



By Electronic Mail
(Bfmason1@nola.gov)

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

October 31, 2022

RESOLUTION AND ORDER ESTABLISHING RULEMAKING TO CONSIDER SAVINGS TARGETS AND PROGRAM DESIGN FOR ENERGY EFFICIENCY, CONSERVATION, DEMAND RESPONSE AND OTHER DEMAND-SIDE MANAGEMENT PROGRAMS AS WELL AS CUSTOMER-OWNED DISTRIBUTED ENERGY RESOURCES AND BATTERY STORAGE FOR THE CITY OF NEW ORLEANS (DOCKET NO. UD-22-04)

Dear Ms. Johnson:

Please find enclosed the Comments of Sierra Club in the above-mentioned docket. Please file the attached comments and this letter in the record of the proceeding. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Elena Saxonhouse".

Elena Saxonhouse
Managing Attorney
Sierra Club

**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

IN RE: RESOLUTION AND ORDER)	
ESTABLISHING RULEMAKING TO)	
CONSIDER SAVINGS TARGET AND)	
PROGRAM DESIGN FOR ENERGY)	
EFFICIENCY, CONSERVATION,)	DOCKET UD-22-04
DEMAND RESPONSE, AND OTHER)	
DEMAND-SIDE MANAGEMENT)	
PROGRAMS AS WELL AS CUSTOMER-)	
OWNED DISTRIBUTED ENERGY)	
RESOURCES AND BATTERY)	
STORAGE)	

COMMENTS OF SIERRA CLUB

I. Introduction

Sierra Club is the nation’s largest and oldest grassroots environmental organization, with more than 737,000 members nationwide, including more than 3,000 members living in New Orleans. Sierra Club is participating in this rulemaking primarily to provide input on the City Council’s question of “whether new programs should target specific geographic areas of the city to address heat islands or towards customers facing particularly severe energy burdens,”¹ along with “proposals to make Energy Smart programs more effective and more accessible to New Orleans customers.”² Sierra Club appreciates the City Council’s interest in these issues, and aims to provide the benefit of the organization’s experience working with utilities and Public Utility Commissions in Michigan and Wisconsin for the past several years to target utility energy

¹ Council of the City of New Orleans, Resolution and Order Establishing Rulemaking to Consider Savings Targets and Program Design for Energy Efficiency, Conservation, Demand Response and Other Demand-Side Management Programs as well as Customer-Owned Distributed Energy Resources and Battery Storage, Docket No. UD-22-04 (hereinafter “Resolution and Order”), at 3.

² *Id.*

efficiency programs to areas of Detroit, Flint, and Milwaukee facing severe energy burdens. As discussed in detail below, Sierra Club urges the City Council to require a similar program for New Orleans that is tailored to the area's unique characteristics. Our comments propose a method for place-based targeting, including specific census tracts to consider prioritizing, and an outline of key program design issues both for a targeting program and the Energy Smart program overall.

II. The Energy Smart Program Should Be Modified to Include Geographic Targeting Based on Energy Burden, Heat Islands, and Other Indicators

Sierra Club appreciates the City Council's interest in "whether new programs should target specific geographic areas of the city to address heat islands or towards customers facing particularly severe energy burdens," and urges the City to require Entergy New Orleans (ENO) to partner with stakeholders to design and implement a program to do just that. ENO should implement a geographic targeting initiative that not only serves as a method for prioritizing which homes to serve through the utility's existing programs, but also expands participation of low-income customers overall. While energy efficiency measures are not a substitute for bill payment assistance programs, they are an important element of permanently lowering energy costs and have been hailed as a key strategy for achieving racial and economic justice in areas, like New Orleans, that suffer from the long-term effects of racially discriminatory housing policies.³ With ENO's moratorium on disconnections for nonpayment ending November 1, 2022

³ See Testimony of Jamal Lewis on Behalf of Sierra Club, the Ecology Center, and Natural Resources Defense Council, *In the matter, on the Commission's own motion regarding the regulatory reviews, revisions, determinations and/or approvals necessary for DTE Electric Company to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016*, Michigan Public Service Commission, Docket No. U-20876 (Oct. 6, 2021), at 9-15, attached as Exhibit 1. Although Mr. Lewis's presented this testimony on the racial context of energy efficiency programs and particular barriers faced by Black and Brown communities in the context of a Michigan utility's energy efficiency plan review, the research and findings in Mr.

(the day after this filing), it is urgent that the City adopt new strategies to increase affordability and reduce disconnects, including expanding and targeting energy efficiency programs.

A. Energy Efficiency Programs Can Mitigate New Orleanians' Overlapping Burden of Unaffordable Energy and Extreme Heat

As the City Council is aware, the City's lower income residents face a dual burden of high energy burden (i.e., high energy bills in proportion to income) and extreme heat. Income-qualified households in New Orleans face one of the highest energy burdens in the country. Half the low-income households in New Orleans have an energy burden greater than 9.8%, and a quarter of them, over 18.9%. The national average is 3.5%.⁴ New Orleans also ranks highest in the country for urban heat island intensity, with an index score of 8.94 degrees Fahrenheit.⁵

Extreme heat is a financial burden for income qualified households. Heat islands are also an additional barrier to maintaining healthy and comfortable homes.⁶ Increased energy demand for cooling strains the grid, drives up energy costs, and creates more greenhouse gas emissions.⁷

Lewis's testimony are relevant to New Orleans as well. *See also* Hayes et al., American Council for an Energy Efficient Economy ("ACEEE"), *Pathways to Healthy, Affordable, Decarbonized Housing: A State Scorecard* (2022), <https://www.aceee.org/research-report/h2201>, at 1 ("While one in three U.S. households reports difficulty in paying their energy bills, the challenge is compounded for Black people, Indigenous people, and other people in communities of color who have also been subjected to other systemic racial and environmental injustices and experience the highest energy burdens compared to more affluent or white households") (internal citations omitted).

⁴ A. Drehobl and L. Ross, ACEEE, *Lifting the High Energy Burden in America's Largest Cities: How Energy Efficiency Can Improve Low-Income and Underserved Communities* (2016), <http://aceee.org/research-report/u1602>.

⁵ Research brief by Climate Central, *Hot Zones: Urban Heat Islands* (2021) (hereinafter "*Hot Zones*"), https://assets.ctfassets.net/cxgxtgtp8r5d/1XZZjkLYwtcmKL5k3wEinl/5f8c9b5b2d8dd56e1bda7f51278fc3d2/2021_UHI_Report.pdf.

⁶ C. Bhedwar, Southeast Energy Efficiency Alliance, *How heat islands worsen energy inefficiency and inequality in our cities* (2021), <https://www.seealliance.org/blog/how-heat-islands-worsen-energy-inefficiency-and-inequality-in-our-cities/>.

⁷ *Hot Zones* at 7.

Low-income households pay proportionately more than the average household for energy costs, and often live in energy-inefficient homes that are more costly to keep cool. This makes it more difficult for low-income households to survive a heat wave.⁸ A family living in an inefficient home experiences an extreme hardship if they live in a heat island, making it significantly more difficult and more costly to cool their home in the summer.⁹ As shown in Section II.D below, many of the same New Orleans communities that have the highest heat indexes also suffer from severe energy burden.

Research suggests that for both single and multifamily low-income households, energy efficiency can eliminate up to 35% of their excess energy burden.¹⁰ Energy efficiency is also a powerful tool for mitigating the heat island effect. Weatherization improvements and advanced building technologies like smart thermostats can lower energy bills and reduce the risk of heat-related illness in homes. An energy-efficient home requires less energy and less money to heat or cool.¹¹ As the City will face even more extreme heat as a result of climate change, such improvements are crucial. For example, climate scientists predict that in 2040-2060, the City of New Orleans can expect an annual average of 89 heat danger days (i.e., where combined heat and humidity result in a “feels like” temperature above 103 degrees Fahrenheit), as compared to 39 such days in 2000-2020.¹²

⁸ United States Environmental Protection Agency, Heat Islands and Equity, <https://www.epa.gov/heatislands/heat-islands-and-equity>.

⁹ Bhedwar, *supra* note 6.

¹⁰ Drehobl and Ross, *supra* note 4.

¹¹ Bhedwar, *supra* note 6.

¹² Woodwell Climate Research Center, *Climate risk assessment: New Orleans, Louisiana*, Policy Brief, May 31, 2022, <https://www.woodwellclimate.org/climate-risk-assessment-new-orleans-louisiana/>.

In sum, targeting the Income-Qualified Weatherization offerings to communities suffering from both severe energy burden and high heat intensity will result in lower energy usage, lower bills and increased home safety and comfort for New Orleans most vulnerable residents.

B. Expanding and Targeting ENO’s Income-Qualified Energy Efficiency Programs Would Also Advance the City’s Goals on Housing and on Climate Change

Expanding and targeting ENO’s income-qualified energy efficiency programs would further the City of New Orleans’ ongoing priority of lowering housing costs, including energy costs, among its low-income population.¹³ Indeed, the City identified the “number of low-income homeowners participating in energy efficiency programs” as a performance measure in its five-year strategic plan for resilient housing, and reaffirmed its commitment to this strategy in the Office of Community Development’s 2020 Action Plan.¹⁴ The strategic plan includes an action item to “conduct targeted outreach about energy efficiency retrofit and weatherization programs to ensure these resources are being distributed to the City’s most vulnerable populations.”¹⁵ Designing and implementing a specific program to target these populations is a logical and overdue next step.¹⁶

Paired with an increase of ENO’s overall efficiency savings goals and a new goal to reduce peak demand urged by other commenters, expanding participation of low-income customers

¹³ In the five-year strategy set forth in City of New Orleans, *Housing for a Resilient New Orleans* (June 2016), <https://nola.gov/home/buttons/resilient-housing/>, at 9-10, the City set an objective to “lower the costs associated with homeownership,” and included the following action item: “[C]onduct targeted outreach about energy efficiency retrofit and weatherization programs to ensure these resources are being distributed to the City’s most vulnerable populations.”

¹⁴ City of New Orleans, Office of Community Development, *Annual Action Plan* (Dec. 16, 2020), <https://nola.gov/community-development/consolidated-annual-action-plan/december-draft-aap-documents/draft-2020-annual-actual-plan-published-12-16-2020-jt/>, at 2, 12.

¹⁵ *Housing for a Resilient New Orleans* at 24.

¹⁶ Though the focus of these comments is on energy efficiency programs, similar targeting for program offerings for solar and battery storage would maximize cost-saving and comfort benefits to these households and likely provide efficiencies in coordination for the utility, contractors, and

would also help reduce greenhouse gas emissions and co-pollutants like fine particulate matter that have devastating impacts on public health. The City of New Orleans has committed to reducing greenhouse gas emissions 50 percent by 2030, and has recognized that to accomplish this goal, it must increase energy efficiency investment in buildings.¹⁷ According to the City’s strategy set forth in *Climate Action for a Resilient New Orleans*, energy efficiency interventions and the Energy Smart program are critical components for reaching this goal.¹⁸ The plan notes that as the City Council “continues to innovate Energy Smart between now and 2030, it will be important to explore other programs, scale successful pilots, and bring best practices to our community’s unique needs.”¹⁹

C. Other Utilities are Adopting Geographic Targeting Programs

Geographic targeting programs from other urban areas where customers struggle with poverty and high energy costs can serve as models for ENO and New Orleans. For example, in Michigan, both DTE Energy and Consumers Energy are creating geographic targeting initiatives for their low-income energy efficiency programs in response to Sierra Club and Earthjustice’s advocacy. In a settlement agreement with Sierra Club and others, DTE Energy committed to targeting particularly high-need areas in the city of Detroit to increase energy efficiency services for low-income households, with a budget set-aside of \$1 million.²⁰ In collaboration with stakeholders, DTE Energy is currently in the process of determining the target geographic areas

community action agencies. Sierra Club supports coordinated targeting of these other clean energy resources along with energy efficiency.

¹⁷ City of New Orleans, *Climate Action for a Resilient New Orleans* (July 2017), <https://nola.gov/climate-action/>.

¹⁸ *Id.* at 30.

¹⁹ *Id.* at 31.

²⁰ Order Approving Settlement Agreement, *In the matter, on the Commission’s own motion regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for DTE Electric Company to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016*, Case No. U-20876 (Jan. 20, 2022) (attached hereto as Exhibit 2).

through a set of research studies to analyze the areas that are experiencing the highest energy burden and have other indicators of vulnerability or burden including race/ethnicity, how best to prioritize among them, and how to ensure effective outreach to those households. DTE is also developing an implementation plan for the Detroit geographic targeting initiative with the input of stakeholders, community partners, contractors, and the public, along with the results of the above research. The utility will make its final implementation plan public before the end of the year, and begin implementing the program in 2023.

The agreed upon goals of DTE's geographic targeting initiative are that (1) participation in energy efficiency assistance and/or income qualified multi-family programs increases in areas with high energy burden, supporting bill reduction along with health, safety, and comfort benefits; (2) partnering agencies and/or contractors identify customers in these areas who need air sealing and insulation and are able to provide those measures as needed; (3) energy auditors working in that area are trained to identify health and safety hazards such as wiring issues, mold, lead, and asbestos and to communicate the presence and impact of the hazards to the occupant; and (4) partnering agencies and/or contractors working in these areas are supported by DTE in identifying place-based, or other, opportunities to leverage funding from other state, federal, and private sources. As this program is paired with a performance incentive for DTE's overall energy efficiency program that rewards the utility for implementing air sealing and insulation over less beneficial measures (also agreed to in the settlement), DTE will likewise focus on providing weatherization and air sealing to households participating in the geographic targeting program.

As a result of another Sierra Club settlement, Consumers Energy is creating a targeted initiative in and around the city of Flint that aims to provide energy efficiency services to economically vulnerable customers who are struggling to pay utility bills and at risk of deferral

due to household health and safety concerns. Consumers has committed to targeting specific zip codes and prioritizing outreach to a subset of zip codes that have very high need. Through the Flint program, Consumers aims to “find and provide EWR [energy waste reduction, i.e., energy efficiency] intervention to economically vulnerable customers including those in arrears, struggling to pay utility bills, and at risk of deferral due to health and safety concerns. The initiative will focus on expanding existing efforts with community agencies, energy assistance coordination, outreach to income-qualified participants who recently installed emergency equipment, education and awareness efforts, trade ally education and engagement, and other targeted approaches.”²¹ It will also address goals similar to those listed above for the DTE program.

A recent settlement in Illinois also includes a geographic targeting component. There, Commonwealth Edison Company (“ComEd”) agreed to a performance incentive metric with a target of 10% annual reductions in residential customer disconnections across the 20 zip codes with the highest rates of disconnection based on 2017-2019 data. ComEd’s goal is to “connect customers with EE and financial assistance options in order to reduce customer arrearages and, as a result, to reduce disconnections.”²²

²¹ Order Approving Settlement Agreement, *In the matter, on the Commission’s own motion regarding the regulatory reviews, revisions, determinations, and/or approvals necessary for Consumers Energy Company to fully comply with Public Act 295 of 2008, as amended by Public Act 342 of 2016*, Case No. U-20875 (Mar. 17, 2022), Exhibit A at ¶¶17-18 (attached hereto as Exhibit 3).

²² Illinois Commerce Commission, Order, Docket No. 22-0067, *Commonwealth Edison Company’s Petition for the Establishment of Performance Metrics Under Section 16-108.18(e) of the Public Utilities Act* (Sept. 27, 2022), at 156-168. Of note, ComEd found that this approach would result in overall savings by reducing customer time spent with its Call Center discussing arrearage and disconnection issues. *Id.* at 159-60.

D. ENO Should Prioritize Census Tracts Most Impacted by Severe Energy Burden and Heat Island Impacts, With Attention to Other Indicators Including Income, Race, Housing Burden, and Asthma

Sierra Club recommends that ENO target program offerings to specific priority census tracts that are most impacted by severe energy burden, heat island impacts and additional indicators including: income, race, housing burden and asthma. In recommending these additional indicators we rely on the Department of Energy's (DOE) indicators that make up the definition of disadvantaged community and EJScreen's demographic and health disparity indicators. Sierra Club also supports considering other indicators such as level of energy bill arrearages, and number of utility disconnections for nonpayment. Unlike the indicators we have recommended above, data for customer arrearages and disconnections are not publicly available. Therefore, we recommend that the City Council require ENO to track and share data on energy bill arrearages and utility disconnections for nonpayment so that this information is available for targeting of program offerings.

Federal agencies' approach to identifying "disadvantaged communities" can provide insight for prioritizing communities for resources within New Orleans. Housing burden, income, race, and asthma, are indicators employed by DOE and the U.S. Environmental Protection Agency (EPA) as follows. The DOE's definition of disadvantaged community is based on cumulative burden and includes data for 36 burden indicators collected at the census tract level. DOE will use this definition to target clean energy and energy efficiency investments in compliance with the Biden Administration's Justice40

Initiative.²³ Included in this list of burden indicators are income and housing burden.²⁴ EJScreen is an environmental justice mapping tool that is used by EPA to screen for areas that may be candidates for additional consideration, analysis or outreach as EPA develops programs, policies and activities that may affect communities. One of the demographic indicators included in this tool is populations or people of color. According to the most recent American Census Survey the racial composition of New Orleans is majority Black (59.22%).²⁵ One of the health disparity indicators included in the EJScreen tool is asthma at the census tract level.²⁶ Louisianans with asthma face a higher risk of dying than people with asthma who live in other parts of the United States. About 200,000 adults in the state have asthma.²⁷ Hurricane Katrina changed the landscape of the disease in New Orleans. The flooding that ensued caused tremendous increases of mold in the air.²⁸

The 10 tracts identified below could serve as a starting point for collecting community and stakeholder input on priority areas. Following maps of each indicator, Table 1 below compiles data for each of the above indicators for each tract.

1. Census Tracts with Severe Energy Burden

Below are census tracts that have an average energy burden that is higher than 9%.

²³ The White House, Justice40: A Whole-of-Government Initiative, <https://www.whitehouse.gov/environmentaljustice/justice40/>.

²⁴ Department of Energy. J40 DACs Data Descriptions. 2022. file:///C:/Users/Sharonda/Downloads/DAC%20Data%20Indicators_v2022c.pdf

²⁵ United States Census. New Orleans City, Louisiana. 2022. <https://www.census.gov/quickfacts/neworleanscitylouisiana>

²⁶ United States Environmental Protection Agency. EJScreen Map Descriptions. 2022. <https://www.epa.gov/ejscreen/ejscreen-map-descriptions#heal>

²⁷ National Center for Environmental Health State Fact Sheets: Louisiana, https://www.cdc.gov/nceh/information/state_factsheets/louisiana.htm.

²⁸ WEACTION For Environmental Justice, Unequal Air and Care (2017), https://www.weaction.org/wp-content/uploads/2017/08/Unequal-Air-and-Care_DigitalCopy.pdf.

The average energy burden in these census tracts ranges from 9.1% to 18.6%. A high energy burden is considered to be above 6% and a severe energy burden above 10%. Since there are a large number of census tracts in New Orleans that fall within the 9.1% to 9.9% range which is right on the cusp of the 10% threshold, it is worth including those census tracts for prioritization.

These are census tract numbers: 17.51 (Viavant and Venetian Isles Neighborhoods), 22 (Roch neighborhood), 85 (Central City Neighborhood), 94, 28, 48 (Iberville Neighborhood), 6.03, 143, 69, 44.02 and 137, as illustrated in Figure 1 below.



Figure 1. Census tracts with energy burden of 9%+

2. Census Tracts Within Urban Heat Islands

Figure 2 below illustrates priority energy burdened census tracts overlaid on urban heat islands. Nearly all of the tracts with extreme energy burden are co-extensive with urban heat islands. Census tracts where energy burden (% of annual household income spent on total energy costs) is 9% or higher are outlined in blue below.

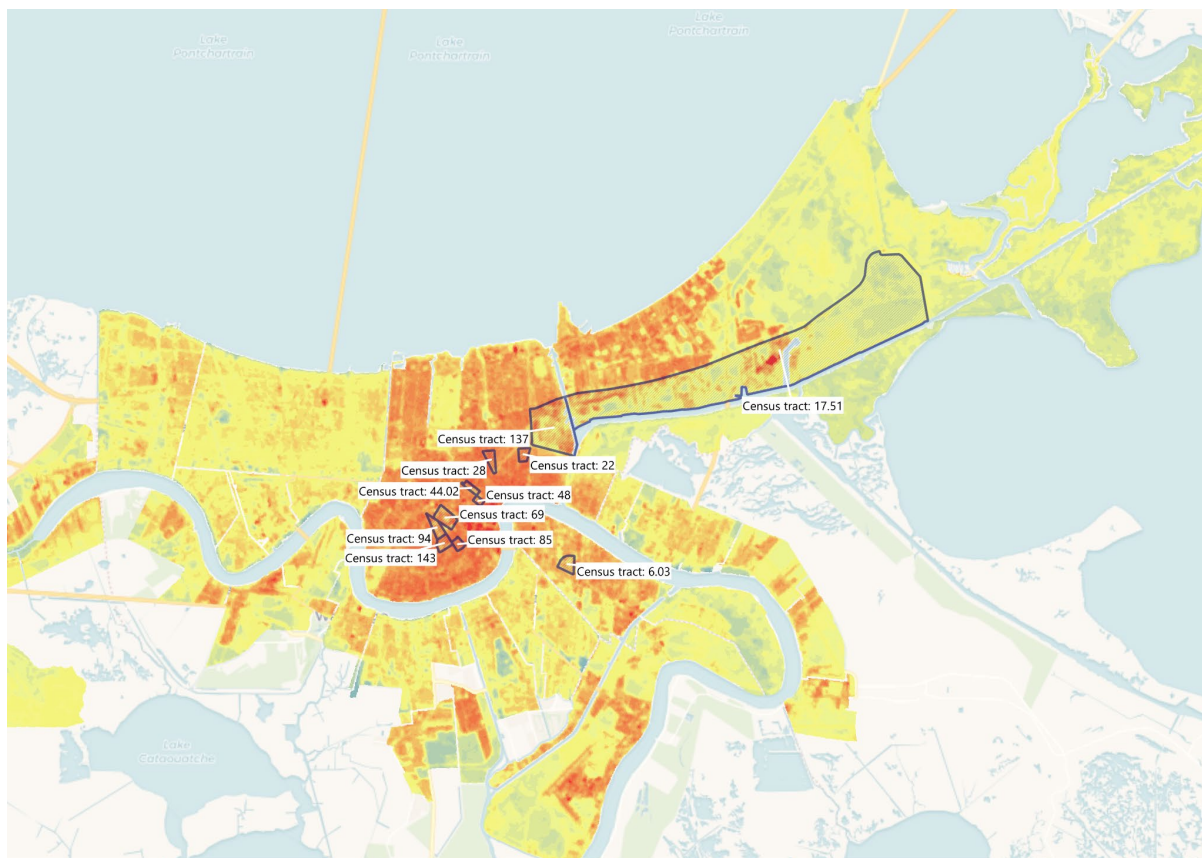


Figure 2. Full Range Heat Anomaly (Urban Heat Island)

3. Median Household Income

Median household income, as shown in Figure 3 below, could also be used to prioritize census tracts for targeting. Low-Income Housing Tax Credit Qualified Census Tracts must have 50 percent of households with incomes below 60 percent of the Area Median Gross Income

(AMGI) or have a poverty rate of 25 percent or more.²⁹ With the exception of census tracts 44.02, 48 and 137 the priority census tracts listed are Low-Income Housing Tax Credit Qualified Census Tracts.³⁰

Energy Burden and Related Indicators

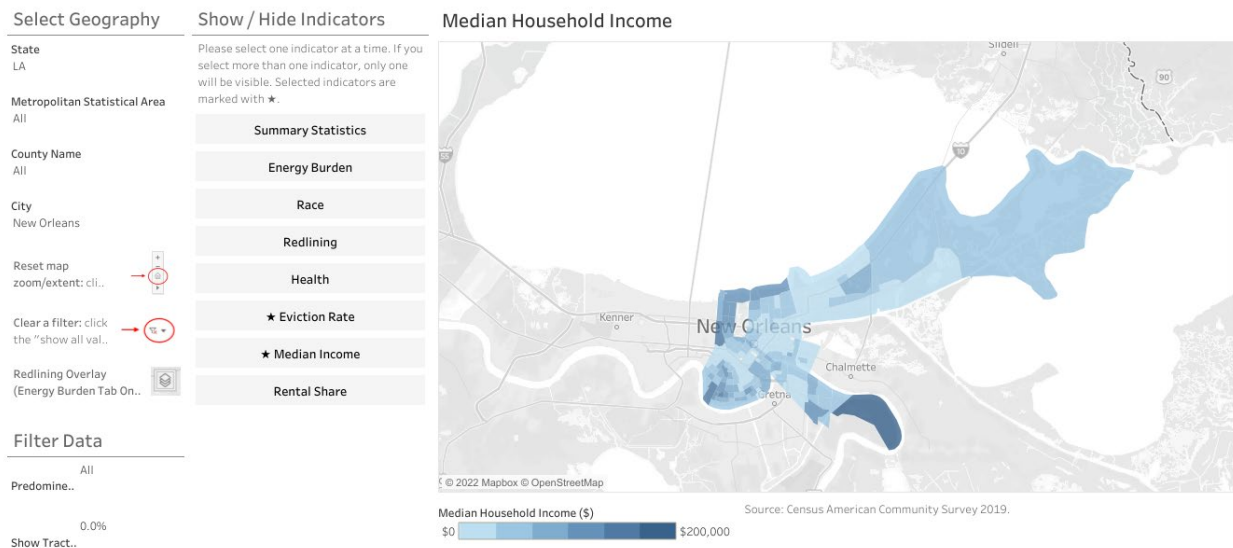


Figure 3. Median household income in New Orleans

²⁹ Office of Policy Development and Research, Qualified Census Tracts and Difficult Development Areas, 2023, <https://www.huduser.gov/portal/datasets/qct.html>.

³⁰ Internal Revenue Service, 2023 IRS Section 42(d)(5)(B) Qualified Census Tracts (2022), <https://www.huduser.gov/portal/Datasets/qct/QCT2023M.PDF>.

4. Race

Figure 4 illustrates the racial makeup of New Orleans. The priority energy burdened census tracts are majority Black, illustrating the disproportionate impact of severe energy burden on Black communities in New Orleans. The priority energy burdened census tracts range from 76.40%- 98.20% of total population of Black residents.

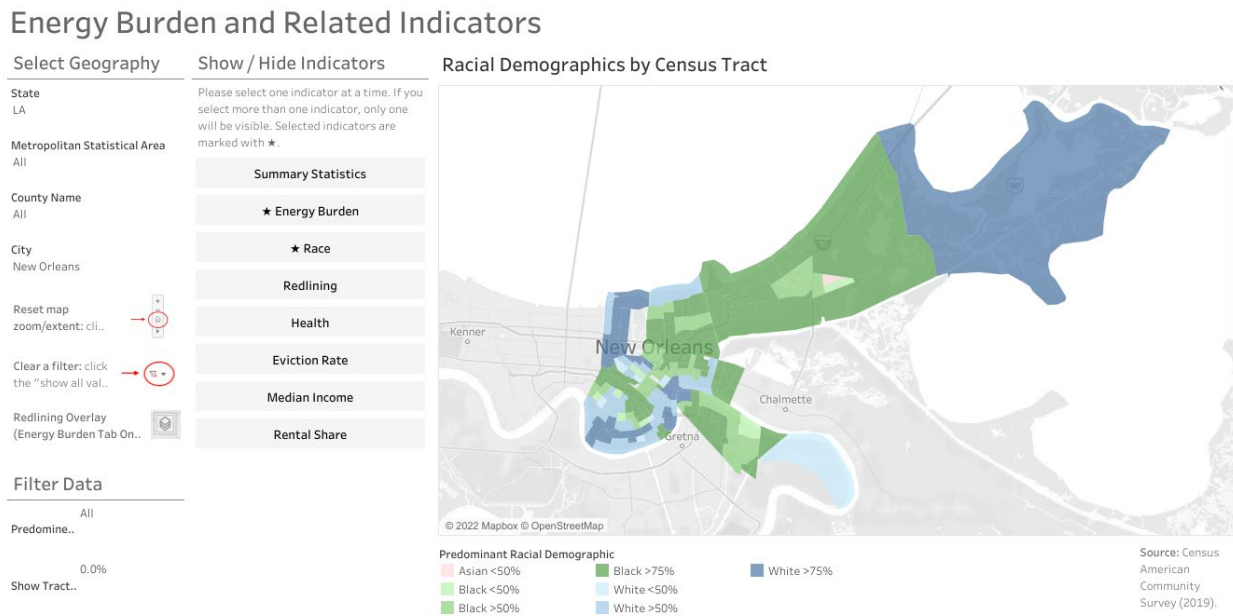


Figure 4. Racial demographics in New Orleans

5. Eviction Rates

Eviction rates, as mapped in Figure 5 below, are an indicator of overall housing burden and unaffordability and could also be used to prioritize census tracts for targeting.

Energy Burden and Related Indicators

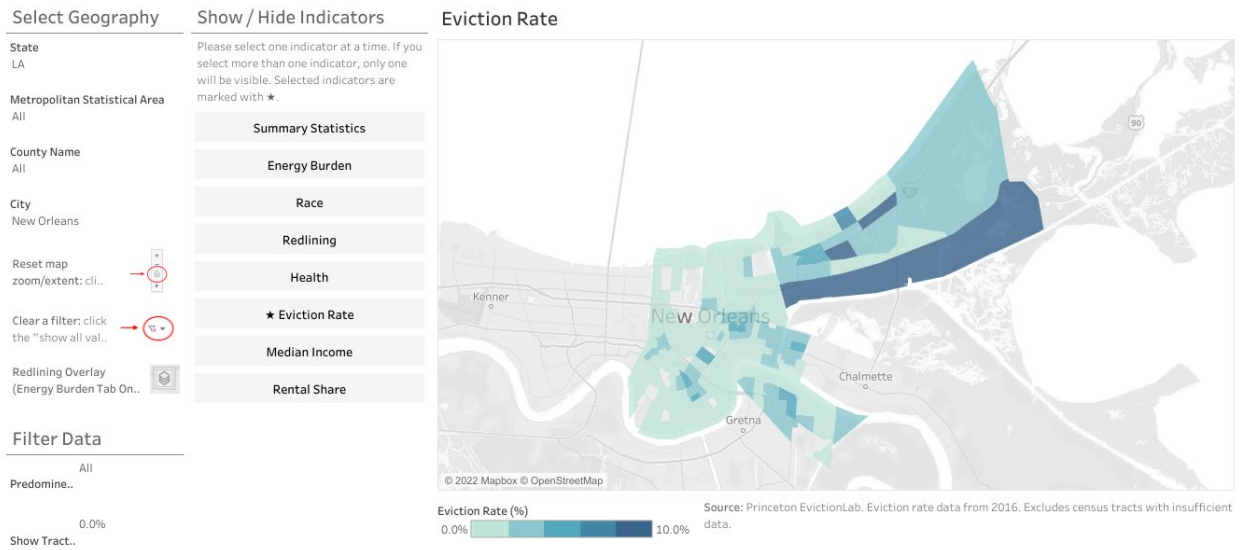


Figure 5. Eviction rates in New Orleans

6. Asthma Rates

Asthma rates, as mapped in Figure 5 below, are an indicator both of existing health burdens as well as susceptibility to mold and indoor air pollution.

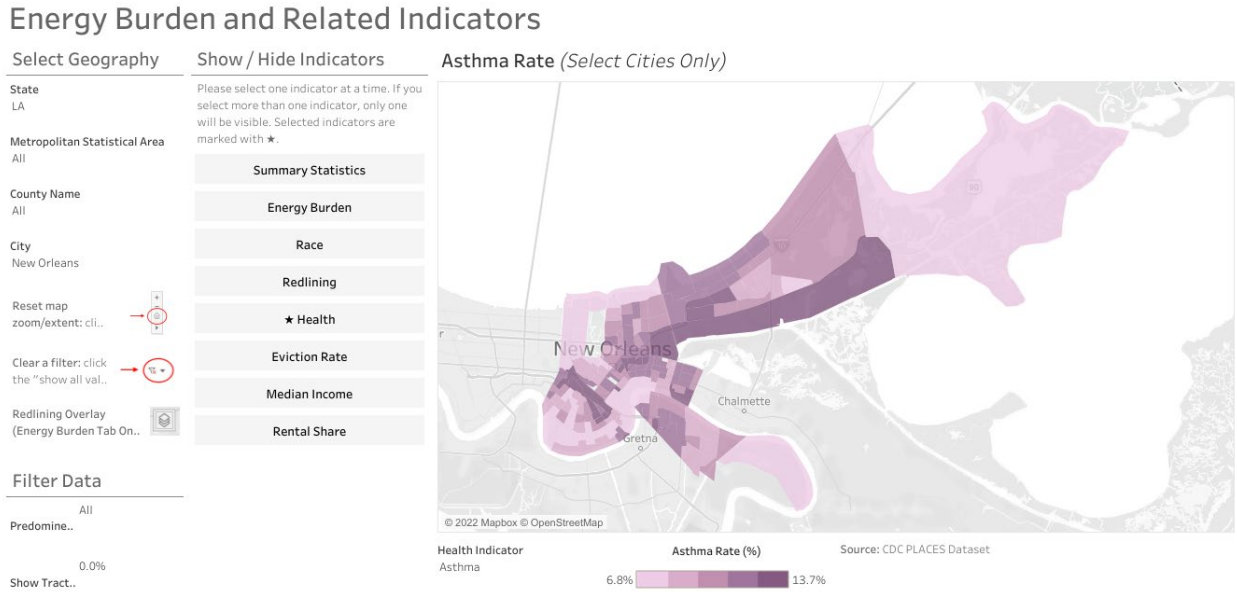


Figure 5. Asthma rates in New Orleans

Table 1 below collects the demographic, health, and energy burden indicators of the priority census tracts discussed above.³¹

Table 1

Census Tract	Tract Name	Average Annual Energy Expenditure in Tract	Average Annual Energy Burden (% of HH income)	Average Household Income	Total Population with Energy Burden of 9%+	Total # of Households with Energy Burden 9%+	Total Number of Housing Units in Census Tract	Percent of Total Population (Black Residents)	Number of Households Under 150% of FPL w/ Energy Burden 9%+
001751	17.51	\$1,919	16.00%	\$11,990	725	294	305	78.10%	241
002200	22	\$2,483	11.10%	\$22,448	1,736	554	585	87.00%	351
002800	28	\$2,135	9.40%	\$22,727	1,623	745	730	90.60%	448
004402	44.02	\$2,539	11.60%	\$21,984	480	121	187	85.40%	100
004800	48	\$3,767	18.60%	\$20,244	389	58	158	96.90%	51
006900	69	\$2,280	9.10%	\$24,988	1,265	315	403	97.60%	215
008500	85	\$2,346	12.90%	\$18,180	1,043	536	503	76.40%	397
009400	94	\$2,268	9.90%	\$22,882	1,377	582	588	93.50%	363
013700	137	\$2,373	9.50%	\$25,040	2,427	897	841	98.20%	605
014300	143	\$1,960	9.10%	\$21,517	1,809	725	767	88.60%	531

Renters, who are more likely to live in less efficient housing and have lower incomes, are particularly prone to experiencing severe energy burden. For the priority census tracts, the rental

³¹ Data sources for the above figures include the following: Average annual energy expenditure = Sierra Club Analysis, underlying data from DOE LEAD Tool (2018); Average annual energy burden = Sierra Club Analysis, underlying data from DOE LEAD Tool (2018); Average Household Income = Sierra Club Analysis, underlying data from DOE LEAD Tool (2018); Total Population with Energy Burden of 9%+ = Sierra Club Analysis, underlying data from DOE LEAD Tool (2018); Total Number of Housing Units in Census Tract = Census American Community Survey (2019); Percent of Total Population (Black) = Census American Community Survey (2019); Share of Households Under 150% FPL w/ Energy Burden 9%+ = Sierra Club Analysis, underlying data from DOE LEAD Tool (2018); Number of Households Under 150% of FPL w/ Energy Burden 9%+ = Sierra Club Analysis, underlying data from DOE LEAD Tool (2018).

share in those tracts ranges from 59% to 100%.³² As discussed further below, in order to target new Energy Smart Programs to customers suffering from severe energy burden there will have to be an expansion of the multi-family solutions program.

E. Best Practices for Implementation of a Geographic Targeting Program

Sierra Club is proposing that ENO initiate a neighborhood-based delivery program that delivers comprehensive, building shell energy efficiency services and weatherization measures. A neighborhood-based delivery program would overcome existing barriers to access and participation and help direct resources to households who can most benefit.

As a part of a neighborhood-based delivery program, ENO would focus on heavily energy burdened and heat island impacted households in their service territory and implement program design elements that would increase participation, especially among limited income customers and customers of color. In these focus areas, customers would automatically qualify for the Energy Smart Program. Upon signing up customers would receive an energy audit from the program implementer serving that neighborhood, and access to the weatherization upgrades recommended by the audit. In addition, ENO and its implementing partners would coordinate with local administrators of any non-utility funded or administered housing and energy programs, to address health and safety hazards that would enable qualifying households to receive Energy Smart services. The goal of this neighborhood-based delivery program would be to take a holistic and neighborhood-based approach to the Energy Smart Program—an approach that would alleviate existing barriers to participation in heavily energy burdened and heat island impacted households.

³² DOE LEAD Tool data. 2018.

By utilizing this approach, ENO can 1) direct resources where they are needed most; 2) partner with community-based organizations that serve the priority areas and utilize these local relationships to increase awareness of the Energy Smart Program; 3) automatically qualify all households that live in the target area; 4) provide flexible audit scheduling hours; and 5) leverage additional state and local funding to address health and safety issues and reduce deferrals.

As part of the proposed neighborhood-based delivery program, ENO would continue their existing partnerships with local community-based organizations to initiate community-scale marketing and outreach campaigns that are rooted in the needs of communities as communicated by the community-based organization partners. That may include yard signs, local media, additional partnerships with local businesses, community centers, and community events.

To complement and increase the effectiveness of the neighborhood-based delivery program, which could be implemented immediately with respect to outreach and marketing, ENO should convene a working group designed to bring together the administrators of various home repair and healthy housing programs that are available and located in ENO's service territory, specifically in the neighborhood-based delivery program target area. The goal of the working group should be to discuss and increase coordination with these programs to support increased access to more holistic healthy housing and energy efficiency programming as well as support any effort to implement a neighborhood-based delivery program. Convening a working group focused on delivering energy efficiency programming to specific census tracts increases program effectiveness ensuring that high energy burdened and heat island impacted customers receive all of the benefits of energy efficiency measures. In addition, focusing on specific census tracts can also be helpful in concentrating resources to overcome barriers to program coordination. The

model developed could then be scaled up and expanded to incorporate other high-energy burdened and heat island impacted communities.

III. Proposals to Make Energy Smart Programs More Effective and Accessible to New Orleans Customers

Sierra Club submits the following comments in response to the City Council’s request for “proposals to make Energy Smart programs more effective and more accessible to New Orleans customers.”³³

A. The City Should Set ENO on a Path to Adopting Recognized Best Practices for Low-Income Energy Efficiency Programs in its Energy Smart Plan

The initiation of the Energy Smart program was a necessary and important step for New Orleans to begin to bring down greenhouse gas emissions as well as customer bills, and ENO’s inclusion of a low-income weatherization program and other services for low-income customers is praiseworthy. However, having now provided energy efficiency programs for a decade, the Energy Smart program must turn its attention to the practices adopted by the best and most effective programs for low-income populations that ENO has not yet incorporated. The American Council for an Energy Efficient Economy (ACEEE), the leading national expert on energy efficiency programs, collected these best practices in its 2020 report, *How High are Household Energy Burdens?: An Assessment of National and Metropolitan Energy Burden across the United States*.³⁴ This report can serve as a helpful guide for improvements to the Energy Smart program. Below, our comments highlight two elements of an effective low-income

³³ Resolution and Order at 3.

³⁴ Drehobl et al., ACEEE, *How High are Household Energy Burdens?: An Assessment of National and Metropolitan Energy Burden across the United States* (attached hereto as Exhibit 4), <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>. See also Gilleo et al, ACEEE, *Making a Difference: Strategies for Successful Low-Income Energy Efficiency Programs* (Oct. 2017), .

efficiency program that are foundational: a program targeted specifically to multi-family buildings; and the integration of home repairs addressing health and safety issues that are necessary to undertake prior to energy efficiency work. ENO should also ensure it is incorporating other key practices discussed in the ACEEE materials discussed below.

1. The Energy Smart Program Must Ensure it is Reaching Low-Income Renters Effectively

Putting more emphasis on reaching the City’s many low-income renters would make the Energy Smart program more “effective and accessible.” ENO’s proposed plan does not include specific strategies or offerings to ensure the program will reach these customers, however.

While the low-income weatherization and HPwES programs proposed by ENO include multi-family homes with four or fewer units, the plan does not distinguish a different approach for these buildings as opposed to single-family homes, nor does it offer any solutions for larger buildings.³⁵ Likewise, the Multi-Family Solutions Program is specifically for multi-family homes, but does not distinguish between income-qualified and other customers.

The omission of offerings specific to income-qualified renters in any of these three programs is a serious one, given that rental properties account for a majority of the residential housing market in New Orleans and, according to a 2017 survey, 91% of renter households are responsible for their own electric bills.³⁶ As noted by ACEEE, “[s]ome utility energy efficiency programs do serve rental properties, *but they are unlikely to reach low-income households unless*

³⁵*Filing of Entergy New Orleans, LLC’s Energy Smart Program Application for Approval of the Implementation Plan for Program Years 13-15* (Docket Nos. UD-20-02 and UD-08-02), July 29, 2022 (hereinafter “Energy Smart Plan”).

³⁶Asakura Robinson/Greater New Orleans Housing Alliance, *New Orleans Rental Market Study*, at 1.

they are specifically designed to do so.”³⁷ “Low-income customers are a diverse segment with diverse energy needs. By segmenting customers by key demographic categories, program designers can then work to identify a specific customer segment’s energy usage characteristics and program needs. This can lead to more impactful outreach, relationship building, program design, and results.”³⁸ ENO should consider policies that have been effective for reaching renters in other utility programs. The ACEEE report *A New Lease on Energy: Guidance for Improving Rental Housing Efficiency at the Local Level*, includes a helpful list of potential rental energy efficiency initiative policy options, and includes case studies from Boulder, Fort Collins, Milwaukee, and Minneapolis.³⁹

The Energy Smart evaluator, APTIM, proposes two strategies that ENO could adopt to better reach low-income renters on page 6 of its EM&V plan attached to ENO’s implementation plan proposal: “Increasing coordination and initiatives with Louisiana Housing Corporation (LHC), Housing Authority of New Orleans (HANO) and Greater New Orleans Housing Alliance (GNOHA) to reach affordable housing more effectively”; and “Engaging Energy Wise, the programs local non-profit outreach partner, to better serve multifamily properties with low-income tenants, including work with VIET (Vietnamese Initiatives in Economic Training) and TCA (Total Community Action).⁴⁰ These “[p]roposed ideas” should be fleshed out with greater detail, timelines, data collection, and reporting, and implemented during the upcoming plan year.

In addition, ENO should consider program offerings for larger buildings. The focus on buildings with fewer than four units has been a reasonable starting place given GNOHA’s

³⁷ ACEEE, *A New Lease on Energy: Guidance for Improving Rental Housing Efficiency at the Local Level*, <https://www.aceee.org/sites/default/files/pdfs/u2102.pdf>, at 13.

³⁸ Drebohl et al (Exhibit 4 hereto) at 66.

³⁹ *Id.*

⁴⁰ Energy Smart Plan, APTIM Summary at 6.

findings that (a) most rental stock in the City is of this size, and (b) most households reporting disproportionately high energy payments are from buildings this size. However, as 30% of the rental housing stock consists of rental units of more than four units, there may be many income-eligible renters with high energy burden and/or subject to the heat island effect who are left out by this approach. Moreover, the GNOHA study emphasized the need for a multi-pronged strategy that addresses *both* smaller and larger structures, noting that “concentrating a portion of energy efficiency interventions on larger rental properties with more units [and high overall energy use] would be an effective strategy as renovating these properties would address a large amount of square footage and reduce emissions efficiently.”⁴¹ Following a Council rulemaking and settlement with Alliance for Affordable Energy, Natural Resources Defense Council, National Housing Trust, and GNOHA, ENO released a landlord portal to help large building owners and developers benchmark their energy use.⁴² While an important first step, the City Council should ensure that ENO takes further steps towards reaching low-income renters in these large buildings.

2. The Energy Smart Program Should Include a Strategy for Avoiding Health and Safety “Deferrals”

Health and safety issues discovered at the time of a home audit often present a barrier to performing energy efficiency improvements in low-income housing. An effective energy efficiency program must have a strategy and funding stream for addressing them. Yet, ENO’s proposed plan does not address health and safety deferrals. The problem is as follows:

These issues can present potential health and safety concerns for the contractor or resident to perform the work (e.g., faulty wiring or presence of asbestos), can

⁴¹ New Orleans Rental Market Study at 3-4.

⁴² Resolution and Order Adopting Settlement Agreement, *In Re: Rulemaking Proceeding to Consider Revising the Council’s Rules to Allow Release of Whole-Building Data to Building Owners*, Docket No. UD-18-04, City Council of New Orleans.

result in increased health and safety issues once the energy efficiency work is complete (e.g., poor indoor air quality exacerbated by air sealing the building envelope), or can prevent the work from moving forward altogether (e.g., insufficient electrical panel). Organizations that participate in the [Department of Energy]’s Weatherization Assistance Program often have to walk away from serving these houses due to insufficient funding to make these repairs; these abandoned projects are referred to as “deferrals.”

A 2018 report by the Environmental Defense Fund found that up to 15 percent of homes, nationwide, have health and safety issues such as mold, leaky roofs, and asbestos that prevents them from accessing weatherization services (EDF, 2018). Per the U.S. Census Bureau, American Housing Survey 2019, Black households are 1.7 times more likely to live in housing that is considered substandard (moderately or severely inadequate) than white households, which contributes to exacerbating racial equity issues in housing and energy (U.S. Census Bureau, 2022). According to the same survey, households below the poverty level are 2.3 times more likely to be living in substandard houses than those at or above the poverty level.⁴³

Deferrals “characterize a significant inequity that exists in the system, which prevents those most in need of assistance with energy waste reduction measures from accessing comprehensive energy saving weatherization services.”⁴⁴ While deferred customers might receive minor measures such as light bulbs and low-flow aerators, these services do not provide nearly the same benefits as building shell improvements like insulation and air sealing.

As explained by expert Jamal Lewis (see Exhibit 1), one key to avoiding deferrals is a “coordinated service delivery model,” that taps into “the availability of federal, state, and local housing, health and energy funding programs that can be leveraged with utility programs.”⁴⁵ Similarly, ACEEE identifies as a best practice “leveraging diverse funding sources,” which

⁴³ Energy Equity Project, 2022. “Energy Equity Framework: Combining data and qualitative approaches to ensure equity in the energy transition.” *University of Michigan – School for Environment and Sustainability (SEAS)*.

⁴⁴ Exhibit 1 (Lewis Testimony) at 21.

⁴⁵ *Id.* at 33.

allows for “a more comprehensive program outcome that has the flexibility to address health and safety issues.”⁴⁶

While external funding sources are important, utilities also have had success putting their own energy efficiency budgets towards health and safety repairs. For example, since 2020, DTE has included a Health & Safety pilot program as part of its energy efficiency offerings. DTE allocates up to \$10,000 per household to address health and safety issues that prevent weatherization and comprehensive energy efficiency. This program has been successful in avoiding deferrals among low-income customers referred for weatherization and DTE chose to continue this pilot through at least 2023.⁴⁷

If the City Council establishes a workgroup to implement recommendations from this rulemaking, it should include designing a health and safety program to avoid deferrals as a key charge for the group. Supplemental funding possibilities for health and safety repairs not covered by weatherization dollars may include the federal Department of Housing and Urban Development (“HUD”) Emergency Repair Funds, HUD Healthy Homes Initiative Funds, the Louisiana Housing Corporation’s, HOME Rehabilitation funds, along with other state, local, and private sources of funding. It should not be entirely up to partners providing energy efficiency services to find ways to serve ENO’s customers by layering different sources of funds; but rather the utility and the City should provide whatever support is possible to ensure community partners can leverage these opportunities. Funding opportunities for partner organizations and the City are discussed further below in Section IV.

⁴⁶ Exhibit 4 at 67.

⁴⁷ Exhibit 1 at 20-21, 34.

3. The Energy Smart Program Should Prioritize Deep Energy-Saving Measures

To better alleviate energy burden, ENO should also prioritize deep energy-saving measures over simpler direct install measures like lightbulbs.⁴⁸ To do so, ENO may need to focus on improving and expanding its network of trusted contractors who can provide building shell weatherization and air sealing.⁴⁹ Data from Entergy’s Arrearage and Disconnect Study suggests that the Energy Smart programs offered to low-income customers only provide these deeper measures to a fraction of households.⁵⁰ Whereas there are approximately 64,720 households at or below 200% of the Federal Poverty Level in New Orleans,⁵¹ only 130 income-qualified customers received air sealing, and only 227 received insulation between January 2016 and April 2020 (compared with 2,382 LED installations).⁵² (The chart below is Figure 1-2 in the Arrearage and Disconnect Study.) While 1,055 customers received duct sealing or an A/C tune up, which the study also considers “high impact” measures, this is dwarfed by the need for such measures.

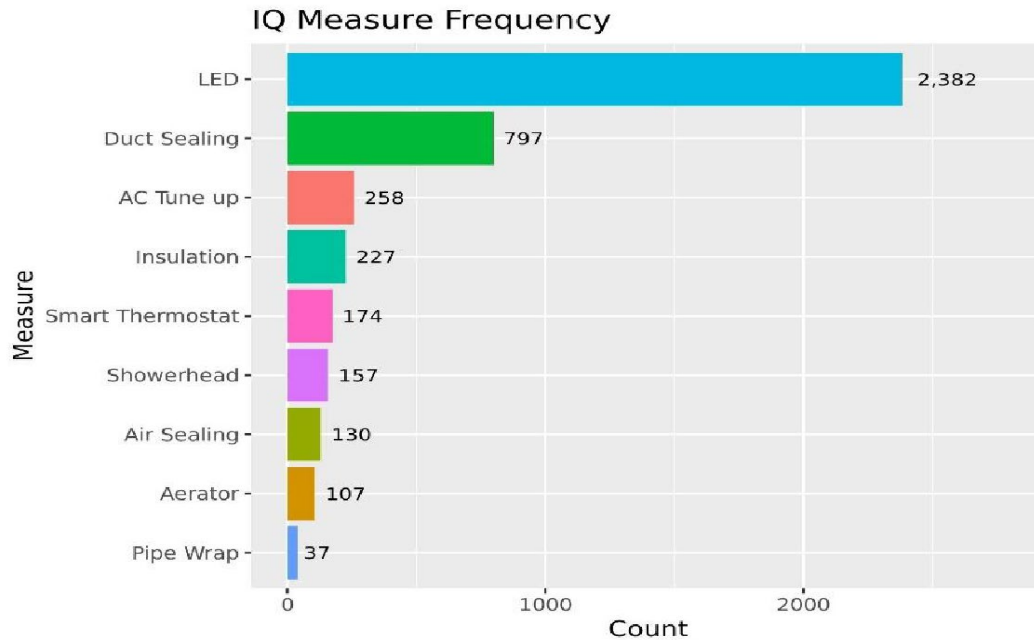
⁴⁸ Exhibit 4 at 67.

⁴⁹ *Id.*

⁵⁰ Entergy Arrearage and Disconnect Study, *available at* https://www.all4energy.org/uploads/1/0/5/6/105637723/2021_05_03_ud-17-03__ud-08-02_eno_energy_smart_py10_arrears__disconnects_study.pdf, at 3 (Figure 1-2).

⁵¹ This number is based on the Census American Community Survey (2019) and only includes New Orleans, not the whole metro-statistical area.

⁵² This data does not appear to include customers participating in both the Home Performance with Energy Star (HPwES) and Income Qualified (IQ) programs.



One model for prioritization of deep energy savings is the Oncor Targeted Weatherization Low-Income Standard Offer Program. The program is designed for households with income at or below 200% of the federal poverty line and is delivered through the Texas Association of Community Action Agencies (TACAA). Utility funds are pooled with federal weatherization dollars. Oncor focuses first on weather-sensitive measures, including shell weatherization and air sealing. Only then do contractors move on to additional issues, including air-conditioning, refrigeration, and lighting. Oncor has raised incentives over time for measures that deliver deep savings, and this has encouraged contractors to look for these savings and focus less on lighting.⁵³

⁵³ Gilleo *et al.*, *supra* note 34, at 40.

4. The Energy Smart Program Should Seek to Incorporate Other Recognized Best Practices for Low-Income Energy Efficiency Programs

ACEEE reports and other experts have identified a number of other best practices that would improve the Energy Smart program and expand access to energy efficiency measures and bill savings for New Orleans residents.⁵⁴ The following is only a partial list:

- *Encourage community engagement and participatory planning.* Programs must be designed in such a way to meet community needs and build trust. By involving the community in the planning process, energy efficiency programs can better meet community needs, leverage community networks to achieve higher participation and improve visibility and support within the community for program implementers.
- *Create a “one-stop-shop” for enrollment and implementation.* One-stop-shop program models minimize barriers and allow low-income households to access all available resources in one place. The models provide such benefits as a single point of contact, universal intake applications, and streamlined access to program resources.
- *Allow Fuel-Neutral Programs.* While most New Orleans residents use electric heating, there may be some with gas heating or gas water heating whose health and energy bills could both benefit from replacement with advanced electric appliances such as heat pumps and heat pump water heaters. Fuel neutral programs, such as New York’s Clean Energy Fund, allow energy efficiency measures to be completed simultaneously in a home regardless of whether it is served by gas or electricity.
- *Incorporate new and emerging technologies.* Expanding the technology scope of low-income energy efficiency programs to technologies they do not traditionally incorporate, such as rooftop solar and battery storage, can improve energy affordability and equitable access to these technologies.
- *Collect and share metrics.* As discussed further below, in order to hold implementers accountable to program requirements and goals, there must be tracking and sharing of key data on program outcomes and equity impacts. These metrics can include factors such as race and ethnicity, income status, property ownership.

⁵⁴ Exhibit 4 at 66-69.

B. ENO Should Seek to Increase Spending on Income-Qualified Energy Efficiency Instead of Decreasing It

To implement the suggestions in Sections II and III.A. above while also increasing participation of income-qualified customers will require an increased budget for programs that reach these customers. Unfortunately, ENO is seeking to decrease spending on these programs between Program Year 13 and 15, as shown in the table below. ENO has not explained or justified this spending shift, which is at odds with the urgent need to ramp up strategies that will help address both the energy burden and climate change crises.

Energy Efficiency Program	PY13 (\$)	PY14 (\$)	PY15 (\$)	Difference from PY13 to PY15 (\$)
Income Qualified Weatherization	2,544,729	2,395,956	2,328,717	(216,012)
Multifamily Solutions	977,320	1,000,035	939,819	(37,501)
Home Performance with Energy Star	2,533,365	1,791,010	1,553,945	(979,420)

Source: Energy Smart Plan at 19-20.

C. The City Should Require Improved Data Collection and Information Sharing About Utility Programs and Energy Security

To ensure that Energy Smart is an equitable and effective program, the City Council should require ENO to track and share key data on measures implemented, demographics and locations of participating households, bill impacts, and deferrals. Access to aggregated customer data at the zip code or, preferably, census tract level, is an important prerequisite for designing effective and equitable utility programs and determining where resources should be targeted. As explained by the National Consumer Law Center,

Some national and regional datasets show disparities by race in disconnections and other important energy security metrics — even after controlling for income. These disparities raise profound racial justice

concerns and highlight the importance of obtaining utility-specific credit and collections data at the zip code, or even census tract level. Geographically granular data is needed to flag any disparities, but also to inform targeting of effective energy efficiency and other affordable energy programming.⁵⁵

To understand the energy affordability issues of customers, NCLC recommends collecting data not only on metrics like number of disconnections for non-payments, but additional data points that provide a more detailed picture of energy security. For example, NCLC recommends that utilities be required to collect monthly data by zip code or census tract for the general residential population and low-income residential customers on the average duration of disconnections, dollar value of arrearages by age (e.g., 60-90 days or 90+ days), number of successfully completed deferred payment agreements, and other data points.⁵⁶

Other data important to collect from participants in EE programs, includes type and number of measures installed; number of deferrals; type of housing (multi-family or single-family; subsidized or non-subsidized); age of the home or building; renter or owner; and, on a voluntary basis by program participants, data on race, ethnicity and income. In the DTE Energy settlement discussed above, the utility agreed to collect some of these data points (and is already collecting others such as measures installed and deferrals), and create a data sharing platform for making the information accessible to stakeholders. ENO should likewise begin collecting such data and sharing it with stakeholders and the City so that an analysis of this data could inform the preparation and review of its next implementation plan filing.

⁵⁵ See National Consumer Law Center, *Issue Brief: The Need for Utility Reporting of Key Credit and Collections Data Now and After the Covid-19 Crisis* (April 2020), <https://www.nclc.org/resources/the-need-for-utility-reporting-of-key-credit-and-collections-data-now-and-after-the-covid-19-crisis/>.

⁵⁶ *Id.*

IV. Proposal for Funding

ENO should leverage existing and potential city, state and federal funding in order to fund a whole home retrofit approach for the Energy Smart Program and other design changes discussed above. This approach would lessen the economic burden on ratepayers and allow the Energy Smart Program to reach more customers in a coordinated manner with government stakeholders that are already serving low-income households that are suffering from severe energy burden and heat island impacts. This approach would also prevent deferrals since the Energy Smart Program does not currently include health and safety repairs funding, allowing the Energy Smart Program to reach the most vulnerable households.

One of the impacts of New Orleans high urban heat island intensity is its high rates of asthma. Data shows weatherization, combined with healthy home interventions can improve asthma symptoms by preventing excess cold and humid air from entering the home. Weatherization can also improve the quality of air circulating through the home's ventilation systems and assist with the elimination of mold and moisture in the home. There are opportunities for ENO to partner with programs that are helping city residents with asthma. Leveraging healthy home intervention funding with the Energy Smart Program's weatherization and energy efficiency resources would provide whole home retrofits for households suffering from asthma and high energy burden. Asthma rates are especially high in the census tracts that Sierra Club recommends as a potential starting point for a geographic targeting initiative; they range from 10%-13% compared to non-high energy burden census tracts that have asthma rates below 10%.

There are great models across the country of utility partnerships with healthcare initiatives that have improved people's quality of life through energy efficiency. In Tennessee, Green and Healthy Homes Initiative (GHHI) worked with an energy nonprofit, utility company, and health

clinic in Chattanooga to map the gaps and assets of healthy housing services in the city. GHHI collected publicly available health data from the Department of Health and analyzed health outcomes by zip code. They also performed a landscape analysis of funding, programming, and other healthy housing resources locally. This research and analysis identified that while resources existed, especially from the utility company, they were not being adequately deployed to meet the health and safety needs of the community. GHHI worked with the partners to align and coordinate services and funding streams to create a comprehensive program where households that qualify for the utility's energy efficiency program and the health clinic's healthy housing program receive coordinated services. The utility's energy auditor provides a full comprehensive home assessment (for energy and health) and the clinic's community health workers provide home visiting services. The utility prioritizes applications from households referred from the healthy housing program and the community health workers help families through the utility's energy efficiency application process.

In 2020 Green and Healthy Homes Initiative (GHHI) partnered with the New Orleans Health Department, Our Lady of the Lake Children's Hospital, and Louisiana Center for Health Equity on the BREATHE Virtual Home Visits program. We recommend that if there is not an existing partnership with the non-profit GHHI that ENO develop that relationship. GHHI is dedicated to addressing the social determinants of health and the advancement of racial and health equity through the creation of healthy, safe and energy efficient homes. They have worked on programs across the country that have combined healthy homes and energy efficiency programs for thirty years.

It is also important to note that, to date, most of the funding to improve housing conditions can be grouped under lead poisoning prevention. Lead poisoning is a health condition that is

generally accepted to have a housing solution and most of the funding for health-based housing repairs fall under that bucket. The HUD Lead Hazard Control Grant Program releases funding every year through the Office of Lead Hazard Control and Healthy Homes to support remediation of lead and other residential health hazards. Lead hazards are among the primary reasons that comprehensive energy waste reduction measures cannot be performed and are subsequently deferred. States and localities can apply for funding through this grant program, which represents the single largest funding opportunity to support the improvement of substandard housing conditions.

The Louisiana Housing Corporation and the Louisiana Department of Health's Healthy Homes and Childhood Lead Poisoning Prevention Program have partnered in the administration of the Lead-Based Paint Hazard Control Grant. The objective of the grant is to create healthy living conditions for children under the age of six, educating the public on hazards of lead poisoning, identifying children with a Blood-Lead Level greater than 5 and leveraging other resources such as Weatherization Assistance funding, when possible, to make additional improvements to the dwelling. There are twenty parishes included in the grant program and one of those is Orleans Parish where all of the priority census tracts are located. There may be an opportunity for ENO to leverage the Energy Smart Program to make improvements to the dwellings being served by this grant.

The Bipartisan Infrastructure Law (BIL) provides federal funding for health and safety, weatherization and energy efficiency that can be leveraged with utility resources to serve households suffering from high energy burden and heat island impacts.

Louisiana was granted \$30,993,676 in Weatherization Assistance Program (WAP) funds through the BIL. The Louisiana Housing Corporation also applied for additional funding through

the Weatherization Readiness Fund. The Department of Energy (DOE) encouraged WAP grantees to carve out time and DOE WAP funding to seek opportunities and lasting partnerships that can improve and expand WAP activities in a state. This can include partnerships with local utilities, other state or local agencies with existing programs or funding streams, and more. Funds accessed via successful leveraging activities can run adjacent to DOE WAP funds to provide supplemental resources or services to a residence or a program such that they are more flexible and not subject to all DOE restrictions. ENO should partner with the Louisiana Housing Corporation to leverage these additional WAP funds with Energy Smart program resources to serve households suffering from high energy burden and heat island impacts.

The BIL also provides Energy Efficiency and Conservation Block Grants to assist states, local governments and Tribes to reduce energy use, reduce fossil fuel emissions and improve energy efficiency. There may be an opportunity to partner with the City of New Orleans to leverage block grant funding with Energy Smart program resources. Another program provided by the BIL is the Energy Efficiency Revolving Loan Fund Capitalization Grant Program. Capitalization grants to states establish a revolving loan fund under which they can provide loans and grants for commercial and residential energy efficiency audits, retrofits and upgrades. There may be an opportunity to work with the state to leverage loans and grants for residential energy efficiency audits, retrofits and upgrades with Energy Smart program resources to serve households suffering from high energy burden and heat island impacts.

An additional option for funding the new Energy Smart programs would be for ENO to review their market-rate customer programs for cost-effectiveness. If they find programs that are not particularly cost-effective they could reduce funding from those programs and use that funding for the new Energy Smart programs.

V. The City Council Should Evaluate the Issues Raised in this Rulemaking in the Context of the Inflation Reduction Act’s New Funding for Clean Energy Programs

A. Climate Pollution Reduction Grants Program

In addition to providing tax credits and other incentives for utilities like ENO to build clean energy, the Inflation Reduction Act provides opportunities for cities to directly receive funding to reduce pollution and lower energy bills. In evaluating ENO’s demand-side-management programs, distributed energy resources, and battery storage, the City Council should consider new sources of funding for such programs, and consider what role ENO should play in working with the City to ensure that New Orleans gets its fair share of this funding. In addition, the City should recognize that programs specifically targeting low-income and disadvantaged communities will be better candidates for supplemental federal funding.

The Inflation Reduction Act creates a Climate Pollution Reduction Grants program.⁵⁷ Under this program, U.S. EPA has been allocated \$5 billion to provide grants to cities, and other eligible entities,⁵⁸ to both develop plans to reduce greenhouse gas emissions and to implement aspects of their plan.⁵⁹ EPA must make at least one planning grant in each State,⁶⁰ and to be eligible for an implementation grant the City must receive funds for a planning grant.⁶¹ EPA will competitively award implementation grants based on two factors: the degree to which the proposed programs, policies, measures, or projects reduce greenhouse gas emissions (1) in total and (2) with respect to low-income and disadvantaged communities.⁶² Funding is available for

⁵⁷ Inflation Reduction Act, Section 60114.

⁵⁸ Under Section 60114, States, cities, and other municipalities are included as eligible entities. Section 60114(d)(1).

⁵⁹ Section 60114(b).

⁶⁰ *Id.*

⁶¹ Section 60114(c).

⁶² *Id.*

the planning grants from fiscal year 2022 through 2031, and for implementation grants through September 2026. EPA is required to publish a funding opportunity no later than May 2023.⁶³

Through this grant program the City could both update and refine its climate planning and, perhaps more importantly, implement programs and policies that reduce pollution and lower costs for people, especially in low-income and disadvantaged communities. These programs or measures could include anything that reduces greenhouse gas pollution: energy efficiency programs, community solar, electric buses or other electrification measures. Accordingly, this grant program could help fund energy efficiency and other initiatives considered in this rulemaking without increasing customer bills. The City and ENO should ensure that the City can take full advantage of the availability of these funds to improve and expand accessibility to clean energy resources for New Orleans residents. Because of its expertise in energy issues, ENO should offer its technical expertise to assist the City in beginning to work today on developing the City's application for this grant program.

B. Environmental and Climate Justice Block Grants

Similarly, the City should consider changes to ENO's programs against the backdrop of the availability of new "block grants" for community-based organizations and local governments for projects that benefit disadvantaged communities.

The Inflation Reduction Act, through a new Environmental and Climate Justice Block Grants program, provides \$2.8 billion for the U.S. EPA to administer to reduce pollution harms for those most impacted by burning fossil fuels.⁶⁴ Under the Act, the eligible entity for this grants program is a "community-based nonprofit organization" or a partnership between such an

⁶³ Section 60114(b).

⁶⁴ Inflation Reduction Act, Section 60201.

organization and a municipality, like New Orleans.⁶⁵ The community-based nonprofit organization, whether in partnership with a local government or not, can receive up to three years of funding to implement programs, such as: i) community-led air and other pollution monitoring, prevention, and remediation; ii) investments in low- and zero-emission technologies that help reduce greenhouse gas emissions and other air pollutants; iii) mitigating climate and health risks; iv) climate resiliency and adaptation; v) reducing indoor air pollution; or vi) facilitating engagement in state and federal public processes.⁶⁶ This funding is available through September 2026.⁶⁷

While, under the plain language of the Act, the community-based nonprofit organization are expected to take the lead in applying for and administering these funds, both ENO and the City should consider reaching out to such organizations to offer expertise that may assist the people of New Orleans in receiving the greatest benefit from this grant program. Further, the City should consider coordinating with the community-based organizations to ensure that the City's grant application under the Climate Pollution Reduction Grants Program, discussed above, works in concert with funding that community-based organizations seek.

VI. Summary of Recommendations

Sierra Club makes the following recommendations, and is also supportive of the recommendations made in the comments of the Alliance for Affordable Energy, which would complement those below.

⁶⁵ Section 60201(b)(3). The partnership may also include an Indian Tribe.

⁶⁶ Section 60201(b)(2).

⁶⁷ Section 60201(a)(1).

1. **Geographic targeting.** ENO should implement a geographic targeting initiative that provides additional resources for energy efficiency upgrades to specific priority census tracts that are most impacted by severe energy burden, heat island impacts, income, race housing burden, and asthma. Priority census tracts to include as a starting point for discussions with stakeholders, implementers, and communities are: 17.51 (Viavant and Venetian Isles Neighborhoods), 22 (Roch neighborhood), 85 (Central City Neighborhood), 94, 28, 48 (Iberville Neighborhood), 6.03, 143, 69, 44.02 and 137, as mapped in Figure 1 above. Arrearages, and disconnections would also be relevant indicators for targeting.

The geographic targeting initiative should be designed with the input of stakeholders and prioritize: comprehensive, building shell energy efficiency services and weatherization measures; increasing participation, especially among limited income customers and customers of color; automatic or streamlined qualification for income-qualified programs within the priority tracts; coordination with local administrators of any non-utility funded or administered housing and energy programs to address health and safety hazards that would enable qualifying households to receive Energy Smart services; and community-scale marketing and outreach campaigns that are rooted in the needs of communities as communicated by the community-based organization partners.

ENO should convene a working group designed to bring together the administrators of various home repair and healthy housing programs that are available and located in service territory, specifically in the target area for income-qualified programs. The goal of the working group should be to discuss and increase coordination with these programs to support increased access to more holistic healthy housing and energy efficiency programming, as well as to support implementation of a neighborhood-based delivery program.

2. **Multi-Family Programs.** ENO should create specific strategies to ensure that Energy Smart programs are more accessible to income qualified renters, including by considering policies that have been effective for reaching renters in other utility programs, fleshing out APTIM’s suggested strategies to better reach low-income renters, and considering program offerings for income qualified renters in larger buildings.
3. **Health and safety.** ENO and stakeholders should design a health and safety program in order to avoid deferrals from the Energy Smart Program for reasons such as mold, asbestos, wiring, structural disrepair, etc.
4. **Other Best Practices for Income-Qualified Programs.** ENO should adopt other best practices for its income-qualified programs such as prioritizing deep energy-saving measures over simpler direct install measures like lightbulbs; encouraging community engagement and participatory planning as it relates to the design of Energy Smart program offerings; creating a “one-stop-shop” for enrollment and implementation of Energy Smart program offerings; and considering how solar, storage, and electrification offerings could be coordinated with the Energy Smart program.

The City should also ensure its energy policy allows for ENO to incorporate fuel-neutral upgrades into its energy efficiency programs, for example installing high-efficiency electric heat pumps in place of gas furnaces; and for the incorporation of rooftop solar and battery storage into programs targeting income-qualified customers.

5. **Data tracking and sharing.** ENO should track and share key data on program outcomes and equity impacts, including for example, demographics and locations of participating households, bill impacts, and deferrals. This data should be provided by zip code, or preferably, by census tract.

6. **Funding partnerships.** ENO should increase spending on income-qualified energy efficiency to fund the geographic targeting initiative and other program improvements by leveraging existing and potential city, state and federal funding. Partnerships with programs that serve residents suffering from asthma, the Healthy Homes and Childhood Lead Poisoning Prevention Program, the Louisiana Housing Corporation, the City of New Orleans, and the state's loans and grants program for energy efficiency, would each serve to leverage sources of funding that could contribute to whole home upgrades without drawing on additional funds from ratepayers. With ENO's help, and in some cases, partnerships with community-based non-profit organizations, the City could also apply for several direct grant programs authorized by the Inflation Reduction Act.

Respectfully submitted,



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*To be filed upon receipt of the Disciplinary Counsel's letter approving Ms. Saxonhouse's application.

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

**RESOLUTION AND ORDER ESTABLISHING
RULEMAKING TO CONSIDER SAVINGS TARGETS
AND PROGRAM DESIGN FOR ENERGY EFFICIENCY,
CONSERVATION, DEMAND RESPONSE AND OTHER
DEMAND-SIDE MANAGEMENT PROGRAMS
AS WELL AS CUSTOMER-OWNED DISTRIBUTED
ENERGY RESOURCES AND BATTERY STORAGE
FOR THE CITY OF NEW ORLEANS**

DOCKET NO. UD-22-04

Oct. 31, 2022

CERTIFICATE OF SERVICE

I do hereby certify that I have, this 31st day of October 2022, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.



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