



ENTERGY NEW ORLEANS, INC.
Energy Smart Program
Supplemental and Amended
Implementation Plan Report
Program Years 7-9

I. Introduction

In Resolution R-17-31, the Council for the City of New Orleans (“Council”) initially required Entergy New Orleans, Inc. (“ENO”) to submit a detailed Implementation Plan, which reflects the programs and associated costs for the continuation and expansion of the Energy Smart Program in the Legacy ENO area and Algiers service territories. Pursuant to this directive, ENO filed its Implementation and Cost Recovery Plan on February 13, 2017. In response to the filing, the Council issued Resolution R-17-176 (the “Resolution”), which approved the individual programs as proposed with the exception of the budget and utility performance incentive (“UPI”) mechanism, but also directed ENO to take certain further actions – including filing a Supplemental and Amended Implementation Plan for Program Years (“PY”) 8 and 9, with a revised budget for PY 7. The Resolution also required ENO to host at least three Technical Conferences aimed at assessing whether the Council’s Advisors, ENO, and stakeholders could achieve consensus on a number of matters. This Supplemental and Amended Implementation Plan Report (“Report”) provides a summary of the technical conferences. The Resolution also requires ENO to submit “the specific customer class allocation and bill impact cost recovery mechanism related to any incremental ratepayer funding that may be required for Program Years 8 and 9,” and to submit cost recovery mechanisms that conform to the Advisors’ recommendations from the Resolution. As part of this filing, ENO is including three proposed interim cost recovery mechanisms for the Council’s consideration. This Report will also discuss ENO’s compliance with the remaining requirements for the Supplemental and Amended Implementation Plan filing, as enumerated in Ordering Paragraph 7 of the Resolution.

II. Overview of the Energy Smart Plan

A. Background

Since at least 2007, through a series of Council resolutions and public participation, the Council has recognized energy efficiency as a high-priority resource and has expressed its desire to, among other things: (a) identify cost-effective energy efficiency potential; (b) develop processes to align incentives equally for demand-side management (“DSM”) and supply resources; (c) set energy savings goals consistent with cost-effective potential; (d) establish appropriate



evaluation, measurement and verification mechanisms; (e) establish effective DSM measures for residences and businesses in New Orleans; (f) align customer pricing and incentives to encourage investment in energy efficiency; and (g) provide sufficient, timely and stable program funding to deliver energy efficient programs where cost effective.¹

Significant program events include:

- In 2009, Council Resolution R-09-136 established the criteria for ENO to implement the Energy Smart Plan.
- In July 2009, ENO submitted a filing in which it detailed the specifics of the design and funding levels for programs to be included in the Energy Smart Plan programs.
- In September 2009, the Council approved the Energy Smart Plan programs as designed and found ENO's programs to be just, reasonable and in the public interest; including funding levels and allocations, and goals and targets recommended by the Company.²
- In April 2011, ENO and CLEAResult implemented the Energy Smart Plan and began offering programs to ENO electric customers. ENO filed status reports periodically as outlined and required by Council Resolution R-11-52. Representatives of CLEAResult and ENO have made filings disclosing quarterly and annual results on the progress of the Energy Smart programs.
- In October 2012, ENO submitted its Integrated Resource Plan ("IRP") which outlined an optimal level of DSM for the near future of New Orleans.
- On April 1, 2013, ENO filed its Supplemental Implementation and Cost Recovery filing which proposed a suite of energy efficiency programs and cost recovery mechanism for the 2014-2017 period.
- On August 8, 2013, the Council approved Resolution R-13-271 which required ENO to finalize an agreement with NOLA Wise which would secure funding to sustain NOLA Wise from September 2013 – March 2014. ENO complied on August 26, 2013 by filing its agreement with NOLA Wise with the Council.
- On October 10, 2013, the Council approved Resolution R-13-363 which found "it in the public interest to provide the necessary funding to continue the existing Energy Smart programs to assure continuity of energy efficiency programs in New Orleans through the end of calendar year 2014.
- On April 10, 2014, and November 20, 2014, respectively, Resolutions R-14-122 and R-14-509 extended the then-current programs for through Program Year 4. R-14-509 also

¹ Council Resolution R-07-600 approved December 6, 2007

² Council Resolution R-09-483 approved September 17, 2009



required ENO to file an implementation plan for Program Years 5 and 6. ENO complied with this requirement on December 29, 2014.

- Council Resolutions R-15-140 and R-15-499 approved the programs and budgets for Program Years 5 and 6. Resolution R-15-140 also required ENO to issue a Request For Proposals (“RFP”) for a Third Party Administrator for Program Years 7-9. Pursuant to the Resolution, and by way of RFP, ENO selected Chicago Bridge & Iron Environmental and Infrastructure, Inc. (“CB&I”) to perform as TPA, Accelerated Innovations (“AI”) to perform as Behavioral Program Implementer and ADM Associates (“ADM”) as Third Party Evaluator.
- Council Resolution R-17-31 provided conditional approval of CB&I, approved AI and ADM required ENO to create an Implementation Plan for Program Years 7-9.
- The Resolution approved, with exception to the budgets, the programs proposed in ENO’s February 13, 2017 Implementation Plan. The Resolution also required ENO to host at least three technical conferences with the Advisors and stakeholders with hopes of resolving certain matters including, but not limited to, inconsistencies in the budget and pilot program expansion.
- On July 7, 2017, CB&I received approval from the Louisiana Secretary of State for an Amendment to its Articles of Incorporation to change its name to APTIM Environmental and Infrastructure, Inc. (“APTIM”). ENO notified the Council’s Advisors and the Council’s Utility Regulatory Office of this name change on July 11, 2017.³
- On September 19, 2017, ENO filed the New Orleans Technical Reference Manual (“NOTRM”) v 1.0 with the Council and distributed the NOTRM to parties to Council Docket No. UD-08-02.

B. Summary of Program Results for the First Six years of Energy Smart

The Energy Smart programs have been extremely successful through the first 6 years of their existence. As illustrated in the tables below, through its first 6 years, Energy Smart has achieved a cumulative savings of 116,046,081 kWh while helping nearly 73,935 ENO Legacy and Algiers customers become more energy efficient.

³ The Third Party Administrator is referred to as “APTIM” throughout this Report, but documents attached hereto issued prior to July 7, 2017 still refer to the entity as “CB&I.”



ENO Legacy		
	kWh Savings	Participants
Program Year 1	15,812,954	8,534
Program Year 2	20,572,422	8,171
Program Year 3	16,007,993	7,260
Program Year 4	16,449,016	8,034
Program Year 5	19,035,828	15,155
Program Year 6	20,498,338	19,114
Total	108,376,551	66,268

Despite starting 18 months after the ENO Legacy Energy Smart program, the Energy Smart program has enjoyed similar success in Algiers. The table below displays the kWh savings and the number of participants in the Algiers program.

ENO Algiers		
	kWh Savings	Participants
Program Year 3 (18 months)	3,207,488	1,407
Program Year 4	2,020,644	1,839
Program Year 5	1,313,604	2,445
Program Year 6	1,127,794	1,976
Total	7,669,530	7,667

III. Technical Conference Summary

The Resolution required ENO to hold at least three Technical Conferences to address certain concerns. Per the Resolution, ENO held four Technical Conferences (the first consisted of two meetings). A summary of the discussions at the Technical Conferences is below.

**Technical Conference 1A – April 19, 2017
 10:00am- 2:00pm**

Represented Parties

ENO
 Council Utilities Regulatory Office (“CURO”)

Council's Legal and Technical Advisors
Alliance For Affordable Energy ("Alliance")
PosiGen
APTIM
GoodCents
ADM
AI
Gulf States Renewable Energy Industry Association ("GSREIA")
Air Products
Building Science Innovators ("BSI")

Prior to the First Technical Conference, the Advisors provided a document that listed items to be discussed at the meetings. The document provided a framework for the discussion. APTIM created a spreadsheet comparing the historical spend in PY 5 and PY 6 with the proposed spend in the February 13, 2017 Implementation Plan. After APTIM walked through the spreadsheet in detail, the discussion shifted to the appropriate level of Evaluation, Measurement, and Verification ("EM&V") spending. Other topics of discussion included combining the PY 7 and PY 8 savings targets to allow for better development of the programs, responses to questions surrounding the Behavioral Program, EM&V activities to date, and NOTRM development and timeline for completion. The parties agreed that the First Technical Conference would be extended with a continuation call held after the parties had time to review and analyze the items presented during the first portion of the Technical Conference. Documents provided in connection with this Technical Conference are attached hereto collectively in Appendix A.

**Technical Conference 1B – April 27, 2017
1:00pm-3:00pm**

Represented Parties

ENO
CURO
The Council's Legal and Technical Advisors
Alliance
PosiGen
APTIM
GoodCents
ADM



Energy Wise Alliance
AI
GSREIA
Air Products
BSI

Prior to Technical Conference 1B, the Advisors, the Alliance, BSI, and ENO provided documents that formed the basis of the discussion. The Advisors provided a list of deliverables. BSI provided comments and questions on Technical Conference 1A. The Alliance submitted a document that contained their positions and recommendations on certain matters. At the Technical Conference, ENO provided a table which disclosed its plan to provide responses to the Advisors' list of deliverables. In addition, APTIM provided a high-level review of, and responded to questions about, the proposed \$8.45M implementation budget.

Additional topics of discussion included (i) the Advisors' questions concerning (a) program saturation levels; (b) demand response; (c) program year 6 spending; and (d) models which were used to create the budgets; (ii) the Alliance's questions and discussion concerning (a) the Direct Load Control program; (b) the Behavioral Program; (c) EM&V; and (d) market transformation; and (iii) a discussion of BSI's questions and comments.

Documents provided in connection with this Technical Conference are attached hereto collectively as Appendix B.

**Technical Conference 2 – May 12, 2017
10:30am-1:00pm**

Represented Parties

ENO
CURO
The Council's Legal and Technical Advisors
Alliance
PosiGen
APTIM
GoodCents
ADM
Energy Wise Alliance



AI
GSREIA
Air Products
BSI
Greater New Orleans Housing Authority (“GNOHA”)

Prior to the Second Technical Conference, ENO distributed a list of deliverables that included responses to questions from the previous Technical Conference and meeting. In addition, the Advisors provided a document containing questions and concerns. At the meeting, APTIM walked through a detailed spreadsheet that compared projections for an \$8.45M budget and a \$9.9M budget. ENO, APTIM, ADM and AI also responded to the remaining items on the list of deliverables and to the Advisors’ questions and concerns. ADM provided a scope memo which illustrated the differences in EM&V work scope between spending levels of 4.25% and 6.5% of program costs. Additional topics of discussion included: (i) the budget and measure comparison; (ii) non-incentive program costs; (iii) the Residential Lighting and Appliance projections as compared with historical GreenLight New Orleans productivity; (iv) measure level incentive data; (v) demand savings associated with the direct load control program; (vi) the EM&V budget; (vii) Program Year 6 spending; and (viii) Demand Response potential.

Subsequent to the Second Technical Conference, ENO and APTIM provided APTIM’s proprietary models used to forecast savings and costs in the budgets to the Advisors on a confidential basis. Non-proprietary documents provided in connection with this Technical Conference are attached hereto collectively as Appendix C.

Technical Conference 3 – July 6, 2017
9:30am-12:00pm

Represented Parties

ENO
CURO
The Council’s Legal and Technical Advisors
Alliance
PosiGen
APTIM



GoodCents
ADM
AI
Energy Wise Alliance
Air Products
BSI

Prior to the Third Technical Conference, ENO and APTIM circulated deliverables that included revisions to cost-effectiveness projections, weighted average lifespan, and the levelized costs of energy saved data, as well as program year 6 spending. Also included was an initial mapping of measures of the newly proposed programs to the 2015 Integrated Resource Plan. The Alliance presented a market transformation document. BSI was given the chance to finish reviewing its questions and concerns, which it presented at Technical Conference 1B. Documents provided in connection with this Technical Conference are attached hereto collectively as Appendix D.

**Technical Conference 4 – August 31, 2017
1:30pm-5:00pm**

Represented Parties

ENO
CURO
The Council's Legal and Technical Advisors
Alliance
PosiGen
APTIM
GoodCents
ADM
Energy Wise Alliance
AI
GSREIA
Air Products
BSI

The Fourth Technical Conference was used to discuss Resolution R-17-176's listed items. These items are discussed in the following sections. Through the discussions, the parties to the technical conferences were able to come to a consensus on several matters. These matters include:



- Maintaining EM&V at 6.5% of program costs for PY7-PY9;
- Meeting Semi-Annually to discuss the NOTRM; and
- Combining PY7 and PY8 in such a way that shifts kWh savings to PY8 yet maintains targets consistent with the Council’s “0.2/2% path.”

Prior to the Fourth Technical Conference, ENO and AI circulated responses to a set of questions from the Advisors. Documents provided in connection with this Technical Conference are attached hereto collectively as Appendix E.

IV. Items Required by Resolution R-17-176

As noted above, the Resolution required ENO “to file with the Council a Supplemental and Amended Implementation Plan for Program Years 8 and 9.” The Resolution further listed the items that the Supplemental and Amended Implementation Plan should contain. In this section, ENO will discuss compliance with those items.

- (1) Any new program definitions resulting from changes in program design addressing any consensus reached in the technical conferences regarding Stakeholders’ and Advisors’ Comments and the technical conferences that include, but are not limited to, a [stand-alone] Residential HVAC replacement program and combining the Home Performance with Energy Star program budget with the Low Income program budget.

Updated program designs are included in the accompanying Supplemental and Amended Implementation Plan. All program changes are described therein. A Residential HVAC replacement program was discussed at the Fourth Technical Conference, but it was explained that residential HVAC replacement is already a measure in the A/C program. Similarly, combining the Low Income program and the Home Performance with Energy Star (“HPwES”) program was discussed in the Fourth Technical Conference. APTIM explained that keeping these programs separate allows funding to be dedicated to and reserved for low income customers. After discussion, no parties expressed any desire to devote further analysis to these two proposed changes.



ENO and APTIM made several changes to the overall Implementation Plan as a result of the Resolution and the Technical Conferences. These changes include: (i) exclusively pursuing the Scenario 2 (2% kWh reduction goal) budget and program design; (ii) increasing EM&V costs to 6.5% of program costs; (iii) measure level changes discussed herein; (iv) combining PY7 and PY8, so that some savings were shifted from PY7 to PY8 to allow the programs to develop more completely; and (v) removing LCFC projections.

- (2) The results of modifications that resolve the inconsistencies between the Implementation Plan's DSM measure level costs and those in the DSM Portfolio of the 2015 Final IRP;

This item is discussed below in section V(3) of the Report.

- (3) The results of modifications that resolve the inconsistencies in the Scenario budget analysis and supporting models of the Application;

The budget analysis and supporting models for the Energy Smart Portfolio have been revised to address the inconsistencies that were noted by the Advisors and to incorporate the feedback received throughout the Technical Conferences. The primary changes to the budget analysis and supporting models are as follows:

- The savings and budgets for Program Year 7 were pro-rated to reflect a 9 month implementation period (April, 2017 to December, 2017).
- Due to the shortened Program Year 7 time period, energy savings that were originally forecasted for achievement in Program Year 7 were reallocated to Program Year 8 while still achieving the combined pro-rated energy savings targets for Program Years 7 and 8.
- The measure level planning assumptions were updated based on the NOTRM filed with the Council and distributed to stakeholders on September 19, 2017.
- Program level Net-to-Gross ratios were updated for applicable programs based on the PY6 evaluation results. Energy savings results from the PY6 evaluation were included within the NOTRM, which is the basis for all measure level assumptions included in the revised budget analysis and support models.
- The discount rate for the cost effectiveness screening was updated from 2% to 8.02% to reflect ENO's Weighted Average Cost of Capital (WACC).



- (4) Recommendation on the level of implementation of the Residential Direct Load Control Pilot, Behavioral Pilot, and Algiers Smart Thermostat Pilot the new programs based on a complete assessment of collected data;

The Supplemental and Amended Implementation Plan includes both the Behavioral Program and the Direct Load Control Program at recommended levels. In the Plan, the Behavioral Program is projected as a full-scale program in PYs 8 and 9.

- (5) An updated total budget that considers any new program design changes while maintaining the kWh savings goal approved in this Resolution for Program Years 8 and 9 and the nine months (April 2017 through December 2017) of Program Year 7;

The Supplemental and Amended Implementation Plan includes the budget associated with the approved savings goal.

- (6) Any consensus of the parties related to the current status, adequacy and specific use of the New Orleans Technical Resource Manual (“NOTRM”) as a critical resource in supporting the design and performance evaluation of all Energy Smart measures and programs and a final time for its completion

ENO filed the NOTRM on September 19, 2017, after making revisions to the TRM based on the Advisors’ feedback. Although the timing of this filing did not allow for a discussion of the substance of the NOTRM during the Technical Conferences, the parties did discuss a future process related to the NOTRM during the Fourth Technical Conference. ENO recommended scheduling a meeting to discuss the NOTRM once all parties have had time to review it. ENO also recommended that there be two meetings per year to discuss the NOTRM going forward, which discussions would include a process for updating the NOTRM going forward and the appropriate timing of such updates. The Advisors also indicated that the parties would have an opportunity to submit written comments on the NOTRM. The parties to the Conference agreed that these were good recommendations. Thus, while there was not an opportunity to achieve consensus on any substantive aspects of the TRM, consensus seems to have been achieved on a future process through which the substance of the NOTRM can be discussed and vetted.



- (7) A recommendation based on any consensus of all parties for incorporating an additional program year goal relating to peak kW reduction into the evaluation of all Energy Smart measures and programs for future Program Years and Program Year filings;

A discussion of a peak kW reduction goal is included in this Report, below. As noted below, “consensus of all parties” was not achieved as related to the decision to add a peak kW reduction goal at this time.

- (8) Analysis that includes the Utility Cost Test and complete documentation for all cost/benefit calculations that demonstrates to customers that the benefits outweigh the costs; and

The results of the Utility Cost Test are in the accompanying Supplemental and Amended Implementation Plan and the accompanying budget.

- (9) The specific customer class allocation and bill impact cost recovery mechanism related to any incremental ratepayer funding that will be required for Program Years 8 and 9 based upon the Advisors’ recommendation as contained herein.

ENO has included in this filing several options for recovery of any incremental ratepayer funding, which are discussed in greater detail below.

V. Advisor’s Recommendations

On July 6, 2017, the Technical Advisors distributed the “Technical Advisors Evaluation of Energy Smart Program Years 7-9 Proposed Program Budget Prior to the Third Energy Smart Conference on July 6, 2017.” In the evaluation, the Technical Advisors listed seven items that the October 2017 Energy Smart Supplemental Implementation Filing should include. These items include:

- (1) An updated cost effectiveness analysis for PY7-9;

The updated cost-effectiveness analysis using ENO’s Weighted Average Cost of Capital is included with this filing.



- (2) The results from the initial program implementation of 2017 to date;

Energy Smart program results as of September 25, 2017 are included in this filing as Appendix F.

- (3) Updated calculations reflecting the measure-level data provided in the completed NO TRM, including updates to measure metrics based on previous Energy Smart Programs and IRP;

During Technical Conferences, the parties noted that the NOTRM will be the basis for all future energy efficiency forecasting, including the upcoming IRP. As such, APTIM utilized the NOTRM to update the PY7-PY9 planning tool as directed by the Advisors. This updated planning tool, as based on the NOTRM, is intended to supplement and supersede planning that was based on the 2015 IRP and DSM Study. The measure-level planning assumptions for the PY7-PY9 Energy Smart portfolio were updated to align with the NOTRM filed September 19, 2017. While historical results for the Energy Smart portfolio were utilized to forecast participation rates, due to changes in program design model and implementation strategies, the APTIM team also utilized results of other more applicable national programs to forecast participation rates for programs that will be affected by such changes. The results of these updated calculations are provided in the Supplemental and Amended Implementation Plan.

- (4) The NO TRM methodology;

The NOTRM methodology can be found in the NOTRM itself. The NOTRM was filed with the Council on Tuesday, September 19, 2017.

- (5) A detailed definition of ENO's term "evaluated results" and how and when such evaluated results will be used to adjust the planned energy savings of certain measures/programs;

Evaluated results are the program and measure level results and recommendations provided by the evaluation contractor (ADM) in each program year's evaluation. These may include changes to assumed Net-to-Gross ratios or measure level savings assumptions or recommendations on changes to the program design delivery model to better reach customers and achieve



additional energy savings. The APTIM team will continue to work with ENO, the Advisors, the stakeholder advisory panel, and ADM throughout the implementation timeline to incorporate the results of program year evaluations into subsequent program year implementation designs. APTIM understands the importance of the evaluation process on implementing a strong energy efficiency portfolio and will continue to adapt and improve Energy Smart implementation strategies based on evaluated results.

- (6) A demonstration of how free-ridership results will be determined through an evaluation; and

A memo prepared by ADM discussing free-ridership is included in this Report as Appendix G.

- (7) Feedback from PY6 program evaluations and application of post-program year results

The APTIM team reviewed and incorporated the results of the PY6 Energy Smart evaluation results into the portfolio planning level tool, at both the program and measure level. The tool was updated based on the results of the PY6 evaluations. For instance, the Net-to-Gross ratios were updated for programs that would have similar delivery models to PY6 programs, and the results were incorporated in the NOTRM which, per the Advisors' direction, formed the basis for the measure level planning assumptions included within the tool.

VI. Demand Goal

The Resolution required ENO to report on "any consensus of all parties for incorporating an additional program year goal related to peak kW reduction into the evaluation of all Energy Smart measures and programs for future Program Years and Program Year filings."

With regard to the Resolution's requirements, this item was discussed at the Fourth Technical Conference. The parties discussed the fact that APTIM and ENO are working diligently to attempt to achieve the Council's 0.2%/2% kWh reduction goals, which focuses on reduction of energy, not peak kW, or demand. Given the significant work that has been undertaken and will



be required if the Council's aggressive energy reduction goals are to be met, and the financial penalties attached to ENO's failure to meet these goals (which is an entirely possible result), ENO expressed reservations about adding a demand goal beyond what would result from possible achievement of the 0.2%/2% goals – particularly after the Implementation Plan has been designed to maximize ENO's chances of achieving the 0.2%/2% energy reduction goals, as directed by the Resolution. The parties in attendance at the Technical Conference agreed that ENO expressed valid concerns. Thus, it appears that the consensus of the Parties is not to adopt a peak kW reduction, or demand reduction, goal for PY 7, 8, and 9.

With that being said, the Supplemental and Amended Implementation Plan includes projected demand (kW) savings for each Program Year. However, because it is not yet known if the underlying kWh savings goals proposed for PY7 – 9, on which the projected demand savings are based, can be achieved, ENO recommends that ENO's ability to achieve these projected demand savings be evaluated and the results considered in future discussions about the possibility of adding a demand reduction goal to Energy Smart. ENO notes that additional funding would likely be necessary to achieve higher levels of demand savings than those associated with the 0.2%/2% energy reduction goals.

Prior to the discussion held at the Fourth Technical Conference, the Advisors' July 6, 2017 comments recommended that "more DR [demand response] programs be included in PY 8 and 9," however, the budgets for PY 8 and 9 have been designed to attempt to achieve the 0.2% annual incremental kWh reduction goals, and not a kW reduction goal. Thus, it was not possible for ENO to design and add such programs to PY 8 and 9 between receipt of the Advisors' comments and submitting the Supplemental and Amended Implementation Plan. It should be noted that the Supplemental and Amended Implementation Plan does include the Direct Load Control Program, a DR program, as a full program.

The Advisors' July 6, 2017 comments also suggest that ENO set forth a timetable for expanding DR programs and submitting them for participation into the MISO market. As noted above, the Direct Load Control program is expanding into a full program in PY8 and is expected to yield



statistically significant data that can enable ENO's evaluation of the viability of the program as a potential offering in the MISO market. Moreover, assuming the Council approves the Application for AMI deployment, currently pending in Docket No. UD-16-04, full deployment of AMI will be completed at the end of 2021, or PY 11. AMI deployment will add potential opportunity for additional DR programs in PY 12 and beyond, and the 2018 IRP DSM Potential Study will include an evaluation of this potential. Once the potential for AMI-enabled DR programs has been completely assessed and vetted during the 2018 IRP, ENO will be able to better evaluate the potential for implementation of DR programs and their eligibility to participate in the MISO market.

VII. Behavioral Program

The Advisors' recommendations concerning the Behavioral Program also include significant discussions related to the AMI Customer Education Plan, proposed in the currently pending Docket UD-16-04. Among other things, the Advisors suggest that ENO be required to integrate the two programs "functionally and in terms of budget." It should be noted that the Council has yet to approve deployment of AMI, or the proposed Customer Education Plan. Thus, for purposes of the Supplemental and Amended Implementation Plan, it was not possible for ENO to comply with the Advisors' recommendation to submit a combined budget and design for these two separate and distinct programs, regardless of what the evidence in the record of Docket UD-16-04 demonstrates with regard to the merits of the recommendations or the accuracy of the factual assumptions underlying it

It should also be noted that ENO has provided ample evidence, through discovery in Docket UD-16-04, of the separate and distinct purposes and natures of the two programs. As the issue of combining these two separate and distinct programs is currently the subject of ongoing settlement discussions occurring in Docket UD-16-04, ENO will refrain from discussing the issue further in this public Report.



With regard to the Behavioral Program itself, the Supplemental and Amended Implementation Plan proposes expansion of the current program in PY8 and PY9. Given that the program has not been evaluated at the time of this filing, ENO requests the flexibility to make necessary changes to the program based upon further experience. ENO will continue to work with stakeholder advisory panel and the Advisors to develop this Program.

VIII. NEST Pilot Program

At the time of this filing, the Nest smart thermostat pilot had not been fully evaluated. Data through October 2017 will be analyzed to help gauge the success of the pilot. ENO intends to present these results by the first quarter of 2018. At that time, ENO will be better equipped to make a recommendation on the expansion or reduction of the Nest pilot program.

IX. Interim Cost Recovery and Bill Impacts

A. ENO Legacy

As of August 31, 2017, ENO \$11.1 million remained available for ENO-Legacy Energy Smart funding. This funding takes into account both RPCE and CDBG tax treatment amounts. ENO estimates that RPCE funding will be exhausted by of June 2018. There will still be CDBG funding available, but per Resolution R-15-14, CDBG funding can only be collected at a rate of \$182,500 per month through March 2019. As such, ENO will need to collect incremental ratepayer funding to ensure continuous funding for these program costs for PY 8 and 9. ENO expects new base rates, which presumably will include a recovery mechanism for future program costs, to take effect by August 1, 2019. This leaves a 14 month period during which the interim cost recovery mechanism contemplated in the Resolution would be in effect.⁴⁴ Based on these assumptions, the additional funding needed for Program Years 8-9 of the ENO-Legacy programs is shown in the table below.

⁴⁴ The 14 month period assumes Council approval of an interim funding mechanism within such time as would permit ENO to begin recovering funds as of June 1, 2018. A shorter recovery period may be presented if ENO is not permitted to begin recovering funds at such time. This change would affect the results of ENO's estimated bill impacts presented in this Report.

Energy Smart Programs Funding Needed Summary

	CDBG	RPCE	Total
Balance @ 8/31/17	\$3,467,500	\$7,664,147	\$11,131,647
PY7 Spending for Sep17 - Dec17	(730,000)	(3,724,126)	(4,454,126)
Balance @ 12/31/17	\$2,737,500	\$3,940,021	\$6,677,521
PY8 Spending for Jan18 - Dec18	(2,190,000)	(9,240,500)	(11,430,500)
Balance @ 12/31/18	\$547,500	(\$5,300,479)	(\$4,752,979)
PY9 Spending for Jan19 - Jul19	(547,500)	(7,234,273)	(7,781,773)
Balance @ 7/31/19	\$0	(\$12,534,752)	(\$12,534,752)

As depicted above, ENO will need to recover \$4,752,979 from customers in PY 8 and \$7,781,773 in PY 9. The Resolution ordered that ENO include “the specific customer class allocation and bill impact cost recovery mechanism related to any incremental ratepayer funding that will be required for Program Years 8 and 9 based upon the Advisors' recommendation as contained [in the Resolution].” The Advisors’ recommendations in this regard stated that “[T]he Advisors recommended that ratepayer funding requirements for Scenario 2 should be allocated to each customer class based upon the cost of the Energy Smart programs or program expenditures projected for each customer class, as determined within the final approved Energy Smart detailed program design so as to reflect the regulatory principle of the benefits and burdens test. Within each customer class, the additional ratepayer funding would be recovered on the basis of the non-fuel (base rate) portion of the monthly bill.”

Although ENO is required to base this allocation on the “final approved program design,” ENO was first required to submit this Supplemental and Amended Implementation Plan to obtain such approval. In an effort to comply with the spirit of this directive, ENO has used the program design and budget currently being submitted for approval as the basis for the allocation ENO is also required to submit with this filing. ENO derived the allocations by identifying the amount of program funds allotted to various customer classes in the budget being submitted for approval with the Supplemental Application. While the budget does not specifically allocate program funds on a customer class basis, ENO assigned the funds to customer classes based on its assessment of which classes directly benefit from particular programs, again, as per the



Advisors' recommendations. The results of ENO's allocations for the total program budgets for PYs 8 and 9 are depicted below:

Rate Class	January 1, 2018 - December 31, 2018	Total
SE	Small C&I	\$ 1,653,188
LE/LEHLF/HV/MB	Large C&I	\$ 4,432,253
LE/LEHLF/HV/MB	Publicly Funded Institutions	\$ 730,967
Res	Home Performance with Energy Star	\$ 877,806
Res	Residential Lighting & Appliances	\$ 535,689
Res	Green Light New Orleans	\$ 25,400
Res	Energy Smart for Multi-Family	\$ 195,576
Res	Low Income Audit & Wx	\$ 970,676
Res	School Kits & Education	\$ 430,052
Res	High Efficiency Tune Up	\$ 496,291
Res	Behavioral	\$ 305,344
Res	Direct Load Control	\$ 777,259
	Energy Smart Programs Total	\$ 11,430,500

Rate Class	January 1, 2019 - December 31, 2019	Total
SE	Small C&I	\$ 1,842,329
LE/LEHLF/HV/MB	Large C&I	\$ 5,419,306
LE/LEHLF/HV/MB	Publicly Funded Institutions	\$ 909,328
Res	Home Performance with Energy Star	\$ 1,171,458
Res	Residential Lighting & Appliances	\$ 578,297
Res		\$ -
Res	Energy Smart for Multi-Family	\$ 274,371
Res	Low Income Audit & Wx	\$ 1,039,294
Res	School Kits & Education	\$ 430,052
Res	High Efficiency Tune Up	\$ 517,370
Res	Behavioral	\$ 305,344
Res	Direct Load Control	\$ 853,033
	Energy Smart Programs Total	\$ 13,340,182

Using these allocations, ENO derived percentages for allocating the costs of the programs to the corresponding customer classes, specific to the budgets for PY 8 and 9. The percentage allocations derived are depicted below:



Energy Smart – ENO Legacy Customers 2018 Allocation of Funds Needed January 1, 2018 - December 31, 2018			
Rate Class	Total ES Programs by Rate Class	% of Programs	Energy Efficiency Deficient Amount including Incentive to be Recovered By Rate Class
SE	\$1,653,188	14.46%	\$687,281
LE/LEHLF/HV/MB	\$5,163,220	45.17%	\$2,146,921
RES	\$4,614,092	40.37%	\$1,918,778
Total ES 2018	\$11,430,500	100.00%	\$4,752,979

Energy Smart – ENO Legacy Customers 2019 Allocation of Funds Needed January 1, 2019 - July 31, 2019			
Rate Class	Total ES Programs by Rate Class	% of Programs	Energy Efficiency Deficient Amount excluding Incentive to be Recovered By Rate Class
SE	\$1,842,329	13.81%	\$1,074,663
LE/LEHLF/HV/MB	\$6,328,634	47.44%	\$3,691,673
RES	\$5,169,219	38.75%	\$3,015,437
Total	\$13,340,182	100%	\$7,781,773

As noted above, the Advisors recommended that these amounts are to be “be recovered on the basis of the non-fuel (base rate) portion of the monthly bill.” ENO has set forth several options and bill impacts for recovery on this basis. The options are as follows:

Option 1: Stand Alone Energy Efficiency Cost Recovery (“EECR”) Rider: The EECR would be created to recover program costs allocated as a percentage of base rates, specifically from the customer classes, and in the percentages, identified above. The EECR would appear as a new and separate line item on customers’ bills and, therefore, would provide customers with the ability to have a transparent understanding of the costs of the Energy Smart Program. Due to

the programming work required of the IT department to program ENO's Customer Care System to bill any mechanism approved by the Council, 120 days' from the issuance of the Council's Order would be required before the EECR Rider could take effect.

Option 2: Combine EECR Rate and Current MISO Rider Rates: The MISO Rider is currently recovered as a percentage of base rates. Under Option 2, ENO would calculate the EECR Rates as a percentage of base rates and combine that EECR rate with the current MISO Rider rates to develop one set of allocation factors by rate class. This Option would not afford customers the transparency associated with Option 1, but would conform to the Advisors' recommendations from the Resolution. Since the MISO Rider is currently collected as a percentage of base rates, minimal IT programming would be required for this Option. The absence of the 120 day lead time required for Option 1 means ENO would only need 30 days from the issuance of the Council's Order before the modified MISO Rider could take effect.

Option 3: Add EECR Rate as Component of FAC: This option would use the EECR rate described in Option 1, which would still be allocated as a percentage of base rates as described above, and combine the regularly calculated FAC amount with the EECR amount. The combined amount would appear as a single line item on customers' bills, and therefore, would not afford customers with the transparency associated with Option 1. Like Option 1, Option 3 would require programming work the IT department to program ENO's Customer Care System to bill any mechanism approved by the Council. As such, 120 days' from the issuance of the Council's Order would be required before the modified FAC could take effect.

As required by the Resolution, ENO has provided the typical bill effects, based on an assumed 14 month recovery period, for the customer classes to which the Energy Smart Program costs are to be allocated, per the Advisors' recommendations. The table below depicts these effects.



Impact on ENO Legacy Customer Bills					
Energy Smart - EECR Option Description	Residential 1,000 kWh	Small Commercial 50 KW 9,125 kWh	Large Commercial 250 KW 91,250 kWh	High Voltage 10,000 kVa 4,928,000 kWh	Municipal Building 11,500 kWh
Option 1 - EECR Rider Rates (Initial Impact on Customer Bills)					
Option 1 Energy Smart Incremental Impact on Customer's Bill	\$2.31	\$20.54	\$229.43	\$8,813.45	\$38.57
Option 2 - Combine EECR Rider Rates (Option 1) + MISO Rider Rates					
Energy Smart Incremental Impact	\$2.31	\$20.54	\$229.43	\$8,813.45	\$38.57
MISO Rider Rates Amount	<u>3.28</u>	<u>27.46</u>	<u>243.42</u>	<u>9,327.92</u>	<u>25.59</u>
Option 2 Total on Customer's Bills	\$5.59	\$48.00	\$472.85	\$18,141.37	\$64.16
Option 3 - Combined \$ Amounts of EECR (Option 1) + FAC					
Energy Smart Incremental Impact	\$2.31	\$20.54	\$229.43	\$8,813.45	\$38.57
FAC Rates Amount	<u>36.46</u>	<u>332.65</u>	<u>3,326.52</u>	<u>179,650.24</u>	<u>419.23</u>
Option 3 Total on Customer's Bills	\$38.77	\$353.19	\$3,555.95	\$188,463.69	\$457.80

B. Algiers

The funding needed for PYs 7 through 9 of the ENO-Algiers programs is shown in the table below. The Company expects to recover interim costs for the Algiers programs through the FAC as it has for previous program year costs and as was authorized in the Resolution. It should be noted that leftover funding from previous Energy Smart Algiers program years has helped reduce the overall PY7 funding need (\$554,185) to the reduced amount depicted below. ENO proposes to recover that amount over the final two months of program year 7. The funding for PY8 will be recovered over the full year. Funding for PY9 will be needed until rates from the 2018 Combined Rate Case take effect on August 1, 2019. The table below also depicts estimated typical bill impacts for customers due to the Algiers Energy Smart program.

Energy Smart Algiers				
Incremental Impact to Customer's FAC Bill Amount				
Recovery Period	Funding Amount Needed	Residential 1,000 kWh	Small Commercial 50 KW 9,125 kWh	Large Commercial 250 KW 91,250 kWh
Nov - Dec 2017	\$289,206	\$4.38	\$39.92	\$399.22
Jan - Dec 2018	\$968,779	\$2.24	\$20.40	\$204.04
Jan - July 2019	\$626,231	\$2.59	\$23.67	\$236.70

X. Conclusion

ENO, APTIM, AI and ADM appreciate the opportunity to have worked with the Advisors and stakeholders to achieve the improvements contained in, and consensus related to, the Supplemental and Amended Implementation Plan for Program Years 7 through 9 of the Energy Smart Program and look forward to continuing to work in a collaborative and productive manner going forward as the Council, Advisors and stakeholders assess the merits of ENO's Supplemental and Amended Application.

