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December 7, 2022

**VIA ELECTRONIC MAIL ONLY**

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

**Re: Comments Of ENO In Response To MEI's Motion To Amend The  
Community Solar Rules (CNO Docket No. UD-18-03)**

Dear Ms. Johnson:

Attached please find the Comments of Entergy New Orleans, LLC (“ENO”) for filing in the above-referenced docket. ENO makes this filing pursuant to Resolution 22-411 issued by the Council for the City of New Orleans. Attached is the public redacted version and the HSPM version will be available to parties upon request who have signed the Official Protective Order for this docket. Thank you for your assistance in this matter, and please let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads 'Keith D. Wood'.

Keith D. Wood

KDW/jlc

Enclosures

cc: Official Service List UD-22-02 (*via electronic mail*)

**BEFORE THE**

**COUNCIL OF THE CITY OF NEW ORLEANS**

**IN RE: RULEMAKING PROCEEDING            )**  
**TO ESTABLISH RULES FOR                    )**                   **DOCKET NO. UD-18-03**  
**COMMUNITY SOLAR PROJECTS            )**

**COMMENTS OF ENTERGY NEW ORLEANS, LLC IN RESPONSE  
TO MEI’S MOTION TO AMEND THE COMMUNITY SOLAR RULES**

Entergy New Orleans, LLC (“ENO” or “the Company”), in compliance with the requirements of Resolution No. R-22-370 issued on August 18, 2022 (“Resolution”), by the Council of the City of New Orleans (“Council”) and the Order of the Hearing Officer issued on September 12, 2022, hereby submits these Comments on the Motion to Amend the Community Solar Rules (“Motion”) filed by Madison Energy Investments (“MEI”) on July 13, 2022. As discussed herein, MEI’s belated and blatantly self-serving attempt to fundamentally alter the New Orleans Community Solar Rules (“Rules”), long after the Council issued them, is not appropriate and should be rejected.

Indeed, MEI has proposed in its Motion sweeping changes to the Rules without providing a shred of evidence or any analysis that MEI’s desired outcome would be favorable for New Orleans, or that the significant changes MEI seeks would not adversely impact non-participating customers, who it appears would bear higher rates to facilitate MEI’s proposal. Moreover, MEI’s proposal that the Council compel ENO to enter into a particular power purchase agreement (“PPA”) is legally inappropriate. Given the complexity of issues raised in MEI’s Motion, and the lack of clarity and support for several key elements therein, ENO recommends that the Council (i) deny the Motion and leave in place the current Rules, and (ii) before the

Council takes any action to amend its Rules, the Council should grant an opportunity for parties to submit Reply Comments.

## COMMENTS

### **A. Procedural History**

The Rules at issue were formulated, approved, and implemented through a deliberative, multi-year rulemaking process in which the Council, the Advisors, ENO, and other stakeholders dedicated hundreds, if not thousands, of hours in aggregate to determine an optimal plan for New Orleans. The Company believes the result of that process appropriately balances the interests of participants (“Subscribers”) in community solar projects (“Community Solar Garden [CSG] Facilities”); non-participating customers who could potentially end up subsidizing these projects while not enjoying the benefits; and entities seeking to develop community solar projects (“Subscriber Organizations”).

The Council opened this docket through Resolution R-18-223 issued on June 21, 2018, proposing rules to facilitate third party-owned and operated CSG Facilities in New Orleans, and the Advisors issued a comprehensive White Paper on the potential costs and benefits of community solar. Following an intervention and comment period, in which ENO and other stakeholders participated, the Council’s Advisors submitted to the Council a detailed report on November 30, 2018, with numerous recommendations based on practices in other jurisdictions as well as comments from various parties.

After deliberation, the Council finalized its Rules on March 28, 2019, in Resolution R-19-111, which included, among other things, various parameters governing the size of CSG Facilities, the role of each party, the methodology to calculate bill credits for qualifying low-income and other Subscribers, safeguards to protect non-participating customers, and ENO’s role in the process, which begins with the initial interconnection request and continues through

ultimately providing monthly bill credits to Subscribers. After the Council approved the Rules, ENO filed an Implementation Plan on August 29, 2019, which went through several iterations, and the Council ultimately approved ENO’s Supplemental Implementation Plan on January 28, 2021. The Council subsequently modified the definition of “low-income customers” for use in the Rules in Resolution R-22-76 issued on February 3, 2022.

**B. Overview of the Rules**

The Council’s Rules generally provide as follows:

- The Subscriber Organization markets a proposed CSG Facility up to 2 MW in capacity to potential Subscribers who in turn agree to financially participate in order to receive an allocated share of the monthly energy (kWh) output (ENO is not involved in the marketing process);<sup>1</sup>
- ENO is required to interconnect a qualifying CSG Facility per its standard interconnection policy under which the Subscriber Organization may bear certain costs for any distribution grid upgrades;
- ENO is required to enter into a standard offer PPA with each CSG Facility for two purposes:

- (1) to facilitate the interconnection and allow receipt of the total energy output of each CSG Facility (importantly, no payments are rendered to the Subscriber Organization for *any* subscribed energy because the Subscriber Organization has

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<sup>1</sup> See, e.g., the definition in Section II “Contract Summary” means a summary of the material terms and conditions of a Community Solar Generating Facility Subscriber *contract* on a form provided by the Council; language under Section IV(A)(3) “A Subscriber Organization shall be responsible for the operation and maintenance of the CSG Facility, *the associated Subscription management*, and any required reporting to the Utility”; and language under Section VI(B)(2)(b) “A Subscriber Organization shall maintain in its own files the following information for the duration of the operation of each CSG Facility: (b) *Subscription information for each Subscriber including a copy of the contract, rates, fees, and terms and conditions.*” (emphasis added).

been (or will be) compensated through whatever subscription payments have been negotiated with Subscribers);<sup>2</sup> and

(2) to allow payment by ENO to the Subscriber Organization as may be necessary for any unsubscribed energy up to 20% of the monthly output of a CSG Facility at the approved avoided cost rate specified in ENO's most recent PURPA 210 filing with the Council.

- In order to protect unsubscribed customers from over-subsidization, ENO has no obligation to pay the Subscriber Organization for any unsubscribed energy generated and delivered each month beyond the 20% cap;
- Subscribers are entitled to any Renewable Energy Credits ("REC") associated with their subscription to a given CSG Facility, although the Rules have language that would allow for alternate treatment subject to Council approval;
- Bill credits (expressed in \$ per kWh) received by Subscribers for their allocated share (kWh) from each CSG Facility each month are to be calculated as described in Section VIII – Subscription Credits and in ENO's Community Solar Generating Facilities ("CSGF") rate schedule;<sup>3</sup> and

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<sup>2</sup> The Advisors previously stated: "The cost of participating in a community solar facility is typically based on the annual fixed costs to construct, operate, maintain, and administer the specific facility, and is often expressed as cost per kW or cost per solar panel. The Advisors recommend that these fixed costs of specific community solar projects should be determined by market forces and sound business practices, and that the pricing for subscriptions to recover such cost should be competitive among the various developers and project owners applying to the Council to become part of the New Orleans Community Solar Program." Report entitled Council's Utility Advisors Regarding Community Solar and Other Shared Distributed Energy Resources dated June 2018, p. 15, [https://council.nola.gov/council/media/Assets/Committees/Utility/White-Paper-on-community-solar\(107122241\\_5\).pdf](https://council.nola.gov/council/media/Assets/Committees/Utility/White-Paper-on-community-solar(107122241_5).pdf)

<sup>3</sup> See Rate Schedule CSGF and Subscriber Credit Rate sections, <https://www.entergy-neworleans.com/community-solar/>.

- Various reporting requirements as well as consumer protections and disclosures outlined in Section XIII of the Rules.

**C. MEI's Motion Destroys the Balance in the Rules that Protects Customers**

MEI did not participate in forming and implementing the Rules. Instead, more than three years after the Council established the Rules, and 18 months after the Council approved ENO's Supplemental Implementation Plan, MEI inserted itself into this docket, filing its Motion and proposing to turn the Council's Rules on their head in an apparent attempt to facilitate MEI's business model and possibly secure financing for one or more projects envisioned between MEI and the City of New Orleans.<sup>4</sup> In its Motion, MEI flips the risks of developing a CSG Facility from a developer (Subscriber Organization) that is currently required to find a sufficient level of subscribers in order to be profitable, to ENO's entire customer base, which MEI proposes would guarantee its profitability through a PPA regardless of the subscription level actually realized.

Instead of what the Rules clearly require, MEI proposes that ENO be obligated to enter into an above-market, long-term PPA. When asked in discovery to elaborate on the nature and pricing of its proposed long-term PPA, MEI suggested that terms be mandated by the Council and that pricing [REDACTED], far in excess of the current Midcontinent Independent System Operator ("MISO") wholesale market and also well above prevailing long-term solar PPA prices. This above-market, long-term PPA would subsidize MEI's profits at the expense of all ENO customers, not just those participating in the program.

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<sup>4</sup> See <https://nola.gov/next/mayors-office/news/articles/march-2022/city-of-new-orleans-launches-south%E2%80%99s-first-community-solar-projects/>: "Our Community Solar program continues to highlight New Orleans's role in leading the climate fight in our region, and our commitment to green infrastructure throughout the city. *I want to thank our partners Madison Energy Investments and local provider Solar Alternatives.* Together, we are ensuring that New Orleans lives up to its reputation as a resilient city." (emphasis added).

<sup>5</sup> See MEI's Response to ENO 1-4, which is included in the attached Exhibit A.

MEI's proposal would upend the well-balanced policy objective approved by the Council, which is *not* for a solar investor to receive a windfall, but for low-income and other residents to have access to solar power. In addition, MEI seeks in its Motion the following additional changes that would completely topple the currently well-balanced Rules:

- Change the bill credit methodology for all Subscribers;
- Increase the size of a qualifying CSG Facility from 2 MW to 5 MW;
- Require ENO to manage a form of “consolidated billing” to enable MEI’s business model;
- Change the ownership of RECs from individual Subscribers to a Subscriber Organization;
- Increase the minimum threshold for qualifying low-income Subscribers which the Council already recently did; and
- Create another class of “governmental” accounts who would be eligible for special treatment as far as bill credits.

While seeking all of these changes in the Rules, MEI admits that it has not performed any substantive analysis or study relative to New Orleans,<sup>6</sup> does not have a business plan,<sup>7</sup> has no supporting workpapers,<sup>8</sup> is not familiar with ENO’s billing system or capabilities,<sup>9</sup> does not understand the costs and complexity involved with MEI’s proposed credit rate methodology,<sup>10</sup> and has not performed any analysis regarding rate impacts on non-participating customers.<sup>11</sup> Considering the complexity of these issues and MEI’s total failure to support its proposal, the

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<sup>6</sup> See, e.g., MEI’s Responses to ENO 1-2; 1-6; 1-7, which is included in the attached Exhibit A.

<sup>7</sup> See MEI’s Response to CNO 1-7(c), which is included in the attached Exhibit B.

<sup>8</sup> See MEI’s Responses to CNO 1-1(b), which is included in the attached Exhibit B.

<sup>9</sup> See, e.g., MEI’s Responses to ENO 1-6; 1-13, which is included in the attached Exhibit A.

<sup>10</sup> *Id.*

<sup>11</sup> See, e.g., MEI’s Responses to CNO 1-7(c), which is included in the attached Exhibit B.

Council should reject the Motion on that basis alone. The Motion also fails to consider the specific issues that the Council identified in Resolution R-22-370, which ENO discusses herein.

**a. Proposed Changes to Bill Credit Methodology Ignores Costs to ENO Customers**

The closest MEI comes to actually describing what it is proposing is in a discovery response,<sup>12</sup> and yet that response is extremely vague and appears to depict an illogical bill credit construct that starts with full retail rates and then layers on several upward adjustments that are normally associated with a so-called “value of solar” methodology. MEI completely ignores the requirement of an above-market, long-term PPA that it proposes be inappropriately mandated by the Council, and instead uses a series of illogical sequential steps to essentially “manufacture” a bill savings for Subscribers. At no point in its Motion or in response to discovery does MEI address the impact to ENO’s other customers who would bear not just the cost of the above-market, long-term PPA, but also the Subscriber bill credits. Depending on the final version of MEI’s proposed monthly bill credits, the net effect to ENO’s customers could be electricity costs [REDACTED], well above the wholesale cost of power available through MISO.

**b. Proposed CSG Facilities Maximum Size Increase Ignores Technical Feasibility**

MEI also proposes a maximum size increase for CSG Facilities from 2 MW to 5 MW without offering any evidence to support the merits of this proposal. The 5 MW threshold decreases the probability that a proposed CSG Facility will be able to interconnect to ENO’s distribution network without triggering significant upgrades such as direct transfer trip and similar protections. Moreover, larger solar projects will more likely impact the distribution grid

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<sup>12</sup> See MEI Response to ENO 1-13.



and lead to higher integration costs to ensure reliability and that any customers located upstream or downstream of the point of interconnection are not adversely affected (*e.g.*, voltage, frequency). For these reasons, the Council considered a higher threshold during its rulemaking process and settled on 2 MW as a reasonable maximum size.

**c. Proposed Consolidated Billing Is Vague and Ignores Feasibility and Costs**

MEI proposes to eliminate the notion of “Subscriber Funds” and replace with language that requires ENO to implement and manage consolidated billing where Subscribers receive bill credits without any corresponding agreement or payment to the Subscriber Organization or ENO. MEI advocates for a consolidated billing model with limited details, a still to-be-determined methodology for bill credits that appears to be illogical and unnecessarily complex, and with no estimate of related costs for ENO to manage consolidated billing for Subscribers. Based on MEI’s representations as to how their recommended model would be implemented and ultimately billed to customers, ENO would need to evaluate the complexity, feasibility, and ultimately the cost of billing system upgrades needed to execute those changes and the appropriate party to bear those costs (MEI and other Subscriber Organizations, Subscribers, all ENO customers, or some combination thereof). To be clear, ENO should not bear the responsibility (and its customers should not bear the cost) to scope out an ill-defined bill credit model change and develop scope of work and cost estimates for changes to ENO’s billing system.

**d. Proposed Change in Renewable Energy Credit (“REC”) Ownership is Flawed**

MEI’s proposal would change the effective ownership of RECs from Subscribers and instead allow the Subscriber Organization to sell RECs to other entities, including even to out-of-state parties, who would be able to claim the renewable attribute. The current Rules allow a

Subscriber Organization to petition the Council to retain RECs rather than allow Subscribers to retain RECs, but such a proposal would be under the current model where the Subscriber Organization has a direct financial relationship with the Subscriber and presumably would reflect that transfer of value in the pricing and agreement. If ENO customers are made to inappropriately bear the financial risks of a project by footing the price of a long-term PPA regardless of the subscriber level achieved in conjunction with consolidated billing, it would be beyond inappropriate for MEI to retain the RECs. Instead, RECs would need to be transferred to ENO under the PPA for ENO to retire in order to ensure that Subscribers benefit from the renewable attributes.

**e. The Recent, Council-Modified Low-Income Threshold Strikes the Right Balance**

MEI proposes to raise the minimum 30% requirement for a Low-Income CSG Facility to 40%, presumably to create increased opportunities for qualifying low-income Subscribers to participate and receive benefits. MEI has not provided a reasoned basis for the proposal to increase the percentage, and it should be noted that this change would increase the cost ultimately borne by non-participating customers because qualifying low-income Subscribers receive a higher monthly credit rate. To illustrate this point, the monthly credit rate for November 2022 for low-income Subscribers is 14.971 cents/kWh, which is more than double the credit rate for all other subscribers at 6.977 cents/kWh. Moreover, it is not clear why a change is even necessary since the 30% threshold in the Rules is a minimum, not a maximum. In other words, MEI is free to pursue a CSG Facility that is 100% dedicated to qualifying low-income Subscribers if it so chooses. Finally, these types of programmatic changes should be considered only after more experience is gained with CSG Facilities under the existing Rules.

**f. Recent Developments May Increase Participation in Community Solar, and a New Rulemaking Should be Required Before Upsetting the Balance Contemplated in the Rules**

Since the time of MEI’s Motion, Congress passed the Inflation Reduction Act (“IRA”), which significantly alters the future landscape for tax incentives and may enhance the likelihood that developers (Subscriber Organization) will in fact pursue community solar projects in New Orleans under the existing framework and Rules. Given that the Treasury Department is currently formulating guidance for the IRS and other agencies to use with respect to the IRA renewable energy provisions, the Company suggests that adequate time be given for market participants to digest the provisions and determine the likely economic feasibility of pursuing new community solar projects in New Orleans under the existing Rules. Moreover, at the request of the Alliance for Affordable Energy, the Council recently modified the definition of “low-income customers” for use in the Rules in Resolution R-22-76. This change was unopposed by the Company, and it may also increase the likelihood that a developer would offer a project under the current regulatory framework. It should also be noted that if the Council is inclined to make changes to its Rules, a second phase of the Community Solar Rulemaking should be opened where a more extensive record can be created. The parties must carefully consider any changes to the existing Rules and the impact they will have in a number of areas, including the financial impact to non-participating customers.

### **CONCLUSION**

For all these reasons, ENO recommends that the Council (i) deny the Motion and leave in place the current Rules, and (ii) before the Council takes any action to amend its Rules, the Council should grant an opportunity for parties to file Reply Comments.

CERTIFICATE OF SERVICE

Docket No. UD-18-03

I hereby certify that I have this 7<sup>th</sup> day of December, 2022, served the required number of copies of the foregoing pleading upon all other known parties of this proceeding individually and/or through their attorney of record or other duly designated individual, by:  electronic mail,  facsimile,  hand delivery, and/or by depositing same with  overnight mail carrier, or  the United States Postal Service, postage prepaid.

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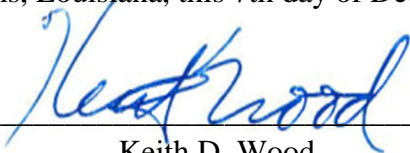
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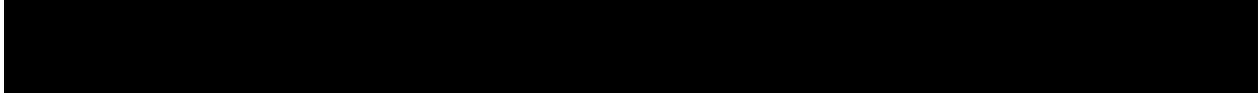
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New Orleans, Louisiana, this 7th day of December, 2022

  
\_\_\_\_\_  
Keith D. Wood

# **EXHIBIT A**

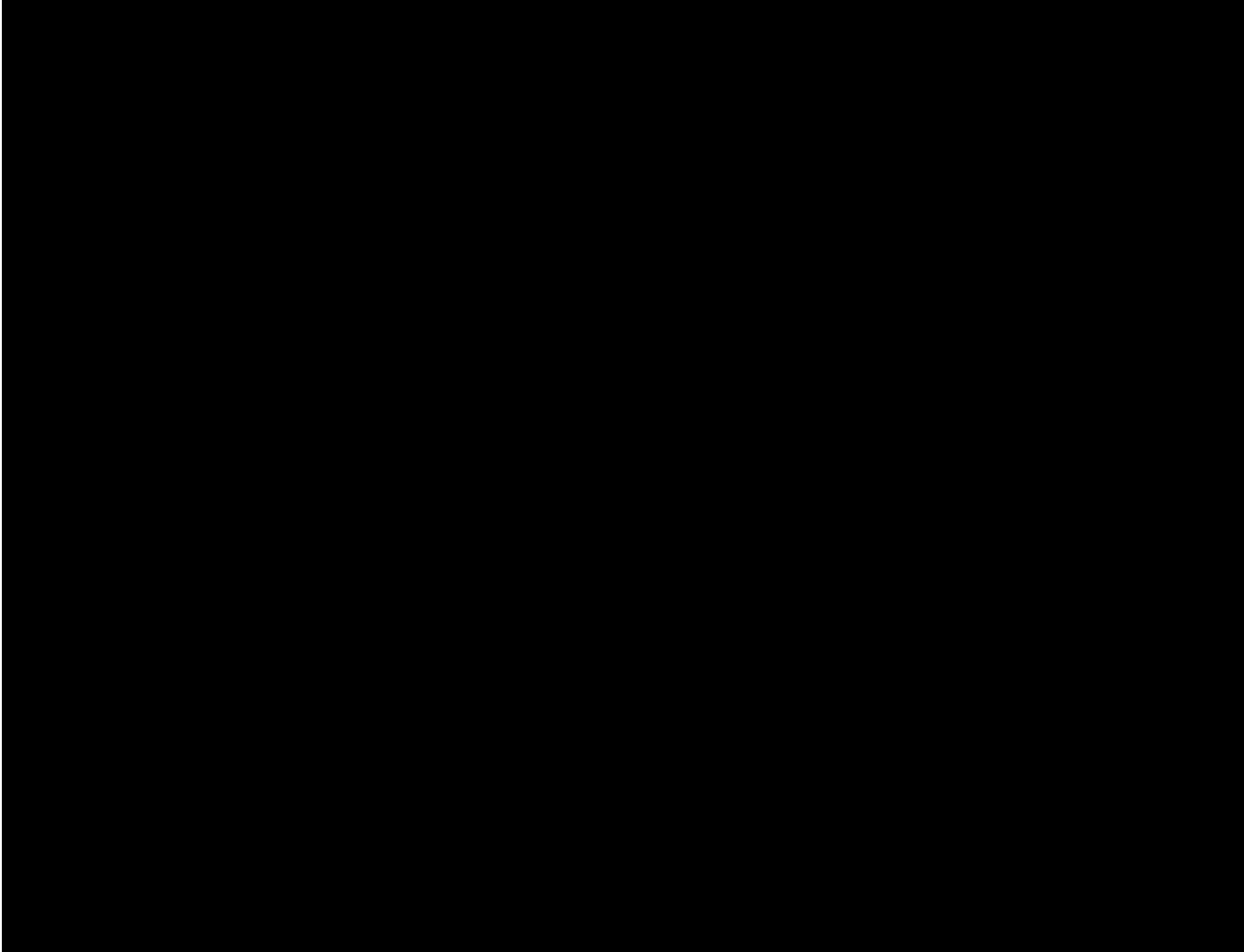


ENO 1-2

*Has MEI requested or performed an evaluation, assessment, or study regarding its proposed formula of credit to the subscriber's electric bill each month, per its Motion to Amend Community Solar Rules? If so, please provide all such evaluations, assessments, or studies. If not, please explain why not.*

**MEI 1-2**

**MEI evaluated a variety of community solar programs throughout the country against the current Community Solar Rules formula of credit for CSG Subscriber's. MEI's specific formula is proprietary information and may be released through a non-disclosure agreement.**





ENO 1-4

*Confirm that under MEI's proposal that ENO would be required to enter into a 20-year power purchase agreement ("PPA") with a Community Solar Generating Facility. Discuss the specific purpose of the 20-year PPA in relation to MEI's proposal as well as how the PPA price would be determined.*

**MEI 1-4**

**Confirmed. MEI proposes that ENO should be required to enter into a 20-year power purchase agreement ("PPA") with a Subscriber Organization as is already set forth in the current Standard Offer Power Purchase Agreement, through a ten-year PPA, but the PPA should also serve as a contract for ENO to purchase the power produced by a CSG from a Subscriber Organization.**

**The purpose of the PPA is to utilize the Standard Offer Power Purchase Agreement that is already set-forth in the Community Solar Rules, but do so in a way that constructs the program as a third-party led archetype, which is defined as a program that "work(s) outside vertically integrated utility organizations at either the generation or distribution level." This is the most common community solar archetype in the country, with over 2,050 MWac.<sup>3</sup>**

**The formula that MEI proposes to calculate the PPA rate is proprietary information and may be released through a non-disclosure agreement.**

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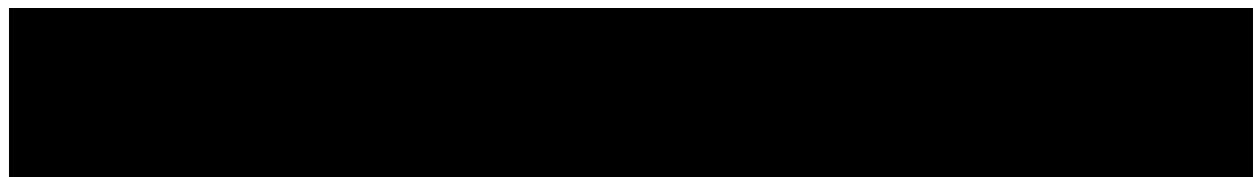
<sup>3</sup> <https://www.nrel.gov/docs/fy21osti/80246.pdf>

ENO 1-6

*Has MEI conducted an assessment of ENO's ability to manage consolidated utility billing for subscribers, per its Motion to Amend Community Solar Rules? If so, please provide all documents relating to the assessment. If not, please explain why not.*

**MEI 1-6**

**MEI has not assessed ENO's ability to manage consolidated utility billing for subscribers given our presumption that ENO would be best positioned to properly alter its current billing process.**



**There is extensive proof that the movement to Subscriber Consolidated Billing makes the most sense for community solar programs.**

**In CCSA’s March 2019 Guidance for Designing Community Solar Programs, regarding who should administer bill credits, CCSA attests that the “Utility (should), though it may be appropriate to contract with a third-party to provide administrative support. There should be clear guidance in program rules to ensure that subscriber credits are applied to utility bills within 30 days, there is monthly reporting from the utility to the subscriber organization and that subscriber organizations are allowed to update subscriber lists on at least a monthly basis. Billing is best facilitated through an automated billing process. The utility should administer bill credits to customers to simplify and enhance the customer experience and overall program administration. In competitive electricity markets where many customers purchase electricity from competitive suppliers, having the distribution utility apply the bill credits is important in order to simplify the calculation, administration, and cost recovery of the credits.”<sup>8</sup>**

**Reducing the billing process to one bill makes it easier to show customers how much they save with community solar, ultimately boosting customer satisfaction and retention. In addition, requiring developers to separately bill customers for the costs of these projects adds significant operating costs to community solar projects and can make them more difficult to finance, thereby reducing the likelihood of potential Subscriber Organizations participating in the community solar program. Lastly, receiving multiple bills can be overwhelming for the customer. Reducing the billing process to one bill can vastly improve the customer experience.<sup>9</sup>**

**On May 7, 2019, the Maryland Public Service Commission issued an order authorizing SCB for retail electric and natural gas service in Maryland. In this historic order, the Commission found that SCB could support the growth of retail competition in Maryland and is consistent with the Commission’s policies to promote competition. The Commission held: “any proposed regulations should comprehensively address the capabilities necessary to ensure that these functions are performed on par with existing utility offerings. Further, the regulations should be tailored to demonstrate that a supplier can meet the rigorous demands of increased customer service and dispute resolution functions, complex billing requirements, and the quality assurance and record keeping necessary to handle utility charges that may contribute to potential utility disconnections.”<sup>10</sup>**

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<sup>8</sup> <http://www.communitysolaraccess.org/wp-content/uploads/2019/04/2019CommunitySolarPolicyMatrix-2.pdf>

<sup>9</sup> <https://urjanet.com/blog/community-solar-billing-experience/>

<sup>10</sup> <https://www.greenehurlocker.com/wp-content/uploads/2019/07/58.pdf>

**In 2019, The Public Service Commission of New York State issued an order that allows consolidated billing for community solar projects. Project developers are able to collect the costs of these projects directly from the utility, which the order notes is expected to reduce these billing and customer-interface costs by as much as 85%, lowering the overall costs of these projects. The order states that “The Commission has identified consolidated billing as an opportunity to reduce the need for two bills and, therefore, the soft costs associated with CDG and thereby allow greater customer participation in the program. Furthermore, consolidated billing will benefit customers, who often find it confusing and cumbersome to pay two bills for electricity and have reservations about submitting banking or other payment information to a third-party. The direct contracting arrangement that is presently used also exposes the CDG Sponsor to risk of non-payment from individual CDG members. Currently, the CDG member receives its full proportional credit on its utility bill and is required to separately make payment to the Sponsor under the terms of the subscription contract. As a result, CDG Sponsors typically contract only with customers with good credit histories. Eliminating the dual-bill system would address this and other problems while allowing subscribers to receive one energy bill monthly.”<sup>11</sup>**

**New York State now refers to this process as Net Crediting, which is the state’s single bill solution for community solar. Through net crediting, the community solar subscription fee, originally received through a separate bill from the community solar provider to the customer, can now be recovered through the customer’s utility bill. In effect, community solar customers will now only receive one bill. Net crediting for Value Stack projects has been implemented in all utility service territories across the state and community solar providers may apply to enroll in net crediting with the appropriate utility.<sup>12</sup>**

**ENO 1-7**

*Has MEI requested or performed an evaluation, assessment, or study regarding its proposal to obligate ENO to purchase and pay for power from the Community Solar Generating Facility, per its Motion to Amend Community Solar Rules? If so, please provide all such evaluations, assessments, or studies. If not, please explain why not.*

**MEI 1-7**

**MEI proposes a structure that simplifies the New Orleans Community Solar Program in that the flow of funds follows a much less risky financial process, thus making the program more attractive to potential Subscriber Organizations.**

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<sup>11</sup> STATE OF NEW YORK PUBLIC SERVICE COMMISSION CASE 19-M-0463 - In the Matter of Consolidated Billing for Distributed Energy Resources.

<sup>12</sup> <https://www.nyserda.ny.gov/All-Programs/ny-sun/contractors/resources-for-contractors/community-solar>

**MEI sites CCSA’s recommendations that “Community solar represents an opportunity to increase low-income customer access to affordable local clean energy. However, it’s important to ensure policies designed to encourage LMI participation do not have the unintended consequence of limiting community solar growth. Programs should leverage existing, and potentially new, programs to de-risk financing low-income projects. Financing that flows to the developer can address the challenge of financing the project and make for an efficient, accessible program for LMI participants. Consolidated billing simplifies the customer experience by creating only one bill for the customer, that reflects net savings on their electric account after accounting for the savings from their community solar bill credits as well their community solar subscription fee. Consolidated billing also supports project financing by reducing the risk of customer non-payment of subscription fees. The best way to support LMI participation in community solar is by enabling the community solar market to grow at significant scale, quickly, in order to bring down costs and foster competition and innovation in the marketplace. However, a LMI specific requirement may be attractive in order to ensure immediate attention to serving LMI customers. Rather than project-specific requirements for LMI participation, setting aside a portion of overall program capacity for LMI projects may result in a better experience for both developers and communities. Financing has been by far the most significant barrier to LMI participation in community solar programs. Community solar programs should address both accessibility and affordability.”<sup>13</sup>**

**This structure would reduce risk on the developer / Subscriber Organization, allowing projects to be built and maintained at a lower cost, and the CSG output sold to ENO at a lower rate. Requiring ENO to pay the Subscriber Organization for the CSG output through the Standard Offer Power Purchase Agreement (PPA) simplifies the program.**

**This proposal is further supported and expanded upon throughout this response, but especially in the argument for Consolidated Billing in MEI’s response to 1-6.**

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<sup>13</sup> <http://www.communitysolaraccess.org/wp-content/uploads/2019/04/2019CommunitySolarPolicyMatrix-2.pdf>



ENO 1-13

*Please provide an illustrative math example of the bill crediting mechanism described in MEI's proposal in its Motion to Amend Community Solar Rules, including the timing of such bill credits (i.e., lags that may be necessary to calculate monthly billing rates as proposed by MEI).*

**MEI 1-13**

**The specific formula MEI proposes for the bill crediting mechanism is proprietary information and may be available through a non-disclosure agreement.**

**Additionally, the proposed mechanism was created upon assumptions as several of MEI's requests for clarifications on the program rules have gone unanswered.**

**MEI will follow this data submission with a request for information and clarification, based on the current rules, including, but not limited to:**

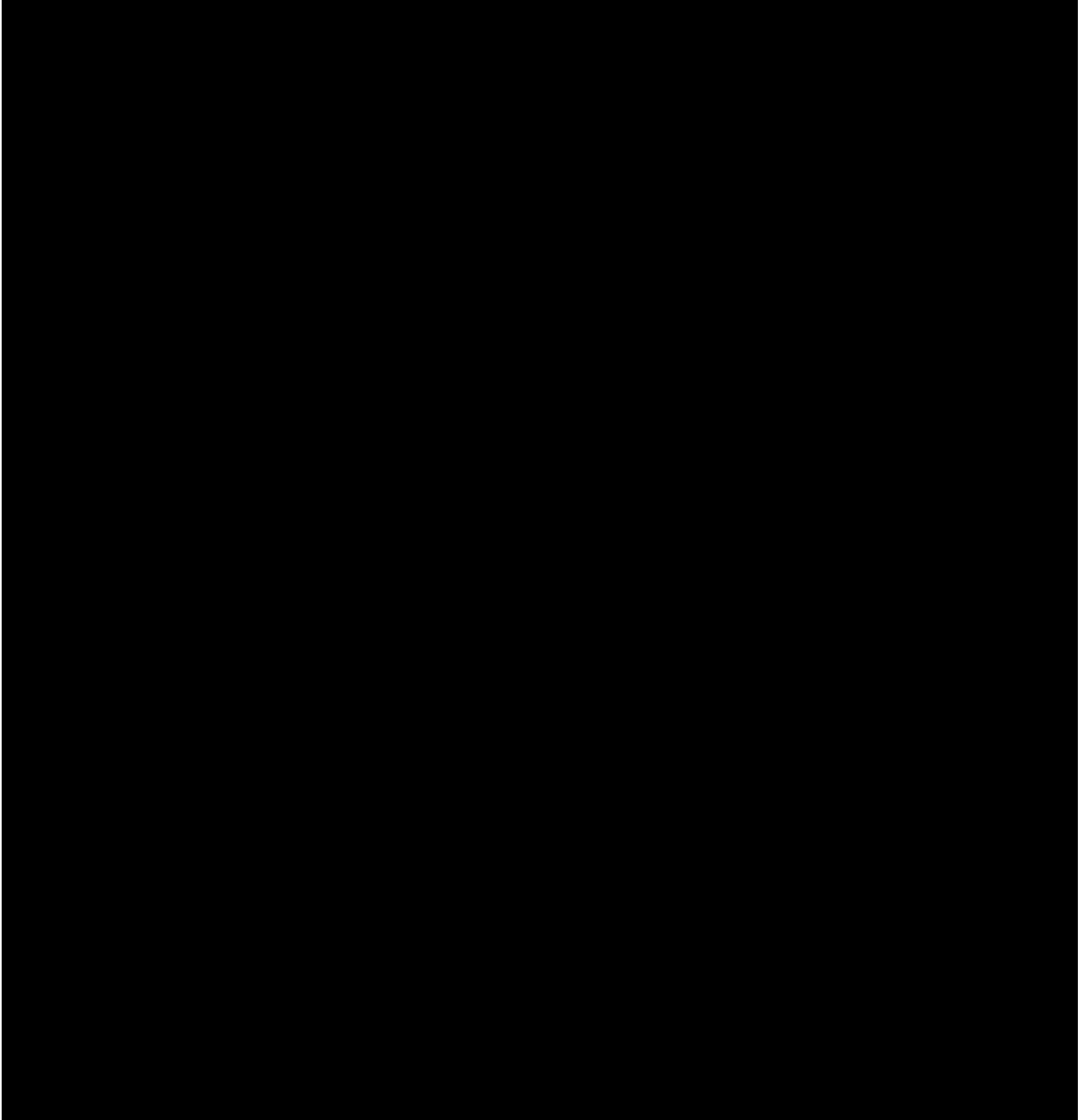
- 1. Provide clarification on the specific bill credit formula including an illustrative math example, for both Low-Income Subscribers and other Subscribers.**
- 2. How does a Subscriber Organization calculate a CSG rate for Subscribers in relation to the bill crediting mechanism, to ensure the Subscriber Organization is investing in a profitable project, while also offering a Subscriber savings?**
  - a. How does a Subscriber Organization model revenue?**
  - b. Is there a tariff rate Subscriber Organizations can model since bill credits are going to the Subscriber?**
- 3. What is the basis of how the bill crediting mechanism was created?**
- 4. What is the key intention of the Community Solar Program?**
  - a. If it is to assist Subscribers with lower energy rates, how does the program function so that Subscribers are achieving savings, while Subscriber Organizations are able to cover the costs of building and maintaining the project, and overseeing Subscriptions?**
  - b. If it is to offer Subscribers access to renewable energy who may not otherwise have access, is it understood that this could incite more costs on Subscribers if no regulations are set forth in how Subscriber Organizations can set rates to customers?**

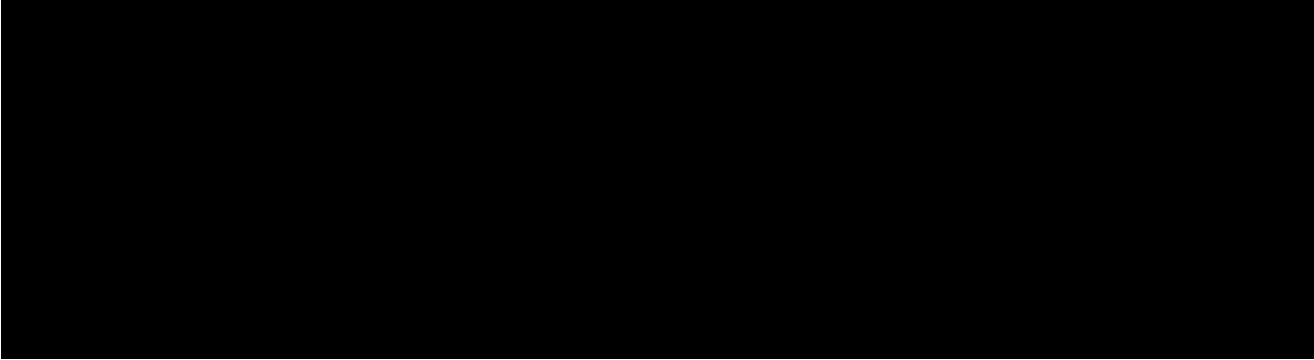
- 5. How many Subscriber Organizations have completed or have CSG projects under construction under the current rules since the creation of the Community Solar program?**
- 6. What is the specific purpose of the Standard Offer Power Purchase Agreement between a Subscriber Organization and ENO?**
- 7. The Standard Offer Power Purchase Agreement, Section 1.2., “Baseline Annual Usage” is defined as “a Subscriber’s accumulated electricity use in kilowatt-hours (kWh) for the previous 12-month period at the time the Subscription is entered into, as measured at ENO’s meter, net of any distributed generation provided by the Subscriber to the utility system at that meter or a Subscriber that does not have a record of 12 months of electricity use at the time of the Subscriber’s most recent Subscription, an estimate of the Subscriber’s accumulated 12 months of electricity use in kWh, determined in a manner specified in the Community Solar Program Implementation Plan submitted by ENO and approved by the Council in Council Docket UD-18-03 (“Plan”).”**
  - a. How is ENO going to account for power disruptions caused by Ida and other major power outages that could be forthcoming? For example, using 12-month data will certainly be wrong as NOLA experienced massive power disruptions in August/September 2021. Is there a way/method to estimated normal usage for that month(s)?**
- 8. Clarify and explain how a Subscriber Organization can estimate what the avoided energy cost rate will be in relation to the Standard Offer Power Purchase Agreement Section 2.6 “Purchase and Sale of Unsubscribed Energy. Effective upon the Date of Commercial Operation, Subscriber Organization agrees to sell, and ENO agrees to purchase, up to twenty percent (20%) of the monthly Unsubscribed Energy produced by the CSG Facility and delivered to ENO at the Production Meter. The rate per kWh that ENO shall pay Subscriber Organization for the up-to-twenty percent (20%) portion of Unsubscribed Energy pursuant to this Section shall be ENO’s estimated avoided energy costs for the appropriate time period from ENO’s most recent biennial filing with the Clerk of Council of the City of New Orleans pursuant to the Public Utilities Regulatory Policies Act of 1978, Section 201. As provided in the Rules, ENO shall receive all Unsubscribed Energy beyond the up-to-twenty percent (20%) portion without any obligation or requirement to render payment therefor. The amount of monthly Unsubscribed Energy shall be determined after all Subscribers have been billed and credited based on the monthly Output of each applicable CSG Facility.”**
- 9. When further program clarifications are necessary, what are the points of contact at ENO a Subscriber Organization should contact?**

# **EXHIBIT B**



CNO 1-1 Please refer to Section I “Increase the Tariff Rate for all Subscribers.”





*b. Referring to the statement: “the rates currently set are far too low,” please provide a workpaper showing a rate level which was used for reference related to this statement, and the sources from which the reference rate was developed to support this statement. The workpaper should include any cost-based analysis confirming that the rates are far too low.*

**While MEI did not create a specific worktable to support our claims, there are several available resources that may be referenced for a comparison exercise. The Institute for Local Self Reliance regularly reports on community solar programs throughout the country and provides significant research that support MEI’s claims.<sup>1</sup> An additional resource that the Council may consider is the Interstate Renewable Energy Council’s Shared Renewables Scorecard.<sup>2</sup> This provides a relevant breakdown of community solar programs throughout the country and various factors that influence their ability to best serve the purpose of community solar and the community members it strives to assist.**

**The Coalition for Community Solar Access created a model Community Solar Legislation for vertically integrated states. In these guidelines, they define “Applicable Bill Credit Rate” as the dollar-per-kilowatt-hour rate as determined by the [Public Utilities Commission] used to calculate a Subscriber’s Bill Credit. The Applicable Bill Credit Rate(s) shall be set such that the Community Solar Program is able to meet the policy goals of this Act, resulting in robust project development and Community Solar Program access for all customer classes.”<sup>3</sup>**

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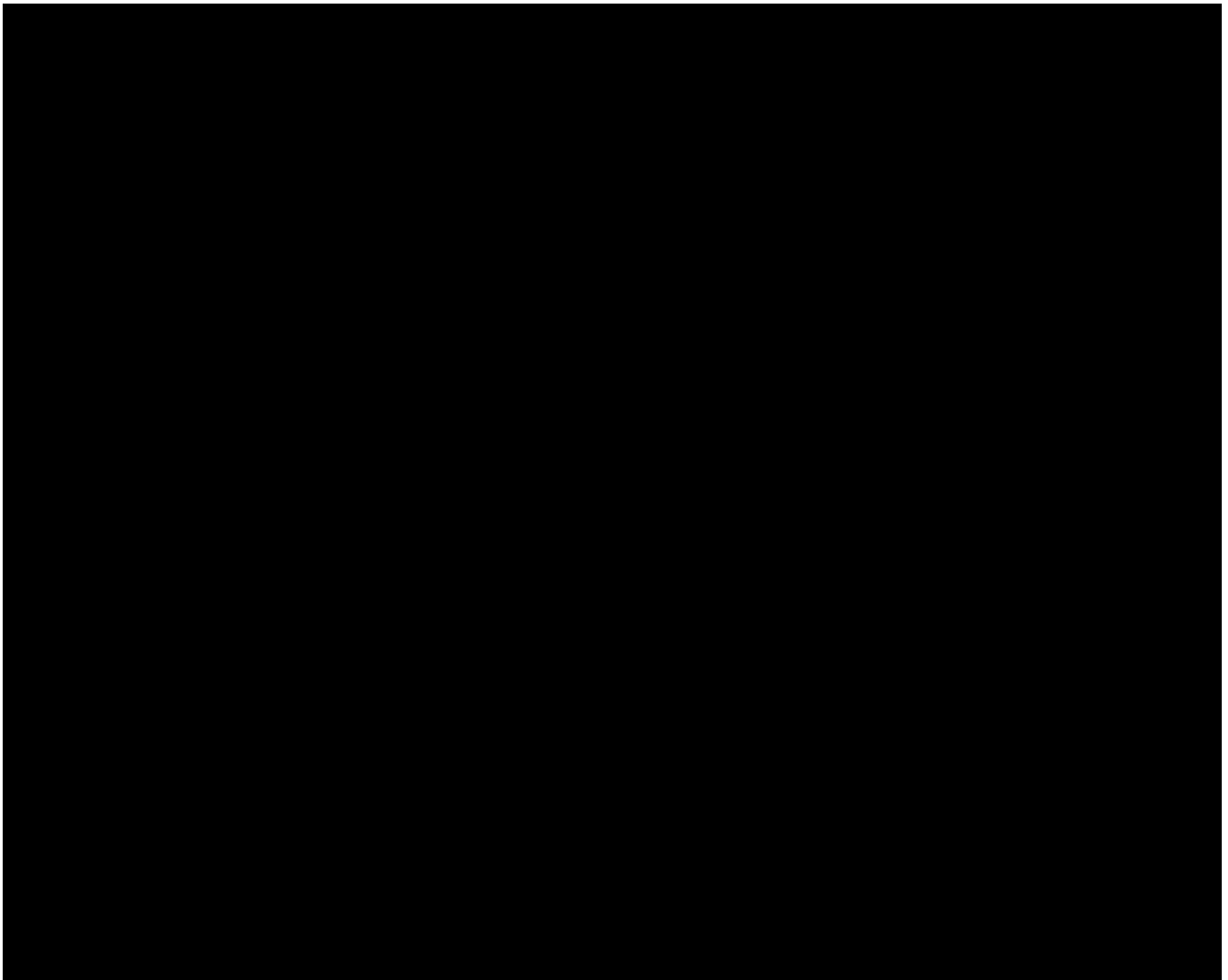
<sup>1</sup> <https://ilsr.org/national-community-solar-programs-tracker/>

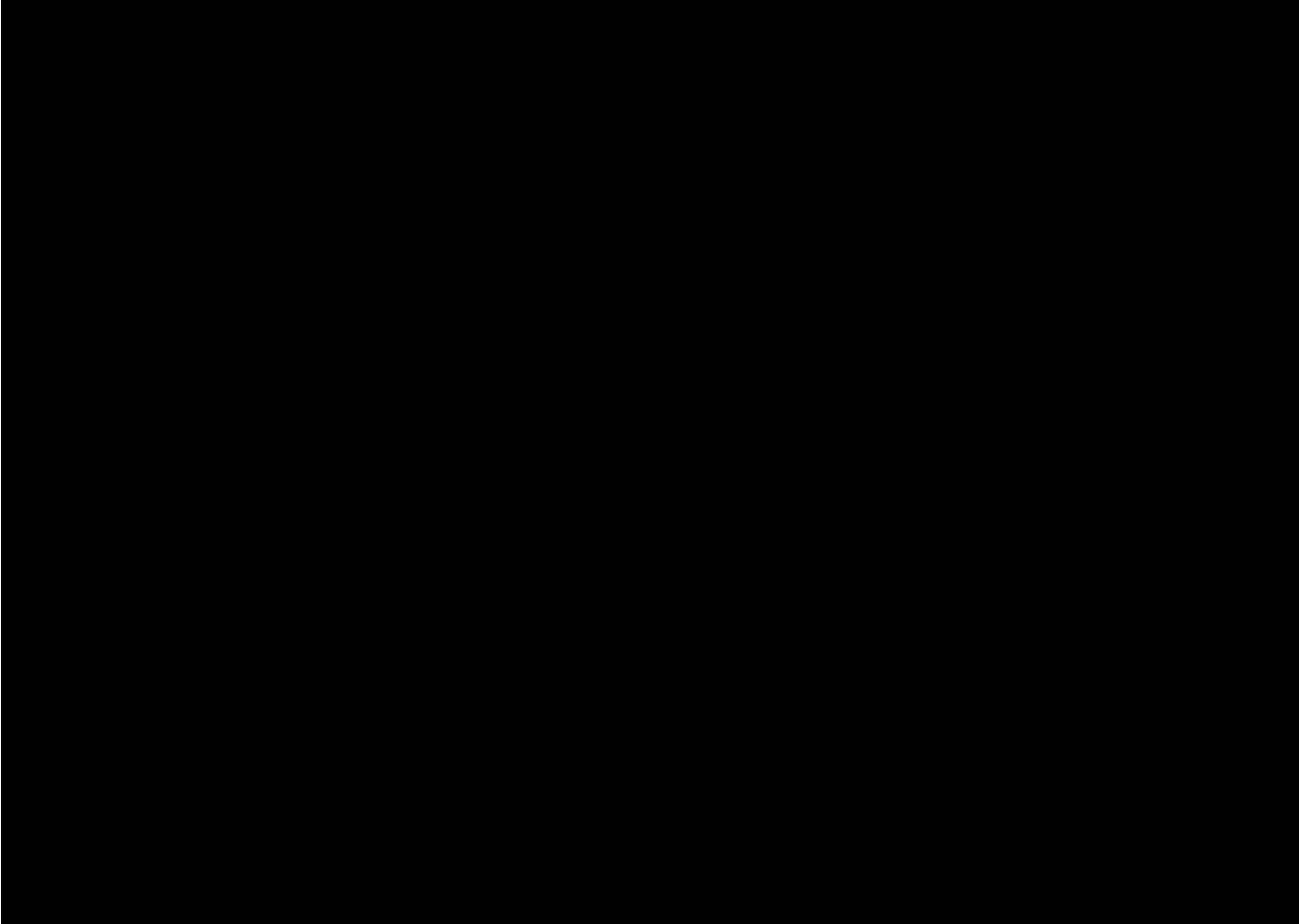
<sup>2</sup> <https://sharedrenewablescorecard.org/>

<sup>3</sup> <https://www.communitysolaraccess.org/wp-content/uploads/2017/12/CCSA-Model-Community-Solar-Legislation-Vertically-Integrated-December-2017.pdf>

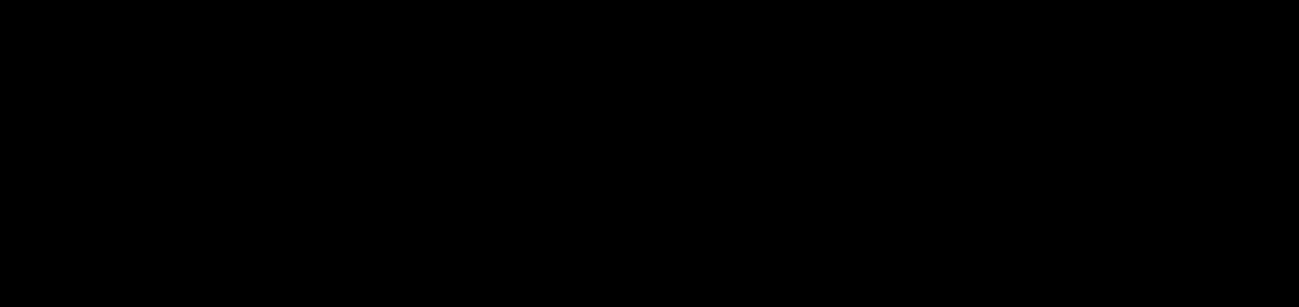
**Minnesota’s “Value of Solar” tariff increased subscriber savings by creating a new credit class for community solar. Additionally, New York’s Value of Distributed Energy Resources (VDER) pricing accounts for the benefits of solar in real time, therefore the credits often reflect the full cost of a subscriber’s electric bill. Markets should not artificially reduce credit values, but instead make them accurately compensate for production. When these fixes are implemented, savings will increase accordingly.**

**In terms of the finance aspect of the program, MEI wants to ensure two key points: 1. The program offers savings to Subscribers, and 2. The program is attractive enough to developers and financiers that it will be a viable and utilized program in the City of New Orleans.**





CNO 1-7 Refer to Section VII, Increase the Minimum Requirement of Low-Income Subscribers Per Garden.



*b. Please explain using demographic data or surveys applicable to New Orleans why MEI contends that the current Rules do not provide sufficient opportunity for Low-Income Subscribers to reap the benefits of the program.*

**MEI's only contention that the current Rules do not provide sufficient opportunity for Low-Income Subscribers to reap the benefits of the program only relates to our assertion**

**that the current mechanism to determine bill credits does not offer nearly enough savings. We also believe increasing the requirement for Subscriber Organizations to target Low-Income Subscribers would further incentivize Subscriber Organizations.**

**Minnesota has recently introduced a law to ensure residential subscribers – specifically low-to-middle income (LMI) households – receive greater benefits, namely reduced energy bills, by gaining greater access to CSGs. The updates to the CSG program would require at least half of a solar farm’s generating capacity be used by residential subscribers. This is significant because across all projects, only 14% of generation capacity is currently being used by residential subscribers.<sup>23</sup>**

*c. Explain how the proposed increase in the minimum requirement of low-income subscribers and the proposed increase in low-income subscriber bill credits has impacted MEI’s business plan for investment in potential CSG facilities in New Orleans, and how these proposals benefit all utility ratepayers.*

**At this point, MEI does not have a specific business plan to point to, because the current rules do not provide a workable program for our business model. If the rules are altered, and until there is further clarification, we cannot accurately answer this question.**

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<sup>23</sup> <https://www.house.leg.state.mn.us/SessionDaily/Story/15752>