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July 23, 2018

**Via Hand Delivery**

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

**Re: *Filing of Entergy New Orleans, LLC's Comments regarding Peak Demand Reduction (Resolutions R-18-228; UD-08-02 and UD-17-03)***

Dear Ms. Johnson:

On June 21, 2018 the Council of the City of New Orleans ("Council") adopted Resolution R-18-228 regarding several Energy Smart issues. In Resolution R-18-228, the Council allows 30 days for interested parties "to submit comments to the Council regarding opportunities for the Energy Smart program to assist in reducing peak demand." In response, Entergy New Orleans, LLC submits the enclosed original and three copies of its Comments regarding Peak Demand Reduction. Should you have any questions regarding this filing, please contact my office at (504) 670-3680.

Thank you for your assistance with this matter.

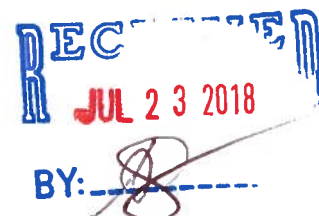
Sincerely,

A handwritten signature in black ink that reads "Gary E. Huntley".

Gary E. Huntley

Enclosures

cc: Official Service List UD-08-02 (via electronic mail)  
Official Service List UD-17-03 (via electronic mail)



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## **Energy New Orleans, LLC (“ENO”) Comments Regarding Reduction of Peak Demand (kW)**

City Council of New Orleans (“Council”) Resolution R-18-228 provided the chance for parties to submit comments to the Council regarding opportunities for the Energy Smart program to assist in reducing future peak demand. Because the Council and ENO are currently in the process of evaluating future potential for additional cost-effective demand-side management programs to Energy Smart in the Integrate Resource Planning proceeding (Docket UD-17-03), ENO limits the scope of these brief comments to Program Year (“PY”) 9 of Energy Smart, or calendar year 2019.

This opportunity to submit comments continues a discussion that began during Technical Conferences held during 2017 that were designed to facilitate stakeholder input into the design of Energy Smart for PYs 7-9. During these Technical Conferences, demand reduction (*i.e.*, “Demand Response”) was one of the many topics discussed. When asked, “What additional Demand Response programs should be considered through Program Year 9”, ENO provided the statements below regarding demand response programs.

“There are several Demand Response programs that could be evaluated in addition to the current residential switch program that’s included within the current implementation plan. An overview of some of these options is included below and the Energy Smart team would welcome further discussions on enhancing the portfolio over time.

- Good Cents<sup>1</sup> would not recommend water heater switches for summer peaking utilities. Because the water heater is in standby during summer peaks, a water heater switch only yields about 0.25 kW. For a program utilizing switches for Central Air Conditioner control, adding water heaters requires an appointment, adds about 45 minutes to the install time and likely requires an additional switch. For a winter peaking utility, it can make sense to control water heaters during the morning hours.
- Based on Good Cents’ analysis, there are too few pools and pool pumps in the service territory to justify a pool pump Direct Load Control (“DLC”) program.
- Wi-Fi thermostats can be evaluated for use in place of switches. The biggest advantage a thermostat offers over a switch is that it can also yield energy savings. Potential downsides for these thermostats include:
  - Approximately 15% of the deployed thermostats may not respond to control events due to issues with connectivity, customer’s router, opt outs, etc.
  - Higher first cost for hardware
  - Higher installation cost
- A larger residential switch program and additional funding could be evaluated as a possible method for increasing the size of this program. Additionally, the program could be opened to small commercial customers.
- Demand Response programs can be designed and considered for the large commercial and industrial markets. There is potential for offerings of this type within New Orleans, however, the Energy Smart team would need time to collaborate with these customers and local stakeholders to determine the optimal design and scale of such a program.”

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<sup>1</sup> Good Cents, now Franklin Energy, is a subcontractor to Aptim Environmental & Infrastructure, Inc. in the Energy Smart program. Franklin Energy implements the residential Energy Smart offerings

While considering demand reduction goals and programs, it should be noted that although emphasis is placed on reducing energy usage (kWh), the current Energy Smart plan reduces both kWh and peak load (kW). The current approved implementation plan provides kW reduction values that correspond to the kWh reduction targets. For PY8, Energy Smart programs have a target of 46,099,307 kWh of annual energy savings based on a given measure mix. The amount of kW savings associated with these measures is approximately 12,879 kW. These projected kW savings are evaluated and verified at the end of the program year and, as such, provide a good starting point for consideration. It should be noted, however, that Resolution R-17-623 established the savings targets on which any Utility Performance Incentive (“UPI”) earnings, or penalties, would be based in terms of kWh and not kW. As such, the budgets and measure portfolios for each PY were designed to achieve savings targets measured on a kWh basis, and not a kW basis, and ENO believes the evaluation of its entitlement to any UPI earnings for PY 9 should be evaluated based on the metrics (kWh) upon which the Council-approved budgets and measure portfolios were based.

It should also be noted that Energy Smart currently has one demand response program. The existing DLC program (EasyCool) began as a pilot in PY6 and is currently in the process of increasing participants, and consequently scale. In the approved PY7-PY9 Implementation Plan, participation is projected to increase to approximately 4,000 participants through PY9. The appropriate scale for the DLC program and other demand response programs beyond PY9 will be considered in the forthcoming potential study in the Integrated Resource Plan docket. Vetting potential to expand demand response through the IRP process will allow for the cost-effectiveness of demand response programs to be assessed against that of other energy efficiency programs. Given that the Energy Smart budget for PY7-PY9 has already been set, adding additional programs to achieve greater demand reduction prior to PY9 would require more funding, which presents challenges relative to what has already been budgeted for PY8.