

*Energy Efficiency – What Now?
A Utility Perspective*

SEARUC Southeast Energy Efficiency Meeting

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Entergy Service Territory

2.6 million
customers



2nd Largest
Nuclear Generator
in U.S.

30,000 MW of
Generating Capacity

14,500 Employees

Energy Efficiency is One Component of a Comprehensive Commitment

- Energy Efficiency
- Environmental
- Social Responsibility

Energy Efficiency

- State energy efficiency programs:
 - Texas: Entergy has been meeting 10% of new demand (in kW) with energy efficiency.
 - Received Energy Star homes award for TX programs for 3 consecutive years
 - Arkansas: Entergy has filed “Quick Start” pilot energy efficiency programs to run through December 31, 2009.
 - After the “Quick Start” period is completed, regulatory approval of comprehensive energy efficiency programs are anticipated to begin in January 2010.
 - New Orleans: Funding a collaborative effort to design energy efficiency programs
- Other efforts:
 - Energy Star partner: Giving away 10,000 CFL light bulbs to customers as part of the Energy Star Change a Light, Change the World campaign
 - Also giving away several thousand additional bulbs during low-income customer events
 - Enight Website – for Home & Business (www.Entergy.com/Enight)

Sustainability/Environment

- Voluntary commitment to stabilize Entergy's GHG emissions at year 2000 level
 - 65 M tons below this stabilization commitment – 23% below commitment
 - Environmental Initiatives Fund
- Won the EPA's 2007 Climate Protection Award
- On the DJSI for 6th consecutive year
 - Only U.S. utility to be listed for the last 3 years
 - Best in class for:
 - Climate strategy
 - Environmental policy and management system
 - Stakeholder engagement
 - Safety
- Provided \$250,000 in Environmental Stewardship Grants in 2007 for projects in service territory – 8th year of program

Social Responsibility

Low-Income Customer Assistance Focus

- Improving the flow of assistance funds to all needy customers
 - LIHEAP, WAP, Customer Assistance Funds (CAF)
 - Won National Fuel Funds Network Award
- Providing customers with tools to manage their bills
 - Energy conservation, payment options, customer policies
 - Won Community Action Partnership Corporate Champion Award
- Moving customers to economic self-sufficiency
 - Earned Income Tax Credit (EITC), financial literacy, affordable housing
 - Won IRS Community Service Leadership Award 2005 and 2006

“The Dave Letterman” Top Ten Questions About Energy Efficiency From a Utility Perspective

10. How do I know that the capacity will be there when I need it?
9. How do you account for Free Riders?
8. What is the real “Achievable Potential”?
7. Who’s going to manage the programs?
6. How do we recover the cost of the programs?
5. How do we account for the revenue impact?
4. How does the cost compare to supply options?
3. What’s in it for the Customer (Program Participant)?
2. What’s the impact to Non-Participants?
1. What the Heck is Decoupling?

Comparison of Supply Side to Demand Side Alternatives

Supply Side

Pro's

- Dependable Capacity – Known Output
- Established Process for Cost Recovery and Allowed Rate of Return
- We're good at it – we've been building and operating power plants for over 80 years

Con's

- Long Lead Times
- NIMBY / Permitting
- Potential Environmental Impacts (dependent on fuel source)

Demand Side

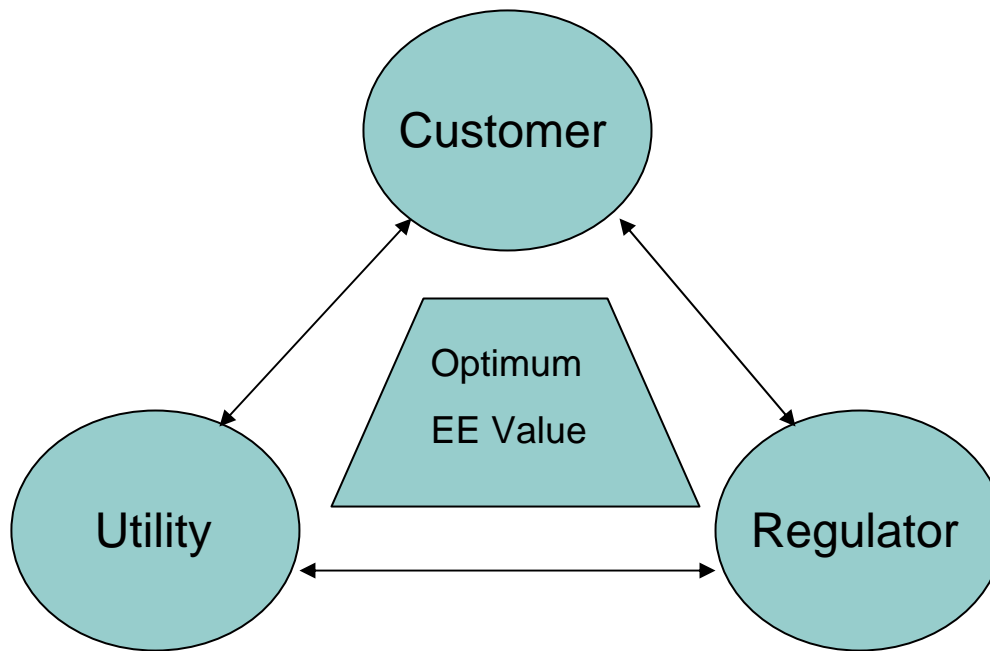
Pro's

- Customer Involvement
- Shorter Lead Times
- Flexibility – Some Programs can be dialed up or down
- Positive Environmental Impacts
- Able to implement on a smaller scale

Con's

- More Difficult to Validate Output (Are you getting what you pay for)
- Limited History / Experience on Cost Recovery
- There is a Limit to the Cost-Effective Capacity Available

Optimizing the Value of Energy Efficiency



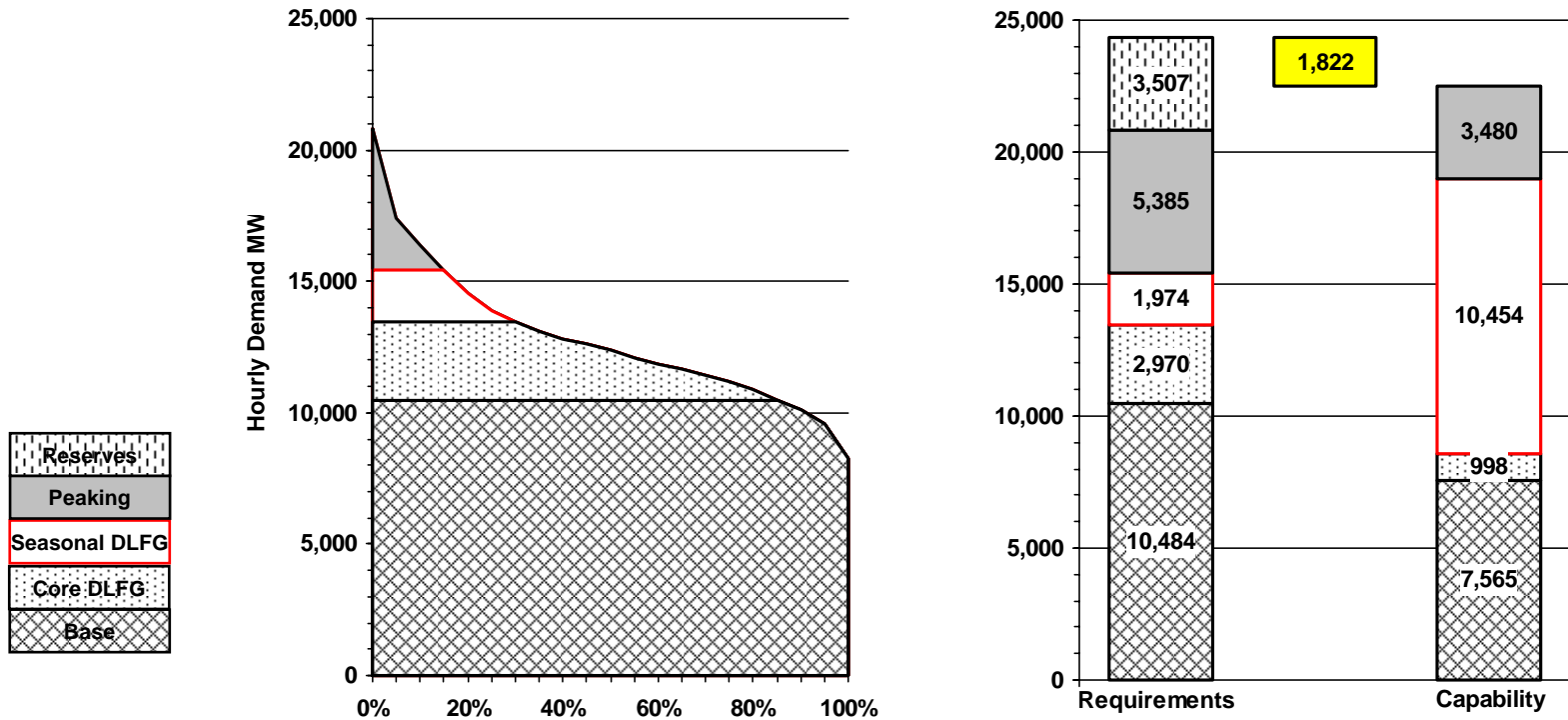
Optimum value for Energy Efficiency can only be achieved if all stakeholders are involved and benefit

Core Principles for Optimizing the Value of Energy Efficiency

- Establish an environment that places Energy Efficiency on a level playing field with supply side alternatives
- Considerations should be made for Low Income and Elderly Customers
- Demand Response programs should be an integral component of Energy Efficiency
- Energy Efficiency program design should incorporate the Utility supply & load shape requirements (i.e., base load, load following, peaking capacity)
- Validation of benefits is critical to the long term success of any energy efficiency program
- Energy Efficiency strategy should be integrated with the overall Environmental strategy
- Programs must be implemented in the most cost effective and efficient manner

Entergy Electric System Resource Requirements and Capability for 2007

Forecasted firm load plus 16.8% Reserve Margin. Currently owned units and long-term contracted resources only.



	Base Load	Core DLFG	Seasonal DLFG	Peaking Plus Reserve	Total
Resources (MW)	7,565	998	10,454	3,480	22,497
Requirement (MW)	10,484	2,970	1,974	8,892	24,319
Excess / (Deficit) (MW)	(2,918)	(1,972)	8,480	(5,411)	(1,822)

Conclusions

- Cost-effective Energy Efficiency and Demand Response can be and should be a valuable resource for meeting future requirements
- The continued evolution and candid discussion pertaining to cost recovery mechanisms and how to optimize the value of energy efficiency is encouraging
- There is no one right answer as to how we best meet our resource requirements going forward, but we need to strive for an economic balance of supply side and demand side solutions that produces the greatest benefits for all stakeholders
- There is no one set of energy efficiency programs that fits everyone's specific needs and likewise there may not be a silver bullet for cost recovery. Each geographic area or jurisdiction has its own unique set of circumstances or characteristics that need to be considered in the decision making process.