



March 22, 2018

## **GSREIA Comments on Advisor's Community Solar Proposal, Docket UD-17-05**

### **Introduction**

GSREIA and solar businesses in New Orleans are in support of rooftop solar developments in the City that allow benefits of solar to remain within City boundaries. Too often, renewable energy projects are sited far outside of the load source and remove most of the economic, job creation and social benefits of solar energy to remote areas. Entergy's proposal provides a mechanism to pilot several concepts for commercial-scale rooftop solar deployment, diverts lease funding to local site hosts, encourages local job creation, and allows other benefits to stay within City limits.

GSREIA understands and agrees with stakeholder recognition of cost concerns, but also recognizes the potential to drive down future acquisition costs for similar solar and renewable resources as experience is gained by the Company, City, Advisors, and workforce as a result of the project. GSREIA would like to see several improvements to the proposal to enhance its value to the city and ratepayers but believes the project should proceed unburdened by the complexity and delays inherent in a community solar program. Community solar is a priority for GSREIA, and the association would like for the Council to establish a docket specifically to work through Community Solar in an expedited manner.

### **Background**

The Council and community have indicated their support for local rooftop solar developments on multiple occasions:

- The City committed through the Global Covenant of Mayors for Climate and Energy to monitor and reduce its greenhouse gas emissions and is developing the City's first comprehensive climate action strategy.
- The Council repeatedly stated its support for clean renewable energy resources, including the desire to acquire 100 MW of new renewable energy capacity.
- The Council approved resolutions for the creation of Integrated Resource Planning, Net Metering, and the Energy Smart energy efficiency programs to support the evaluation of and investment in clean energy resources.
- The Council supported the City's goal to dramatically reduce greenhouse gas emissions by 2030 with 255 MW of renewable energy and community solar. (R-17-408)
- The Council unanimously stated its support for "public policies to encourage a robust local solar industry to save our families money, provide quality employment opportunities, produce clean energy, and grow our local economy. (R-15-174)
- A significant portion of the public comments submitted during 2015 IRP proceedings expressed public demand for renewable sources in New Orleans' energy mix.

- Statements supporting the solicitation of 100 MW of renewable energy have been provided by a wide range of parties active in utility regulatory matters before this Council including Entergy New Orleans, the Council's Advisors, the Alliance for Affordable Energy, Gulf States Renewable Energy Industries Association, the Deep South Center for Environmental Justice, the Sierra Club, PosiGen, 350 New Orleans, and members of the public.

## Concerns

- In their document titled, "ENO Community Rooftop Solar PV," the Advisor analysis does not accurately incorporate tax benefits of the ENO 5MW Proposal. Tax benefits for utility-owned solar developments are significant over project life and discounting full lifetime tax incentive impacts in a cost analysis provides an incomplete and inaccurate picture of the long-term resource expense.
- The comparison by Advisors of the ENO 5MW Proposal to remote large-scale projects of far greater scale and less complexity does not allow for the unique challenges of a distributed resource in an urban environment, and inaccurately represents the resource as a central generation acquisition. Distributed generation projects are inherently more complex and challenging but provide other benefits that offset marginal costs.
- Advisors have expressed concerns about project cost, but GSREIA estimates the 30-year levelized cost of the project to be \$60-80 per MWh, which is comparable to other large scale distributed projects around the country.
- Individual long-term bill impacts are minimal for such a pilot project. In their response to the Alliance for Affordable Energy's 1-3 discovery request, Entergy estimated typical bill impacts from the lifetime of the project to be roughly 6 cents per month for the typical residential customer.
- An economic analysis conducted by Dr. Steven R. Nivin shows significant non-energy benefits to the City. Dr. Steven R. Nivin estimated value added benefits of \$12m with total output benefits to just under \$23.5m. Dr. Nivin also estimates the project will create 41 Direct Jobs and 65 total jobs in Orleans Parish.
- The community solar requirement tied to this project is impractical and unnecessary. Such a requirement will unnecessarily burden both community solar and a rooftop pilot and result in the failure of both programs.

## Questions

- Can Entergy labor estimate be reduced?
- Can indirect costs be reduced?
- Can first year impact be amortized or incorporated into future years to levelized the bill impact?

## Recommendations

- Any economic or rate analysis of the project must include non-energy benefits that result in value to ratepayers and citizens of New Orleans. This includes benefits such as fuel diversity, risk mitigation, local economic development, creation of local jobs, the value of locating resources closer to load, distribution grid stabilization, facilitating opportunities for future energy storage investments, reducing air pollution impacts of traditional fossil fuel generating resources and achieving goals around sustainability and carbon reduction.

- Limit contingency allowance to \$250k. The equipment market for panels shows that the tariff impact on pricing has not been nearly as problematic as originally feared. Entergy should carefully monitor and control project deployment costs and share responsibility for cost increases.
- A cursory review of interconnection requirements for 10 or less projects sites of approximately 500kW-1MW utilizing existing infrastructure should result in interconnection costs of \$150k or less. Excess costs should be drawn from contingency.
- Project should remain 5MW, but ENO must provide a monthly progress report to the Council.
- Pursue community solar in a separate Council-led docket in expedited time frame. Direct funding to this project to mitigate rate impact where possible.
- Expedite completion timeframe to December 2018
- Focus site hosts on tax-exempt facilities, including non-profits, governmental, City buildings, hospitals, schools and others. These entities are not capable of leveraging tax incentives and will uniquely benefit from site rents. Such entities also bring additional societal value to the City and supporting them will enhance the non-energy benefits of the program.

## **Conclusion**

Community solar programs require a separate set of analysis and consideration from distributed rooftop solar projects, and thus would hinder effectiveness and economic efficiency if combined into the same effort in a hurried manner. Therefore, GSREIA recommends community solar be implemented in a separate Council-led docket to ensure success of the program. However, with modifications, the ENO 5MW Solar Proposal can be adapted to serve the interests of the Council, ratepayers and citizens of the City. Distributed rooftop projects are critical for not only the energy provided to the grid, but also for the valuable non-energy benefits available to the citizens of the City. By controlling project costs and prioritizing tax-exempt siting, the project is capable of generating local economic benefits and serving as a pilot project for future renewable resource acquisitions.

