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October 6, 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: Application of Entergy New Orleans, Inc. Regarding Continued Participation in the Midcontinent Independent System Operator, Inc. Regional Transmission Organization
Council Docket No. UD-17-02

Dear Ms. Johnson:

Please find enclosed the Advisors' Comments Regarding Entergy New Orleans Inc.'s Application for Continued Participation in the Midcontinent Independent System Operator, Inc. Regional Transmission Organization in the above-referenced docket. It is requested that you file the enclosed document 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
Enclosure
cc: Official Service List

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

Application of Entergy New Orleans, Inc. Regarding Continued Participation in the Midcontinent Independent System Operator, Inc. Regional Transmission Organization	**))))))**	**Docket No. UD-17-02**

ADVISORS' COMMENTS REGARDING ENTERGY NEW ORLEANS INC.'S APPLICATION FOR CONTINUED PARTICIPATION IN THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC. REGIONAL TRANSMISSION ORGANIZATION

ADVISORS' COMMENTS REGARDING ENTERGY NEW ORLEANS INC.'S APPLICATION FOR CONTINUED PARTICIPATION IN THE MIDCONTINENT INDEPENDENT SYSTEM OPERATOR, INC. REGIONAL TRANSMISSION ORGANIZATION

I. Introduction

On May 24, 2017, Entergy New Orleans, Inc. ("ENO") submitted an application requesting that the Council of the City of New Orleans ("Council") extend its finding that it is in the public interest for ENO to participate in the Midcontinent Independent System Operator, Inc. ("MISO") Regional Transmission Organization ("RTO") (hereinafter "Application"). Subsequently, on August 23, 2017, ENO filed supplemental direct testimony in support of the Application. Based on a review of the Application, supporting testimony, supplemental testimony, and responses to discovery; the Council's Advisors (hereinafter "Advisors") provide their comments herein, which support ENO's request for continued participation in MISO and a Council finding that such continuation is in the public interest, subject to recommended conditions and reporting requirements.

II. Background

On April 25, 2011, Entergy Corporation ("Entergy") formally announced its decision that the entire Entergy System would join MISO. In July of 2011, the Council opened Docket No. UD-11-01 to formally investigate the costs and benefits associated with ENO's and Entergy Louisiana, LLC's ("ELL")[1] (hereinafter "Companies") plans to join MISO.[2] On November 14, 2011, the Companies filed a "Joint Application of Entergy New Orleans, Inc. and Entergy Louisiana, LLC Regarding Transfer of Functional Control of Certain Transmission Assets to the Midwest Independent Transmission System Operator, Inc. Regional Transmission Organization, for an Accounting Order Deferring Related Implementation Costs and Request for Timely Treatment" ("Joint Application").

Settlement discussions in Docket No. UD-11-01 resulted in a Stipulation and Settlement Agreement ("Settlement Agreement") between ENO, ELL, MISO, and the Advisors dated November 8, 2012. The Council, in Resolution No. R-12-439, approved the Settlement Agreement without modification and found, consistent with the Settlement Agreement:

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[1] ENO and ELL are wholly-owned subsidiaries of Entergy and two of the five Entergy Operating Companies. The other three Entergy Operating Companies are Entergy Arkansas, Inc. ("EAI"); Entergy Mississippi, Inc. ("EMI"); and Entergy Texas, Inc. ("ETI").

[2] Effective September 1, 2015, ELL officially transferred its residential, commercial, and industrial electricity customers and assets located in the Fifteenth Ward of New Orleans, known as Algiers, to ENO. Accordingly, ELL is no longer subject to the regulatory jurisdiction of the Council.

1. The transfer of functional control of the Companies' electric transmission assets to the MISO RTO to facilitate the Companies' membership therein is in the public interest, and in accordance with Council Resolution R -06-88; and
2. The Council's public interest determination is conditional, and subject to further reconsideration by the Council based upon the conditions and contingencies contained in the Settlement Agreement.[3]

The Settlement Agreement contains 30 conditions of approval intended to ensure that the transfer of functional control of the Companies' transmission assets to MISO will not adversely affect the reliability, availability, or cost of service of ENO and ELL. Further, the Settlement Agreement contains six contingencies which, upon occurrence, provide the opportunity for the Council to reopen its docket for reconsideration of its public interest determination. The conditions and contingencies of the Settlement Agreement remain in effect.

ENO's filing of the Application is in direct response to Condition A(11) of the Settlement Agreement which states:

> *The public interest finding and approval to join MISO in this docket shall last unless and until revoked by the Council. However, the Council intends to conduct a supplemental review of continued MISO membership prior to the end of five years from the date that ENO and ELL achieve integration into MISO or December 31, 2018, whichever occurs first. In connection with this supplemental review, one year prior to that date, ENO and ELL will submit to the Council an application, seeking to extend that public interest finding, or to terminate or modify their participation in MISO. In that proceeding, the Companies shall be required to demonstrate that continued participation, termination, or modification to membership in MISO is in the public interest. ENO and ELL shall include in that filing an analysis of the costs and benefits to date of MISO participation and a forward-looking cost/benefit analysis, which affords the opportunity for meaningful stakeholder input. ENO and ELL agree to work in cooperation with the Council's Advisors to develop an appropriate framework for periodic analyses and reporting of the costs and benefits of ENO and ELL Membership in MISO. Nothing in this paragraph is intended to limit the right of the Council to require reviews of the continuing MISO membership in addition to the supplemental review referenced in this paragraph.*

In accordance with Condition A(11) of the Settlement Agreement, the Application provides: (1) a three-year (2014-2016) historical cost-benefit analyses of ENO's participation in MISO; (2) a 10-year (2019-2028) forward-looking cost-benefit analyses of ENO's continued participation in MISO in contrast with ENO's exit from MISO and subsequent operation as a stand-alone

[3] *See* Resolution No. R-12-439, Docket No. UD-11-01, at 26 (Nov. 15, 2012).

Balancing Authority; (3) an estimate of the exit fees and obligations that would be applicable if ENO exited MISO; (4) a discussion of the qualitative benefits of continued participation in MISO; (5) an examination of the qualitative and quantitative risks of exiting MISO as well as the qualitative risks of continued MISO participation; and (6) a discussion of each of the eighteen factors which are set forth in Resolution No. R-06-88 ("General Restructuring Order")[4] regarding the approval of corporate restructurings and asset transfers. In the Application, ENO requests, in part, that the Council, subject to the fullest extent of its jurisdiction, grant relief as follows:

1. Find that ENO's continued participation in MISO is in the public interest, in accordance with the Council's Resolution No. R-06-88; and
2. Authorize that ENO shall submit, on an annual basis, a more streamlined report containing a general overview of its experience in MISO throughout the year, as well as an analysis of the total benefits (both energy-related and capacity-related) that its customers have realized during the year from participation in MISO.[5]

In the comments below, the Advisors evaluate each component of the Application and provide their recommendation to the Council on ENO's request for relief.

III. Quantitative Benefits

A. ENO's Historical Cost-Benefit Analyses

The three-year (2014-2016) historical cost-benefit analyses provided by ENO purports to demonstrate the net benefits that ENO's customers have received over this period by estimating the changes in ENO's energy-related, capacity-related, and administrative costs due to participation in MISO by the Entergy Operating Companies. ENO's energy-related savings calculation is driven primarily by a comparison of the energy costs in the three years prior to joining MISO to the energy costs ENO experienced in the three years after integrating into MISO. To account for the changes in fuel costs between the pre-MISO and post-integration periods, ENO makes adjustments to normalize for changes in fuel prices and system operational changes during periods of significantly low gas prices as compared to the pre-MISO period.

ENO's capacity-related savings calculation is based on a comparison of the difference in ENO's planning reserve margin in MISO, estimated at 12 percent, and an estimate of the planning reserve margin applicable to ENO if it had operated outside of MISO.[6] The difference in

4 Resolution No. R-06-88, General Order on Corporate Restructuring Requirements (Mar. 16, 2006).

5 *See* Application at 20.

6 ENO's projected planning reserve margin requirement if it operated outside of MISO varies over the 2014-2016 period of the historic capacity-related benefits analysis. From January 2014 through November 2015, while ENO was a participant in the System Agreement with EMI, ELL, and ETI, the planning reserve margin requirement

capacity requirements (MW) determined by the planning reserve margins is then valued at an assumed annual cost of capacity based on the acquisition cost for a gas turbine based peaking unit.[7]

For the three-year historical period, the estimated net benefits for ENO's customers total $36 million and are composed of approximately $27 million in energy-related benefits and approximately $13 million in capacity-related benefits, which are offset by an estimated $4 million of administrative costs due to ENO's participation in MISO. Table 1.0 presents the results of ENO's historical cost-benefit analyses.

Table 1.0
ENO's Historical Cost-Benefit Analyses (2014-2016)
($ Millions)

	2014	**2015**	**2016**	**Total**
Estimated Energy-Related Benefits	$12	$8	$7	**$27**
Estimated Capacity-Related Benefits	$2	$3	$8	**$13**
(Increase)/Decrease in Administrative Costs from Participation in MISO	($1)	($1)	($2)	**($4)**
Total Estimated Benefits from Participation in MISO	**$13**	**$10**	**$13**	**$36**

The Advisors recognize that an evaluation of ENO's historical costs and benefits for the pre-MISO and post-integration periods does not lend itself to a direct comparison, primarily as a result of the significant difference in gas prices in the pre-MISO and post-integration periods, and that adjustments to the costs were necessary for ENO to develop the comparison.

In addition, the Advisors believe that the capacity-related savings in ENO's analyses might be overstated. First, the relatively high planning reserve margin assumption of 49.4 percent utilized for ENO in a stand-alone Balancing Authority is higher than any utility in the United States.[8] Second, the use of the acquisition cost for a gas turbine peaking unit for valuing

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was assumed to be 18 percent. From December 2015 through August 2016, while ENO was a participant in the System Agreement with ELL and ETI, the planning reserve margin requirement was assumed to be 20 percent. For the period September 2016 through December 2016, the planning reserve margin requirement was assumed to be 49.4 percent, consistent with ENO's estimate of the planning reserve requirement applicable to ENO's operation in a stand-alone Balancing Authority outside of MISO (and no System Agreement).

[7] The assumed annual cost of capacity is based on the per-megawatt acquisition cost for the Calcasieu gas turbine, a 2009 transaction involving Entergy Gulf States Louisiana, L.L.C.

[8] *See* Attachment A, ENO Response to Advisor 1-8.

capacity when, in the short-term market, capacity prices in MISO for the historic period have been significantly less than the acquisition cost ENO assumed.[9] Regardless, the Advisors recognize that ENO would most likely require a higher planning reserve margin if it is assumed that ENO is not participating in an RTO the size of MISO, which supports the conclusion that ENO's capacity-related benefits from its participation in MISO (although smaller) would still be positive.

Nonetheless, after reviewing ENO's historical cost-benefit analyses, the Advisors believe that, even if ENO's estimate of capacity-related benefits were significantly reduced to account for the Advisors' concerns with the identified planning reserve and capacity value assumptions, ENO would still be able to demonstrate that ENO's customers have received significant net historical benefits as a result of ENO's participation in MISO.

B. <u>ENO's Forward-Looking Cost-Benefit Analyses</u>

ENO's 10-year (2019-2028) forward-looking cost-benefit analyses purports to demonstrate the net benefits that ENO's customers would receive over this period by estimating the difference in the energy- and capacity-related costs-benefits between ENO's continued participation in MISO and ENO operating as a stand-alone Balancing Authority. ENO's analysis also includes estimates of the costs of ENO establishing and maintaining a stand-alone Balancing Authority and the avoidance of fees and obligations from continued participation in MISO.

To develop the energy-related benefits, ENO utilized the AURORAxmp Electric Market Model ("AURORA"), the same production cost modeling software utilized for their integrated resource planning process before the Council. In one scenario, the "MISO Case", ENO's continued participation in MISO is modeled. In the alternate scenario, the "Stand-Alone Case", ENO is modeled as its own Balancing Authority. ENO performed the AURORA analyses under both reference fuel price assumptions and low price assumptions. The detailed assumptions associated with the AURORA modeling are included in the Application and the associated workpapers and the Advisors will not attempt to reiterate the assumptions herein.

The methodology for developing the capacity-related benefits for the forward-looking cost-benefit analyses is similar to the methodology ENO employed for the capacity-related benefits for the historical cost-benefit analyses. The capacity-related savings calculation is based on a comparison of the difference in planning reserve margin in the MISO Case, estimated at 12 percent to 13 percent, and an estimate of the planning reserve margin applicable to ENO in the Stand-Alone Case of 49.4 percent. The difference in capacity requirements (MW) determined

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[9] MISO Planning Resource Auction Clearing Prices for Zone 9 for: Planning Year 2014/2015 were $16.44 /MW-Day, Planning Year 2015/2016 were $3.29 /MW-Day, Planning Year 2016/2017 were 2.99 $/MW-Day. On average the Auction Clearing Prices were roughly seven percent of the capacity value ENO assumed.

by the planning reserve margins between the MISO Case and the Stand-Alone Case is then valued at an assumed annual cost of capacity based on the acquisition cost for a combustion turbine peaking unit.[10]

The third category of benefits presented by ENO in the forward-looking cost-benefit analyses is "MISO Exit Fees and Obligations." In general, MISO Exit Fees and Obligations include the estimated costs and obligations associated with exiting MISO, avoided MISO administrative charges, and the costs associated with ENO establishing and maintaining a stand-alone Balancing Authority.

For the 10-year (2019-2028) forward-looking cost-benefit analyses, ENO estimates 2016 net present value ("NPV") benefits of approximately $526 million. These quantitative benefits consist of the three components discussed above: capacity-related benefits ($261 million, in 2016 dollars); energy-related benefits ($209 million, in 2016 dollars); and avoided exit costs and obligations that would be incurred if ENO were to terminate its participation in MISO and become its own Balancing Authority ($56 million, in 2016 dollars). This results in average annual benefits, in 2016 dollars, of approximately $53 million per year. Table 2.0 presents the results of ENO's forward-looking cost-benefit analyses.

Table 2.0
ENO's Forward-Looking Cost-Benefit Analyses (2019-2028)
($ Millions)

	2016 Net Present Value of Benefits	**Average Annual Benefit (2016 dollars)**
Estimated Energy-Related Benefits	$209	$21
Estimated Capacity-Related Benefits	$261	$26
Avoided MISO Exit Fees and Obligations	$56	$6
Total Estimated Benefits from Continued Participation in MISO	**$526**	**$53**

*10-Year Net Present Value at a discount rate of 7.34 percent

Similar to ENO's historical cost-benefit analyses, the Advisors believe that the benefits derived by ENO in its forward-looking cost-benefit analyses may be overstated, specifically with respect to capacity costs, due to the utilization of the relatively high planning reserve margin assumption of 49.4 percent for ENO in the Stand-Alone Case. The Advisors believe that a more detailed assessment of planning reserve margin requirements would result in a lower planning

10 For the forward-looking cost-benefit analyses, ENO used an estimated levelized annual fixed revenue requirement for a new-build Combustion Turbine, which is $72/kW in 2019, and increases by two percent per year to reflect inflation.

reserve margin more in line with traditional utility planning, but higher than the planning reserve requirement in the MISO Case. In other words, ENO's capacity-related benefits from the MISO Case (although smaller) would still be expected to be positive.

Additionally, the Advisors note that the Stand-Alone Case, which assumes that ENO is operating as a stand-alone Balancing Authority, arguably represents the most extreme option for ENO as an alternative to MISO, and thus, results in the significant calculated benefits for ENO's continued MISO membership. It is likely that if another RTO alternative was available to ENO, the results of the forward-looking cost-benefit analyses would show results more closely aligned with the costs of ENO's continued participation in MISO. Regardless, the Advisors believe that ENO's forward-looking cost-benefit analyses demonstrates that there are significant savings to continued participation in MISO, when considering the options available to ENO at this time. This conclusion is valid even if the capacity-related benefits are assumed to be zero.

IV. <u>Qualitative Benefits</u>

In support of ENO's Application, ENO asserts that its membership in MISO provides a number of qualitative benefits including, among other things:

- Price Transparency;
- Transmission Planning Processes, Coordination, and Transparency;
- Seams Management;
- FERC Order No. 1000 Compliance;
- Balancing Authority Functions;
- MISO Open Access Transmission Tariff ("OATT") Administration;
- Congestion Management;
- Reliability Must-Run Commitments;
- Resource Adequacy Planning Process;
- Access to Ancillary Service Providers;
- Planning Reserve Efficiencies;
- Independent Market Oversight;
- Independent Market Monitor; and
- Fleet Efficiency and Emissions Performance.[11]

The Advisors acknowledge that ENO's membership in MISO has provided qualitative benefits. In particular, MISO has provided market information that did not exist historically in Entergy's bilateral market prior to ENO's membership in MISO. With MISO's market transparency, all

[11] Application at 13.

Market Participants ("MP"), including ENO, receive objective, transparent information on MISO's market operations and transmission system conditions throughout MISO's footprint. Further, MISO posts its locational marginal prices ("LMP") in support of price signals for resource investment decisions.

MISO's regional transmission planning helps ensure system reliability and the economic efficiency of grid operations. MISO's OATT also provides that the costs of MISO-approved reliability and economic transmission projects are allocated roughly commensurate with the benefits such projects provide, and supports cost-sharing of certain types of projects with other MISO MPs. Further, MISO operates a single Balancing Authority to manage all load and generation to ensure efficient reliable operation of its entire grid, thereby removing the requirement for ENO to implement and manage individual agreements and protocols with neighboring Balancing Authorities.

The Advisors note that participation in MISO's market affords ENO access to lower cost generation resources from the market than would otherwise be available, in the event of a capacity shortage. Also, MISO's annual Planning Reserve Auction affords ENO the opportunity to acquire near-term capacity to meet MISO's Planning Reserve Margin requirements, which have been significantly lower than ENO would need to maintain if it were operating on a stand-alone basis.

Relative to day-to-day operations, as opposed to ENO's historical reliance on Reliability-Must Run procedures for its own resources to maintain reliable operation of ENO's system during high load periods, MISO utilizes Voltage and Local Reliability ("VLR") procedures using all of the generation resources available in MISO to maintain reliability. MISO's use of MISO-wide VLR commitments results in comparably lower costs to ENO. Moreover, with the retirement of ENO's Michoud units, ENO presently has no local resources, and therefore, ENO's ability to move the responsibility of maintaining reliability during high load conditions to MISO is a significant benefit. This is especially important given that ENO's service territory is located at the extreme end of the Down Stream of Gypsy ("DSG") load pocket.

The Advisors fully expect that these qualitative benefits to ENO will continue in the future with ENO's continued membership in MISO.

V. <u>Public Interest</u>

The public interest theory of regulation seeks, in general terms, to protect and benefit the public at-large through a balancing of interests in any regulatory decision. There is no specific formula or prescribed particular set of analyses for the Council to rely upon in making its determination.

In Resolution No. R-12-439, the Council found that the transfer of functional control of the Companies' electric transmission assets to the MISO RTO to facilitate the Companies' membership therein was in the public interest and in accordance with Resolution No. R-06-88. Based on the Application, the included quantitative and qualitative costs-benefit analyses, ENO's responses to discovery, and the discussion included herein, the Advisors agree with ENO witness Gallagher's conclusion that ENO's continued participation in MISO remains in the public interest, and the considerations which led the Council to find MISO membership to be in the public interest remain valid.[12]

That said, ENO recognizes that any Council finding of the public interest is not approval for long-term participation in MISO.[13] Rather, ENO's continued participation in MISO remains subject to a one to two year exit notice requirement. Therefore, after the effective date of any Council approval in this docket, ENO may exit MISO at any time by giving notice to MISO, but not without filing an application with the Council and obtaining Council authorization. Similarly, the Council may, after an appropriate review, determine that ENO's continued participation in MISO is no longer in the public interest. Under that scenario, ENO would be required to take all necessary steps to exit MISO as directed by the Council.

VI. Annual Reporting

With respect to periodic reporting, the Settlement Agreement required ENO provide periodic analyses and reporting of the costs and benefits of ENO membership in MISO. Since joining MISO, ENO has provided periodic reports to the Council regarding the costs and benefits of ENO membership in MISO. In the Application, ENO proposes that it be authorized to submit, on an annual basis, a more streamlined report containing a general overview of its experience in MISO throughout the year, as well as an analysis of the total benefits (both energy-related and capacity-related) that its customers have realized during the year from participation in MISO.

In response to discovery question Advisors 1-3, ENO clarified that:

> *ENO envisions that the detailed framework for future reports quantifying the annual historic costs and benefits of MISO membership would be developed in consultation with the Advisors. ENO notes that MISO prepares its own annual benefits analysis (i.e., the Value Proposition) that is publicly available and includes elements aimed at measuring energy and capacity-related benefits. In the alternative to quantifying and reporting benefits on an annual basis, ENO could identify any significant changes in market conditions or constructs that*

[12] Direct Testimony of Kenneth F. Gallagher, Docket No. UD-17-02, 9:7-10:24 (May 17, 2017).

[13] *See* Application at 7 n.9.

would be expected to have a material, negative effect on the benefits of MISO membership (e.g., a significant change in MISO membership that reduced the load diversity across the MISO footprint). In addition to submitting an annual report, ENO would continue to consult with the Council, Advisors, and stakeholders on an informal basis, as appropriate, to address issues related to MISO.

Subject to further discussion, ENO proposes that future reports omit information that is made available elsewhere by MISO or in periodic regulatory filings made by ENO (e.g., fuel adjustment clause filings). Moreover, given that MISO membership to date has produced benefits to ENO customers, and that circumstances have changed since ENO joined MISO, most notably the termination of the Entergy System Agreement, there may not be a compelling need to continue to prepare an independent, annual quantification of benefits to customers relative to pre-MISO membership operations.

Based on ENO's request and the clarification provided in response to discovery question Advisors 1-3, the Advisors are open to ENO's suggestion that a more streamlined reporting requirement may be appropriate and that the detailed framework for future reports quantifying the annual historic costs and benefits of MISO membership could be developed in consultation with the Advisors. Accordingly, at the direction of the Council, the Advisors will work with ENO on an appropriate framework for annual reporting. The Advisors note that the Council made it clear in Condition A(11) of the Settlement Agreement, the paragraph dealing with periodic reporting, that the rights of the Council to require reviews of the continuing MISO membership were not limited by the provisions specifically described in Condition A(11) of the Settlement Agreement. The Advisors recommend similar language be included in any conditions revising the reporting requirements, such that the Council may, at any time, require additional and more extensive analyses if additional alternatives to MISO become available to ENO.

VII. Additional Conditions

The Council, in Resolution No. R-12-439, approved the Settlement Agreement with respect to the transfer of functional control of the Companies' electric transmission assets to the MISO RTO. In that Resolution, the Council resolved that its public interest determination is conditional, and subject to further reconsideration by the Council based upon the conditions and contingencies contained in the Settlement Agreement.[14] The existing conditions and contingencies of the Settlement Agreement remain in effect and, if any party to that agreement

[14] *See* Resolution No. R-12-439 at 26.

fails to comply with any condition or contingency in the Settlement Agreement, the Council, on its own, or on the advice of its Advisors, or on motion of any intervenor, may reopen this docket for reconsideration of its public interest determination. However, the Advisors recommend that the Council consider that additional provisions may be necessary upon Council granting ENO's request for a finding that ENO's continued participation in MISO is in the public interest.

In Settlement Agreement Condition A(23), ENO, ELL, MISO, and the Advisors agreed to a "most favored nations clause" which provides that if other Entergy Operating Companies and their regulators agreed upon benefits or conditions that were more favorable, the Council shall determine whether such conditions or benefits are in the public interest, and, if so, those equivalent favorable benefits or conditions would be extended to ENO's customers under the jurisdiction of the Council and or the Council.

The Advisors recognize that the regulators of the Entergy Operating Companies other than ENO, are currently in the process of, or soon will be in the process of, considering each individual Entergy Operating Company's continued participation in MISO. As part of any Council determination that continued participation in MISO by ENO is in the public interest, the Council should consider imposing a most favored nations clause similar to that in the Settlement Agreement, but with respect to the favored benefits or conditions that may be extended to the other Entergy Operating Companies' customers as a result of other retail regulators addressing the individual Entergy Operating Company's continued participation in MISO.

VIII. Conclusion

Based on the Application, the included costs-benefit analyses, and the discussion herein, the Advisors conclude that ENO's continued participation in MISO remains in the public interest, and the considerations which led the Council to find MISO membership to be in the public interest remain valid. Therefore, the Advisors recommend that the Council find that ENO's continued participation in MISO remains in the public interest, subject to recommended conditions and reporting requirements discussed herein.

ATTACHMENT A

ENTERGY NEW ORLEANS, INC.
CITY OF NEW ORLEANS
Docket No. UD-17-02

Response of: Entergy New Orleans, Inc.
to the First Set of Data Requests
of Requesting Party: Advisors to the Council
of the City of New Orleans

Question No.: Advisors 1-8 Part No.: Addendum:

Question:

Is ENO aware of any utility in the United States of America that utilize a planning reserve margin of 49.4 percent or higher? If the answer is in the affirmative, please provide a list of each such utility stating its associated planning reserve margin, and a reference for the value of the planning reserve margin (e. g. integrated resource plan, planning presentation).

Response:

Although ENO has not conducted exhaustive research into this issue, ENO is not aware of any utility in the United States that utilizes a planning reserve margin of 49.4% or higher. ENO notes that the determination of a reasonable planning reserve margin requires a detailed assessment and analysis of the applicable load-serving entity's facts and circumstances. Accordingly, it would not be reasonable simply to compare the reserve margin contained in ENO's analysis with reserve margins for other utilities without more information regarding the other utilities' circumstances and how those compare to ENO's projected circumstances as a standalone BA supplying the required levels of capacity itself.