

RESOLUTION

NO. R-23-74

CITY HALL: February 16, 2023

**BY: COUNCILMEMBERS MORRELL, MORENO, GIARRUSSO, HARRIS, KING,
GREEN AND THOMAS**

**RESOLUTION AND ORDER PROVIDING GUIDANCE AND ESTABLISHING
FURTHER PROCEDURAL DEADLINES WITH RESPECT TO SYSTEM
RESILIENCY AND STORM HARDENING**

DOCKET UD-21-03

WHEREAS, pursuant to the Constitution of the State of Louisiana and the Home Rule Charter of the City of New Orleans (“Charter”), the Council of the City of New Orleans (“Council”) is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans (“City”); and

WHEREAS, Entergy New Orleans, LLC (“ENO” or “the Company”) is a public utility providing electric and natural gas service to all of New Orleans; and

WHEREAS, ENO is a wholly owned subsidiary of Entergy Utility Holding Company, LLC; ENO, and four other Entergy subsidiaries, Entergy Arkansas, LLC; Entergy Louisiana, LLC; Entergy Mississippi, LLC; and Entergy Texas, Inc. are the Entergy Operating Companies (“EOC”); and

WHEREAS, in recent years, the frequency and intensity of severe weather events has increased dramatically; and

WHEREAS, in the wake of each event, ENO ratepayers are asked to cover the costs associated with repairing damage to infrastructure, and this cycle of damage and repair is not sustainable for the Company or ratepayers; and

WHEREAS, on October 27, 2021, in Resolution No. R-21-401, the Council established this docket to consider storm resiliency and storm hardening, set an initial procedural schedule, and appointed a Hearing Officer. The initial procedural schedule included a deadline for interventions, a deadline for parties to submit proposed system resiliency and storm hardening plans, and opened a discovery period; and

WHEREAS, in Resolution No. R-21-401, the Council directed the parties each to submit its proposed system resiliency and storm hardening plan no later than March 1, 2022 and that such plans should include input on the following questions: (a) a detailed explanation of the specific investments to be made under the plans including a proposed timeframe for such investments; (b) a detailed explanation and, as appropriate, calculations of the benefits to be achieved through each investment; and (c) a detailed explanation of the estimated costs of the plans along with proposed cost recovery mechanisms and rate impact calculations; and

WHEREAS, Resolution No. R-21-401 specifically directed each party to include the net benefits of each proposed investment, based on appropriate benefits calculations and estimated costs, which is addressed further herein; and

WHEREAS, interventions were filed in the proceeding by Air Products & Chemicals, Inc.,¹ the Alliance for Affordable Energy (“AAE”),² Sewerage and Water Board of New Orleans,³

¹ *Air Products and Chemicals, Inc. Motion for Intervention and Inclusion on Service List*, submitted Nov. 10, 2021 in Docket No. UD-21-03.

² *Alliance for Affordable Energy's Petition for Intervention and Inclusion on Service List*, submitted Nov. 16, 2021 in Docket No. UD-21-03.

³ *Sewerage and Water Board of New Orleans Petition for Intervention* submitted Nov. 29, 2021 in Docket No. UD-21-03.

the Greater New Orleans Interfaith Climate Coalition (“GGNOICC”),⁴ ProRate Energy, Inc.,⁵ Building Science Innovators, LLC,⁶ and Together New Orleans (“TNO”),⁷; and

WHEREAS, on February 11, 2022, ENO filed a Motion to Extend Deadline seeking to extend the deadline for each party to file its plan, from March 1, 2022 to August 31, 2022; and

WHEREAS, on February 16, 2022, Intervenors, Greater New Orleans Interfaith Climate Coalition (“GNOICC”) and the Alliance for Affordable Energy (“the Alliance”), jointly filed an opposition response; and

WHEREAS, on February 17, 2022, ENO filed an Amended Motion to Extend Deadline, seeking to extend the deadline for each party to file its plan until July 1, 2022; and

WHEREAS, on March 1, 2022, the hearing officer, Judge Jeffrey Gulin, issued an Order permitting parties to file their respective plans by July 1, 2022; and at the request of ENO, permitting ENO to arrange and host two technical conferences; and

WHEREAS, according to Judge Gulin’s March 1, 2022 Order, said technical conferences shall provide meaningful and timely updates reasonably commensurate with the work already accomplished by each party; and

WHEREAS, parties filed either resiliency proposals or comments on the July 1, 2022 deadline; and

WHEREAS, the City of New Orleans Office Of Resilience & Sustainability submitted comments regarding construction standards, flood mitigation, strategic undergrounding,

⁴ *Petition of the Greater New Orleans Interfaith Climate Coalition for Intervention and Inclusion on Service List*, submitted Dec. 8, 2021 in Docket No. UD-21-03.

⁵ *Petition of Intervention by ProRate Energy Into System Resiliency and Storm Hardening* submitted Nov. 29, 2021 in Docket No. UD-21-03.

⁶ *Petition of Intervention by Building Science Innovators Into System Resiliency and Storm Hardening* submitted Nov. 29, 2021 in Docket No. UD-21-03.

⁷ *Petition of Together New Orleans for Intervention Out of Time and for Inclusion on Service List, Petition of Intervention by ProRate Energy Into System Resiliency and Storm Hardening* submitted June 9, 2022 in Docket No. UD-21-03.

vegetation removal, distributed energy resources with battery backup, asset modernization and the City’s Energy Resilience, Equity, and Sustainability efforts;⁸ and

WHEREAS, AAE filed comments urging a collaborative approach with stakeholder engagement rather than an adversarial process and the implementation of creative financing mechanisms and attaching a report on Designing Effective Electric Grid Resiliency Plans drafted for AAE by Synapse Energy Economics, Inc.;⁹ and

WHEREAS, ProRate Energy, Inc., submitted the testimony of Myron B. Katz, Ph.D. advocating for the adoption of ProRate, a.k.a. Customer Lowered Electricity Price (“CLEP”) rate design as a resiliency measure;¹⁰ and

WHEREAS, Together New Orleans submitted a resilience filing proposing that the Council adopt a “New Orleans Resilience Standard” based upon residential proximity to a distributed-energy resource resilience hub that can operate independent of the grid and explaining its Community Lighthouse project of creating community-based resiliency hubs;¹¹ and

WHEREAS, in its filing, ENO presented various infrastructure resiliency and storm hardening projects for consideration and discussion, including specific distribution and transmission hardening projects to be implemented over 10 years, which were identified through a comprehensive, resiliency-based planning approach and prioritized using a cost-benefit model designed to select the set of resiliency projects expected to deliver the largest benefits to ENO’s customers;¹² and

⁸ Comments of the Office of Resilience & Sustainability, City of New Orleans, submitted July 1, 2022 in Docket UD-21-03.

⁹ Alliance for Affordable Energy, *Initial Resilience Plan of the Alliance for Affordable Energy*, submitted July 1, 2022 in Docket UD-21-03.

¹⁰ *Direct Testimony of Myron B. Katz, PhD on Behalf of ProRate Energy, Inc.*, submitted July 1, 2022 in Docket UD-21-03

¹¹ Together New Orleans, *Resiliency Filing*, submitted July 1, 2022 in Docket UD-21-03.

¹² Entergy New Orleans, LLC, *Resiliency and Storm Hardening Filing*, submitted July 1, 2022 in Docket UD-21-03, at 5 (“ENO Proposal”).

WHEREAS, Exhibits A and B of ENO’s filing were designated HSPM in their entirety;
and

WHEREAS, on August 18, 2022, the Council Utilities Regulatory Office (“CURO”) convened a technical conference among the parties to discuss the various resiliency proposals. At the technical conference, the parties requested that further procedural deadlines be set in the case;
and

WHEREAS, on September 15, 2022, the Council adopted Resolution No. R-22-411 that directed: (1) ENO to submit its HSPM Exhibits A and B with only the specific information that must be designated HSPM redacted and provide summaries of those exhibits that can be disclosed to the public; and (2) ENO to continue to engage in dialog with parties, including TNO in particular, regarding the integration of community-led projects with utility-led projects into a master resiliency plan;¹³ and

WHEREAS, in Resolution No. R-22-411, the Council noted that the CLEP rate design proposed by ProRate is primarily a form of time-of-use rate proposals that would be more properly considered in a new rulemaking docket which the Council established concurrently with the issuance of Resolution R-22-411;¹⁴ and

WHEREAS, Resolution No. R-22-411 further ordered the adoption of the following procedural schedule:

(a) by November 7, 2022, parties file comments regarding the resiliency proposals. The comments were to include (1) each party’s assessment of which of the resiliency proposals are

¹³ In Resolution R-22-411, the Council expressed interest in determining whether TNO's proposed resiliency standard and its Community Lighthouse project offers sufficient benefits to ratepayers to warrant inclusion in a resiliency master plan with utility efforts and encouraged TNO and ENO to engage in dialog regarding how their plans could be successfully integrated into a master resiliency plan. Previously, in Resolution R-21-401, the Council directed that plans proposed by the parties should include appropriate calculated benefits to be achieved through each investment.

¹⁴ See Council Resolution R-22-413.

likely to provide the greatest benefits to ratepayers and the community and how the the proposals should be prioritized; (2) to what extent the costs of the proposals should be ratepayer-funded and what an appropriate ratepayer bill impact would be for a master resiliency plan; (3) how the various ongoing energy resiliency efforts in the City can be successfully integrated with utility efforts into a comprehensive master resiliency plan; and (4) what additional elements should be included in a master resiliency plan for the City;

(b) by December 7, 2022, parties to file reply comments;

(c) between January 17, 2023 – January 27, 2023, parties to convene a second technical conference;

(d) between February 27, 2023 – March 10, 2023, parties to convene a third technical conference; and

(e) by April 19, 2023, parties to file their final comments regarding the resiliency proposals; and

WHEREAS, on January 25, 2023, CURO hosted a second technical conference to discuss various issues, including but not limited to, the parties’ updates and comments relative to microgrids, ENO’s update on Infrastructure Investment and Jobs Act (“IIJA”) funding applications, the status of ENO’s storm hardening projects, as well as a plethora of unresolved issues; and

WHEREAS, the issues and comments at the January 25, 2023 second technical conference of the parties were wide-ranging and set forth additional issues beyond the scope and structure the Council had contemplated in the initiating Resolution No. R-21-401;

WHEREAS, certain issues that were directed in previous Resolutions were not addressed in the second technical conference: (1) the Resolution No. R-21-401 directive that each party

include the appropriate benefits calculations and estimated costs, i.e. net benefits, of each proposed investment; (2) the Resolution No. R-21-401 directive that each Plan include a proposed cost recovery mechanism and rate impact calculation; and (3) the Resolution No. R-22-411 directive that the parties' November 7, 2022 comments should include (i) each party's assessment of which of the resiliency proposals are likely to provide the greatest benefits to ratepayers and the community and how the proposals should be prioritized, (ii) to what extent the costs of the proposals should be ratepayer-funded and what an appropriate ratepayer bill impact would be for a master resiliency plan, and (iii) how the various ongoing energy resiliency efforts in the City can be successfully integrated with utility efforts into a comprehensive master resiliency plan; and

WHEREAS, upon conclusion of the January 25, 2023 second technical conference, and in the interest of focusing the intent of Resolution No. R-21-401, CURO recommends the following: (1) that due to the need of a more comprehensive and focused analysis, the discussion of microgrids by the parties in their respective filings warrants additional and more specific consideration and therefore, the Council should open an independent docket separate and apart from the System Resiliency and Storm Hardening Docket for the purpose of fully examining and considering the parties' microgrid proposals. Any results, proposed projects, conclusions or other action taken in the separate microgrid docket shall also take into consideration the results, proposed projects, conclusions, rate impacts and other action taken by the Council in this docket in order to create a consistent, comprehensive and cost effective approach to system resiliency; (2) as stated in Council Resolution No. R-22-411, since time-of-use rates are primarily demand response measures rather than a storm hardening and storm resiliency measure, time-of-use rate proposals should be considered in Council Docket UD-22-04 ("Rulemaking Docket"), and not a matter to be

considered in this docket; (3) modification of the procedural schedule is necessary to allow sufficient time for parties to attempt to reach internal consensus on various substantive issues; and

WHEREAS, CURO recommends that in order for the Council to consider the assessment of which individual projects or components of the parties' resiliency proposals are likely to provide the greatest benefits to ratepayers to warrant inclusion in a resiliency master plan, a comparative evaluation of net benefits among all utility and community resiliency proposals is necessary.¹⁵ CURO further notes that proposed benefits that are determined from the value of outage durations to customers should be based on data that is New Orleans-centric, and that benefit to cost ratios of some proposed projects may have to be greater than 1.0 to recognize the higher level of uncertainty in quantifying certain customer-related benefits; and

WHEREAS, pursuant to the Resolution No. R-22-411 directive that the parties' November 7, 2022 Comments include to what extent the costs of the proposals should be ratepayer-funded and what an appropriate ratepayer bill impact would be for a master resiliency plan, CURO recommends that a customer cost cap provision be considered similar to the customer cost cap provision included in the Renewable And Clean Portfolio Standard adopted in Resolution No. R-21-182; and

WHEREAS, CURO further recommends that ENO be directed to: (a) present a narrowed list of distribution and transmission projects based on those expected to result in the highest level of resiliency and storm hardening throughout the City over the next five (5) years, considering the system's current level of vulnerability, the costs and benefits of each of the proposed projects, including the prioritization of project implementation based on benefits vs. cost or other criteria,

¹⁵ Resolution R-21-401 directed that each party's Plan should include a detailed explanation and, as appropriate, calculations of the benefits to be achieved through each investment, as well as a detailed explanation of the estimated costs. With this required benefit and cost detail of each proposed investment, a comparative evaluation of the various proposals' net benefits can be performed for the Council's consideration of a resiliency master plan.

and the lowest reasonable impact on customers' rates that will be considered in the Master System Resiliency and Storm Hardening Plan; (b) provide a reasonably detailed annual budget for each project, the projected timeline for completion and a total for the estimated costs of the projects; (c) propose a cost recovery mechanism, including a supportable basis for cost allocation by customer class for all projects included in the Master System Resiliency and Storm Hardening Plan; and

WHEREAS, CURO further recommends that Together New Orleans (a) prepare a list of the specific resilience hubs in Orleans Parish that it proposes to construct for grid resilience that specifically identifies what, if any, support or assistance is needed from ENO, including to successfully interconnect its proposed resilience hubs to ENO's electric system, and (b) work with ENO to provide a reasonable estimate of the costs associated with such support and/or assistance; and

WHEREAS, CURO further recommends that in preparation of the third technical conference, the parties shall be prepared to: (a) provide an updated status of any additional (non-ratepayer-related) funding, either committed or anticipated, to mitigate the estimated costs of the Master System Resiliency and Storm Hardening Plan, and a proposal identifying the projects to which such mitigation would be applicable; (b) discuss the appropriate benefits calculations and estimated costs, i.e. net benefits, of each proposed investment throughout the City over the next 5 years; (c) discuss each party's assessment of which of the projects identified in ENO's resilience proposal are likely to provide the greatest benefits to ratepayers and the community and how the proposals should be prioritized over the next 5 years; (d) address the extent that proposed benefits that are determined from the value of outage duration to customers should be based on data that is New Orleans-centric; (e) discuss whether benefit-to-cost ratios of some proposed projects may have to be greater than 1.0 to recognize the higher level of uncertainty in quantifying certain

customer-related benefits; (f) address to what extent the costs of the projects identified in ENO's resilience proposal should be ratepayer-funded and a customer cost cap provision be included in the Master System Resiliency and Storm Hardening Plan; and (g) discuss a proposed cost recovery mechanism to be included in the Master System Resiliency and Storm Hardening Plan; and

WHEREAS, CURO also recommends that the Council set forth a further procedural schedule for the parties to work together with ENO in continuing to develop a Master System Resiliency and Storm Hardening Plan; and

WHEREAS, the Council finds that the recommendations made by CURO as set forth herein are reasonable and appropriate to advance the development of the Plan; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That the following procedural schedule is adopted:

1. ENO is directed to make a filing no later than April 17, 2023 which includes: (a) a narrowed list of distribution and transmission projects based on those expected to result in the highest level of resiliency and storm hardening throughout the City over the next five (5) years, considering the system's current level of vulnerability, the costs and benefits of each of the proposed projects, including the prioritization of project implementation based on benefits vs. cost or other criteria, and the lowest reasonable impact on customers' rates that should be considered in the Master System Resiliency and Storm Hardening Plan; (b) a reasonably detailed annual budget for each project, the projected timeline for completion, and the total estimated cost of the projects; and (c) a proposed cost recovery mechanism, including a supportable basis for cost allocation by customer class.
2. Together New Orleans shall make a filing no later than April 17, 2023 that includes: (a) a list of the specific resilience hubs in Orleans Parish that it proposes to construct for grid resilience which specifically identifies what, if any, support or assistance is needed from ENO including to successfully interconnect its proposed resilience hubs to ENO's electric system, and (b) a reasonable estimate of the costs associated with the support and/or assistance required, if any, as well as the total estimated costs for the project and proposed cost recovery mechanism(s).
3. The Parties shall convene a third public technical conference between May 19, 2023 – June 2, 2023 to: (a) identify and define each of the substantive issues on which the

Parties have reached consensus, and those substantive issues on which the Parties have not yet reached consensus; (b) provide an updated status of any additional (non-ratepayer-related) funding, either committed or anticipated, to mitigate the estimated costs of the Master System Resiliency and Storm Hardening Plan, and a proposal identifying the projects to which such mitigation would be applicable; (c) discuss the appropriate benefits calculations and estimated costs, i.e. net benefits, of each proposed investment throughout the City over the next 5 years; (d) discuss each party's assessment of which of the resiliency proposals are likely to provide the greatest benefits to ratepayers and the community and how the proposals should be prioritized over the next 5 years; (e) address the extent that proposed benefits that are determined from the value of outage duration to customers should be based on data that is New Orleans-centric; (f) discuss whether benefit to cost ratios of some proposed projects may have to be greater than 1.0 to recognize the higher level of uncertainty in quantifying certain customer-related benefits; (g) address to what extent the costs of the proposals should be ratepayer-funded and a customer cost cap provision be included in the Master System Resiliency and Storm Hardening Plan; and (h) discuss a proposed cost recovery mechanism to be included in the Master System Resiliency and Storm Hardening Plan.

4. The CLEP rate design proposal submitted by ProRate shall not be considered in this docket, but shall be considered in the rulemaking docket established in Resolution No. R-22-411.
5. By July 21, 2023, Parties shall file their final comments regarding the resiliency proposals as revised in their April 17, 2023 filings.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS

CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS: Giarrusso, Green, Harris, Moreno, Morrell, Thomas - 6

NAYS: 0

ABSENT: King - 1

AND THE RESOLUTION WAS ADOPTED.

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THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY
Lera W. Johnson
CLERK OF COUNCIL