



May 9, 2022

By Electronic Mail

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

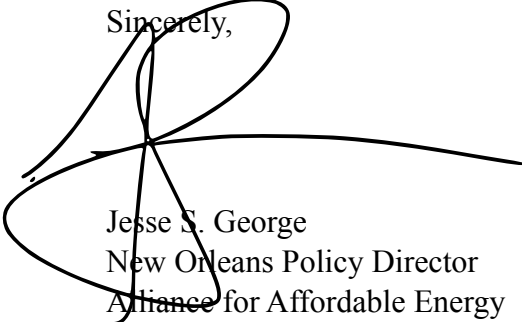
IN RE: 2021 TRIENNIAL INTEGRATED RESOURCE PLAN OF ENTERGY NEW ORLEANS, LLC
(Docket No. UD-20-02)

Dear Ms. Johnson:

Please find the enclosed Comments of the Alliance for Affordable Energy in the above mentioned docket. Please file the attached communication and this letter in the record of the proceeding. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,

A handwritten signature in black ink, appearing to read "Jesse S. George", is written over the typed name and title. The signature is stylized with a large loop and a long horizontal stroke.

Jesse S. George
New Orleans Policy Director
Alliance for Affordable Energy

**Before
The Council of the City of New Orleans**

**In Re: 2021 TRIENNIAL INTEGRATED
RESOURCE PLAN OF ENTERGY
NEW ORLEANS, LLC**

DOCKET NO. UD-20-02

MAY 9, 2022

COMMENTS OF THE ALLIANCE FOR AFFORDABLE ENERGY

I. INTRODUCTION

On March 25, 2022, Entergy New Orleans, LLC (“Entergy” or “ENO”) filed with the Council of the City of New Orleans (“the Council”) its 2021 Integrated Resource Plan (“the IRP” or “the Plan”). The Alliance for Affordable Energy (“the Alliance”) hereby submits the following comments in response to Entergy’s filing:

**II. NEW ORLEANS NEEDS AN ENERGY EFFICIENCY RULE TO ENCOURAGE
THE DEPLOYMENT OF DEMAND-SIDE RESOURCES**

Thanks to consistent support for energy efficiency by the Council, New Orleans has had robust and growing energy savings programs for years. The Alliance is glad to see that this IRP shows the continued importance of efficiency and other demand-side resources. As the climate changes – with extreme heat, cold, humidity, and storms – it is the resources that are situated where people are – energy management, efficiency, generation, and storage – that will keep people safe and healthy, and that will reduce overall system costs.

Historically, the Council has set efficiency policies as a function of the IRP process, although it has never adopted a standing energy efficiency rule or even a goal for energy savings or demand reduction as a stand-alone policy. The Council’s directive to model 2% energy savings, and the various demand-side management (“DSM”) potential studies, have shown

incredible energy savings possible for New Orleanians. However, lacking a directive to model peak demand reductions, or a firm rule or policy to do so, means there is a tension in IRP planning as conducted by Entergy, which focuses on capacity planning.

This IRP does not include portfolios with any DSM. This is a departure from the 2018 IRP, which included DSM within each portfolio modeled, ranging from 187-278 MW of capacity “additions” through demand-side efforts. Excluding DSM from the portfolios in this report further pushes the intention of treating DSM as a resource out of an actionable plan.

The Council could open a new docket to consider a DSM rule, which would include both an energy savings target as well as a peak demand reduction target. Furthermore, this docket could operate independently from the IRP, which has suffered from late deployment and shifted program year timelines.

The Alliance is concerned that there are communities that have not yet been able to participate in programs that can help manage their utility bills. We suggest that within a new DSM docket, new programs could be piloted to direct more support to parts of the city that suffer both extreme energy burdens (as high as 19% for thousands of New Orleanians)¹ and severe heat island impacts, where some neighborhoods like Central City experience 16 degrees hotter temperatures than their Uptown neighbors on a summer day.²

Both DSM potential studies used in this planning process included a high discount rate of 8%, and neither ran models with more appropriate discount rates of 2-3%. A high discount rate tends to disfavor DSM options such as battery storage because of their up-front capital costs. An independent DSM docket could generate models using a more appropriate discount rate.

¹ <https://www.aceee.org/sites/default/files/pdf/fact-sheet/ses-louisiana-100917.pdf>

² <https://www.wwno.org/coastal-desk/2021-07-15/new-orleans-ranks-as-worst-heat-island-in-u-s>

III. THE PLAN RELIES ON OVERLY OPTIMISTIC PROJECTIONS OF THE COST OF NATURAL GAS

The Alliance has a long history of advocating against continuing dependence on fossil fuel generation, including natural gas, due to the deleterious effects on human health and the environment, as well as their price volatility. Recent world events, namely the war in Ukraine, have highlighted the volatility of natural gas markets, which play an outsized role in this conflict. Not only has Vladimir Putin weaponized European dependence on Russian natural gas,³ but liquefied natural gas (“LNG”) developers here in Louisiana are hoping to cash in on the uncertainty.⁴

While the Alliance is pleased that the IRP anticipates no need for additional fossil fuel generation, its reliance on conservative projections of the cost of natural gas are likely to unreasonably extend our reliance on existing fossil resources and delay further deployment of DSM and large-scale renewable energy. The Henry Hub spot price for natural gas is currently around \$8/MMBtu,⁵ a price that even Entergy’s high cost scenario does not anticipate until after 2040.⁶

³ <https://www.aljazeera.com/economy/2022/5/2/europe-scrambles-for-longterm-fix-after-putin-cuts-off-gas>

⁴ <https://www.naturalgasintel.com/louisiana-lng-departs-for-global-market-uneasy-over-ukraine/>

⁵

<https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/050422-us-natural-gas-price-surge-above-8mmbtu-in-irrational-market>

⁶ See Figure 31, Entergy New Orleans, LLC 2021 Integrated Resource Plan, March 25, 2022

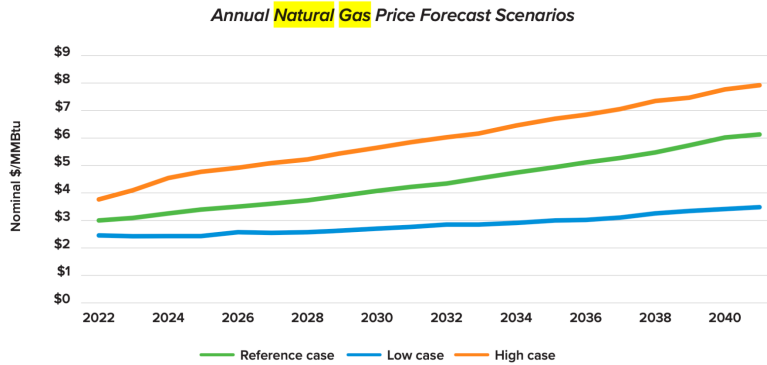
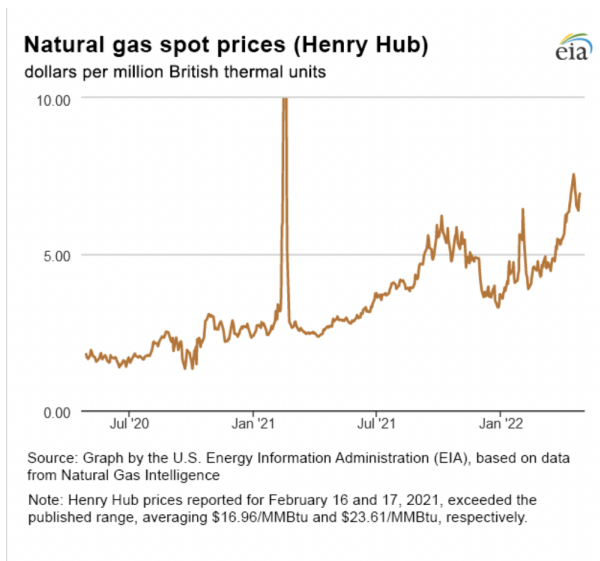


Figure 31: Natural Gas Price Forecast

The Alliance recommends the Council direct Entergy to model an additional sensitivity to better understand the impacts of volatile natural gas prices on the portfolio. While Entergy’s IRP report suggests the costs of gas will not increase remarkably over the planning horizon, customers are already experiencing increased costs associated with much higher gas prices in the short term. An additional sensitivity analysis could use an average of the last six months of Henry Hub spot prices to create a new cost-curve for future gas costs. We expect that this will lead to earlier retirement of gas resources, including the Union Power Station, which ENO’s Plan anticipates continuing operation until 2033.

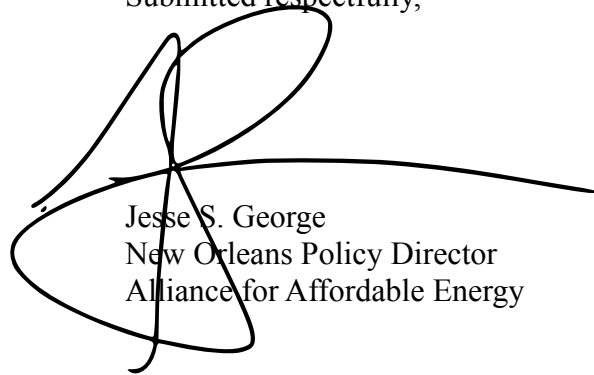


Source: <https://www.eia.gov/naturalgas/weekly/>

IV. CONCLUSION

Entergy applied recently for a \$40M rate increase that will significantly affect the energy costs of New Orleans' already overburdened ratepayers.⁷ With another hurricane season nearing and the need for truly resilient planning more evident than ever before, the Council has extraordinary power to determine the future habitability of our city. The Council must exercise that power to ensure that the IRP process produces results in line with the Council's goals for climate and resilience, such as the Renewable and Clean Portfolio Standard (Docket No. UD-19-01) and Resolution R-21-401 initiating the storm hardening and resilience docket. We thank you for your consideration, and we look forward to continuing engagement in this process.

Submitted respectfully,



Jesse S. George
New Orleans Policy Director
Alliance for Affordable Energy

⁷ https://www.nola.com/news/politics/article_92562d58-c808-11ec-9416-37f94708b58d.html

**Before
The Council of the City of New Orleans**

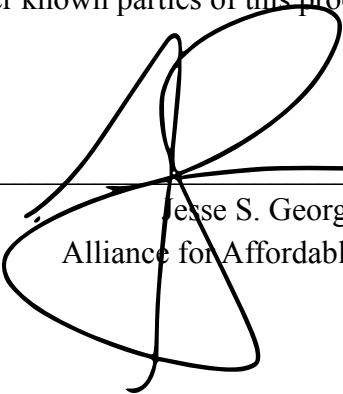
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NEW ORLEANS, LLC**

DOCKET NO. UD-20-02

MAY 9, 2022

CERTIFICATE OF SERVICE

I do hereby certify that I have, this 9th day of May 2022, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.



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