



## News Release

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### **Record of Evidence on Entergy Gas Plant Confirms It Would Be a Bad Deal for New Orleans City Council Decision on This Record Expected Soon**

NEW ORLEANS, LA – As the City Council draws near to making a decision on whether Entergy’s application to build a new gas plant would be in the public interest, the evidentiary record confirms major problems with Entergy’s proposal. Entergy makes public claims promoting the gas plant that do not match the admissions of Entergy CEO Charles Rice and others under oath during the recent evidentiary hearing on the gas plant. The transcript of this evidentiary hearing can be viewed on the Energy Future New Orleans Coalition’s website at: <https://www.nogasplant.com/news>.

“We have said all along that Entergy’s gas plant would be a bad deal for New Orleans and now we have the record to prove it,” said Dawn Hebert, a resident of New Orleans East who attended the evidentiary hearing. “I hope City Councilmembers read the transcript of the evidentiary hearing before they vote,” she said.

The City Council Utility Committee will meet on Wednesday, February 21, 2018 at 10:00 am to consider a resolution and order on the Entergy gas plant application. At this meeting, the Council will hear closing arguments from the parties and intervenors in the docket proceeding and comments from the public. This meeting will take place in the Pan American Building at 601 Poydras Street in the 11<sup>th</sup> floor auditorium.

#### **ON RACIALLY DISPROPORTIONATE POLLUTION BURDENS**

Entergy CEO Charles Rice stated under oath “it’s not really that much of a concern” that Entergy companies operate power plants near predominantly African American neighborhoods in Louisiana.<sup>1</sup>

Entergy did not consider any location for a proposed gas plant other than the Michoud and Paterson sites,<sup>2</sup> which are near predominantly Vietnamese American and African American neighborhoods in New Orleans East.<sup>3</sup>

#### **WHETHER THE GAS PLANT WOULD FIX FREQUENT POWER OUTAGES**

On cross-examination, Entergy CEO Charles Rice confirmed that a proposed gas plant would not fix the frequent power outages in New Orleans.<sup>4</sup> A City Council resolution explains that these outages are mainly due to Entergy’s failure to maintain poles, wires and transformers that are part of the distribution system.<sup>5</sup>

#### **ON WHETHER THE PROPOSED ENTERGY GAS PLANT IS NEEDED**

Entergy acknowledges that it overestimated customer need for power in the lead up to its first application for a new gas plant.<sup>6</sup> Utility Advisor Joseph Vumbaco agreed that with either of Entergy’s proposed gas plants, “the capacity that they’re planning to build is in excess of an immediate capacity need.”<sup>7</sup> Air Products’ witness

Maurice Brubaker is concerned that “even the smaller RICE resource would provide substantially more capacity than ENO’s [Entergy New Orleans, Inc.] load forecast would justify for about the next ten years.”<sup>8</sup> Entergy’s own data show that building either gas plant would result in New Orleans having surplus capacity for electricity that would likely remain until 2033, leaving the City Council with 15 years for planning least-cost alternatives to a gas plant.<sup>9</sup>

Entergy had to abandon its primary claim of a capacity need for a gas plant occurring in the short-term or even the medium-term of a 20-year planning horizon. Now, Entergy focuses on the long-term need for the gas plant’s capacity, closer to 20 years down the road. This means the Council would have well over a decade in which to evaluate the least-cost alternatives to Entergy’s proposed \$200 million plus gas plant.

The record is also clear that Entergy does not actually have any specific reliability need for a new gas plant, as long as the Company develops a contingency plan that includes modest transmission improvements.<sup>10</sup> Entergy admits that these transmission upgrades would meet all contingency requirements, including those that would protect against “cascading outages,” to ensure system reliability.<sup>11</sup>

Entergy’s claim that the gas plant is urgently needed for reliable service is not supported by the evidence. First, Entergy acknowledges that its favored gas plant cannot be installed until 2021.<sup>12</sup> Second, Entergy selected a site for a new gas plant that is a high-risk flood hazard area, where a storm could prevent the plant from operating.<sup>13</sup>

#### **ON WHO WILL PAY IF ENTERGY’S FORECASTS OF CUSTOMER DEMAND ARE WRONG AGAIN**

Entergy asserts that it can recover some of the costs of the gas plant by selling power to other customers on the MISO grid. For this to work, the evidence shows that current prices for electricity on the MISO grid would have to increase by 16,000 percent by the year 2022, and stay at that increased level for many years.<sup>14</sup> When asked if Entergy would agree to hold New Orleans customers harmless if prices for electricity do not rise to this extraordinary level, Entergy CEO Charles Rice stated, “I can’t make such a guarantee.”<sup>15</sup> All economic risk would be carried by the residents and businesses in New Orleans, and if Entergy’s forecast is wrong, the bill increases for customers would be much higher than the approximately \$6 per month estimated by Entergy.

#### **ON TRANSMISSION UPGRADES AS AN ALTERNATIVE**

Entergy admits it never finished looking at transmission upgrades as an alternative solution to its transmission reliability concerns, because it preferred to build a gas plant.<sup>16</sup> Such upgrades could resolve the outages Entergy warns about in less time than building a gas plant, for less money, and could make our transmission grid stronger against storm damage. In comparing the costs of a new gas plant and the cost of transmission upgrades on a monthly Entergy bill, Utility Advisor Joseph Rogers’ testimony states, “the expected impact of the Transmission Alternative decreases from \$6.49 under Entergy’s analysis to \$1.82.”<sup>17</sup>

#### **ON RENEWABLE AND EFFICIENT ENERGY ALTERNATIVES**

Contrary to its public claims of support for energy efficiency and renewable energy, Entergy refused to analyze these reasonable alternatives to building a gas plant. Despite clear directions by the City Council in November 2016, Entergy refused to model the cost and timing of making transmission upgrades to maintain reliability, while addressing any capacity shortfall with new solar, battery storage, and the Council’s 2 percent energy savings goal. Instead Entergy created its own scenarios designed to undermine these cleaner, safer, and cheaper alternatives.<sup>18</sup>

#### **ON ENTERGY’S PLAN TO BUILD A GAS PLANT IN A HIGH-RISK FLOOD HAZARD AREA**

Utility Advisor Joseph Vumbaco stated under oath that in recommending approval of one of Entergy gas plant options, the 128 MW RICE gas engines, he and other utility advisors did not consider the [City of New Orleans Flood Damage Prevention Ordinance](#).<sup>19</sup> This ordinance sets requirements for new construction projects to ensure compliance with the National Flood Insurance Program.

According to Mr. Vumbaco, “[t]he last time I reviewed the FEMA flood maps, ma’am, was back during Katrina.”<sup>20</sup> The current FEMA flood map, developed after Hurricane Katrina, shows the location Entergy selected for a gas plant is a high-risk flood hazard area, designated as Zone AE.<sup>21</sup> FEMA policy discourages building power plants in such areas.<sup>22</sup>

Entergy Vice-President of Capital Projects Jonathan Long stated under oath that Entergy included in its cost estimate for a new a gas plant the expense of a flood insurance policy, which only covers the period of construction.<sup>23</sup> The cost of flood insurance for the operation of a gas plant in a high-risk flood hazard area is unknown.

#### **ON THE POTENTIAL FOR A GAS PLANT’S GROUNDWATER USE TO DAMAGE LEVEES**

The official board meeting minutes of the Southeast Louisiana Flood Protection Authority – East document the concerns by board members of the potential for the proposed Entergy gas plant’s use of groundwater to damage flood control infrastructure protecting New Orleans.<sup>24</sup>

#### **WHETHER UTILITY ADVISORS TO THE CITY COUNCIL CONSIDERED AIR QUALITY EFFECTS AND EFFECTS OF GROUNDWATER USE ON SUBSIDENCE BY ENTERGY’S PROPOSED GAS PLANT OPTIONS, PRIOR TO ADVISING THE COUNCIL ON HOW TO VOTE ON THE PLANT**

Utility Advisor Joseph Vumbaco’s Direct Testimony asserts the utility advisors requested that Entergy submit supplemental information on the air quality effects and the effects of groundwater use on subsidence by its proposed gas plant options.<sup>25</sup> However, on cross-examination, Mr. Vumbaco acknowledged that he did not analyze any of these effects.<sup>26</sup> His testimony, on behalf of all utility advisors, does not reference any such analysis being performed by other utility advisors.<sup>27</sup>

#### **REFERENCES**

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<sup>1</sup> Evidentiary Hearing Transcript, Dec. 20, 2017: Cross-Examination of Charles Rice, p. 94:line 7 – p. 95:line 25.

<sup>2</sup> Evidentiary Hearing Transcript, Dec. 18, 2017: Cross-Examination of Seth Cureington, p. 291:line21 – p. 292:line2.

<sup>3</sup> Direct Testimony of Beverly Wright, Ph.D., p. 13:line 17 – p. 14:line 2.

<sup>4</sup> *Id.* p. 118:lines 11-18.

<sup>5</sup> [City Council Resolution R-17-427](#), Aug. 10, 2017, p. 3.

<sup>6</sup> Evidentiary Hearing Transcript, Dec. 18, 2017: Cross-Examination of Seth Cureington, p. 303:line 12 – p. 305:line 12.

<sup>7</sup> Evidentiary Hearing Transcript, Dec. 21, 2017: Cross-Examination of Joseph Vumbaco, p. 91:lines 6-20.

<sup>8</sup> Additional Direct Testimony & Exhibits of Maurice Brubaker on behalf of Air Products & Chemicals, Inc., Oct. 16, 2017, p. 3:lines 17-18.

<sup>9</sup> Alliance for Affordable Energy *et al*, Post-Hearing Brief, Jan. 22, 2018, pp. 11-12.

<sup>10</sup> *Id.* at p. 5.

<sup>11</sup> Supplemental and Amending Direct Testimony of Charles W. Long, July 2017, pp. 10-11, Table 1.

<sup>12</sup> Supplemental and Amending Application of Entergy New Orleans, Inc. for Approval to Construct New Orleans Power Station and Request for Cost Recovery and for Timely Relief, July 6, 2017, p. 4.

<sup>13</sup> Alliance for Affordable Energy *et al*, Post-Hearing Brief, Jan. 22, 2018, pp. 45, 67, 87.

<sup>14</sup> *Compare* Prepared Direct Testimony Jason Rogers, Nov. 20, 2017, p. 42, Tables 4-5 with *id.*, p. 44, Tables 6-7.

<sup>15</sup> Evidentiary Hearing Transcript, Dec. 20, 2017, Cross-Examination of Charles Rice, p. 83:line 15 – p. 84:line 1; p.85:lines 8-13.

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- <sup>16</sup> Evidentiary Hearing Transcript, Dec. 15, 2017: Cross-Examination of Charles Long, p. 156 lines 3-4; p. 157:lines 7-11.
- <sup>17</sup> Advisors’ Post-Hearing Brief, Jan. 19, 2018, p. 53.
- <sup>18</sup> [City Council Resolution R-16-506](#), Nov. 3, 2016, pp. 8, 9; Advisors’ response to Sierra Club’s request for information, Dec. 7, 2017; Evidentiary Hearing Transcript, Dec. 18, 2017: Cross-Examination of Seth Cureington, p. 139:line 16 – p.139:line 8; p. 140:lines 13-15; p. 172:line 9 – p. 175:line 15; p. 177:line 9 (testimony confirms that Entergy did not run the analysis for the Case 2, transmission and energy efficiency portfolio requested by the City Council).
- <sup>19</sup> Evidentiary Hearing Transcript, Dec. 21, 2017: Cross-Examination of Joseph Vumbaco, p. 116:lines 7 – 19.
- <sup>20</sup> Evidentiary Hearing Transcript, Dec. 21, 2017: Cross-Examination of Joseph Vumbaco, p. 106:line 11 – p. 107:line 1.
- <sup>21</sup> FEMA Flood Map Center, [Flood map number 22071C0143F \(longitude: 30.011323/latitude: -89.935696 coordinates\)](#), effective 9/30/16. The map shows that the location of the proposed Entergy gas plant is in a high-risk flood hazard area, designated as Zone AE.
- <sup>22</sup> FEMA, Flood Insurance Risk Mitigation Administration, [Fact Sheet: Critical Facilities and Higher Standards](#) (“Examples of critical facilities include power generation facilities or a private and public utility. . . . If at all possible, critical facilities should be located outside all high-risk flood hazard areas. . . .”).
- <sup>23</sup> Evidentiary Hearing Transcript, Dec. 18, 2017: Cross-Examination of Jonathan Long, p. 72:line 14 – p. 73:line 13.
- <sup>24</sup> Southeast Louisiana Flood Protection Authority – East, [Official Board Meeting Minutes](#), Dec. 15, 2016, p. 9.
- <sup>25</sup> Prepared Direct Testimony of Joseph A. Vumbaco, P.E., Nov. 20, 2017, p. 3:lines 9-13.
- <sup>26</sup> Evidentiary Hearing Transcript, Dec. 21, 2017: Cross-Examination of Joseph Vumbaco, p. 104:line 4 – p. 106:line 19.
- <sup>27</sup> Prepared Direct Testimony of Joseph A. Vumbaco, P.E., Nov. 20, 2017.