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Keith D. Wood
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June 7, 2022

Via Electronic 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: **In Re: 2021 Triennial Integrated Resource Plan of Entergy New Orleans, LLC**
Docket No. UD-20-02

Dear Ms. Johnson:

Entergy New Orleans, LLC ("ENO") respectfully submits its Reply Comments in the above referenced docket. As a result of the remote operations of the Council's office related to Covid-19, ENO submits this filing electronically and will submit the original and requisite number of hard copies once the Council resumes normal operations, or as you direct. ENO requests that you file this submission in accordance with Council regulations as modified for the present circumstances.

Should you have any questions regarding the above, I may be reached at (504) 670-3633. Thank you for your assistance with this matter.

Sincerely,

Keith D. Wood

KDW/bkd
Enclosures
cc: Official Service List (*via email)*

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**

ENTERGY NEW ORLEANS, LLC'S
REPLY COMMENTS

Entergy New Orleans, LLC ("ENO") appreciates the opportunity to file these Reply Comments in response to various points raised by 350 New Orleans ("350 NO") and the Alliance for Affordable Energy ("AAE") in their comments submitted May 9, 2022, on the 2021 IRP Report ("IRP Report").[1]

Comments by 350 NO

350 NO states in its emailed comments that "Battery and storage were taken out of Strategy 4…without knowledge or consent of the stakeholders. This was raised at Technical Meeting 4, but was not corrected, as shown in the public meeting #2 (slide 22)." As discussed in the IRP Report[2], the Stakeholders provided the alternative renewables inputs for use in Stakeholder Strategy #4 and the associated Sensitivity 4b but did not include values for battery storage, only solar and wind resources. The capacity expansion modeling was conducted using the inputs provided.

When the results of the capacity expansion were reviewed at Technical Meeting #4, there was discussion about the absence of battery storage in the portfolios optimized for Stakeholder Strategy #4. It was noted that none of the portfolios optimized for any of the Planning Strategies included incremental fossil resources and that if the inputs for Strategy #4 had included battery

[1] ENO received the comments of 350 NO via an email sent to members of the service list in Docket UD-20-02 on May 9, 2022.

[2] See IRP Report pp. 59, 65, and 74.

storage the resulting portfolios would likely have been similar to those for Strategy #3. There was also much discussion about the desire to carry Manual Portfolios 1a and 4a forward in the total relevant supply cost ("TRSC") analysis and the Stakeholders' interest in adding a third Manual Portfolio, 3a, to that analysis. Based on the discussion at the technical meeting and a subsequent agreement among the Stakeholders, ENO, and the Advisors to include the three manual portfolios in the total relevant supply cost analysis, the parties agreed that this approach would produce a suitable range of results for Council consideration within the time allowed by the procedural schedule and without the need for re-running the capacity optimization with another Stakeholder input set that included battery storage.[3]

Next, 350 NO refers to slide 22 of the presentation made by ENO at Public Meeting #2 on April 13, 2022, and states that Manual Portfolios 1a and 4a, "do not show an equivalent 1,980 MW being substituted with renewables." Manual Portfolios 1a and 4a considered the possible acceleration of the deactivation of Union Power Station 1 ("Union 1") from 2033 to 2025 and the replacement of the capacity of Union 1 (approximately 495 MW) with renewables. 350 NO seems to be suggesting that the analysis should have considered not just the early deactivation of Union 1, but also the other three Union units as well, which combined with Union 1 would represent an overall capacity amount of approximately 1,980 MW. Since Union 2, Union 3, and Union 4 are owned by other Entergy operating companies and ENO receives no capacity from them, such an analysis would not have been appropriate, and was never contemplated, for the ENO IRP.

On a related topic, 350 NO states, "Yet Strategy 1, the 'least cost planning' states that Union would be deactivated in 2025." As shown on slide 20 of the Public Meeting #2 deck (and pp. 58-59 of the IRP Report), Planning Strategy #1, identified in accordance with the IRP rules as

[3] See IRP Report p. 65, footnote 32.

a "Least Cost Planning" strategy, assumed that Union 1 would be deactivated in 2033. Manual Portfolio 1a considered an alternative deactivation of Union 1 in 2025.[4]

Lastly, 350 NO refers to slide 29 of the Public Meeting #2 deck and the IRP Action Plan in making the comment that "[The] EV charging station infrastructure proposal is woefully undersourced and extremely slow…Charging stations need to be given a high priority to get many more, if not hundreds, around the city within a year or two." ENO agrees that increased deployment of electric vehicle charging infrastructure in New Orleans is necessary to support the adoption of electric vehicles by residential and commercial customers and reduce carbon emissions from the transportation sector in the city. As was discussed in a June 2, 2022, presentation to the Council's Climate and Sustainability Committee, since the $500K funding for the public charging pilot was approved in late 2019,[5] ENO has worked to gather public input on possible charger locations, identify the most suitable public sites, and obtain the necessary approvals and permits to begin installing Level 2 chargers. ENO expects to complete installation of at least a portion of the chargers under the pilot program this year and the remainder in 2023.

Also, ENO made a filing with the Council in January 2022 in Docket UD-18-07 seeking regulatory changes that would encourage the expansion of electric vehicle charging infrastructure in New Orleans. These measures would include a modification of the current extension of electric service policy, a modification of the current Rider EVCI to provide more payback options for non-residential customers seeking to have ENO install electric vehicle charging infrastructure at their businesses, and the addition of an Electric Vehicle Charging Demand Adjustment Rider schedule

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[4] Slide 25 of the Public Meeting #2 deck, which summarizes pp. 72-73 of the IRP Report, presents the total relevant supply cost analysis supporting the statement on slide 4 referenced by 350 NO in its comment. Slide 25 also shows that Manual Portfolio 1a had a higher cost than the optimized portfolio for Scenario 1/Strategy 1, which indicates it would be less economic for customers to deactivate Union 1 in 2025 than to operate it until 2033.

[5] See Resolution No. R-19-457, dated November 7, 2019.

that would provide more certainty to non-residential customers on the Small Electric rate schedule who wish to install EV chargers and make them available to their customers or employees. As stated in the IRP Action Plan, in addition to the pending regulatory policy filing, ENO will seek to develop other proposals to the Council that would expand public access to Direct Current fast chargers and Level 2 chargers and foster greater adoption of EVs in the city.

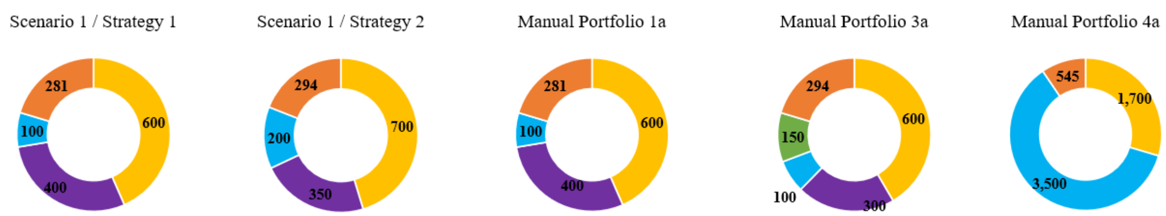
Finally, ENO continues to offer $250 rebates through the e-Tech program to residential and commercial customers who install qualifying EV chargers at their homes or businesses. The program has paid out approximately 190 rebates to New Orleans customers since it began in 2018.

<u>Comments by AAE</u>

AAE makes the statement on p. 2 of its comments that, "This IRP does not include portfolios with any [Demand Side Management]. 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." This comment is puzzling since AAE should be aware that <u>**all**</u> of the portfolios developed for the 2021 IRP included significant amounts of DSM, with avoided capacity values ranging from 245 MW to 474 MW. As was the case in the 2018 IRP, two different consultants prepared DSM potential studies for ENO and the Council, and the parties agreed through the technical meetings which DSM input cases from the studies would be assigned to which Planning Strategies for purposes of decrementing the load requirements to be met through the resulting portfolios. For the 2021 IRP cycle, AAE participated in the DSM Input Stakeholder Meeting as well as all technical meetings, just as it did for the 2018 IRP, so it is familiar with the process for incorporating DSM into the IRP analysis. This process and the effects of DSM on the total relevant supply costs are explained in detail on pp. 46-53 and pp. 69-74 of the IRP Report.

The chart below shows the amounts of DSM included in each of the five portfolios downselected for inclusion in the full total relevant supply cost analysis. The other optimized portfolios created during the capacity expansion but not downselected for inclusion in the TRSC analysis all included DSM in amounts corresponding to the associated DSM input case from the applicable potential study. A similar chart can be included in future IRP reports if this view is helpful to make clear the amount of DSM included in each portfolio.

2041 New Capacity (ICAP) with DSM (incl. Transmission Losses & Reserve Margin)



Scenario 1 / Strategy 1	
Resource	**Capacity (MW)**
Solar	600
Battery	400
Wind	100
Hybrid	-
DSM	281

Scenario 1 / Strategy 2	
Resource	**Capacity (MW)**
Solar	700
Battery	350
Wind	200
Hybrid	-
DSM	294

Manual Portfolio 1a	
Resource	**Capacity (MW)**
Solar	600
Battery	400
Wind	100
Hybrid	-
DSM	281

Manual Portfolio 3a	
Resource	**Capacity (MW)**
Solar	600
Battery	300
Wind	100
Hybrid	150
DSM	294

Manual Portfolio 4a	
Resource	**Capacity (MW)**
Solar	1,700
Battery	-
Wind	3,500
Hybrid	-
DSM	545

■ Solar ■ Battery ■ Wind ■ Hybrid ■ DSM

On the topic of the natural gas price assumption used in the 2021 IRP modeling, AAE suggests that an additional sensitivity should be modeled using the last six months of Henry Hub spot prices to create a new cost curve for future gas costs. Despite the recent volatility in the price of natural gas, ENO suggests that any such additional analysis is not appropriate or necessary as part of the 2021 IRP. The IRP is by definition a 20 year study that seeks to inform long term utility resource planning. As discussed on p. 54 of the IRP Report, a range of long term gas price forecast cases is developed for use in the analysis that draws on NYMEX Henry Hub forward prices as well as other third-party forecasts. If the high gas prices seen recently in the market persist and drive forecasts of higher prices over the long term, those trends will be captured as appropriate in the input cases developed for the 2024 IRP. Likewise, if gas prices moderate in the near term, future long term price forecasts will reflect that data. Indeed, the Council requires ENO to produce a new IRP every three years for this very reason—to update the long-term point of view based on recent assumptions. Prolonging the 2021 IRP by running additional analyses based on volatile short term natural gas prices would not yield any instructive results, particularly given that none of the portfolios developed through the IRP analysis included any new natural gas resources over the 20 year study horizon.

AAE suggests the need for a new rulemaking to consider a "DSM Rule," and makes the statement that the Council, "has never adopted a standing energy efficiency rule or even a goal for energy savings or demand reduction as a stand-alone policy." It's not clear what AAE means when it says the Council lacks a "stand-alone policy" for DSM since the Energy Smart program has existed for 12 years and was the result of Council policy decisions going back to at least 2007.[6] Likewise, the Council has had a standing 2% energy savings goal for several years now, and that goal has been modeled in both the 2018 and 2021 IRPs. The Council has not previously articulated a demand reduction goal to be considered in connection with demand response programs. However, given the increasing participation in demand response programs among ENO's customers and the recent completion of the AMI implementation, ENO believes that it would be appropriate for the Council to consider adding a demand reduction goal in connection with demand response programs to the next three years of Energy Smart, 2023-2025. ENO disagrees with AAE that a separate rulemaking is required to do so, however, and suggests that the process already in place in the IRP docket to review ENO's proposed 2023-2025 (Program Years 13-15) implementation plan will provide ample opportunity for the parties to discuss the possible parameters of a goal. Creating another docket associated with Energy Smart and DSM planning

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[6] See, for example, Council Resolution Nos R-07-600, dated December 6, 2007, and R-09-267, dated June 4, 2009.

will only delay implementation of the next portfolio of programs without adding any benefit to customers.

AAE makes statements in its comments that a new DSM docket would drive benefits for customers who have not been able to participate in Energy Smart programs before, and areas that have not benefitted from programs. The extremely deep coverage of Energy Smart has been documented extensively in prior reports to the Council, as have its engagement of low income customers and neighborhoods throughout the city. There is no merit to AAE's suggestion that a new DSM docket is necessary to create programs to support low income customers or neighborhoods since such programs already exist in Energy Smart and additions or modifications could be considered under the existing plan review process.

Likewise, AAE suggests a separate DSM docket could be used to create models using different discount rates than those used in the two IRP potential studies.[7] It's not clear why AAE believes a 2-3% discount rate is "more appropriate," nor is it clear how AAE concludes "a high discount rate tends to disfavor DSM options such as battery storage because of their up-front costs." In any event, opening an additional DSM docket to generate models using different discount rate assumptions as proposed by AAE would serve only to slow down the implementation of Energy Smart, add additional regulatory costs for customers, and fail to produce any meaningful data to the planning process.

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[7] AAE states that both DSM potential studies developed for the 2021 IRP process used a discount rate of 8%, but both actually used a 7.09% weighted average cost of capital for ENO as the discount rate, which is appropriate since ENO invests the funds to implement Energy Smart programs.

CERTIFICATE OF SERVICE
DOCKET NO. UD-20-02

I hereby certify that I have served the required number of copies of the foregoing report upon all other known parties of this proceeding, by the following: electronic mail, facsimile, overnight mail, hand delivery, and/or United States Postal Service, postage prepaid.

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New Orleans, Louisiana, this 7th day of June 2022.

Keith Wood

Keith D. Wood