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September 26, 2025

#### **VIA ELECTRONIC MAIL**

Clerk of Council Clerkofcouncil@la.gov City Hall - Room 1E09 1300 Perdido Street New Orleans, LA 70112

Re: Rulemaking Proceeding to Establish Rules for Community Solar Projects

(CNO Docket No. UD-18-03)

Dear Clerk of Council:

Attached please find Entergy Orleans, LLC's ("ENO") Reply Comments in the above-referenced docket. ENO submits this filing electronically and will submit the requisite original and number of hard copies once the Council resumes normal operations or as you direct.

Thank you for your assistance in this matter, and please let me know if you have any questions or concerns.

Sincerely.

Leslie M. LaCoste

LML/rih Enclosures

cc: Official Service List UD-18-03 (via electronic mail)

# BEFORE THE COUNCIL OF THE CITY OF NEW ORLEANS

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

### REPLY COMMENTS ON BEHALF OF ENTERGY NEW ORLEANS, LLC

Entergy New Orleans, LLC ("ENO" or the "Company"), through undersigned counsel, respectfully submits these Reply Comments pursuant to Resolution No. R-25-352 ("Resolution") issued by the Council of the City of New Orleans ("Council"), in response to the comments submitted in this docket by the intervenors on September 5, 2025. For the reasons discussed herein, the Company respectfully requests that the Council reject the intervenors' arguments and again decline to modify its community solar rules ("Rules") to require implementation of consolidated billing.

# **INTRODUCTION**

In their comments, various intervenors identify issues and concerns regarding consolidated billing, including the cost of the required modifications to ENO's billing system to accommodate consolidated billing; the appropriate cost recovery mechanism and allocation arrangement for consolidated billing; and the timing of any implementation in the absence of guidance and parameters regarding consolidated billing. Through its own submittals, ENO has also raised significant policy and legal issues, including concerns of meaningful risks to customers posed by consolidated billing. Each round of submittals in this docket on the topic of consolidated billing has raised more issues, resolved none, and illuminated more areas of disagreement among the parties. No clear path toward resolution of these issues has been identified. That is because, among other reasons, the current rulemaking does not contemplate an evidentiary record being

developed and submitted to allow parties to fully probe, or for the Council to fully consider, the issues presented by consolidated billing.

The Company does not believe sufficient evidence exists in the record to support implementation of consolidated billing for the New Orleans community solar program. The Council has twice agreed with this assertion – recently rejecting consolidated billing on two separate occasions. Consolidated billing should be rejected again at the conclusion of this procedural schedule on the grounds that it is not sound public policy and only serves to benefit select third-party solar developers (subscriber organizations). The Council has already twice modified the Rules in a manner that provides subscriber organizations generous incentives to aggressively pursue subscribers for their projects. With these modifications, ENO customers will pay a significant premium for the community solar program as compared to other clean resources. Further incentivizing subscriber organizations by approving (and requiring customers to absorb the costs of) consolidated billing is unreasonable. In fact, the only ENO customer that has intervened in this docket opposes consolidated billing due to the financial risk it poses to ENO's customers.

At minimum, the decision of whether to modify the Rules to require implementation of consolidated billing should be stayed to provide for the public interest and other threshold issues regarding the implementation of consolidated billing to be addressed through an evidentiary hearing. In its recent comments, the Company proposed a path for the Council to establish an evidentiary record. The proposed path would allow all stakeholders to present evidence on the

Resolution No. R-23-130, pp. 6-7, and Resolution No. R-23-507, Ordering Par. 2.

<sup>&</sup>lt;sup>2</sup> *Id.* The Council's prior decisions to increase the maximum project size from 2 to 5 MW and to raise the subscriber credits to their current levels have generated significant interest from subscriber organizations. The increased subscriber credits provide lucrative potential funding streams to support project economics.

<sup>&</sup>lt;sup>3</sup> Air Products Reply Comments on Proposed Changes to Community Solar Rules (July 7, 2023), p. 4.

issues and concerns raised in their respective comments, and for the Council to address the public interest and necessary safeguards as part of any effort to implement consolidated billing for the benefit of subscriber organizations.

### **SPECIFIC COMMENTS**

# I. ENO Must Be Able to Recover All Prudently Incurred Costs of Modifying its Billing System to Accommodate a Consolidated Billing Arrangement.

ENO has repeatedly explained, to the dissent of some intervenors, that its billing system cannot currently accommodate a consolidated billing arrangement where ENO would apply credits and charges to subscribing customers on behalf of subscriber organizations. ENO is not certain that it has identified each upgrade its billing system would require to accommodate such an arrangement. However, as requested, ENO provided an initial Class 5 estimate of \$1.55M (with a range of +100% to -50%) for, among other things, technological and system upgrades needed to accommodate consolidated billing.

In response, intervenors claim the Company's projected costs are too high because a utility in Oregon (Portland Gas and Electric) allegedly implemented consolidated billing for \$1.4 million.<sup>4</sup> That utility's alleged costs, however, fall within the range of ENO's initial estimate, which would suggest the Company's projected costs are reasonable.<sup>5</sup> In any event, the implementation costs of another utility with unknown (and presumably different) billing system capabilities are irrelevant and not dispositive of what ENO's costs would be. As previously explained, ENO intends to conduct a final estimate once it receives clear guidelines and parameters from the Council about the consolidated billing framework, and the Company's actual costs may differ from the initial estimate based upon those guidelines and parameters.

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<sup>&</sup>lt;sup>4</sup> Comments of the Alliance for Affordable Energy (Sept. 5, 2025), p. 2; Comments of Gulf States Renewable Energy Industries Association (Sept. 2, 2025), p. 3.

See data submitted for July 2025 on EIA Form 861M (https://www.eia.gov/electricity/data/eia861m/).

Importantly, ENO must be allowed to recover all prudently incurred costs, whatever they ultimately may be, associated with any consolidated billing arrangement it may implement in compliance with the Rules. The upgrades required to ENO's billing system to implement consolidated billing would serve no other business purpose and provide no benefit to customers. Indeed, the sole purpose of undertaking these modifications would be to benefit subscriber organizations who would avoid the need to invest in their own billing systems. ENO is unwilling to subsidize any of these costs or otherwise experience any adverse financial impact associated with implementation of consolidated billing.

To that end, ENO proposed a utility administrative fee of 3% of the subscriber organization's portion of the allocated credit to be used to cover ENO's costs of administering the community solar program. Revenue generated from this fee could also help offset ENO's costs to implement and maintain consolidated billing. Not surprisingly, however, intervenors opposed ENO's recommended fee split, citing to other programs that may allocate 1% or 2% of the subscriber credit toward the utility's program administration costs.<sup>6</sup> ENO again questions the probative value of the experiences of other utilities in other states. A lower fee split may be appropriate in certain other jurisdictions, but most utilities have not been required to implement consolidated billing in connection with administering their respective community solar programs.

Furthermore, some of the examples cited by intervenors appear to be community solar programs with larger footprints than should be expected for the New Orleans community solar program. For example, it is unclear how revenues generated from 1% of the subscriber credit in New York City compare to the revenues that would be generated from 1% of the subscriber credit

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Comments of Gulf States Renewable Energy Industries Association (Sept. 2, 2025), pp. 1-2; Comments of the Alliance for Affordable Energy (Sept. 5, 2025), pp. 1-2; Comments of SunConnect Corporation on behalf of Nola Solar Holdings Company LLC (Sept. 5, 2025), p. 3; Comments of Finance New Orleans (Sept. 5, 2025), p. 2; TNO Comments (Sept. 5, 2025), p. 2.

in New Orleans. It stands to reason that a higher subscriber fee is appropriate for a smaller program to generate sufficient revenues to ensure that ENO is kept whole, and that ENO's balance sheet is not a mechanism through which third-party, for-profit, subscriber organizations subsidize their business endeavors. Moreover, it is unclear whether a 1% credit split will produce sufficient revenues to fully compensate ENO for the costs to administer the New Orleans community solar program, especially if the program is modified to include consolidated billing, which carries additional administrative costs and burdens.

ENO is entitled to timely recovery of all prudently-incurred costs of administering the community solar program. Thus, as explained in the Company's prior comments, the Council should either (i) set the administrative fee at a level appropriate to generate sufficient revenues to fully capture the costs to administer the program, including the final estimate of costs of implementing consolidated billing, and/or (ii) establish a new exact cost recovery rider, through which all costs associated with the community solar program will be recovered from participating customers and reflected as a line item on their bills.

The goal of such a mechanism is to ensure that ENO recovers all of its prudently-incurred costs to administer the Council's community solar program and that non-participating customers do not bear unreasonable exposure to program costs. An exact cost recovery rider could foster equity among customer classes by appropriately allocating costs of community solar only to those customers who elect to participate in the program. A rider could also be implemented in tandem with the proposed 3% subscriber fee allocation and designed to capture any under/over collections for costs to administer the community solar program, including costs of consolidated billing. Regardless of the method, ENO should not absorb any financial risk or hardship to accomplish consolidated billing.

#### II. ENO Requires Two Months to Post Subscriber Credits.

In their comments, the intervenors argue that ENO should post subscriber credits within one month or less from the time that the solar energy generated by the subscription is produced. The intervenors make this assertion without any knowledge of ENO's business operations and billing system. The assertion is solely based on their claim that certain other utilities in other states post credits in one month. Once again, the operations of other utilities are irrelevant. As stated in prior submittals, ENO requires two months to post subscriber credits given its current resources and billing system. A two-month time frame will allow ENO a reasonable opportunity to accurately post credits and reduce the potential for cancelling and rebilling subscribers. Arbitrarily implementing a faster timeframe will inevitably lead to program inefficiencies, increased administrative costs, and unnecessary risks. Moreover, a two-month time period is consistent with practices associated with Entergy's green tariff programs and fuel adjustment charges.

# III. Customers Must Be in Good Standing to Enroll in the Community Solar Program.

In a prior submittal, ENO proposed that a customer's account with ENO be in good standing (i.e., not in arrears) prior to enrolling as a subscriber in the community solar program.<sup>9</sup> The intervenors oppose the requirement, with one intervenor stating that this "would

Comments of GSREIA (September 2, 2025), p. 2; TNO Comments (September 5, 2025), p. 3; Comments of Neighborhood Sun Benefit Corp. (September 5, 2025), p. 2; Comments of Finance New Orleans (September 5, 2025), p. 2.

For example, TNO points to Oregon in their comments, which posts credits in five days. However, this is an oversimplification. According to the Oregon Billing Guide, while most participants will see bill credits on each month's bill, "some Participants may be impacted if they receive their bill both before and after the posting date at different points throughout the year. In this case, the Participant may receive no bill credits or subscription fees on one bill and would then receive bill credits and subscription fees for two months' worth of data on the next bill." <a href="Months:PM-Billing-Guide-v250310.pdf">PM-Billing-Guide-v250310.pdf</a>.

<sup>&</sup>lt;sup>9</sup> ENO's June 11, 2025 letter, Appendix B, p. 4.

disproportionately exclude the very residents who would benefit most from the program's cost savings."<sup>10</sup>

While it is true that the Council thoughtfully developed its community solar program to help low-income customers gain access to solar power (the Company is aligned with this goal), it is also true that the Council should enact good public policy that protects all customers, such as incentivizing reduction in arrearages and bad debt expense. This is prudent policy because bad debt expense (such as uncollectible customer bills) ultimately becomes an obligation of ENO's entire customer base, which in turn raises costs for all customers. Requiring a customer to be in good standing to benefit from community solar incentivizes against the risk of nonpayment or partial payment by customers most at risk of defaulting on their accounts. Thus, ENO maintains that the Council should require that customers be in good standing regardless of whether the Council chooses to implement consolidated billing.

# IV. ENO Requires Up to Fourteen Months to Implement Consolidated Billing.

ENO has explained that implementing consolidated billing would take up to fourteen months depending on a variety of factors.<sup>11</sup> The intervenors, however, arbitrarily seek to have the Council ignore these factors and require ENO to implement consolidated billing faster than potentially practical, within eight months.<sup>12</sup>

Upon issuance of a final, non-appealable order from the Council establishing updated Rules requiring consolidated billing, ENO must be allowed sufficient time to finalize implementation

FNO Comments, p. 2; *see also* Neighborhood Sun Comments, p. 1; GRSEIA Comments, p. 1; TNO Comments, p.2.

ENO's June 11, 2025 letter, p. 3 ("ENO would need approximately *eight months* to finalize requirements and perform implementation. If the final Rules adopted by the Council deviate from the proposed redlines ENO developed for use in creating the estimate, the cost could change significantly beyond the Class 5 range described above. The time required to revisit the IT requirements, update the estimate, and implement the solution would extend to *12-14 months* in that case." (emphasis added)).

TNO Comments, p. 4; FNO Comments, p. 2; Alliance Comments, p. 2.

requirements and costs through a request for proposals and perform implementation. ENO provided a rough timeline for implementation assuming final Rules were adopted in accordance with ENO's proposed redlines attached to its June 11, 2025 letter. As previously stated, ENO cannot know the precise timeline until it receives the final Rules from the Council.

#### **CONCLUSION**

For the reasons discussed herein and in prior submittals, the Company respectfully requests that the Council reject the intervenors' arguments and again reject implementation of consolidated billing for the New Orleans community solar program. As ENO has previously noted, ENO customers will already pay a significant premium for the community solar program as compared to other clean resources, especially considering the rule changes intervenors have already championed. A further decision of the Council to take the last step and add consolidated billing to the Rules will result in unreasonable risks to customers and is unnecessary given that subscriber organizations have already been generously incentivized through the Rules to construct profitable solar projects. Any path forward should prioritize the welfare of ENO's customers over subscriber organizations.

Respectfully submitted,

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# CERTIFICATE OF SERVICE <u>Docket No. UD-18-03</u>

I hereby certify that I have 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: \( \subseteq \text{ electronic mail}, \subseteq \text{ facsimile}, \subseteq  hand delivery, and/or
by depositing same with $\square$ overnight mail carrier, or $\square$ the United States Postal Service, postage
prepaid.

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New Orleans, Louisiana, this 26<sup>th</sup> day of September 2025.

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