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Kevin T. Boleware
Manager – Regulatory Affairs

March 31, 2026

VIA Electronic Delivery
Clerk of Council
City Hall, Room 1E09
1300 Perdido Street
New Orleans, Louisiana 70112

Re: Rulemaking Proceeding to Establish Renewable Portfolio Standards; Council Docket No. UD-19-01

Dear Clerk of Council:

Pursuant to the specific reporting requirements in Resolution R-25-631, Entergy New Orleans, LLC ("ENO") submits to the Council a more detailed request for approval of its proposed four additional sources of clean energy credits ("CEC") for compliance with the RCPS: large event electrification as a Qualified Measure, SWBNO electrification as a Qualified Measure, Community Solar, and net metered solar.

In connection with the Company's filing, confidential and detailed operational information bearing the designation "Highly Sensitive Protected Materials" is being provided to the Council's Advisors pursuant to the terms and conditions of the Official Protective Order adopted in Council Resolution R-07-432. Portions of the information included in the filing consist of or reflect competitively sensitive cost and market information, the disclosure of which may present a risk of harm to ENO's customers. In addition, portions of the filing may contain highly sensitive information of third parties to which an obligation of confidentiality is owed.

If you have any questions regarding this information, please contact me at (504) 670-3673.

Sincerely,

Kevin T. Boleware

Enclosure
cc: Official Service List, UD-19-01

Request for Treatment as Qualified Measure in Response to Council Resolution R-25-631

Entergy New Orleans, LLC ("ENO" or "the Company"), hereby supplements its *RCPS Compliance Plan Covering Compliance Years 2026-2028* ("2026-2028 Compliance Plan") as requested by the Council of the City of New Orleans ("Council") in Resolution No. R-25-631. Through this filing, ENO submits a more detailed request for approval as a Qualified Measure of the Sewerage and Water Board ("SWB") Electrification project and shows that the project is cost-effective from the utility perspective under a Ratepayer Impact Measure ("RIM") analysis. ENO also provides further comments on three other potential sources of Clean Energy Credits ("CECs")—Community Solar, Net Metered Solar, and Large Event Electrification.

Sewerage & Water Board Electrification

In its 2026-2028 Compliance Plan, ENO proposed treating the grid electrification of historically self-generated electricity at the SWB facilities as a Qualified Measure. Section 2 of the RCPS rules defines a Qualified Measure as a "project, program or measure which produces a measurable net reduction in carbon emissions in Orleans Parish, is cost-effective from the utility perspective, and is approved by the Council for purposes of RCPS compliance."

The *Advisors' Report on Renewable and Clean Portfolio Standard Compliance Plan for the 2026-2028 Compliance Years*[1] ("Advisors' Report") identified additional information that would be needed to verify that SWB electrification is cost-effective from the utility perspective. Specifically, the Advisors' Report noted that this additional showing "should include supporting calculations and, unless revised, should explain why utilizing avoided costs relating to the gas distribution system is appropriate through 2040 as ENO has shown in their Compliance Plan."[2]

ENO notes that its approach in the 2026-2028 Compliance Plan was structured to be similar to a Total Resource Cost ("TRC") test, one of five commonly-used cost-effectiveness tests most prominently defined in the 2001 California Standard Practice Manual.[3] Commonly applied to demand-side measures that reduce demand, these tests can also be applied to beneficial electrification that increases load. SWB electrification can be considered to be a fuel substitution program (gas supply being replaced by electric supply), and the California Standard Practice Manual notes that "TRC test results for fuel substitution programs should be viewed as a measure of the economic efficiency implications of the total energy supply system (gas and electric)" and "[f]or fuel substitution programs, benefits include the avoided device costs and avoided supply costs for the energy… [and] the costs also include the increase in supply costs for the utility providing the fuel that is chosen as a result of the program."[4]

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[1] Docket No. UD-19-01, *Advisors' Report on Renewable and Clean Portfolio Standard Compliance Plan for the 2026-2028 Compliance Years, November 21, 2025*.

[2] Advisors' Report at p. 7.

[3] *California Standard Practice Manual, Economic Analysis of Demand-Side Programs and Projects*, October 2001, Available at https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/utilities_and_industries/energy_-_electricity_and_natural_gas/cpuc-standard-practice-manual.pdf

[4] *California Standard Practice Manual, Economic Analysis of Demand-Side Programs and Projects*, October 2001, at p. 18.

ENO acknowledges that gas supply savings may not be seen as relevant to the utility perspective and therefore is also providing the results of another cost-effectiveness test defined in the California Standard Practice Manual. The RIM test, also known as the non-participants test, "measures what happens to customer bills or rates due to changes in utility revenues and operating costs caused by the program. Rates will go down if the change in revenues from the program is greater than the change in utility costs. Conversely, rates or bills will go up if revenues collected after program implementation are less than the total costs incurred by the utility in implementing the program."[5]

In its RIM test, ENO considers the following costs (incremental costs incurred by ENO that must be recovered in rates) and benefits (incremental revenues collected by ENO from SWB) as identified through the assumptions used to calculate the Council-approved rate under which SWB takes service, Large Municipal Electric Service (Schedule LME):

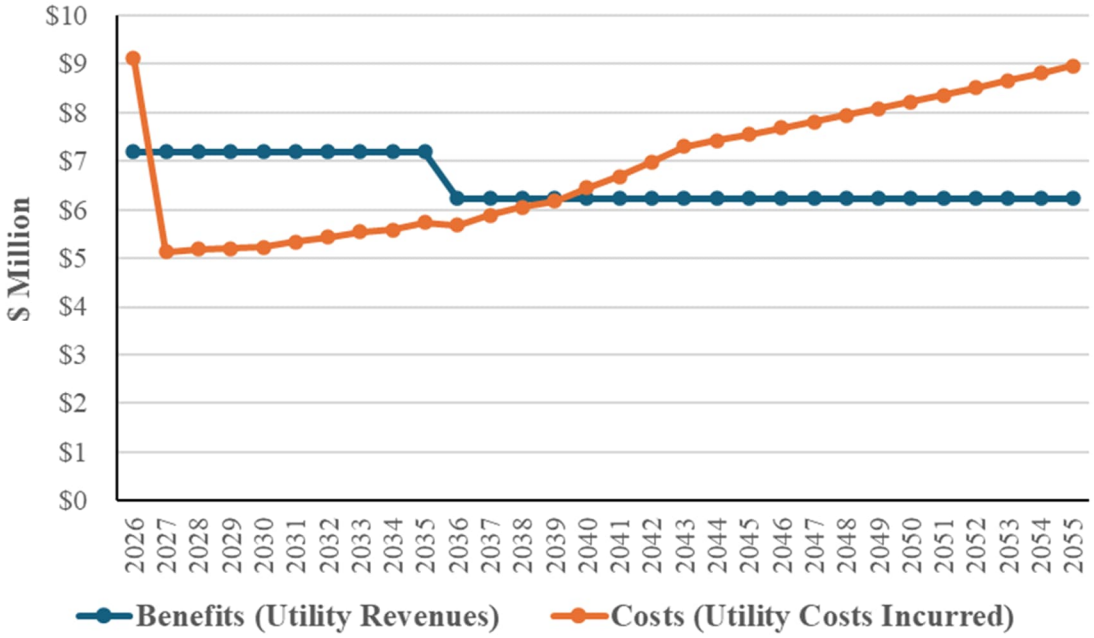
Table 1: Components of ENO's RIM Test for SWB Electrification

Costs	Benefits
• **Incremental T&D infrastructure capital costs** ($4 million Net Facility Investment) • **Incremental T&D Operations & Maintenance costs** (equal to the T&D O&M and ongoing O&M+ components of Additional Facilities Charge Rates) • **Incremental energy supply costs** (assuming 72.1 GWh/yr at average ENO Load Zone energy prices consistent with 2024 IRP assumptions) • **Incremental capacity costs** (assuming a 6.9 MW increase to ENO's coincident peak load with MISO, a 15.5% average UCAP reserve margin, and capacity costs consistent with 2024 IRP assumptions)	• **Utility revenues received from SWB via the tariff under which SWB takes service (Schedule LME)**

The annual costs and benefits under the RIM test are shown in Figure 2, below. On a net present value basis across 30 years, the benefits of $90.9 million exceed the costs of $85.7 million, yielding a positive RIM test ratio of 1.06 and demonstrating that the project is cost effective from the utility perspective as required under the Rules. If the analysis period is shortened to 14 years to consider the project until 2040, after which it would no longer be eligible as a source of CECs, the RIM test ratio remains positive at 1.20.

[5] *California Standard Practice Manual, Economic Analysis of Demand-Side Programs and Projects*, October 2001, at p. 13.

Figure 2: Annual Costs and Benefits under ENO's RIM Test



ENO notes that this analysis is conservative, as it incorporates increases over time in the costs to serve this load (namely, energy supply costs) but assumes no change to Schedule LME. If an assumption were made that the rate charged under Schedule LME would escalate over time, the benefits, and the positive RIM test ratio, would increase accordingly. See HSPM Exhibit 1, which illustrates the calculations under both approaches to the utility cost-effectiveness demonstration (TRC and RIM).

Community Solar and Net-Energy Metered Solar

ENO appreciates the Advisors' concerns about the potential for double-counting an attribute that may be transferred to, and claimed by, another entity outside of New Orleans. Nonetheless, ENO reiterates its concerns that: "when ENO is short of its RCPS compliance obligation (as was the case in 2022) and may seek to purchase unbundled RECs on the market to make up the shortfall, the net effect is that all customers would potentially pay two costs for each MWh of solar generated through the CSG program – the credits paid to low-income Subscribers based on the retail rate and the prudently-incurred cost of a like amount of unbundled RECs or clean energy procured by ENO to help achieve compliance under the RCPS."[6] This concern applies equally to net-energy metered ("NEM") solar. For that reason, ENO encourages the Council to revisit its decisions regarding REC ownership for Community Solar and NEM solar and consider whether changes under those rules to allocate ownership to ENO would more fairly benefit non-participating customers.

Alternatively, the Council could consider another approach that would prevent ENO customers from paying for incremental clean energy credits to replace each megawatt-hour from

[6] Docket UD-18-03, *Additional Comments of Entergy New Orleans, LLC, June 16, 2023*, at p.11.

community solar or NEM solar that non-participating customers already support. The computation of Retail Compliance Load under the RCPS rules could be defined to deduct all megawatt-hours from Community Solar resources and all megawatt-hours of NEM solar energy measured through Channel 2 of the customer's meter. This would remove ENO's obligation to acquire incremental resources to match customer load met by these resources while avoiding double-counting concerns since ENO would not claim any Clean Energy Credits for Community Solar or NEM solar in its RCPS ledger.

Large Event Electrification

ENO proposed the CEC calculation for Large Event Electrification in its 2026-2028 Compliance Plan with the intent of raising it for Council consideration and obtaining approval for its use with suitable projects in the future. ENO acknowledges the Advisors' comments in their Report that additional information and a showing of cost-effectiveness would be required to approve any specific project as a Qualified Measure. At this time, ENO does not have any specific Large Event Electrification projects planned for which it is seeking approval. Should suitable projects arise, ENO will provide the requested information for Council consideration at the appropriate time.

Conclusion

Based on the additional RIM analysis provided herein and the demonstration that the SWB Electrification project is cost-effective from the utility perspective, ENO requests that the Council approve the project as a Qualified Measure and source of CECs for RCPS compliance in accordance with the Rules.