June 2013 ("RAP Best Practices").

BSI proposes to discard a traditional IRP approach in favor of implementing a Continuously Effective IRP (CE-IRP), an Iterative IRP and an IRP by Market-Based Acquisition ("IRPbMBA").²⁷ The Advisors note that BSI has neither identified such a structure operating elsewhere in the nation that it proposes the Council adopt, nor has it described the proposed structure in sufficient detail for the Council, Advisors and parties to understand, specifically, what is being proposed. As RAP noted in its Best Practices document, "[i]ntegrated resource planning has many benefits to consumers, and other positive impacts on the environment. This is a planning process that, if correctly implemented, locates the lowest practical costs at which a utility can deliver reliable energy services to its customers."²⁸ The Advisors oppose losing the benefits to consumers associated with the more traditional IRP models in favor of switching to a poorly-defined, largely untested model such as that proposed by BSI.

B. Specific Issues Raised by the Parties

1. *The Utility Should Maintain the Ability to Make Planning and Business Decisions*

The Alliance, in its proposed amendments to the Council's IRP rules, recommends that the Council take certain "Interim Actions" at milestones throughout the IRP process "to give guidance to the Utility on modeling inputs, assumptions and calculation methodologies, scenario design and sensitivities, portfolios, and Council goals."²⁹ The Alliance also asserts that inputs such as "baseline load forecasts, DSM inputs including avoided cost determinations, fossil fuel generation, renewable energy, energy storage cost assumptions, and fuel costs" must be verified by an "Independent Evaluator" and then submitted to the Council for Interim Action.³⁰ At the conclusion of the IRP process, the Alliance recommends that the Council direct ENO to develop and submit an "Implementation Action Plan" to be acted upon by the Council after the parties have had an opportunity to comment on the plan.³¹

ENO, in its reply comments, vigorously objected to the Alliance's proposed "Interim Actions" and "Implementation Action Plan" because according to ENO, these requirements would effectively divest the utility of making the necessary planning and business decisions to provide reliable electric service to its customers at the lowest reasonable cost.³² ENO also asserts that the Alliance's proposed requirement that the Council exclusively select the portfolios ENO will model for the IRP would also strip the utility of its autonomy in making business decisions about how to plan to meet such needs.³³ Development and modeling of portfolios based on the utility's analysis of various factors is a vital business function. The Company also argues that while the

²⁷ BSI Motion at the fifth and sixth pages.

²⁸ RAP Best Practices at 4.

²⁹ Alliance Proposed Amendments at page 12.

³⁰ Alliance Proposed Amendments at page 12.

³¹ Alliance Proposed Amendments at page 21.

³² ENO Reply Comments at page 8.

³³ ENO Reply Comments at page 9.

Council can and should exercise oversight of how the utility performs this function, it may not substitute its own judgment, or that of intervenors, for that of the utility by exclusively defining the universe of portfolios ENO is allowed to model in the IRP analyses.³⁴

While the Advisors have been and continue to support the ability of all parties to have a meaningful opportunity to provide ENO with feedback related to the Company's proposed inputs and assumptions utilized in its modeling, neither the parties nor the Council should impermissibly interfere with the utility's ability to plan and manage its business. Although the Home Rule Charter of the City of New Orleans vests the Council with the authority to supervise, regulate and control all utilities providing service in the City³⁵, that authority does not allow the Council, or other parties for that matter, the ability to substitute their own decisions for those of the utility. Regulators are not the managers of the Company, but "their function is to regulate and disapprove any dishonest or clearly inefficient conduct and practice by the utility. Public regulation must not supplant private management."³⁶ A utility has the right to manage its own affairs to the fullest extent, consistent with the protection of the public's interest.³⁷

The Louisiana Public Service Commission described the relationship between the regulator and the utility as follows:

Resource planning under these rules does not change the fundamental relationship between the utilities and the Commission. The IRP Rules do not mandate a specific outcome, nor do they mandate any specific investment decisions to be made. Resource planning should reflect each utility's unique circumstances and the judgment of its management, and each utility will continue to bear the full responsibility for the consequences of its decisions. Resource planning decisions made as part of the utility's IRP process will be relevant to future investment decisions and approval proceedings, as well as revenue requirement and rate design proceedings. Consistency of a utility's Integrated Resource Plan with these IRP Rules will be an additional factor for the Commission to consider in evaluating the prudence of investments in construction and rate application proceedings. Any changed circumstances that occur after the IRP has been developed should also be considered in those proceedings.³⁸

The Advisors also believe that ENO should ultimately bear the responsibility of conducting its resource planning and modeling subject to the framework and requirements adopted by the Council at the conclusion of this proceeding and any subsequent resolution amending or superseding those requirements.

³⁴ ENO Reply Comments at page 9.

³⁵ Home Rule Charter, City of New Orleans, Article III, Section 3-130.

³⁶ *Georgia Power Co. v. Georgia Pub. Serv. Comm'n*, 211 Ga. 223, 85 S.E.2d 14 (1954).

³⁷ 73B C.J.S. Public Utilities § 176.

³⁸ LPSC, Ex Parte., R-30021, 2012 WL 1454363, at page 4 (Apr. 18, 2012).

2. *Stakeholder Input and Consensus*

The Advisors generally agree with the parties that the 2015 stakeholder process, though an improvement over the 2012 process, was frustrating in that it was lengthy and consumed significant resources and yet failed to satisfy stakeholders that they had had sufficient influence over the outcome of the IRP. While ENO and the Alliance have both proposed stakeholder processes, the Advisors remain concerned that both proposals are potentially vulnerable to the same outcome.

ENO proposed a process that it believes will increase opportunities for meaningful input from the stakeholders or public involvement while decreasing the overall timeline of the process.³⁹ ENO proposes that this be established through overlapping work streams. ENO proposes two public meetings and seven technical conferences, and a requirement that parties submit any materials to be discussed at a public meeting or technical conference at least two weeks in advance.⁴⁰ ENO would have one public meeting at the beginning of the process to provide education to and seek input from the public, and one public meeting at the end to present ENO's IRP to the public.⁴¹ In order to allow for greater efficiency during the technical conferences, and to keep them "technical" in nature, ENO would limit attendance at technical conferences to parties to the case.⁴² ENO's proposed schedule would also allow for comment periods following key technical conferences.⁴³ It is ENO's hope that devoting more time to working toward consensus prior to conducting modeling, and less time debating the results of the model runs after the fact, will yield a more productive and efficient process.⁴⁴ ENO also proposes to incorporate language into the procedural schedule restricting the availability of extensions of time and increase the consequences for filing documents late.⁴⁵ ENO criticizes the DSM Working Group concept, noting that when it was deployed in the 2012 IRP cycle, it did not result in any greater consensus than the 2015 IRP cycle.⁴⁶

The Alliance would similarly begin the IRP process with a public meeting.⁴⁷ The Alliance, however, would require the utility to undertake a process of collaboration with a Working Group of intervenors and selected interested persons.⁴⁸ The Alliance would also have the Council take Interim Actions throughout the IRP cycle as necessary to give the utility guidance on modeling

³⁹ ENO Proposed Changes at 11.

⁴⁰ ENO Proposed Changes at 12.

⁴¹ ENO Proposed Changes at 13-14.

⁴² ENO Proposed Changes at 14.

⁴³ ENO Proposed Changes at 12.

⁴⁴ ENO Proposed Changes at 12.

⁴⁵ ENO Proposed Changes at 15.

⁴⁶ ENO Proposed Changes at 16.

⁴⁷ Alliance Proposed Changes at 11.

⁴⁸ Alliance Proposed Changes at 11.

inputs, assumptions, and calculation methodologies, scenario design and sensitivities, portfolios, and Council goals.⁴⁹

While the Advisors agree that it aids the decision-making process of the Council to a significant degree when ENO, the stakeholders, and Advisors are able to reach consensus regarding the issues, the Advisors also recognize that sometimes consensus simply is not possible, and there is a balance to be struck with respect to how much time and resources should be expended in the pursuit of consensus. Also, as noted above, the utility must be allowed to maintain the ability to make planning and business decisions, responsibility for those decisions should not be given to the stakeholders or assumed by the Council. To that end, the Advisors have attempted to design a format for the IRP that would allow the utility to present what, in its exclusive judgment, is the best resource portfolios (related to each planning scenario), while also providing the Council with the resource portfolios that are the outcome of the stakeholders' choice of inputs. Among other analyses, it also provides an option for the creation of additional strategies and resource portfolios as needed to reflect Council policies. The Advisors believe that this model assures that stakeholders' input will be taken into account and presented to the Council. It will produce a reasonably limited number of resource portfolios, some resulting from the utility's best business judgment, and some from the stakeholders' point of view designed to give the Council an understanding of the range of reasonable possibilities and what those possibilities have the potential to offer New Orleans.

Because the Advisors are aware that, as asserted by the Alliance, the stakeholders are not homogeneous, and from time to time, may not be able to reach a unanimous decision,⁵⁰ the Advisors' suggest that a majority vote of the intervenors is sufficient to designate any given proposal the "stakeholder" proposal. Individual intervenors would not be required to join any such proposal, and would retain all the rights of intervenors to make their own filing with the Council explaining their position, should they disagree with the "stakeholder" position.

It is the Advisors' hope that using this process will allow for direct stakeholder input and, where possible, for consensus positions to be developed, while preventing the proceedings from being bogged down in an attempt to gain consensus where consensus is not possible.

3. *Creation of an Interested Person Class of Participation*

The Alliance proposes the creation of an "Interested Party" as a formal party to the IRP process who is distinct from the designation of intervenor. The Alliance proposes that Interested Parties be included on the service list but not permitted to file comments into the record. The Alliance would allow Interested Parties to request, subject to approval, to participate in working group/stakeholder meetings and gain access to confidential information.⁵¹

⁴⁹ Alliance Proposed Changes at 12.

⁵⁰ Alliance Reply Comments at 6.

⁵¹ Alliance Proposed Changes at 8.

In response, ENO argues that the Council's bar for intervenors has been significantly relaxed as of late, and public participation in utility dockets has never been more active. ENO argues that the Alliance has made no attempt to demonstrate that a new classification is necessary and does not define a criteria or process through which parties would gain approval to gain access to HSPM information.⁵²

The Advisors note that the classes of parties permitted in Council proceedings are defined by City Code Section 158-286, and adding a classification of "Interested Party" would require amendment of the City Code. The Advisors are also aware, however, that the Federal Energy Regulatory Commission and many state commissions offer interested persons an option to "subscribe" to a docket through their electronic docketing systems.⁵³ Typically, an interested person goes to the commission website, elects and option to subscribe to a docket and enters the docket number. Subsequently, each time a document is filed in the chosen docket, the commission's computer system sends an email to the interested person advising them that a new document has been filed, and typically providing a link to the location where the document can be downloaded. The interested person does not usually gain any type of status as a party to the case, is not included on the service list, and does not have any right to participate in the case unless and until that person files an intervention and becomes an intervenor.

The Advisors believe that it would be highly beneficial to New Orleans citizens interested in Council utility dockets to be able to subscribe to such a docket notification service and recommends that the Council consider making such a service available. The Advisors recognize, however, that the Council's current electronic docketing system may not be capable of providing such a service. As an interim measure until such capability is achieved, the CURO office could maintain an email list of interested persons, and forward each document filed in the docket to that list as it is received.

The Advisors do not believe it would be appropriate for persons who might subscribe to such a list to have any type of party status in a case, however. Party status comes with specific rights and obligations, and as ENO has noted, gaining intervenor status in a Council docket is a relatively simple undertaking. Furthermore, technical conferences in the IRP proceedings have historically been open to the public, as have public hearings wherein the Council specifically solicits input from any interested member of the public. Parties seeking greater participation in the case beyond attendance at such public technical conferences and hearings should still be required to demonstrate to the Council that they have an actual interest in the case. Further, the treatment of HSPM materials is governed by the Council's standard Protective Order set forth in

⁵² ENO Reply Comments at 5.

⁵³ See e.g., Federal Energy Regulatory Commission: <https://ferc.gov/docs-filing/esubscription.asp>; California Public Utilities Commission: <http://subscribecpuc.cpuc.ca.gov/>; Maryland Public Service Commission: <http://www.psc.state.md.us/email-updates-and-news/>; Minnesota Public Utilities Commission: <https://www.edockets.state.mn.us/EFiling/subscription/createSubscription.do?method=subscribeNew&userType=public>; Oregon Public Utility Commission: http://www.puc.state.or.us/Pages/admin_hearings/index.aspx Public Service Commission of West Virginia: <http://www.psc.state.wv.us/scripts/CaseSubscriptions/SubscriberLogin.cfm>.

Resolution No. R-07-432, and while the Advisors generally agree that ENO has from time-to-time been overly zealous in designating material HSPM, the Council's Protective Order sets forth a reasonable mechanism for challenging an HSPM designation, and no party has offered any evidence as to why the standards for treatment of HSPM set forth in Resolution No. R-07-432 should be changed at this time.

4. *Environmental Impact Assessments Are Impracticable With Integrated Resource Planning*

In its February 27, 2017 Proposed Amendments to the Council's IRP Requirements, the DSCEJ asserted that the Council should establish the following rule to require environmental impact assessments of existing and proposed supply sources.⁵⁴ Specifically, "[f]or each existing and proposed supply source considered in the Integrated Resource Plan, the utility company shall provide in the plan an assessment of the impact the source would have, if any, on the following:

- 1) Air quality (specify each air pollutant and quantify the annual emission in pounds);
- 2) Surface water or groundwater resource (specify whether the impact would pollute, deplete or otherwise impair the resource);
- 3) Soil and land;
- 4) Human health and safety (specify whether a residential area or school is located within five miles of the existing source or site(s) considered for any proposed source);
- 5) Sustainability and resilience of a residential area within five miles of the existing source or site(s) considered for any proposed source;
- 6) Culture and quality of life of a residential area within five miles of the existing source or site(s) considered for any proposed source;
- 7) Flood control structure;
- 8) Property values;
- 9) Local land use standards;
- 10) Historical and cultural sites; and
- 11) Birds, animals fish, shellfish and their habitats (endangered and non-endangered species)."⁵⁵

⁵⁴ DSCEJ Proposed Amendments at pages 4, 10 and 11.

⁵⁵ DSCEJ Proposed Amendments at pages 4, 10 and 11.

ENO responded to this recommendation by arguing that it is impossible to perform this type of assessment in the context of an IRP.⁵⁶ The Advisors agree that this proposal, while informative, is not appropriate in an IRP planning process. The IRP is intended to provide a framework to help guide ENO in its resource decisions over a specified planning period.⁵⁷ Resource portfolios in the IRP process do not propose specific resources nor do they propose sites for any particular resource. The siting decision in connection with the approval of any proposed generating resource would take place outside of an IRP proceeding. Many of the aspects of DSCEJ's proposal in this regard could not be completed without knowing the exact location of the proposed resource, including a determination of whether a proposed resource would be located with a certain proximity of a school or residential neighborhood.

In addition, the specific description and specifications of the proposed resource and the type of technology employed would also be required to measure the resource's impact on air quality, groundwater, and the potentially affected soil and land in a given area.

The Advisors and the Council share the DSCEJ's concerns regarding the impact of generating resources on the environment generally and the City of New Orleans in particular. Historically, the Entergy operating companies serving customers in Louisiana, including ENO, have been obligated to fulfill any and all applicable reporting and permitting requirements imposed by numerous federal and state agencies, including but not limited to, the United States Environmental Protection Agency, the Louisiana Department of Environmental Quality, the Louisiana Department of Natural Resources, the United States Army Corps of Engineers, the (local) Orleans Levee District, and the Louisiana Department of Wildlife and Fisheries. With respect to limitations on air emissions, standards for new stationary sources, acid rain and other areas of environmental concern, ENO must comply with a comprehensive set of rules and regulations promulgated by the EPA and LDEQ prior to construction of a new resource or modification of an existing resource.⁵⁸

At the local level, ENO is required to comply with all local permitting and zoning ordinances in connection with the siting and construction of a new resource, which includes the approval of an adequate storm water plan/design for the proposed project.

For the reasons outlined above, the Advisors recommend that the Council reject the DSCEJ's proposal to require ENO to perform an environmental impact assessment for each planning scenario as this request is not achievable and is well beyond the scope of an IRP proceeding. Any such assessment or specific evaluation of environmental impacts associated with a proposed resource should be conducted by the federal, state and local agencies charged with the authority to regulate such matters. To the extent that any adverse environmental effects are identified in

⁵⁶ ENO Reply Comments at page 27.

⁵⁷ Council Resolution R-10-142.

⁵⁸ Code of Federal Regulations (CFR) Title 40, Parts 51-79 et. Seq. (40 CFR Parts 51-79) and Title 33, Part III, Chapter 5 of the Louisiana Administrative Code (LAC).

the approval process of any particular resource, the Council should consider those effects in the broader context of determining whether the proposed resource serves the public interest and should be approved. As is discussed in more detail below, the Advisors do not reject environmental considerations from the IRP, rather the Advisors propose a construct for the inclusion of environmental impacts in a manner that is feasible within the IRP context.

5. *DSCEJ's Perjury Penalty Requirement is Unworkable in the Context of an IRP Process*

In its February 27, 2017 recommended changes to the Council's IRP rules, DSCEJ submits that “written or verbal statements [made by the utility or its representatives] to the public shall affirm under penalty of perjury the statements are believed to be true.”⁵⁹ DSCEJ also recommends that the Council require the utility to post a correction of the false public statement on ENO's website and submit a report to the Council within seven calendar days.⁶⁰

In its reply comments, ENO rejects this proposal as "puzzling" and "bizarre."⁶¹ ENO also states that DSCEJ cites to no examples of other jurisdictions that have adopted such practices. The Company also asserts that such a practice would be inappropriate for an IRP process that relies heavily on assumptions, predictions, and estimates about a wide variety of unknown and unknowable future variables.⁶²

In all utility cases conducted before the New Orleans City Council, it is unlawful for any party to intentionally or through gross negligence make any false or misleading representations of fact.⁶³ In addition, in all Council utility cases where written expert testimony is filed in the proceeding, a sworn affidavit is attached to the testimony attesting to the truthfulness of the facts contained therein.

In the context of an IRP planning process, however, the utility does rely at least partially on forecasts, assumptions, and other estimates that are ultimately by their nature inaccurate to some degree. As such, requiring the utility to attest to the accuracy of data that is inherently uncertain and to then be subjected to perjury charges is wholly unreasonable in the context of an IRP process. In fact, some of the most significant differences of opinion between ENO and intervenors in the IRP proceedings have arisen because of the disparity and imprecision of certain forecasts and assumptions used in ENO's modeling. For this reason, the Advisors recommend that the Council decline to adopt the DSCEJ's perjury penalty provision in its IRP requirements. The Advisors do believe, however, that all parties maintain a prevailing duty of candor to the Council as participants in any utility proceeding, including the IRP process.

⁵⁹ DSCEJ Proposed Amendments at page 7.

⁶⁰ DSCEJ Proposed Amendments at pages 7 and 8.

⁶¹ ENO Reply Comments at page 14.

⁶² ENO Reply Comments at page 14.

⁶³ New Orleans City Code, Article II, Division 1, Section 158-52, emphasis added.

6. *The Council Does Not Need to Hire Another Independent Evaluator or DER/DSM Specialist for the IRP Proceeding*

The Alliance argues that the evaluation of demand side management potential and cost-benefit should be conducted by an Independent Evaluator.⁶⁴ Similarly, PosiGen recommends that "to remedy the issues associated with ENO's omission of any DER" a third party consultant specializing in the deployment of clean energy resources be hired to aid in the IRP process to ensure fair treatment of DSM.⁶⁵ ENO argues that the proposal that the Council hire a consultant to ensure adequate integration of the products PosiGen sells and/or leases into the IRP portfolios is unsupported because PosiGen proposes no budget or funding source and offers no evidence or analysis that the Council's Advisors cannot perform such a function if required.⁶⁶

The Council's Advisors have expertise in IRP proceedings as well as DER and DSM issues. Adding yet another Advisor firm to the Council's roster of Advisors would be counter to the publicly and frequently expressed desire of the Council to reduce its Advisor budget and build up the CURO office. The role of the Advisors is to provide their best legal and technical advice to the Council as to the best regulatory outcome for the ratepayers and the utility. It is not the Advisors' role to adopt Intervenor positions without question, assist Intervenors in developing their positions or advocate on their behalf. To the extent Intervenors are disappointed that the Advisors do not adopt their positions in any given proceeding, the intervenors are free to procure experts of their own to advocate for their positions and advise them in IRP proceedings. Parties coming before the Council bear the burden of proving their case. The Council embraces its responsibility to listen to all arguments presented to it and weigh all of the evidence in rendering its decision, but it does not have the obligation to provide the intervenors with assistance in developing their case at the expense of ratepayers.

Further, the purpose of an IRP is not to promote one resource over another. Hiring a consultant whose sole role is to promote the intervenors' desired treatment of DSM and DER in the IRP goes against the purpose of having a balanced analysis. One would not hire a consultant just to consider the treatment of gas-fired units in ENO's analysis or just the treatment of transmission resources, so it does not make sense to create a new, permanent Advisor consultant role for an entity whose purpose is to advocate on behalf of DSM and DER in the IRP proceedings. The IRP analysis should be an even-handed examination of all resources, and the Council has already tasked the Advisors with reviewing the IRP analysis and advising the Council regarding whether or not it was properly performed. The Advisors have brought many concerns, including concerns regarding the treatment of DSM in the IRP to the Council's attention and have advised the Council with respect to ENO's analysis.

⁶⁴ Alliance Proposed Changes at 6.

⁶⁵ PosiGen Comments at the sixth page.

⁶⁶ ENO Reply Comments at 6.

7. *Treatment of Transmission and Distribution*

S&WB proposes to add language requiring that "improvements to transmission and distribution systems" be evaluated in the IRP.⁶⁷ S&WB argues that it has experienced "dips" in service that have led to equipment failures over the last several months and that ENO's 2015 IRP contains very little analysis of service reliability in ENO's service territory.⁶⁸ Similarly, the Alliance proposes that the IRP explain how Entergy's current transmission system and any planned transmission system expansions, and ENO's distribution system are integrated into the overall resource planning process to optimize ENO's resource portfolio and provide New Orleans ratepayers with reliable electricity at the lowest practicable cost.⁶⁹ The Alliance proposes that ENO be required to identify transmission projects have the potential to reduce supply costs, and to include transmission projects selected for development through the most recent MISO Transmission Expansion Planning ("MTEP") and MISO Economic Planning Users Group ("EPUG") cycles.

In its Reply Comments, ENO states that it is opposed to duplicating the process of proposing and vetting transmission upgrades that is already being performed in the MTEP, but that it is willing to discuss and incorporate in the IRP the transmission improvements developed through the MTEP.⁷⁰ Similarly, ENO states, it is more than willing to discuss its distribution maintenance policies and improvements being vetted in other dockets, but it opposes using the IRP as an additional forum for analyzing such policies and planned improvements.⁷¹ ENO argues that no modifications to the IRP Requirements are necessary to reflect transmission planning in MISO, but that it is willing to provide information about the most current MTEP-approved plans to intervenors and continue to incorporate those plans into its assumptions for the IRP.⁷² ENO notes that to the extent intervenors desire to take a more active role in transmission planning for ENO, the MTEP stakeholder process is an open one.⁷³

The Advisors agree that the analysis performed in the MTEP process need not be duplicated in the IRP. However, the Advisors believe that ENO's membership in MISO should be acknowledged and there is merit to a greater inclusion of analysis of the impact of the MTEP-approved projects on the portfolios to be considered in the IRP. Models developed for the IRP should incorporate the planning configuration of the Utility's transmission system and the interconnected RTO during the planning period. Therefore, the Advisors recommend that the Utility explain how the Utility's current transmission system, and any planned transmission system expansions (including expansions planned by the RTO), and the Utility's distribution

⁶⁷ S&WB Proposed Changes at 4.

⁶⁸ S&WB Proposed Changes at 4.

⁶⁹ Alliance Proposed Changes at 20.

⁷⁰ ENO Reply Comments at 24-25.

⁷¹ ENO Reply Comments at 24-25.

⁷² ENO Reply Comments at 25.

⁷³ ENO Reply Comments at 25.

system, are integrated into the overall resource planning process to optimize the Utility's resource portfolios.

The Advisors also believe that distribution system-related developments in the industry, both those that have occurred, such as widespread adoption of rooftop solar and other customer-owned DER, and those that are still on the horizon, such as increased adoption of building and vehicle batteries and community solar, warrant a change in the treatment of distribution planning. Such forces can either support the distribution system or increase stress upon it. The Advisors recognize that this may require a significant change to ENO's distribution planning practices and that time will be needed to begin to incorporate distribution planning into the IRP process, however, it is time that the process begin.

8. *Decisions to Deactivate Resources Should not be Vetted in the IRP Process*

S&WB argues that ENO's decisions to retire generating units merit more scrutiny in the IRP process.⁷⁴ ENO opposes this proposal, arguing that S&WB offers no reason for duplicating the MISO Attachment Y process for evaluating the proposed deactivation of a generator or pointing to any deactivation decisions facing ENO for which the duplicative evaluation process might be applicable.⁷⁵ Similarly to consideration of resource acquisition, the Advisors recommend that resource deactivation proposals be considered separately by the Council and not be rolled into the IRP process. Deactivation decisions are already subject to the MISO Attachment Y analysis and Council approval. The Advisors do believe that any planned deactivations should be accounted for in the IRP analysis, but not that they should be evaluated as part of the IRP process. To introduce the additional extensive levels of analysis required to support a deactivation decision would unnecessarily bog down the IRP process. The concerns of parties regarding proposed deactivations can be fully addressed through the Council docket established to consider such proposals.

9. *DSM in the IRP Should Continue to be Evaluated by the Total Resource Cost Test, and the Use of the Ratepayer Impact Measure Should be Continued*

The Alliance suggests removal of the requirement that the Ratepayer Impact Measure ("RIM"), which defines the impacts on revenue requirements to ratepayers, from use as a screening tool for the evaluation of DSM measures.⁷⁶ ENO opposes this change and argues that the RIM test provides transparent information on the cost and cost-effectiveness of DSM programs.⁷⁷

⁷⁴ S&WB Proposed Changes at 7.

⁷⁵ ENO Reply Comments at 26.

⁷⁶ Alliance Proposed Changes at 6 and 17.

⁷⁷ ENO Reply Comments at 5.

The Advisors note that in the last IRP cycle, ENO screened DSM measures with the Total Resource Cost ("TRC") test for the purposes of inclusion in the IRP, but then were also evaluated under the RIM test for informational purposes. The Advisors believe that the RIM test does provide useful information to the Council regarding the near term costs of DSM funded by all ratepayers including non-participants, and that each of the DSM screening tests provide useful cost-effectiveness information from different perspectives. For that reason, the Advisors recommend that the other DSM screening tests reflecting the participant, non-participant, and the utility perspectives be included in the IRP report to provide useful information. The TRC test should continue to be the primary test to screen DSM measures and programs for inclusion in the IRP.

10. *"Directly Quantifiable" Costs Versus "Reasonably Quantifiable" Costs*

The Alliance proposes to change the requirement that cost-benefit analysis consider any "directly quantifiable" non-energy benefits and environmental externalities to a requirement to consider any "reasonably quantifiable" non-energy benefits and environmental externalities.⁷⁸ ENO opposes this change, arguing that the Alliance has failed to define what "reasonable" means or discuss impacts to customers.⁷⁹

The Advisors believe that it is appropriate to include directly measurable non-energy benefits and environmental attributes in the evaluation of resource portfolios using scorecard metrics, but not in the optimization analysis of supply costs. As set forth in the Advisors' proposed IRP rules, the Advisors recommend that the resource portfolios resulting from the optimization analysis be ranked by various quantitative and qualitative factors, including non-energy benefits and environmental externalities so that the Council can gain a clear understanding of how the resource portfolios can be evaluated with respect to various issues of concern to the Council. Specifically, the Advisors recommend that the Utility develop and include a scorecard template or set of quantitative and qualitative metrics, including but not limited to cost, impact on rates, risk, flexibility of resource options, reasonably quantifiable environmental impacts (such as national average emissions, groundwater consumed, etc.), consistency with established city policies, and other macroeconomic impacts in New Orleans, to assist the Council in assessing the resource portfolios provided in the IRP report.

11. *Including Supply Planning for Natural Gas Within the IRP*

DSCEJ proposes that the IRP apply to ENO's natural gas operations as well as its electric operations. DSCEJ does not, however, explain why the IRP process should be extended to natural gas. While there may be some merit to the development of demand-side resources that offset some need for natural gas, typically, supply side choices are addressed through the Council proceedings addressing proposals by ENO to hedge its natural gas supply. Given that the options

⁷⁸ Alliance Proposed Changes at 6.

⁷⁹ Alliance Proposed Changes at 5.

for natural gas supply are significantly more limited than the options for supplying electricity, the Advisors fail to see the merit in applying the more highly complex and time- and resource-consuming IRP process to ENO's natural gas operations.

12. *Proposals Outside the Scope of the IRP Rulemaking Proceeding*

Several parties made proposals that fall outside the scope of this proceeding to consider changes to the Council's IRP Requirements and Procedures. These proposals include:

- The proposal of BSI to mandate rapid deployment of smart meters and its proposal that smart meters include the ability to control aggregated distributed resources.⁸⁰ On the same topic, PosiGen argues that a prioritization of AMI technology deployment in New Orleans over other Entergy service territories could completely eliminate the need for the proposed New Orleans Power Station.⁸¹ ENO's proposal to deploy smart meters is currently being considered in Council Docket No. UD-16-04, and Council Resolution No. R-17-7 established a procedural schedule for that proceeding.
- The proposal of BSI to establish virtual net metering and to allow community solar.⁸² 350 LA also requests that the Council establish regulatory tools to allow residents to participate in community solar projects.⁸³ The Council recently considered its net metering rules in Council Docket No. UD-13-02, to which BSI was a party. That proceeding has been suspended, but nevertheless, changes to the Council's net metering rules are beyond the scope of a proceeding considering changes to the Council's IRP rules.
- BSI's proposal that the Council open an RFP process for pilot rate structures, batteries, and community solar.⁸⁴ While the creation of pilot programs may be a result of an IRP analysis, the issuance of an RFP for pilot programs is well beyond the scope of the consideration of whether the Council's IRP Requirements should be modified.
- BSI's proposal that the decision to build a combustion turbine power plant in New Orleans be resolved in an iterative IRP process.⁸⁵ ENO's proposal to build a combustion turbine plant is being considered in Council Docket No. UD-16-02, and is well beyond the scope of this proceeding.
- BSI's proposal that the Council upgrade CURO staff and take advantage of various free resources from the National Association of Utility Commissioners ("NARUC") and their research arm, the National Regulatory Research Institute ("NRRI").⁸⁶ Such matters regarding the Council's staffing and utilization of its NARUC membership are beyond the

⁸⁰ BSI Motion at the fifth page.

⁸¹ PosiGen Comments at the sixth page.

⁸² BSI Motion at the fifth page.

⁸³ 350 LA proposed changes at the third page.

⁸⁴ BSI Motion at the fifth page.

⁸⁵ BSI Motion at the sixth page.

⁸⁶ BSI Motion at the sixth page.

scope of a proceeding regarding proposed modifications to its IRP Requirements and procedures.

- 350 LA proposes that the Council mandate that ENO meet at least 20% of its energy needs with renewable resources by 2020, and that the Council should include a Resilient Power Plan in the rule making procedures of the 2018 IRP combining solar power generation with back-up storage at critical infrastructure locations.⁸⁷ These proposals are policy decisions that might result from an IRP analysis, or from another Council proceeding where evidence can be considered as to the advisability of adopting an RPS or a Resilient Power Plan. The purpose of this proceeding is to determine the requirements and analytical framework for a robust integrated resource plan analysis and procedure, not to pre-determine the outcome of any such analysis. Should the Council decide at a future date to adopt a Renewable Portfolio Standard, Resilient Power Plan or other such policy, the proposed rules contained herein require that such policies be incorporated into the IRP.
- BSI's proposal that the Council start a rulemaking proceeding to fashion a way to compensate intervenors.⁸⁸ Whether intervenors to Council utility proceedings should be compensated is completely outside the scope of the proceeding regarding proposed modifications to the IRP Requirements and procedures, and even if it were within the scope of the proceeding, BSI has offered no evidence in this proceeding in support of its proposal.

13. *Best Practices*

DSCEJ proposes a series of changes to the Councils' IRP Criteria based on a report on IRP best practices produced by Synapse Energy Economics for the Regulatory Assistance Project ("RAP Best Practices"),⁸⁹ and 350 LA also cites to the RAP Best Practices report as an authority for best practices.⁹⁰ The Advisors have reviewed and analyzed the RAP Best Practices Report, but the Advisors' research into best practices goes quite a bit further, including, but not limited to, review of Tennessee Valley Authority 2015 Integrated Resource Plan; Tucson Electric Power Company 2017 Integrated Resource Plan; PacifiCorp 2011 Integrated Resource Plan; and Avista Power 2015 Electric Integrated Resource Plan as well as the Advisors' own background with what does and does not work with respect to IRP in New Orleans. The Advisors believe that the evaluation of multiple sources is critical to assessing best practices and developing IRP Rules, and that the unique characteristics of New Orleans must be taken into account. While the Advisors would not recommend rules based solely on the RAP Best Practices document which does not contain the necessary level of detail or customization to New Orleans, the Advisors'

⁸⁷ 350 LA Proposed Changes at the second and fourth pages.

⁸⁸ BSI Motion at the sixth page.

⁸⁹ Rachel Wilson and Bruce Biewald, Regulatory Assistance Project, Best Practices in Electric Utility Integrated Resource Planning: Examples of State Regulations and Recent Utility Plans (2013) ("RAP Best Practices").

⁹⁰ 350 LA Reply Comments at the second page.

note that our Proposed IRP Rules are, in fact, consistent with the RAP Best Practices recommendations.

The RAP Best Practices Report recommends the development of IRP Rules with stakeholder input,⁹¹ which is being accomplished through this stakeholder process, which will have allowed stakeholders to review and comment upon any draft documents issued if the Council adopts the Advisors' recommendation to allow stakeholder comment on this report. The RAP Best Practices document also recommends stakeholder involvement in resource plan development,⁹² which is provided for the proposed rules at Section 7C(2), Section 7D(1) and Section 9 of the proposed rules which allow for public involvement, deeper involvement by Intervenor, and either consensus to be developed, or where consensus is not possible, for a stakeholder position to be developed. RAP Best Practices also recommends that the resource plan be filed in an open proceeding to allow for stakeholder review and comment,⁹³ which will be accomplished through the Initiating Resolution called for in Section 1B and in the procedural requirements set forth in Sections 9 and 10.

RAP Best Practices argues that certain minimum requirements must be contained in an IRP. The first is a range of load forecasts,⁹⁴ which is provided for in Section 4 of the Advisors proposed IRP Rules. The second is that reserve and reliability requirements be accounted for,⁹⁵ which would be included under the load forecast in the Advisors proposed IRP Rules. Third is the recommendation that DSM be fully integrated into the model,⁹⁶ which would occur under the Section 5A(4) requirement for inclusion of all demand-side resources, creation of a DSM potential study and inclusion of any Council-mandated energy efficiency goals. The Advisors' proposed IRP Rules similarly meet the RAP Best Practices recommendation that all supply-side resources be considered⁹⁷ in Section 5A(3), including consideration of any policies established by the Council with respect to supply resources, such as a Renewable Portfolio Standard.

The Advisors' proposed IRP Rules would also satisfy the RAP Best Practices recommendations regarding the modeling of fuel prices, environmental compliance costs and constraints and existing resources and any modifications thereto⁹⁸ through Sections 5A(1) and 7C(3). Section 7F of the Advisors' proposed IRP Rules addresses RAP Best Practices' recommendation regarding integrated analysis⁹⁹ and Section 8 addresses its recommendation regarding uncertainty.¹⁰⁰ While the Advisors' proposed IRP Rules do not explicitly address the time frame

⁹¹ RAP Best Practices at 26.

⁹² RAP Best Practices at 26.

⁹³ RAP Best Practices at 27.

⁹⁴ RAP Best Practices at 28.

⁹⁵ RAP Best Practices at 28.

⁹⁶ RAP Best Practices at 28-29.

⁹⁷ RAP Best Practices at 30.

⁹⁸ RAP Best Practices at 30-31.

⁹⁹ RAP Best Practices at 31.

¹⁰⁰ RAP Best Practices at 31.

to be used for the planning period, ENO has traditionally used a planning period that is consistent with the recommendation in the RAP Best Practices,¹⁰¹ and should a problem arise in that respect, it could be addressed in the Council's Initiating Resolution.

RAP Best Practices recommends using several metrics to value and select resource plans,¹⁰² and the Advisors recommended IRP Rules provides a mechanism for this to occur in Section 7I. RAP Best Practices also recommends that the utility be required to submit an action plan with its IRP filing,¹⁰³ which is addressed in the Advisors' proposed IRP Rules at Section 10D. Finally, RAP Best Practices recommends that the utility be required to document in its filing a discussion of inputs and results and appendices with full technical details, which is addressed throughout the Advisors' proposed IRP Rules, including at Sections 4, 5, 7 and 8.

Therefore, the Advisors' proposed IRP Rules, while designed specifically for New Orleans, are also fully consistent with the RAP Best Practices.

C. Advisors' Proposed IRP Requirements and Procedure

The Advisors have reviewed the arguments raised by the parties and performed research regarding the best practices around the country with respect to IRP analysis. While the Advisors appreciate the many suggestions made by the parties seeking either to improve the stakeholder process and transparency of the IRP process or to make the IRP process more efficient and less burdensome, the Advisors did not find that any party's proposal sufficiently addressed all of the Council's concerns. To that end, the Advisors have formulated their own proposal regarding the IRP Requirements and Procedure.

With respect to the IRP Requirements, the Advisors have also recognized that while the stakeholder process has been improving in the sense that the intervenors are becoming increasingly better educated about the IRP process and thus intervenor comments and input have increased significantly in quality over the last few IRP cycles, which is a significant benefit to the Council, the intervenors and ENO do not appear to be moving any closer toward reaching consensus. Thus, the Advisors propose an approach that should allow for significant stakeholder input while reducing the potential for extended delays to occur when consensus cannot be reached. Similarly, while the Advisors appreciate that ENO would prefer to simplify the IRP analysis by focusing solely on traditional least-cost planning and only analyzing costs and benefits that appear on ratepayer bills, the Advisors believe this would be inconsistent with the Council's desire to take a broader view of the impacts of utility operations on New Orleans, and the Advisors recommend that in addition to least cost planning considerations, the IRP process include consideration of various externalities that may not flow through to customer bills as

¹⁰¹ RAP Best Practices at 31.

¹⁰² RAP Best Practices at 32.

¹⁰³ RAP Best Practices at 32.

discussed below. The Advisors also recommend the inclusion of resiliency and sustainability into the IRP's defined objectives.

While the Advisors appreciate that load forecasting, like forecasting the weather, is naturally subject to a certain amount of inaccuracy due to unforeseeable events, the Advisors take the Intervenors' point that ENO's track record with respect to the accuracy of its load forecasting is relevant to the IRP analysis and propose that ENO provide its historical demand and energy data for the five years immediately preceding the Planning Period, which will provide the Council, Advisors, and intervenors with sufficient data to analyze the accuracy of ENO load forecasts submitted in prior IRP proceedings should they wish to perform such analysis.

Finally, with respect to the calculation of rate impacts by customer class, the Advisors believe that, given the number of scenarios that the Advisors' proposed Requirements would produce, it would be unduly burdensome to require ENO to calculate the rate impact by customer class for each scenario. Rather, the Advisors propose that the scenarios, once produced, be ranked according to revenue impact, which will allow the Council, Advisors, and intervenors the opportunity to compare the anticipated rate impacts of the various scenarios without placing an undue burden on the utility.

The Advisors recommend that the Council adopt the following IRP Rules, as set forth more fully proposed regulations in Appendix A:

1. The utility shall develop a reference case load forecast and at least two alternative load forecasts applicable to the planning period.
2. The utility shall construct composite customer class hourly load profiles based on the forecasted demand and energy usage by customer class and relevant load research data, including the factors which determine future load levels and shape.
3. Concurrent with the presentation of the load forecasts to the Advisors, CURO, and stakeholders, the utility shall provide historical demand and energy data for the five years immediately preceding the planning period.
4. The load forecast data shall be provided as a supplement to the IRP report and summarized in the IRP report.
5. The utility shall identify and evaluate all existing supply-side and demand-side resources under utility management or control and identify a variety of potential supply-side and demand-side resources which can be reasonably expected to meet the utility's projected resource needs during the planning period.
 - a. For existing supply-side resources the utility should incorporate all fixed and variable costs necessary to continue to utilize the resource as part of its

portfolio. The utility should identify all important changes to its resource mix that have occurred since the last IRP.

- b. For existing demand-side resources the utility should account for reductions of demand from the existing demand-side resources, including projected kWh/kW reductions due to Energy Smart and a list categorizing the utility's demand-side resources.
6. The utility shall identify and evaluate all potential supply-side and demand-side resources that can be reasonably expected to meet the utility's projected resource needs during the planning period, including utility-owned and purchased power resources, conventional and new generating technologies, technologies utilizing renewable fuels, energy storage technologies, cogeneration resources, distributed energy resources, as well as all cost-effective demand-side resources identified through the development of a demand-side management potential study. The utility should consider both existing technologies and those expected to become commercially viable during the planning period.
 7. The demand-side potential study shall include, but not be limited to identification of eligible measures, measure life expectancies, baseline standards, load profiles, incremental capacity and energy savings, measure and program cost assumptions, participant adoption rates, market development, avoided energy and capacity costs. The principal reference document shall be the New Orleans Technical Reference Manual, and all four California Standard Practice Tests¹⁰⁴ (TRC, PACT, RIM, and PCT) will be calculated for the DSM measures and programs considered. The TRC test will identify cost-effectiveness for DSM programs as IRP inputs. The utility should incorporate any then-effective Council policy goals or targets with respect to demand-side resources, and consider programs enabled through AMI.
 8. There shall be a stakeholder process, during which, the utility shall strive to develop a consensus regarding the potential supply-side and potential demand-side resources and their associated defining characteristics. If consensus can be reached, its results will be incorporated into the reference planning strategy. If consensus cannot be achieved, the utility shall develop a reference planning strategy based on the utility's assessment of resource inputs parameters and constraints and a stakeholder planning strategy based on the assessment of a majority of intervenors.
 9. With respect to transmission and distribution, the utility shall explain how its current transmission system including any planned transmission system expansions (whether

¹⁰⁴ California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects, State of California Governor's Office of Planning and Research, July 2002.

planned by utility or the Regional Transmission Organization (RTO)) and its distribution system are integrated into the resource planning process. Models developed for the IRP process should incorporate the planned configuration of the utility's transmission system and interconnected RTO during the planning period. The utility should describe any anticipated changes and their costs and benefits. For any resource additions selected for reliability purposes rather than through an optimized development of a resource portfolio, the utility shall demonstrate that there are no economically feasible transmission solutions that can be employed.

10. The optimization process should use mathematical methods such as linear programming formulations¹⁰⁵ to represent and account for the different characteristics of alternative types of resource options. The optimization process shall be constrained to mitigate the over-reliance on forecasted revenues from external capacity market sales and external energy market sales driving the selection of resources.
11. The utility shall develop at least three planning scenarios that incorporate different macro-economic and environmental circumstances and national and regional regulatory and legislative practices. The planning scenarios should include (but are not limited to):
 - a. A reference planning scenario that represents the utility's point of view on the most likely future circumstances and policies.
 - b. Two alternative planning scenarios that account for alternative circumstances and policies.
 - c. To the extent that the utility is unable to reach consensus with a majority of the intervenors regarding the inputs for the three planning scenarios, then the utility should develop a fourth planning scenario which is based upon input from a stakeholder consensus, which shall be determined by a majority vote of the intervenors.
12. Distinct from the planning scenarios, the utility shall identify several planning strategies which constrain the optimization process to achieve particular goals, regulatory policies, and/or business decisions over which the utility, Council, and/or stakeholders have control (consistent with the Council's regulatory authority). The utility shall develop the following planning strategies:

¹⁰⁵ Linear programming is a mathematical method of optimizing linear functions or relationships within constraints to achieve the lowest costs.

- a. A reference planning strategy based on a consensus of the stakeholders (as determined by a majority of the intervenors). To the extent consensus cannot be reached, the reference planning strategy shall reflect the utility's point of view on resource input parameters and constraints and the utility shall develop a separate stakeholder planning strategy based upon a stakeholder consensus as determined by a majority of the intervenors.
 - b. As necessary, the utility shall develop alternate planning strategies to reflect the policy goals of the Council as established prior to the beginning of the IRP cycle.
13. Resource portfolios shall be developed through optimization utilizing the utility's modeling software, the utility shall identify the least-cost resource portfolio for each planning scenario and strategy combination, based on total supply cost. Resource portfolios shall consist of optimized combinations of supply- and demand-side resources while recognizing constraints including transmission and distribution.
14. The utility shall provide a discussion and presentation of results for each planning scenario and strategy considered, the annual total demand related costs, energy related costs, total supply costs, and cumulative present worth associated with each least-cost resource portfolio identified under each planning scenario/strategy combination, a load and capability table (including identifying the impacts of existing demand-side resources on the total load requirements - used to compute total annual DSM) and a description of the supply-side and demand-side resources that are planned and their principal rationale for selection.
15. The IRP report's discussion and presentation of results for each resource portfolio should identify tipping points that would guide the preference of a resource portfolio under alternative conditions incorporated in the cost/risk analysis, such as changes to underlying assumptions that impact load growth, capital costs, resource upgrades, the emergence of other renewable projects, and DER technologies.
16. The Utility will develop and include a scorecard template or set of quantitative and qualitative metrics to assist the Council in assessing the IRP based on the resource portfolios. Such metrics should include, but not necessarily be limited to: cost;¹⁰⁶ impact on rates; risk; flexibility of resource options;¹⁰⁷ reasonably quantifiable environmental impacts (such as national average emissions for the technologies chosen, amount of groundwater consumed, etc.); consistency with established,

¹⁰⁶ The cost metric should include the cost of quantified externalities as well as utility costs resulting from the IRP optimization.

¹⁰⁷ The flexibility metric includes response to load swings and quick start.

published city policies, such as the City's sustainability plan; and macroeconomic impacts in New Orleans.

17. The Utility shall develop a cost/risk analysis which balances quantifiable costs with quantifiable risks of the identified least-cost resource portfolios. The risk assessment must be presented in the IRP to allow the Council to comprehend the robustness of each resource portfolio across the cost/risk range of possible resource portfolios.
 - a. In quantifying resource portfolio costs/risks, the IRP shall assess any social and environmental effects of the resource portfolios to the extent that: 1) those effects can be quantified for a resource portfolio, including the applicable planning period years and ranges of uncertainty surrounding each externality cost, and 2) each quantified cost must be clearly identified by the portion which relates to the Utility's revenue requirements or cost of providing service to the Utility's customers under the resource portfolio.
 - b. A risk assessment is required to evaluate both the expected outcome of potential costs as well as the distribution and potential range and associated probabilities of outcomes.

The Advisors also recommend that the following procedural process be adopted into the rules as the minimum amount of process necessary to complete the IRP process. This list is not an exclusive list, and the Council may add additional procedural steps in its Initiating Resolution as it deems appropriate with respect to each IRP cycle:

1. The opportunity for stakeholders to participate in the concurrent development of inputs and assumptions for the major components of the IRP in collaboration with the Utility within the confines of the IRP timeline and procedural schedule.
2. At least four technical conferences focused on each major IRP component that include the Utility, stakeholders, CURO, and the Advisors with structured comment deadlines so that conference participants have the opportunity to present inputs and assumptions and provide comments while remaining mindful of the procedural schedule established in the Initiating Resolution.
3. At least 3 public engagement meetings advertised through multiple media channels at a minimum of 2 weeks prior to the meeting.
 - a. A public education and kickoff meeting that explains the following: the purpose of the IRP and the corresponding process; the IRP timeline as delineated in the Council's Initiating Resolution with respect to major process deadlines; the inputs and assumptions that are considered in the IRP process and summarized in the report; and ways in which public can remain informed throughout the IRP cycle (e.g., online information resources that provide

status updates, portal through which customers can submit questions or concerns to the Utility).

- b. A public presentation of the IRP
 - c. A public hearing opportunity after presentation of the IRP report to give the public the opportunity to provide comment on the record.
 - d. In addition to a live presentation, all public meetings should also be broadcast via the Utility's website and archived for later viewing.
4. The utility shall submit its IRP to the Council in a filing that includes the following at a minimum:
- a. The IRP report should discuss the stakeholders' engagement throughout the IRP process; the access to data inputs and specific modeling results by all parties; the consensus reached regarding all demand-side and supply-side resource inputs and assumptions; specific descriptions of unresolved issues regarding inputs, assumptions, or methodology; the formulation of the stakeholder planning scenario and/or stakeholder planning strategy as needed; and recommendations to improve the transparency and efficiency of the IRP process for prospective IRP cycles.
 - b. The IRP shall include an action plan and timeline discussing any steps or actions the Utility may propose to take as a result of the IRP, understanding that the Council's acceptance of the filing of the Utility's IRP would not operate as approval of any such proposed steps or actions.
 - c. Any other information required in the Council Resolution initiating the current IRP planning cycle.

The Advisors recommend that, provided the IRP fulfills the requirements contained herein and was developed in compliance with the procedural schedule established for the triennial IRP cycle, the Council accept the Utility's IRP as filed in compliance with the Council's substantive and procedural requirements. The Council's acceptance of the Utility's IRP as described herein would have no precedential effect with respect to the Council's evaluation of any application for approval of the acquisition or implementation of any supply-side or demand-side resource or program.

APPENDIX A

**PROPOSED ELECTRIC UTILITY INTEGRATED RESOURCE PLAN RULES
of the
Council of the City of New Orleans**

ELECTRIC UTILITY INTEGRATED RESOURCE PLAN RULES
of the
Council of the City of New Orleans

Section 1. Overview

- A. These rules supersede the “Electric Utility Integrated Resource Plan Requirements of the Council of the City of New Orleans” adopted by Council Resolution R-10-142. The purpose of these rules is to establish an open and transparent process by which all electric utilities, subject to the Council of the City of New Orleans (Council) regulatory jurisdiction, develop and file Integrated Resource Plans (IRP).
- B. Each IRP triennial planning cycle shall be commenced with an Initiating Resolution of the Council which outlines the IRP process and timeline, Intervenor and public participation, policy objectives for consideration in the IRP, and other matters as deemed necessary by the Council.
- C. Each Utility IRP shall include a matrix of these rules, the corresponding section of the IRP responsive to that rule, and a brief description of how the Utility complied with the rules.
- D. Each Utility IRP is intended to serve as a general resource planning tool to the Utility and the Council, rather than a forum for the approval of the acquisition, implementation, or deactivation of any supply-side or demand-side resource.
- E. To the extent there is non-compliance with these rules, after the showing of cause, the Council may impose penalties for non-compliance with these rules.

Section 2. Definitions

- A. In these rules, unless otherwise specified, the following terms shall have the meaning defined in this Section:
 - 1. “Advanced Metering Infrastructure” (AMI) - refers to meters and their underlying technology, including communication and data handling systems, that record customer usage for time intervals of one hour or less, and can transmit information to the Utility without the need for a human meter reader. The meter allows for two-way flow of information and can notify the Utility of a power outage, and facilitate Demand Response programs.
 - 2. “Advisors” – refers to the legal and technical consultants retained by the Council to assist it in its regulatory responsibilities.
 - 3. “CURO” – refers to the Council Utilities Regulatory Office.

4. “Demand Side Management” (DSM) – refers to energy efficiency and Demand Response programs administered by the Utility.
5. “Demand Response” (DR) - refers to a program that seeks to modify customer loads to reduce or shift loads from hours with high electricity costs or reliability constraints to other hours. Demand Response programs include, but are not limited to: (a) those Demand Response programs that are dispatchable or controlled by the Utility, such as interruptible loads and direct load control of appliances, and (b) those Demand Response programs that are not controlled by the Utility, but rather involve a customer response during peak periods, such as critical peak pricing, time-of-use (TOU) rates, and any other rate design that sends market signals to customers to encourage efficient electricity consumption. Demand Response also includes any other programs that shift loads from higher- to lower-energy cost times that may become available through the deployment of AMI or other technologies.
6. “Distributed Energy Resources” (DERs) - refers to generation or energy storage facilities owned or leased by retail customers and located on the customer side of the meter, that are primarily for the use and consumption of energy by the retail customer. Distributed Energy Resources may include renewable/non-renewable generators, combined heat and power, and storage technology including electric vehicles, and any other technology that may similarly serve or dispatch energy from the customer side of the meter.
7. “Initiating Resolution” – refers to a resolution of the Council which initiates the triennial IRP planning cycle and establishes the procedural schedule and such other matters as the Council deems appropriate; and process to be utilized by the Utility, stakeholders and Interested Parties throughout the IRP development process.
8. “Interested Person” – refers to an individual or entity who desires to receive information and notices of public meetings as part of the IRP process and who is not a party to the proceeding. CURO shall maintain a list of Interested Persons and forward to them copies of all filings, issuances, and notices occurring in the proceeding. This may be accomplished through the Council's electronic docketing system once that docketing system develops the necessary capabilities.
9. “Intervenor” – refers to persons who have intervened in the case pursuant to the New Orleans, Louisiana Code of Ordinances, Chapter 158, Article III.
10. “Load Forecast” – refers to a forecast of electricity demand (MW) and energy (MWh) for the Utility that takes into account currently implemented demand-side resources, and customer-owned DERs, but does not include any anticipated or incremental demand-side resources.
11. “New Orleans Technical Reference Manual” (NOTRM) – refers to the reference document for individual DSM measures and programs listing specific descriptions, costs, estimated kWh reductions, and other metrics used as a principal source for constructing the DSM inputs into the IRP process and developing ongoing DSM in

New Orleans. The NOTRM shall be updated periodically by evaluation, measurement, and verification of ongoing DSM programs in New Orleans.

12. "Planning Period" – refers to the number of projected years over which the existing resources and various potential resource options are evaluated in the IRP process.
13. "Planning Scenario"– refers to a distinct definition of a market outlook for the IRP Planning Period consisting of key uncertainties which are not controlled by the Utility or the Council. Several Planning Scenarios are constructed to identify the plausible futures of the IRP Planning Period. Various Planning Strategies are then evaluated relative to each of the defined Planning Scenarios.
14. "Planning Strategy" – refers to the defining of distinct resource constraints, regulatory policies, or business decisions over which the Council, the Utility, or Intervenors have control. For example, a Planning Strategy can be traditional utility planning, Intervenors defining resource inputs, or a Planning Strategy reflecting Council policies. Each distinct Planning Strategy is evaluated relative to each Planning Scenario, resulting in a Resource Portfolio for each Planning Scenario/Planning Strategy combination.
15. "Resource Portfolio" - refers to prescribed combinations of supply-side and demand-side resources and transmission investment for comparative evaluation in IRP modeling and reporting. Modeling of the intersection of a Planning Scenario and a Planning Strategy results in a Resource Portfolio. For example, if four Planning Scenarios and two separate Planning Strategies are defined, there would be eight Resource Portfolios.
16. "Regional Transmission Organization" (RTO) – refers to the Midcontinent Independent System Operator (MISO) or any successor RTO of which the Utility is a participating member.
17. "Stakeholder" -- refers to any person potentially impacted by the outcome of the IRP, whether that person formally intervenes in the proceeding or not.
18. "Stakeholder Process" – refers to the meaningful engagement of stakeholders throughout the IRP process, specifically addressed in the Initiating Resolution commencing an IRP cycle.
19. "Utility" – refers to any electric utility subject to the Council's regulatory jurisdiction.

Section 3. Objectives

- A. The Utility shall state and support specific objectives to be accomplished in the IRP planning process, which include but are not limited to the following:

1. optimize the integration of supply-side resources, demand-side resources, and transmission and distribution to provide New Orleans ratepayers with reliable electricity at the lowest practicable cost given an acceptable level of risk;
 2. maintain the Utility's financial integrity;
 3. anticipate and mitigate risks associated with fuel and market prices, environmental compliance costs, and other economic factors;
 4. support the resiliency and sustainability of the Utility's systems in New Orleans;
 5. comply with local, state and federal regulatory requirements and regulatory requirements and policies established by the Council;
 6. evaluate the appropriateness of incorporating advances in technology, including, but not limited to, renewable energy, storage, and DERs, among others;
 7. achieve a range of acceptable risk in the trade-off between price and risk; and
 8. maintain transparency and engagement with stakeholders throughout the IRP process by conducting technical conferences and providing for stakeholder feedback regarding the Planning Scenarios, Planning Strategies, input parameters, and assumptions.
- B. The Utility shall demonstrate in the IRP how it has achieved or will achieve the specific objectives of the IRP in its triennial planning cycle.

Section 4. Load Forecast

- A. The Utility shall develop a reference case Load Forecast and at least two alternative Load Forecasts applicable to the Planning Period which are consistent with the Planning Scenarios identified in Section 7C. The following data shall be supplied in support of each Load Forecast:
1. The forecast of demand and energy usage by the Utility and by customer class for the Planning Period;
 2. A detailed discussion of the forecasting methodology and a list of key independent variables and their reference sources utilized to develop the Load Forecast, including assumptions and econometrically evaluated estimates. The details of the Load Forecast should identify the energy and demand impacts of customer-owned DERs and then existing Utility-sponsored DSM programs;
 3. Forecasts of the key independent variables for the Planning Period, including their probability distributions and statistical significance;
 4. The expected value of the Load Forecast as well as the probability distributions (uncertainty ranges) around the expected value of each Load Forecast; and

5. A discussion of the extent to which line losses have been incorporated in the Load Forecast.
- B. The Utility shall construct composite customer hourly load profiles based on the forecasted demand and energy usage by customer class and relevant load research data, including the factors which determine future load levels and shape.
- C. Concurrent with the presentation of the Load Forecasts to the Advisors, CURO, and stakeholders, the Utility shall provide historical demand and energy data for the five (5) years immediately preceding the Planning Period. At a minimum, the following data shall be provided:
 1. monthly energy consumption for the Utility and each customer class;
 2. monthly coincident peak demand for the Utility and each customer class; and
 3. monthly peak demand for each customer class;
- D. The data and discussions developed pursuant to Section 4A and Section 4B, and Section 4C shall be provided as a supplement to the IRP report and summarized in the IRP report.
- E. The Utility shall also provide a list of the co-generation and DERs larger than 300 kW existing on the Utility's system, including resources maintained by the City of New Orleans for city/parish purposes, (*e.g.* Sewerage and Water Board, Orleans Levee District, or by independent agencies or entities such as universities, etc.).

Section 5. Resource Options

- A. Identification of resource options. The Utility shall identify and evaluate all existing supply-side and demand-side resources and identify a variety of potential supply-side and demand-side resources which can be reasonably expected to meet the Utility's projected resource needs during the Planning Period.
 1. Existing supply-side resources. For existing supply-side resources, the Utility should incorporate all fixed and variable costs necessary to continue to utilize the resource as part of a Resource Portfolio. Costs shall include the costs of any anticipated renewal and replacement projects as well as the cost of regulatory mandated current and future emission controls.
 - a. The Utility shall identify important changes to the Utility's resource mix that occurred since the last IRP including large capital projects, resource procurements, changes in fuel types, and actual or expected operational changes regardless of cause.
 - b. Data supplied as part of the Utility's IRP filing should include a list of the Utility's existing supply-side resources including: the resource name, fuel type, capacity rating at time of summer and winter peak, and typical operating role (*e.g.* base, intermediate, peaking).

2. For existing demand-side resources, the Utility should account for load reductions attributable to the then-existing demand-side resources in each year of the Planning Period. Each existing demand-side resource will be identified as either a specific energy efficiency program or DR program with an individual program lifetime and estimated energy and demand reductions applicable to the Planning Period, or as a then-existing Utility owned or Utility-managed distributed generation resource with energy and demand impacts that are estimated for applicable years of the Planning Period. Data supplied as part of the Utility's IRP filing should include:
 - a. Details of projected kWh/kW reductions from existing DSM programs based on quantifiable results and other credible support derived from Energy Smart New Orleans, or any successor program, using verified data available to the Utility from prior DSM program implementation years.
 - b. A list categorizing the Utility's existing demand-side resources including anticipated capacity at time of summer and winter peak.
3. With respect to potential supply-side resources, the Utility shall consider: Utility-owned and purchased power resources; conventional and new generating technologies including technologies expected to become commercially viable during the Planning Period; technologies utilizing renewable fuels; energy storage technologies; cogeneration resources; and Distributed Energy Resources, among others.
 - a. The Utility should incorporate any then-effective Council policy goals with respect to resource acquisition, including, but not limited to, renewable resources, energy storage technologies, and DERs.
 - b. Data supplied as part of the Utility's IRP filing should include: a description of each potential supply-side resource including a technology description, operating characteristics, capital cost or demand charge, fixed operation and maintenance costs, variable charges, variable operation and maintenance costs, earliest date available to provide supply, expected life or contractual term of resource, and fuel type with reference to fuel forecast.
4. Potential demand-side resources. With respect to potential demand-side resources, the Utility should consider and identify all cost-effective demand-side resources through the development of a DSM potential study. All DSM measures with a Total Resource Cost Test¹⁰⁸ value of 1.0 or greater shall be considered cost effective for DSM measure screening purposes.
 - a. The DSM potential study shall include, but not be limited to: identification of eligible measures, measure life expectancies, baseline standards, load reduction profiles, incremental capacity and energy savings, measure and program cost assumptions, participant adoption rates, market development, and avoided energy and capacity costs for DSM measure and program screening purposes.

¹⁰⁸ California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects, State of California Governor's Office of Planning and Research, July 2002.

- b. The principal reference document for the DSM potential study shall be the New Orleans Technical Reference Manual.
 - c. In the development of the DSM potential study, all four California Standard Practice Tests¹⁰⁹ (*i.e.* TRC, PACT, RIM and PCT) will be calculated for the DSM measures and programs considered.
 - d. The Utility should incorporate any then-effective Council policy goals or targets with respect to demand-side resources.
 - e. The cost-effective DR programs should include consideration of those programs enabled by the deployment of Advanced Meter Infrastructure, including both direct load control and DR pricing programs for both Residential and Commercial customer classes.
 - f. Data supplied as part of the Utility's IRP filing should include: a description of each potential demand-side resource considered, including a description of the resource or program; expected penetration levels by planning year; hourly load reduction profiles for each DSM program utilized in the IRP process; and results of appropriate cost-benefit analyses and acceptance tests, as part of the planning assumptions utilized within the IRP planning process.
- B. Through the Stakeholder Process, the Utility shall strive to develop a consensus among the Advisors and a majority of the Intervenors regarding the potential supply-side and potential demand-side resources and their associated defining characteristics (*e.g.*, capital cost, operating and maintenance costs, emissions, amount of DSM load reduction, etc.).
1. To the extent a consensus can be achieved among the Utility, the Advisors, and a majority of the Intervenors,¹¹⁰ the resulting collection of potential supply-side and demand-side resources and their associated defining characteristics will be utilized in the reference Planning Strategy developed pursuant to Section 7D.
 2. To the extent such a consensus cannot be achieved, the Utility shall develop, in coordination with the requirements in Section 7D, two distinct Planning Strategies: a reference Planning Strategy and a stakeholder Planning Strategy. The reference Planning Strategy will be based on the Utility's assessment of the collection of potential supply-side and demand-side resources and their associated defining characteristics. The stakeholder Planning Strategy will be developed by the Utility based on the collection of potential supply-side and demand-side resources and their associated defining characteristics resulting from a consensus of the majority of the Intervenors.¹¹¹ To maintain consistency in the modeling process, Intervenors should be cognizant of the

¹⁰⁹ Id.

¹¹⁰ An Intervenor not consenting to the majority position and thus not joining in the consensus retains the ability to oppose the consensus position before the Council and assert its own position.

¹¹¹ An Intervenor not consenting to the majority position and thus not joining in the consensus retains the ability to oppose the consensus position before the Council and assert its own position.

Utility's modeling capabilities and provide input only on parameters that can be accommodated within the framework of the existing model and software.

Section 6. Transmission and Distribution

- A. The Utility shall explain how the Utility's current transmission system, and any planned transmission system expansions (including regional transmission system expansion planned by the RTO in which the Utility participates) and the Utility's distribution system are integrated into the overall resource planning process to optimize the Utility's resource portfolio and provide New Orleans ratepayers with reliable electricity at the lowest practicable cost.
- B. Models developed for the integrated resource planning process should incorporate the planned configuration of the Utility's transmission system and the interconnected RTO during the Planning Period.
- C. To the extent major changes in the operation or planning of the transmission system and/or distribution system (including changes to accommodate the expansion of DERs) are contemplated in the Planning Period, the Utility should describe the anticipated changes and provide an assessment of the cost and benefits to the Utility and its customers.
- D. To the extent that new resource additions are selected by the Utility for a Resource Portfolio based on reliability needs rather than as a result of the optimized development of a Resource Portfolio, the Utility shall demonstrate that there are no economically feasible transmission solutions that can be employed to either reduce the size, delay, or eliminate the need for the new resource additions.
- E. The Utility shall evaluate the extent to which reliability of the distribution system can be improved through the strategic location of DERs or other resources identified as part of the IRP planning process, and if so, the Utility should provide an analysis, discussion, and quantification of the costs and benefits.

Section 7. Integrated Resource Plan Analyses

- A. The integrated resource planning process should include modeling of specific parameters and their relationships consistent with market fundamentals, and as appropriate for long-term Portfolio planning. This overall modeling approach is an accepted analytic approach used in resource planning considering the range of both supply-side and demand-side options as well as uncertainty surrounding market pricing. To represent and account for the different characteristics of alternative types of resource options, mathematical methods such as a linear programming formulation should be used to optimize resource decisions.¹¹²
- B. The optimization process shall be constrained to mitigate the over-reliance on forecasted revenues from external capacity market sales and external energy market sales driving the selection of resources.

¹¹² Linear programming is a mathematical method or model of optimizing linear functions or relationships within constraints to achieve the lowest costs.

- C. The Utility shall develop at least three Planning Scenarios that incorporate different economic and environmental circumstances and national and regional regulatory and legislative policies.
1. The Planning Scenarios should include a reference Planning Scenario that represents the Utility's point of view on the most likely future circumstances and policies, as well as two alternative Planning Scenarios that account for alternative circumstances and policies.
 2. In the development of the Planning Scenarios, the Utility should seek to achieve a consensus among the Utility, Advisors, and a majority of Intervenors¹¹³ regarding the assumptions surrounding each of the Planning Scenarios. To the extent a consensus is not reasonably attainable on the Planning Scenarios; the Utility should develop a fourth Planning Scenario which is based upon input from a consensus of the majority of the Intervenors.¹¹⁴
 3. For each IRP Planning Scenario, data supplied as part of the Utility's IRP filing should include:
 - a. a fuel price forecast for each fuel considered for utilization in any existing or potential supply-side resource;
 - b. an hourly market price forecast for energy (*e.g.* locational marginal prices);
 - c. an annual market price forecast for capacity (*e.g.* capacity market auction clearing prices); and
 - d. forecasts of price for any other price related components that are defined by the Planning Scenario (*e.g.* CO₂ price forecast, etc.).
- D. Distinct from the Planning Scenarios, the Utility shall identify several Planning Strategies which constrain the optimization process to achieve particular goals, regulatory policies and/or business decisions over which the Council, the Utility, or stakeholders have control.
1. The Utility shall develop a reference Planning Strategy based on a consensus of the Utility, Advisors, and a majority of the Intervenors.¹¹⁵ To the extent a consensus cannot be reasonably achieved, the reference Planning Strategy shall reflect the Utility's point of view on resource input parameters and constraints, and the Utility shall develop a

¹¹³ An Intervenor not consenting to the majority position and thus not joining in the consensus retains the ability to oppose the consensus position before the Council and assert its own position.

¹¹⁴ An Intervenor not consenting to the majority position and thus not joining in the consensus retains the ability to oppose the consensus position before the Council and assert its own position.

¹¹⁵ An Intervenor not consenting to the majority position and thus not joining in the consensus retains the ability to oppose the consensus position before the Council and assert its own position.

separate stakeholder Planning Strategy based upon a consensus of the majority of the Intervenors.¹¹⁶

2. As necessary, the Utility shall develop alternate Planning Strategies to reflect the policy goals of the Council as established prior to the beginning of the IRP planning cycle.
- E. Prior to the development of optimized Resource Portfolios, the parameters developed for the Planning Scenarios and Planning Strategies shall be set, considered finalized, and not subject for alteration during the remainder of the IRP planning cycle.
 - F. Resource Portfolios shall be developed through optimization utilizing the Utility's modeling software. The Utility shall identify the least-cost Resource Portfolio for each Planning Scenario and Planning Strategy combination, based on total supply cost. Resource Portfolios shall consist of optimized combinations of supply-side and demand-side resources, while recognizing constraints including transmission and distribution.
 - G. The Utility shall provide a discussion and presentation of results for each Planning Scenario/Planning Strategy combination, the annual total demand related costs, energy related costs, and total supply costs associated with each least-cost Resource Portfolio identified under each Planning Scenario/Planning Strategy combination, a load and capability table indicating the total load requirements and identifying all supply-side and demand-side resources included in the Resource Portfolio (including identifying the impacts of existing demand-side resources on the total load requirements), and a description of the supply-side and demand-side resources that are planned and their principal rationale for selection (*i.e.*, supply peak demand, supply non-peak demand or operational constraints, achieve more economical production of energy, etc.).
 1. Data supplied as part of the Utility's IRP filing shall include a cumulative present worth summary of the results as well as the annual estimates of costs that result in the cumulative present worth to enable the Council to understand the timing of costs and savings of each least-cost Resource Portfolio.
 - H. The IRP report's discussion and presentation of results for each Resource Portfolio should identify tipping points that would guide the preference of a Resource Portfolio under alternative conditions incorporated in the cost/risk analysis, such as changes to underlying assumptions that impact load growth, capital costs, resource upgrades, the emergence of other renewable projects, and DER technologies.
 - I. The Utility will develop and include a scorecard template or set of quantitative and qualitative metrics to assist the Council in assessing the IRP based on the Resource Portfolios. Such metrics should include but not necessarily be limited to: cost¹¹⁷; impact on rates; risk; flexibility of resource options¹¹⁸; reasonably quantifiable environmental impacts

¹¹⁶ An Intervenor not consenting to the majority position and thus not joining in the consensus retains the ability to oppose the consensus position before the Council and assert its own position.

¹¹⁷ The cost metric should include the cost of quantified externalities as well as Utility costs resulting from the IRP optimization.

¹¹⁸ The flexibility metric includes response to load swings and quick start.

(such as national average emissions for the technologies chosen, amount of groundwater consumed, etc.); consistency with established, published city policies, such as the City's sustainability plan; and macroeconomic impacts in New Orleans. On the scorecard, the Utility shall rank the Resource Portfolios generated through the IRP according to how well they meet each metric.

Section 8. Risk Analyses

- A. The Utility shall develop a cost/risk analysis which balances quantifiable costs with quantifiable risks of the identified least-cost Resource Portfolios. The risk assessment must be presented in the IRP to allow the Council to comprehend the robustness of each Resource Portfolio across the cost/risk range of possible Resource Portfolios.
1. In quantifying Resource Portfolio costs/risks, the IRP shall assess any social and environmental effects of the Resource Portfolios to the extent that: 1) those effects can be quantified for a Resource Portfolio, including the applicable Planning Period years and ranges of uncertainty surrounding each externality cost, and 2) each quantified cost must be clearly identified by the portion which relates to the Utility's revenue requirements or cost of providing service to the Utility's customers under the Resource Portfolio.
 2. A risk assessment is required to evaluate both the expected outcome of potential costs as well as the distribution and potential range and associated probabilities of outcomes.
 - a. The risk assessment shall include the expected cost per MWh of the Resource Portfolios in selected future years, along with the range of annual average costs foreseen for the 10th and 90th percentiles of simulated possible outcomes.
 - b. The supporting methodology shall be included, such as the iterations or simulations performed for the selected years, in which the possible outcomes are drawn from distributions that describe market expectations and volatility as of the current filing date.

Section 9. IRP Process Requirements

- A. At a minimum, the IRP process shall include, but not be limited to, the following elements:
1. The opportunity for Intervenor to participate in the concurrent development of inputs and assumptions for the major components of the IRP in collaboration with the Utility within the confines of the IRP timeline and procedural schedule.
 2. At least four technical conferences focused on each major IRP component that include the Utility, Intervenor, CURO, and the Advisors with structured comment deadlines so that conference participants have the opportunity to present inputs and assumptions and provide comments while remaining mindful of the procedural schedule established in the Initiating Resolution.
 3. At least 3 public engagement meetings advertised through multiple media channels at a minimum of 2 weeks prior to the meeting.

- a. A public education and kickoff meeting that explains the following: the purpose of the IRP and the corresponding process; the IRP timeline as delineated in the Council's Initiating Resolution with respect to major process deadlines; the inputs and assumptions that are considered in the IRP process and summarized in the report; and ways in which public can remain informed throughout the IRP cycle (*e.g.*, online information resources that provide status updates, portal through which customers can submit questions or concerns to the Utility);
 - b. A public presentation of the IRP; and
 - c. A public hearing opportunity after presentation of the IRP report to give the public the opportunity to provide comment on the record.
4. In addition to a live presentation, all public meetings should also be broadcast via the Utility's website and archived for later viewing.

Section 10. Submission and Public Presentation of IRP

- A. The Utility shall make its IRP available for public review subject to the provisions of the Council Resolution initiating the current IRP planning cycle and referenced in Section 1B.
- B. The Utility shall file its IRP with the Council consistent with and subject to the provisions of the Council Resolution initiating the current IRP planning cycle referenced in Section 1B.
- C. The IRP report should discuss the stakeholders' engagement throughout the IRP process; the access to data inputs and specific modeling results by all parties; the consensus reached regarding all demand-side and supply-side resource inputs and assumptions; specific descriptions of unresolved issues regarding inputs, assumptions, or methodology; the formulation of the stakeholder Planning Scenario and/or stakeholder Planning Strategy as needed; and recommendations to improve the transparency and efficiency of the IRP process for prospective IRP cycles.
- D. The IRP shall include an action plan and timeline discussing any steps or actions the Utility may propose to take as a result of the IRP, understanding that the Council's acceptance of the filing of the Utility's IRP would not operate as approval of any such proposed steps or actions.
- E. Provided the IRP fulfills the requirements contained herein and was developed in compliance with the procedural schedule established for the triennial IRP cycle, the Council shall accept the Utility's IRP as filed in compliance with the Council's substantive and procedural requirements.
- F. The Council's acceptance of the Utility's IRP as described herein shall have no precedential effect with respect to the Council's evaluation of any application for approval of the acquisition, implementation, or deactivation of any supply-side or demand-side resource or program.