



April 13, 2018

**By Hand Delivery**

Ms. Lora Johnson, CMC  
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Room 1E09, City Hall  
1300 Perdido Street  
New Orleans, LA 70112

In Re: 2018 TRIENNIAL INTEGRATED RESOURCE PLAN OF ENTERGY NEW ORLEANS, INC.  
PENALTY MECHANISMS (Docket No. UD-17-03)

Dear Ms. Johnson:

Please find enclosed an original and three (3) copies of the Alliance for Affordable Energy's Comments on the Independent Demand Side Management Potential Study in the above-referenced docket. Please file the attached communication and this letter in the record of the proceeding and return one timestamped copy to our courier, in accordance with normal procedures. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,

Forest Bradley Wright  
Senior Policy Director  
Alliance for Affordable Energy

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APR 13 2018

BY: 

APR 13 2018

BEFORE THE COUNCIL OF THE CITY OF NEW ORLEANS

IN RE: 2018 TRIENNIAL )  
INTEGRATED RESOURCE PLAN OF ) DOCKET NO. UD-17-03  
ENERGY NEW ORLEANS, INC. )

**Comments by the Alliance for Affordable Energy**

**Concerning the Council’s Independent Demand Side Management Potential Study**

The Alliance for Affordable Energy is excited that the City Council’s DSM Potential Study process has commenced and we remain committed to providing the best information and feedback possible to help New Orleans realize its full potential for capturing related capacity, energy, and financial savings at both the utility system level and for lower individual customer bills. The primary focus of this filing is to provide recommendations related to the proposed measure list, including new measures, new applications, and related questions and suggestions, which are included in the attached Excel spreadsheet, marked Attachment A. We also identify a number of process related matters that we feel warrant consideration. The recommendations in the attached DSM measures spreadsheet have been developed with assistance by Energy Futures Group. The relevant additions are in the yellow highlighted portions, and the last column of each tab labeled “EFG Comments.” We do hope our suggestions will be useful and welcome any clarifying questions and follow up discussion. We also believe that additional stakeholder engagement, including during the lead up to the draft report, will be relevant and useful and ask that more opportunities be made for this to occur. We deeply appreciate the good work of the DSM consulting team and have high hopes for the impact it will have in the Integrated Resource Planning process and as a guide for future DSM policy at the City Council.

**Overarching Goals**

The Council’s decision to hire an independent DSM consultant was prompted by several important needs that directly bear on the DSM potential study. Primary among them is the Council’s desire to substantially increase the impact of DSM on meeting the energy and capacity needs of New Orleans, thereby lowering customer bills while avoiding more expensive and environmentally harmful sources of energy generation.

**Council’s 2% Targets**

Specifically, the Council has set a target of achieving 2% annual energy savings and will be relying on information from this study to guide their next steps towards reaching this goal. While the 2% DSM target was prominently featured in the DSM Consultant Request for Qualifications, it was not mentioned at all in the presentations given during the Kick-Off meeting on April 4th, nor does it appear to be included in the Scope of Work contained in the Contract. We believe this is a significant omission. We note that there is still time

in the schedule<sup>1</sup> before finalization of the workplan and request that analysis of how the Council's 2% DSM targets can be cost-effectively achieved be included.

### **Capacity Savings Targets**

In Resolution R-17-176,<sup>2</sup> the Council indicated interest in establishing capacity savings targets that would compliment their existing 2% energy savings goal. Though it was included by the Council in a list of specific topics to be addressed in a series of technical conferences held last year, the issue remains outstanding and to move forward the primary need is for reliable data directly related to the analysis being conducted in this DSM Potential Study. We strongly urge the DSM Consultant to ensure their work is developed in such a way as to support the Council's ability to establish robust capacity savings targets based on the record of evidence produced in this study.

As an overarching goal, we encourage an expansive approach to pursuing DSM opportunities consistent with modern technologies, applications, and trends that aim to capture maximum primary energy conservation, ie. reductions in the fuel used to make electricity. This should include a holistic approach to capturing as much energy savings as possible, while carefully focusing on opportunities to target direct savings from peak capacity and peak energy use. The strategies for maximizing energy savings are related to, but at times distinct from, the strategies for maximizing capacity savings. We recommend a holistic approach that seeks to leverage and co-implement these savings strategies. We also recognize that there may be decisions that involve trade-offs for one in favor of the other and ask that those choices be documented and communicated as part of the DSM potential study report.

### **Including All Customers**

The DSM Potential Study is intended to provide the Council, stakeholders, and the public with an understanding of just how much savings can be achieved across all types of customers. With that in mind, we believe that should include a complete picture for all rate classes, including large commercial and industrial customers. We do not think any special exclusions, or opt outs, are appropriate for the purposes of determining maximum achievable potential.

### **Discount Rate**

The selection of a discount rate has important implications extending from evaluating DSM potential, the Integrated Resource Planning process, energy efficiency program design and all the way through reporting on the financial benefits of the programs to inform the public and regulators on related policy decisions. We note that this subject is still a matter of discussion in New Orleans. We do appreciate that having raised the issue at the Kick Off meeting, the DSM Consultant scope of work does indicate that a low discount rate will be used as appropriate for public policy programs with low risk, while the weighted average cost of capital will be evaluated as a sensitivity.<sup>3</sup> We encourage all parties to continue to consider the ways in which DSM cost-effectiveness should be evaluated consistent with the particular needs and priorities of New Orleans and within the overall framework of the National Standard Practice Manual.

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<sup>1</sup> Agreement for Professional Services, K-18-399, April 4<sup>th</sup>, 2018, Page 28.

<sup>2</sup> Resolution R-17-176, April 29<sup>th</sup>, 2017, Page 34.

<sup>3</sup> Agreement for Professional Services, K-18-399, Page 23.

### **Special Customer Opportunities**

The Alliance encourages Optimal to consider the particular savings available in New Orleans with special customers.

**Sewerage & Water Board**- the water board is responsible for drinking water, sewer, and stormwater drainage and is the largest energy user in the city. While S&WB generates roughly 1/3 of the power it uses, it is a significant Entergy customer and has never been included in the Energy Smart program. Major overhauls are contemplated within S&WB, and presently there are special staff members focusing explicitly on energy and power matters. We recommend coordination or interviews.

**Municipal buildings**- New Orleans municipally owned buildings have been benchmarked over the last three years. The data should be useful in developing programs specific to these building needs. Properties range from administrative buildings, schools, and recreation centers with pools and outdoor lighting needs. Local contractor GCE Services should be included in the delphi panel, or at least in conversations about opportunities and existing efforts in this major portfolio of buildings.

**District cooling** - At least two district cooling systems currently exist in the city, one serving a university campus and another which was originally built by Entergy and is now privately owned and serves the downtown medical center and commercial buildings. Either extension of existing loops or development of additional systems should be considered for both commercial and multi-family properties.

**Laundromats** - There are many neighborhood laundromats throughout the city that may warrant special consideration. Opportunities could include efficient washers and dryers, efficient water heaters, and solar hot water heating.

**Port of New Orleans** - New Orleans is home to one of the largest deep water ports in the country, and includes manufacturing space, storage, and traditional port activities.

**Convention Center** - The center is one of the country's largest and has over 1 million square feet.

**Superdome** - The Alliance is aware that the Superdome was a marquee Energy Smart participant two years ago. We encourage consideration of specialty properties like this to engage in other Energy Smart programs

### **Batteries**

We have been told that there are limitations on the analysis of energy storage in this study, but believe there are very compelling reasons and reasonable steps available to ensure the subject is considered in an appropriate manner. On this point we are pleased to note that thermal storage is included in the measures list, but believe that energy storage could and should included consideration of battery storage as well. One very strong reason to do so is in recognition of the complimentary role between batteries technology and time varying rates. To the extent that analysis of battery technology is limited in this study to some degree, we think it important that the study acknowledge what has been included and what has not. Should lower levels of precision be employed, explanation should be provided on how to interpret the findings and indication made of the potential magnitude of related savings potential that was not included.

### **Transportation**

We would also appreciate clarification on what is meant by transportation efficiency, which is excluded. Does this refer to street cars? To electric vehicles? If the latter, we would encourage consideration of included electric cars. Not only is it an important anticipated part of future load, it is worth considering their associated efficiency and DR savings potential.

### **Avoided Cost**

The Alliance would like clarity on the components used in calculating avoided cost used for comparison. We understand from the presentation that Optimal intends to use generation energy, peak capacity, and T/D capacity costs in the calculation. We would urge the inclusion of reliability externality, fuel costs (natural gas market primarily) and the price effect of demand reduction, especially as it relates to time and area-varying costs. New Orleans is located in a transmission constrained area, and the volatility of the energy market during peak hours of the year drives up the value of energy in the area and can create reliability concerns. In addition, the incremental fuel costs during these peak periods (especially in winter) should not be ignored.

### **Stakeholder Participation**

We were quite surprised and concerned to find that according to the DSM Consultant contract and scope of work, there is to be no ongoing stakeholder engagement. Instead, there will be three presentations with stakeholders given one week to file written comment. This was surprising for three major reasons:

1. A need for greater transparency and stakeholder engagement was identified as one of the key issues that motivated the Council to hire an Independent DSM Potential Study Consultant in the first place;
2. Transparency and stakeholder engagement were prominently featured as priorities in the RFQ; and
3. A report on the 10 Pitfalls of DSM Potential Studies, which prominently recognized Optimal Energy's contribution, strongly recommends a far more inclusive and participatory approach than what is presently described for this study.

Despite the many shortcomings of ENO's previous DSM studies, they involved far more opportunities to review information while the study was being developed. As described in this contract and scope of work, there would be no more flow of information from the DSM Consultant team to stakeholders or in return until completion of the draft report. While this current opportunity for feedback responds to the draft measure list, it is reasonable for stakeholders to also be allowed to review and respond to information related to the measure characteristics, avoided cost and T&D assumptions, the screening tool, and how penetration rates will be determined at a minimum. Instead of gathering information and input while developing the DSM study, the current approach would leave an enormous amount of analysis and feedback until after nearly all of the DSM consultant work was already done. Not only does this make it far harder to gather good information, it greatly increases the likelihood of significant challenges emerging late into the process that will be far harder to reconcile. Moreover, the one week period of time between presentation of the draft report and the deadline for parties to file response is extremely burdensome and likely to deeply diminish the quality of work. We ask that the principles recommended in Optimal's 10 Pitfalls of DSM Studies be employed in this study to ensure higher levels of transparency and overall quality of work.

### **Innovation and Hard-to-Measure DSM**

We recognize that this study aims to account for innovation that continues to expand the impact of DSM. While a number of emerging technologies are included in the measures list, how will currently unknown innovations be factored in to this study? If one goes back 5, 10, and 15 years, there have been savings that no one knew would be possible when DSM potential studies were conducted in the past. And yet the trend toward even higher

levels of DSM potential through constant innovation is clear. Even if generalized, we would appreciate an indication of how this fact will be recognized in the DSM potential study. Additionally, how will hard to measure savings opportunities be considered?

Thank you for the opportunity to provide these thoughts and suggestions. We look forward to continued work on this important study for New Orleans and are open to any further discussion that may be required following this filing.

**Certificate of Service**

I hereby certify that I have on this 13th day of April, 2018, served copies of the foregoing pleading upon the Clerk of Council, the Director, Council Utilities Regulatory Office and all known parties to this proceeding by U.S. Mail, email, facsimile and/or hand delivery.

*Frost Bradley-Wright*

**ENTERGY NEW ORLEANS, INC  
IN RE: PROPOSED RULEMAKING TO ESTABLISH INTEGRATED RESOURCES  
PLANNING COMPONENTS AND REPORTING REQUIREMENTS FOR  
ENTERGY NEW ORLEANS, INC.  
UTILITY DOCKET NO. UD-08-02**

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