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March 23, 2020

Via Email
Ms. Lora W. Johnson, CMC, LMMC
Clerk of Council
Council of the City of New Orleans
Room 1E09, City Hall
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lwjohnson@nola.gov

Re: **In Re: 2018 Triennial Integrated Resource Plan of Entergy New Orleans, Inc.**
Docket No. UD-17-03

Dear Ms. Johnson:

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

Should you have any questions regarding the above, I may be reached at (504) 576-2984. Thank you for your assistance with this matter.

Sincerely,

Harry M. Barton

HMB/bkd
Enclosures

cc: Official Service List (*via email)*
Ms. Erin Spears (*via email)*
Ms. Bobbie Mason (*via email)*

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

***EX PARTE: IN RE*: 2018 TRIENNIAL INTEGRATED RESOURCE PLAN OF ENTERGY NEW ORLEANS, INC.**	)))	**DOCKET NO. UD-17-03**

ENTERGY NEW ORLEANS, LLC'S COMMENTS CONCERNING THE ADVISORS' RECOMMENDATIONS FOR FUTURE IRP PROCEEDINGS

Entergy New Orleans, LLC ("ENO") respectfully submits its Comments Concerning the Advisors' Recommendations for Future Integrated Resource Plan ("IRP") Proceedings, which were included in Council Resolution No. R-20-52. ENO once again expresses its appreciation to all parties to the 2018 IRP proceeding for their collaborative engagement in a productive process, during which consensus was achieved on several important issues. ENO hopes that this collaborative style of participation will set the tone for all future IRPs and welcomes the opportunity to provide feedback on the Advisors' suggestions for modifications to future IRPs.

1. First Recommendation.

The Advisors' first recommendation is that ENO should provide the parties with an estimate of the annual Demand Side Management ("DSM") costs for each portfolio modeled. In response to a similar request during the 2018 cycle, ENO provided a breakdown of DSM costs for each portfolio on a levelized real $/kW basis. ENO expects to be able to provide similar information, as Highly Sensitive Protected Materials ("HSPM"), for the potential study prepared by its own consultant in future cycles. ENO's ability to provide this information on behalf of the Council's DSM consultant will depend on the nature of any confidentiality provisions in the agreement between the Council and its consultant.

2. Second Recommendation.

The Advisors' second recommendation suggests that the Council should provide instruction or guidance as to "how to make resource portfolios produced using inputs from different studies more directly comparable." ENO is unclear on what is proposed by this suggestion, but to the extent the Council modifies the language of the IRP Rules concerning the development and use of DSM studies, ENO requests an opportunity to be able to review, and provide written comment into the record on, such changes and their effects on the resource planning function of ENO's business.

Concerning the differences seen in the two DSM Studies from the 2018 IRP, it should be noted, as was stated in the 2018 IRP Report, that Optimal and Navigant "received the same sets of data from ENO, relied on the New Orleans Technical Resource Manual ("NOTRM") as a source document for measure information, and considered the historical results and current implementation plans for the Energy Smart programs."[1] The differences in the outcomes of Navigant's and Optimal's analyses, thus, is not traceable to inputs used for the studies. Rather, as discussed in the 2018 IRP Report, the differences resulted from Optimal's use of (i) assumptions that were not supported by the empirical evidence derived from Energy Smart program years and (ii) data sets, and data points, with only a tenuous (at best) connection to the characteristics of ENO's service area and customer base. Examples include:

- Optimal's use of a 25% administrative cost / 75% incentive cost split, when Energy Smart administrative costs have historically run closer to the 50% level.
- Optimal's (i) use of data concerning administrative costs that was "sourced from recent program performance in New England, the MidAtlantic states, and Minnesota,"[2] (ii) use of the lowest administrative cost from that sample data (25% administrative costs) as the reference value for the study, and (iii) refusal to use data from energy efficiency programs in the Southeastern U.S., which would have been more relevant to ENO's service area.

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1 *See*, ENO's 2018 IRP Report at pg. 43.
2 *See*, Optimal DSM Study at pg. 74.

- Optimal's use of a different threshold for defining which customers are eligible for low-income programs than the threshold that is used for Energy Smart.

These kinds of differences could be remedied by the Council providing guidance to its next DSM consultant to utilize data sets and assumptions that are more relevant to ENO and Energy Smart than those utilized by Optimal for the 2018 cycle. Ensuring that future consultants utilize realistic and relevant data and assumptions could help to bridge the gap in outcomes seen in the DSM studies from the 2018 cycle.

3. Third Recommendation.

For their third recommendation, the Advisors state that the most recent DSM planning tool of the Energy Smart Third Party Administrator and Third Party Evaluator related to specific DSM measures, metrics and costs, as well as the most recent results of the program year's implementation plan, should also be considered among the DSM inputs to the various planning strategies. To the extent this comment is intended to advocate for adding a third set of DSM inputs beyond those generated through the DSM potential studies, ENO opposes the recommendation. As an initial matter, it is important to reiterate the challenges encountered in the 2018 IRP cycle with incorporating two different DSM potential studies and then comparing the resulting portfolios. Adding a third set of inputs would be even more complex and result in a third group of portfolios that would be at least as difficult, if not more so, to compare to the other two groups.

Further, it should be noted that the Energy Smart Implementation Plan drew heavily on the Navigant and Optimal potential studies, which both started from the same set of background data, including prior years' results from Energy Smart and the New Orleans TRM. The potential study vendors then developed their own estimates of potentially available measures, savings estimates, and measure costs as part of their studies. Thus, the results of Energy Smart are already factored into the portfolio analysis through the current planning process.

Finally, the DSM planning tools developed and used by Aptim (or any other third party administrator) focus on near-term program implementation, not long-term estimation of potential DSM savings. A program implementation plan, such as the one approved for Energy Smart PY10-12, requires different considerations and analysis from a 20-year potential study. A comparison of these two fundamentally different datasets would not yield meaningful results.

4. Fourth Recommendation.

The Advisors' fourth recommendation seems to indicate that the initial total supply costs from the AURORA capacity expansion module for all optimized portfolios related to the planning scenarios and planning strategies should be provided with supporting detail. This data was requested and provided for each cross-tested portfolio during the 2018 cycle as HSPM. However, given the time required to extract this data from AURORA and collect it into a format that can be shared, time would need to be built into the schedule to continue providing this kind of information and to accommodate any modification that would increase the number of portfolios for which these calculations are being performed.

5. Fifth Recommendation.

The Advisors' fifth recommendation is that future IRP final reports include more detail regarding how specific various distributed energy resources ("DERs") impact the load forecast, with potential ranges of projected estimates. As was described in Section 3.3 of the 2018 IRP, the load forecasting methodology utilized by ENO does account for customers' adoption of DERs. Regarding the various ranges of adoption estimates, the different forecast sensitivities (*i.e.*, high, reference, and low load growth) did evaluate varying levels of adoption of DERs and what effect the range of these estimates could have on designing optimal resource portfolios. For future IRPs, ENO will continue the practice of including varying ranges of DER adoption in its load forecasts and sensitivities and anticipates being able to provide more transparent and granular details on the forecasted adoption levels and potential effects on load growth.

6. Sixth Recommendation.

The Advisors' sixth recommendation seems to reinforce a requirement that is already contained in the IRP Rules, *i.e.*, that planning strategies be devoted to evaluating certain Council policy objectives. This requirement is detailed in Section 7.D. of the IRP Rules and, for the 2018 IRP, Planning Strategy 2 fulfilled this purpose. To the extent that the Advisors' suggestion is meant to indicate that multiple Planning Strategies be used to evaluate an increasing number of Council policies, such a suggestion may be difficult to accommodate. The IRP Rules require that ENO evaluate (i) a least cost Planning Strategy (*i.e.*, a Strategy that allows the AURORA model to design a portfolio for meeting forecasted need at the lowest cost, independent of any Council policies or other constraints), (ii) a Strategy reflective of the Council's 2% DSM goal, which, in order to provide a fair evaluation of the 2% goal, necessarily must use the same inputs, assumptions, and constraints as the least cost Planning Strategy, with the additional requirement that the DSM inputs used conform to the both the incremental component (increasing kWh savings by 0.2% each year) and the ultimate objective of the 2% goal, (iii) a Stakeholder Planning Strategy, and, finally (iv) a Planning Strategy reflective of any policy goals the Council wishes to evaluate in the IRP. As the Council's Renewable and Clean Portfolio Standard ("RCPS") is enacted, and the parties must evaluate the costs of resource portfolios designed to comply with this policy in order to ensure compliance with the Council's desired cost impact cap for the RCPS, devoting a Planning Strategy to modeling compliant portfolios and comparing the cost of those portfolios to the least cost Planning Strategy will be an essential function of future IRPs. Thus, there may be limited ability to incorporate additional Council policy goals beyond the 2% goal and the RCPS policy into Planning Strategies, for at least the next few IRP cycles. Nonetheless, ENO remains committed to conducting the IRP process in accordance with the IRP Rules and in a manner that provides much needed insight into the monetary costs of Council policies to ENO's customers, but also believes that time and resources must be prioritized to ensure that IRP cycles do not become too lengthy or too costly to customers.

7. Seventh Recommendation.

The Advisors' seventh recommendation relates to a desire to improve the scorecard as a tool for evaluating unquantifiable metrics for resource portfolios. ENO believes that the scorecard provided for the 2018 IRP was a helpful tool to analyze certain issues and metrics that are, by their nature, not quantifiable. ENO provided a draft scorecard to the parties at the November 2018 Technical Meeting and solicited feedback from stakeholders. ENO did not receive any such feedback until hours prior to the May 1, 2019 Technical Conference, at which the scorecard metrics were due to be finalized. Nonetheless, ENO worked to accommodate the feedback received from the parties and provided an updated scorecard via email dated June 3, 2019. ENO received no further feedback on this version of the scorecard prior to submitting the 2018 IRP Report. ENO will welcome constructive, timely feedback on the scorecard for the next IRP cycle, but believes it has made more than reasonable efforts to develop and improve the scorecard given the limited feedback from the parties received to date and the inherent difficulty in reducing disparate portfolios to numerically comparable criteria.

8. Eighth Recommendation.

The Advisors' eighth recommendation states that "ENO [should] be directed to utilize AURORA'S modeling capability for an economic analysis of retirement dates for ENO's existing assets rather than utilizing fixed retirement dates." ENO first notes that this recommendation seems to be in contradiction to the Council's resolution of this issue, which occurred when the IRP Rules were first established. During the IRP Rulemaking proceeding (UD-17-01) several parties suggested that the IRP should used to evaluate resource deactivation decisions. The Council considered that suggestion and specifically resolved against adopting it in Council Resolution No. R-17-429: "[T]he Council agrees that requiring the type of analysis performed for resource retirement proceedings to be performed for every portfolio considered in an IRP process would be unduly burdensome and create a proceeding that would consume an unreasonable amount of resources."[3] Similarly, the Advisors' Comments filed on November 11, 2019 in Docket UD-19-01 stated that "The economic impacts of forcing the early retirement of existing resources and/or early termination of contracts to satisfy an RPS could be significant. For many such ENO resources, the Federal Energy Regulatory Commission, and not the Council, would determine the extent to which ENO would be permitted to escape its commitments to the resources and what price New Orleans customers would be required to pay for it."[4]

Given the significant potential customer harms that have been identified by the Council and the Advisors as related to attempting to analyze early resource retirements in the IRP, ENO believes that, at a minimum, the parties advocating for this change should be required to identify what customer benefits could be derived from expending what the Council previously determined to be "an unreasonable amount of resources" on future IRP cycles. Yet, none of the parties who have suggested upending this determination from the Council's IRP Rulemaking have stated or attempted to quantify what benefits could accrue to ENO's customers if the Council were to reverse course and adopt this recommendation. In the absence of a credible statement of what

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[3] *See*, Resolution No. R-17-429 at p. 26.

[4] *See*, Advisors' November 11, 2019 comments filed in Dockets No. UD-19-01, at pgs. 29-30.

benefits customers would derive from the time and money spent on these additional analyses, ENO believes the Council's prior determination of the issue should stand.

As noted above, to the extent the Council intends to modify or amend the language of the IRP Rules in a manner that diverges from the outcome of Docket No. UD-17-01, ENO requests the opportunity to review the specific language being proposed and comment upon, and provide suggested redlines to, the new IRP Rules in the record of that proceeding. ENO also requests an opportunity to provide input on how the timeline for future IRPs would need to be modified to accommodate any changes to the IRP Rules. At a minimum, additional time would be necessary not only to allow for the level of analysis that the Council previously found to be "unduly burdensome," but would also be needed to devote at least one Technical Meeting to determining how the analyses would be conducted, what assumptions would be used, etc. Finally, consideration would need to be given for how to modify the Council's process for reviewing and approving the Implementation Plan for Program Years 13-15 of Energy Smart, given that the time constraints already present within the 3-year IRP cycle as related to Energy Smart would only be exacerbated by further lengthening the timeline of future IRPs.

If the Council ultimately chooses to increase the cost and time required for IRP proceedings by adopting this suggested revision of the IRP Rules without having seen any evidence of potential benefits to customers, ENO recommends that the Council provide more explicit directives concerning which of ENO's owned assets should be subjected to this requirement. During future IRP cycles, ENO's owned assets will include Union Power Block 1 ("Union"), the New Orleans Power Station ("NOPS"), the New Orleans Solar Station ("NOSS"), the 5 megawatt ("MW") distributed-generation rooftop solar project ("5 MW Rooftop Solar"), and the Paterson 1 MW solar + battery installation ("Paterson"). Four of these five assets — NOPS, NOSS, the 5 MW Rooftop

Solar, and Paterson — have estimated useful lives that extend beyond the planning horizon for the next few IRP cycles. In fact, three of these five resources (NOPS, NOSS, and the 5 MW Rooftop Solar) will have just been placed into service at the time the 2021 IRP cycle gets underway. As such, it would seem to make very little sense for ENO to conduct "overly burdensome" deactivation analyses as to these five resources. Beyond these five resources, ENO receives energy and capacity through PPAs with entities that own or control other generating units. Those other entities, and their respective regulators, have the authority over deactivation decisions related to the units, as the Advisors' November 11, 2019 comments in Docket Ud-19-01 note.[5] Given ENO's inability to order the deactivation of these units, it would likewise make little sense for ENO to spend valuable time and resources in its IRP proceedings conducting "overly burdensome" deactivation analyses of these extra-jurisdictional units. If the Council does adopt some version of this recommendation, ENO requests guidance from the Council on which ENO-owned, and Council-jurisdictional, assets should be included in the analyses.

Respectfully submitted:

BY: ______________________________

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5 The exception is Grand Gulf Nuclear Station, of which ENO directly owns approximately 15%. The same point stands, however, that neither ENO or the Council has the ability to unilaterally order the deactivation of the plant or the divestment of ENO's interest therein.

CERTIFICATE OF SERVICE
Docket No. UD-17-03

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

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