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Harry M. Barton  
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July 8, 2016

**By Hand Delivery**

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

**Re: In Re: Resolution Regarding Proposed Rulemaking to Establish Integrated Resource Planning Components and Reporting Requirements for Entergy New Orleans, Inc. (Docket No. UD-08-02)**

Dear Ms. Johnson:

Entergy New Orleans, Inc. ("ENO") hereby submits for your further handling and filing an original and three copies of ENO's Application for Approval of Nest Smart Thermostat, together with the exhibits thereto. Please file an original and two copies into the record in the above referenced matter, and return a date-stamped copy to our courier.

Should you have any questions regarding the above matter, please don't hesitate to contact me. Thank you for your assistance with this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Harry M. Barton", with a blue circular stamp or mark below it.

Harry M. Barton

HMB/bkd  
Enclosures

cc: Official Service List (*via email and U.S. Mail*)

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

<b>IN RE: RESOLUTION REGARDING</b>	)	
<b>PROPOSED RULEMAKING TO</b>	)	
<b>ESTABLISH INTEGRATED</b>	)	
<b>RESOURCE PLANNING</b>	)	<b>DOCKET NO. UD-08-02</b>
<b>COMPONENTS AND REPORTING</b>	)	
<b>REQUIREMENTS FOR</b>	)	
<b>ENTERGY NEW ORLEANS, INC.</b>	)	

**APPLICATION OF ENTERGY NEW ORLEANS, INC.  
FOR APPROVAL OF A NEST SMART THERMOSTAT PILOT PROGRAM**

Entergy New Orleans, Inc. (“ENO” or the “Company”), pursuant to Council Resolution R-15-140, respectfully submits this Application for Approval (the “Application”) of the Nest Smart Thermostat Pilot (the “Pilot”), and, in support of this Application, ENO respectfully shows as follows:

**I.**

ENO is an electric and gas utility organized and operating under the laws of the State of Louisiana, with its general office and principal place of business at 1600 Perdido Street, Building 505, New Orleans, Louisiana 70112. The Company is engaged in the manufacture, production, transmission, distribution, and sale of electricity to residential, commercial, industrial, and governmental consumers throughout the City of New Orleans. ENO furnishes electric service to approximately 196,711 customers in Orleans Parish. The Company also provides natural gas service to approximately 106,221 retail gas customers in Orleans Parish.

**II.**

In July 2009, ENO submitted a filing in which it detailed the specifics of the design and funding levels for programs to be included in the Energy Smart Plan programs (*e.g.*, selection of

a third party administrator, verification of deemed savings calculations, proposed goals and targets). On September 17, 2009, Council Resolution R-09-483 approved the Energy Smart Plan programs as designed and found ENO's programs to be just, reasonable and in the public interest, including funding levels and allocations, and goals and targets recommended by ENO.

### III.

In April 2011, ENO and the third party administrator, CLEAResult, implemented the Energy Smart Plan programs and began offering programs to ENO electric customers. ENO filed status reports as outlined and required by Council Resolution R-11-52. Representatives of ENO and CLEAResult made presentations on the first, second and third year results of the Energy Smart programs to the Council's Utility, Cable, Telecommunications and Technology Committee (formerly known as the Council Utility Committee). Additionally, ENO submitted written reports summarizing the first, second, third, and fourth year results of the program.

### IV.

On October 18, 2012, during Program Year 2 of Energy Smart on the East Bank of New Orleans, Council Resolution R-12-391 approved the inclusion of the fifteenth ward, also known as Algiers, in the Energy Smart Program. The Energy Smart Algiers program runs concurrently with the Energy Smart program for the remainder of Orleans Parish. On May 15, 2015, Council Resolution R-15-194 approved the transfer of the utility assets in Algiers from Entergy Louisiana, LLC to ENO, which occurred on September 1, 2015.

### V.

Council Resolution R-15-599 approved the proposed budgets for Energy Smart Program Years 5 and 6 for the Algiers area. These budgets are displayed below:

<b>ELL Algiers Residential, C&amp;I Program Portfolio Budgets</b>			
<b>Year 5</b>			
Residential Program	Incentives	Non-incentives	Total
HPwES	\$ 23,806	\$ 20,064	\$ 43,870
Consumer Products	\$ 19,333	\$ 15,579	\$ 34,912
Low Income Audit & Weatherization	\$ 28,321	\$ 30,243	\$ 58,564
NOLA Wise Schoolkits and Education	\$ 6,433	\$ 79,530	\$ 85,963
Residential Heating and Cooling	\$ 22,315	\$ 10,436	\$ 32,751
Small C&I	\$ 41,913	\$ 43,548	\$ 85,461
Large C&I	\$ 75,883	\$ 77,220	\$ 153,103
Behavioral Pilot			
Lost Contribution to Fixed Costs			\$ 64,355
Utility Incentive at 100%			\$ 49,000
Total Budget			\$ 607,979
Council Approved Budget			\$ 718,265

<b>ELL Algiers Residential, C&amp;I Program Portfolio Budgets</b>			
<b>Year 6</b>			
Residential Program	Incentives	Non-incentives	Total
HPwES	\$ 26,795	\$ 20,064	\$ 46,859
Consumer Products	\$ 20,616	\$ 15,579	\$ 36,195
Low Income Audit & Weatherization	\$ 28,139	\$ 30,243	\$ 58,382
NOLA Wise Schoolkits and Education	\$ 6,293	\$ 79,530	\$ 85,823
Residential Heating and Cooling	\$ 17,824	\$ 10,436	\$ 28,260
Small C&I	\$ 43,078	\$ 43,548	\$ 86,626
Large C&I	\$ 75,116	\$ 77,220	\$ 152,336
Behavioral Pilot		\$ -	\$ -
Direct Load Control		\$ -	\$ -
Lost Contribution to Fixed Costs			\$ 65,193
Utility Incentive at 100%			\$ 49,000
Total Budget			\$ 608,674
Council Approved Budget			\$ 718,265

The budgets for Program Years 5 and 6 have \$110,286 and \$109,591, respectively, in unallocated funding.

## VI.

Subsection 2 of the ordering section of Council Resolution R-15-140 states the filing requirement for new pilot programs:

Prior to the implementation of any new pilot program for the Energy Smart program, the Companies must file an application with the Council for review and approval that includes, at a minimum:

- a. Incentive costs, non-incentive costs and kWh savings (in some cases where the supporting calculations require, individual measures should be shown within a program) for each individual pilot program proposed;
- b. EM&V spending at 6.5%
- c. LCFC including the adjusted gross margin (“AGM”) calculation;
- d. The composite of the pilot program costs and other proposed program costs, including NOLA Wise, should be shown to equal the annual total spending levels of \$6.5 million for Program Year 5 and \$7.8 million for Program Year 6 as approved in Resolution R-14-509; and
- e. A program description that includes the objective of the pilot, including results, as appropriate, that will provide data to determine cost-effectiveness should a full implementation of the program be considered.<sup>1</sup>

ENO anticipates parallel requirements for the approval of pilots in Algiers.

## VII.

Representatives from Nest and ENO began collaborating in early 2016 on various ideas involving Nest smart thermostats. One of the ideas that emerged from that effort was to develop a new program to allow income-qualifying residents to utilize Nest smart thermostats in their

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<sup>1</sup> More recently, in Resolution R-16-106 the Council recommended that proposals for pilot programs “should include, at a minimum, (1) the number of customers to be included in order to generate adequate data for evaluation, which customer classes should participate, whether participation is voluntary or mandatory; (2) what data is to be collected and how it will be collected; (3) the duration of the proposed pilot program; (4) draft tariff provisions to implement such a pilot program; and (5) the anticipated costs and rate impact of such a pilot program.” The information set forth herein, and contained in the attached implementation plan, fulfills these requirements. ENO notes the fact that the Pilot’s budget can be covered by surplus funds from the Council-approved budgets for Program Years 5 and 6 largely eliminates the need for discussion of items (4) and (5) from R.-16-106, as no tariff is necessary and no rate impact will result.

homes.<sup>2</sup> ENO, Nest, and CLEAResult worked together to design a pilot program, which should benefit the community of Algiers in several ways:

- 1) The pilot will target multi-family residences, thereby helping to address the “split incentive” obstacle that has been shown to be a barrier to making energy efficiency improvements in rental properties;
- 2) The pilot will target income-qualifying individuals thereby removing a common barrier to entry for low income residents who might not otherwise be able to afford costly equipment like a smart thermostat; and finally
- 3) To the best of ENO’s knowledge, this innovative pilot will be the first of its type in the U.S. and, as such, should provide opportunities for learning and also reflect positively on the Energy Smart program.

### VIII.

The total budget for the Pilot, as it affects the budget for Program Years 5 and 6 appears below:

Unallocated Funding in the Program Year 5 budget	\$110,286
Unallocated Funding in the Program Year 6 budget	\$109,591
Total Unallocated Funding	\$219,877
Nest Smart Thermostat Pilot Budget	\$219,231
Estimated Surplus	\$646

A detailed overview of CLEAResult’s implementation plan, including a budget breakdown, has been included with this filing.

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<sup>2</sup> One of the ways that costs for the Pilot will be reduced will be by using 2<sup>nd</sup> generation Nest smart thermostats, which are functionally equivalent to Nest’s 3<sup>rd</sup> generation thermostat currently being sold at retail.

**IX.**

In addition, Program Year 5 spending was under-budget. Spending for Program Year 5 in Algiers was \$444,580.

**X.**

The Company believes that the Pilot should cover an entire 12-month period. The full span of an entire 12-month period will allow for results from all seasons and a range of temperature/weather conditions to be included in the analysis. As such, the Company recommends a start date of September 1, 2016 and an end date of August 31, 2017. This proposed end date is later than the end date for Program Year 6, but it provides the opportunity to collect a full set of data. Should there be substantial delays in placing the thermostats, the Company recommends extending the pilot for one month to allow for the full 12 month period. As with other Energy Smart programs, the Company plans to provide three quarterly updates and a year-end annual report on the Pilot to the Council.

**XI.**

The estimated Lost Contribution to Fixed Costs (“LCFC”) as a result of the Pilot is as follows:

Estimated kWh Savings	249,048
Adjusted Gross Margin	0.0545
Estimated Lost Contribution to Fixed Costs	\$13,573

The Adjusted Gross Margin calculation is included with this filing. At the time when Program Year 5 and Program Year 6 budgets were developed and approved, ENO had not been presented with the Nest opportunity. As such, the amount of LCFC estimated for the Pilot was not

included in the totals approved in Resolutions R-15-543 and R-15-599. In addition, for the same reason, the utility performance incentive totals listed in Resolutions R-15-493 and R-15-599 did not consider the kWh goals of the Pilot. The following table provides the assumptions made and the methodology used to calculate the Estimated kWh Savings included in the table above.

New Orleans, LA Metro Area

Cooling Hours	2,388	1
Heating Hours	1,118	2
A/C (tons)	3.0	3
Avg. SEER	13	4
AFUE	80%	5
Furnace (kBtuth)	60,000	6

Potential Electricity Savings

% Savings (deemed)	7.57%	7
kWh Savings/Unit	500.6	8
% w/ WiFi (est.)	25%	9
% w/o WiFi (est.)	75%	10
Reduction w/o WiFi	33%	11
kWh Annual Savings	249,048	12

Projected Gas Savings

% Savings (deemed)	9.65%	13
Therms Savings/Unit	80.9	14

Calculations

$$\text{Line 8} = (\text{Line 3} * 12 \text{ mos}) / \text{Line 4} * \text{Line 1} * \text{Line 7}$$

$$\text{Line 12} = 1,000 \text{ units} * (\text{Line 9} * \text{Line 8} + \text{Line 10} * \text{Line 11} * \text{Line 8})$$

$$\text{Line 14} = ((\text{Line 2} * \text{Line 6}) / 100,000) / \text{Line 5} * \text{Line 13}$$

**XII.**

Council Resolution R-15-140 requires the Company to make a LCFC and performance incentive filing on or before the June 30<sup>th</sup> following the program year. Due to the time needed to verify the kWh savings for the Pilot, the Company will require additional time to make the necessary calculation of LCFC related to the Pilot until after June 30, 2017. Therefore, the



Company requests that it be allowed to make a supplemental LCFC filing for the Pilot within 30 days of verification of the kWh savings by the Evaluation, Measurement and Verification provider.

### **XIII.**

In further accordance with Council Resolution R-15-140, the Company has attached, as Exhibit 1 to this Application, a discussion of the potential cost-effectiveness of a fully deployed smart thermostat program. In addition, responses to questions from the Council's Advisors have been included, collectively as Exhibit 2. The Adjusted Gross Margin Calculation, discussed above, is attached hereto as Exhibit 3. ENO is also submitting CLEAResult's Implementation Plan as Exhibit 4. Finally, ENO submits a series of whitepapers and other documents referenced in Exhibit 2, as Exhibits 5 through 9.

### **XIV.**

In support of the request set forth herein, the Company submits this application for the approval of the Nest Smart Thermostat Pilot Program for ENO-Algiers customers for Program Year 6.

**WHEREFORE**, the Company respectfully requests that this Council issue a Resolution:

1. Approving the Company's proposal for the Nest Smart Thermostat Pilot Program;
2. Approving CLEAResult as the Pilot implementer;
3. Approving September 1, 2016 – August 31, 2017 as the time period for the Pilot;
4. Requiring the Company to make a filing for LCFC within 30 days after verification of kWh savings for the Pilot; and
5. Granting all other general and equitable relief that the law and the nature of this proceeding may permit.

Respectfully Submitted:

By:  \_\_\_\_\_

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**ATTORNEYS FOR ENTERGY NEW ORLEANS,  
INC.**

**CERTIFICATE OF SERVICE**  
**Docket No. UD-08-02**

I hereby certify that I have this 6<sup>th</sup> day of July 2016, served the required number of copies of the foregoing report upon all other known parties of this proceeding, by the following: electronic mail, facsimile, overnight mail, hand delivery, and/or United States Postal Service, postage prepaid.

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New Orleans, Louisiana, this 8<sup>th</sup> day of July, 2016.



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Harry M. Barton