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June 22, 2026

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

Re: Establishment of DER Program and Implementation (CNO Docket No. UD-24-02)

Dear Clerk of Council:

Attached please find the Comments and Exhibit of Entergy New Orleans, LLC ("ENO") for filing in the above-referenced docket pursuant to Resolution No. R-26-150. 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.

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.

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

Sincerely,

Edward R. Wicker, Jr.

ERW/jlc
Enclosures
cc: Official Service List UD-24-02 *(via electronic mail)*

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

RESOLUTION AND ORDER R-24-624 ESTABLISHING A DOCKET AND PROCEDURAL SCHEDULE TO ENHANCE DISTRIBUTED ENERGY RESOURCE PROGRAMS	**)))))**	**DOCKET NO. UD-24-02**

ENTERGY NEW ORLEANS, LLC'S COMMENTS REGARDING
MODIFICATIONS TO DER PROGRAM PROPOSED BY TOGETHER NEW ORLEANS

Entergy New Orleans, LLC ("ENO" or "Company") respectfully submits these Comments Regarding Modifications to DER Program Proposed by Together New Orleans ("Comments") as requested by the Council of the City of New Orleans ("Council") through Resolution No. R-26-150 ("Resolution"), dated April 23, 2026. For the reasons discussed herein and in the Company's prior comments, the Council should reject the changes suggested by Together New Orleans ("TNO") to the Implementation Plan submitted by ENO. TNO's proposed changes are inconsistent with the Council's directives and would result in a funding gap that would need to be recovered from ENO's customers through increased rates. Indeed, the changes would further increase costs to customers for a program that is already not cost-effective.

INTRODUCTION

In this docket and in others, various intervenors, particularly TNO and the Alliance for Affordable Energy ("Alliance"), have advanced proposals that are premised on the notion that ENO's broader customer base should serve as a funding source to incentivize business opportunities for private, for-profit, non-utility projects.[1] In response, ENO has raised concerns

[1] *See also* Docket No. UD-18-03, in which the same intervenors advocate for consolidated billing to improve third party developer economics by shifting billing responsibilities, operational burdens, collection risks, and implementation costs onto ENO and its customers.

regarding cost shifts and the improper diversion of customer funds to support such projects. Nonetheless, in this docket, the prior Council made the decision to direct tens of millions in System Energy Resources, Inc. ("SERI") settlement credits to those projects – in which only a limited number of customers will participate (and benefit), when those credits were intended to, and could have been used to, offset utility investments or rate impacts for all customers.[2]

As a result, the prior Council's decision to use the SERI credits to subsidize the uneconomic Virtual Power Plant ("VPP") endeavors being pursued by TNO, the Alliance, and others as part of a distributed energy resource program ("DER Program") will result in cost increases for all customers. For that reason and others, in prior comments, ENO repeatedly has argued against using SERI credits for such private, for-profit, non-utility projects, which is inconsistent with the language and purpose of the SERI Agreement in Principle ("SERI AIP") and Resolution No. R-24-194 approving the settlement. ENO has stated that these intervenors are not public utilities and do not represent the interests of all ENO customers, and expressed concern about protecting its customers should any of their endeavors not be properly developed or managed.[3]

In the face of these concerns, as required by Resolution No. R-25-669 ("Initial Resolution"), dated December 18, 2025, ENO filed an Implementation Plan ("Plan") that proposed to use the SERI credits consistent with the prior Council's direction regarding upfront incentive payments, and which would protect customers from additional rate impacts due to this DER Program. The intervenors, however, were not satisfied. While not expressly permitted or authorized by the Initial Resolution, the intervenors demanded changes to the Plan which would

[2] For example, the Federal Energy Regulatory Commission recently issued an order that is expected to result in roughly $20 million being billed to ENO's customers. *See FERC Docket No ER21-915-000, et al.* Given the uncertainty surrounding future regulatory and market-driven cost obligations, preserving the available SERI credits for unforeseen customer bill impacts may provide greater flexibility to address future affordability concerns than fully exhausting those credits on a single program initiative.

[3] *See, e.g.*, ENO Comments (March 14, 2025); ENO Comments (Dec. 20, 2024).

shift additional DER Program costs to non-participating customers. In particular, TNO argued in comments that the Council should increase the upfront incentive levels it previously set in the Initial Resolution (and which the intervenors themselves proposed), and that the SERI credits should only be used for upfront customer incentives, not the associated administrative costs or ongoing demand response participation incentives ("TNO Comments").[4]

Enacting TNO's proposed changes would result in a funding gap that would need to be recovered from customers through increased rates. Indeed, the changes suggested in the TNO Comments would increase costs to customers and are not cost-effective. In fact, the Plan submitted by ENO – which is consistent with the Council's directives – ***also*** is not cost-effective, as previously explained.[5] Accordingly, using the SERI credits for the DER Program is not a regulatory policy decision that is beneficial to all customers. The SERI credits should be used, as intended, in a manner that produces positive net benefits for all ENO customers.

The intervenors continue to make demands for inappropriate subsidies, incentives, and utility-supported structures. ENO owes a duty to all of its customers, and the Council likewise should evaluate these intervenors' comments and proposed modifications to the prior Council's DER Program framework through the lens of the broader public interest – not the financial objectives of a narrow segment of market participants and for-profit third-party entities. ENO urges the Council to refrain from using its regulatory authority to require ENO or its customers to subsidize private groups' preferred business structures or absorb the costs associated with making those ventures more profitable. ENO's resources, and the Council's regulatory efforts, should

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4 TNO Comments (March 31, 2026).

5 ENO Supplemental Implementation Plan, p. 7 (May 26, 2026).

remain focused on ENO’s core obligation to provide safe, reliable, and affordable electric service – not on proposals that seek to divert customer funds to support private commercial ventures.

PROCEDURAL BACKGROUND

The Initial Resolution established the DER Program that would be administered as Phase 3 of the existing Battery Energy Storage System (“BESS”) Pilot under Energy Smart for Program Years 16-18 (2026-28).[6] In so doing, the prior Council directed $30 million in SERI credits to be used for the DER Program, a concept championed extensively by TNO and the Alliance, who petitioned to allocate these credits to incentivize and subsidize their VPP endeavors – instead of allowing those credits to be used to offset and potentially eliminate bill impacts for ***all*** customers resulting from the Company’s ongoing utility investments.

In compliance with the Initial Resolution, on March 2, 2026, ENO submitted its Plan, which utilized the Council-mandated customer incentive levels and otherwise complied with the Initial Resolution. The Plan followed two months of collaborative discussions and technical meetings between ENO, the Council’s technical and legal Advisors, and the Council’s DER Program implementation advisors, as required by the Initial Resolution. After the Company filed the Plan, on March 31, 2026, TNO submitted its comments seeking modifications to the DER Program framework approved in the Initial Resolution, despite such requested modifications being clearly outside the scope of the Council’s then-approved procedural schedule.

On April 23, 2026, the Council promptly issued the Resolution, which, among other things, directed ENO to provide supplemental information regarding the Plan and determined that $27.2 million in SERI credits, rather than $28 million as specified in the Initial Resolution, is available

[6] Initial Resolution, Ordering Paragraph 1.

to fund upfront incentives under the DER Program.[7] On May 26, 2026, in compliance with the Resolution, the Company submitted its Supplemental Plan. On June 10, 2026, the Council Utilities Regulatory Office ("CURO") convened a telephone conference for stakeholders to provide clarity and context around certain discovery responses, but it instead became an opportunity for TNO to re-hash its arguments and for GRID Alternatives, a recent intervenor, to market its services ostensibly to support the framework described in the TNO Comments.

Pursuant to the Resolution, ENO now makes this filing regarding the TNO Comments.

COMMENTS

A. TNO's Proposed Changes Create a Funding Gap and Increase Costs to Customers.

ENO's Plan utilizes the Council-approved upfront incentive levels proposed by TNO, and reflects a practical and implementable framework that balances multiple competing objectives.[8] Specifically, the Plan supports the prior Council's goal of establishing a DER Program in New Orleans while also protecting customers from additional future rate impacts by structuring the DER Program to be fully funded through SERI credits rather than requiring incremental customer funding through Energy Smart or another recovery mechanism.[9] In that way, ENO's Plan protects customers from additional bill impacts associated with the DER Program.[10] The TNO Comments,

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7 Resolution, p. 3.

8 *See* ENO Implementation Plan, Table 1, p. 6 (March 2, 2026), and ENO Supplemental Implementation Plan, Table 1, p. 5 (May 26, 2026).

9 As discussed in prior filings, because the DER Program costs would not exceed $10 million annually, ENO anticipates that using the SERI credits in its Plan (as instructed by the Council) will fully mitigate the cost of the DER Program on Energy Smart – and thus there should be no incremental rate impacts from costs flowing through the Energy Efficiency Cost Recovery ("EECR") Rider.

10 ENO's Plan protects customers from ***additional*** bill impacts associated with the DER Program. The DER Program, however, will impact customers' bills because the prior Council, in the Initial Resolution, allocated ***all*** remaining SERI credits to fund it. Thus, unless the current Council revisits that decision, the SERI credits will no longer be available to offset bill impacts for all customers from ENO's utility operations, which occurred with regard to the Company's Test Year 2024 Formula Rate Plan ("FRP").

by contrast, undermine the Council's prior directives by seeking to increase the customer incentive levels in the Initial Resolution, which would in turn increase the rate impacts to ENO's customers.

TNO argues that the entire $27.2 million of the available SERI credits should be used for upfront customer incentives, effectively ignoring the ongoing demand response incentives and reasonable administrative costs also required for the DER Program.[11] Such an allocation of available funding creates a funding gap that would necessitate recovery of unfunded costs in rates from customers. Thus, the suggested modifications in the TNO Comments would further increase costs to all customers for the benefit of a small subset of customers and the enrichment of entities providing services under the DER Program. ENO's Plan, however, does not contemplate any further cost increase to customers, beyond what is described herein (*e.g.*, footnote 10) and the cost shift inherent in all programs that fail to pass cost-effectiveness tests, as discussed below.

B. <u>TNO's Comments Propose A Program That Would Not Be Cost Effective.</u>

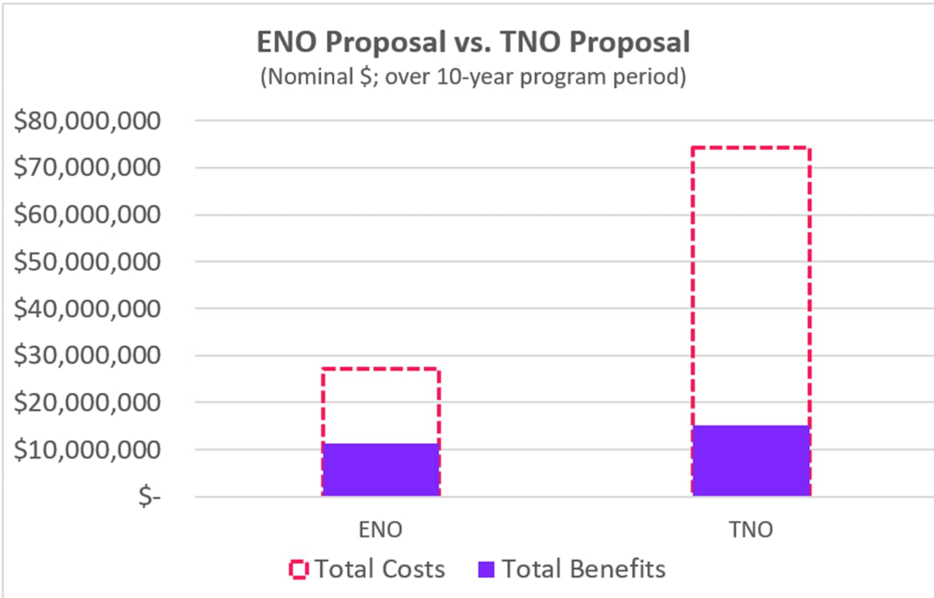
ENO's Plan is designed to utilize the $27.2 million of SERI credits over the full ten-year period of the DER Program, as instructed by the Council in the Initial Resolution. By contrast, when accounting for the full costs of the DER Program that TNO outlines in its comments (including upfront incentives, annual incentives, and administrative payments to the DERMS provider), the DER Program costs will total over $74 million over ten years in nominal terms – nearly three times the available funds from the SERI credits.[12] This considerable increase in full program cost would come without a commensurate increase in value to ENO's customers or in battery installations. In fact, due in large part to the unreasonable incentive levels and caps proposed by TNO, tripling the ten-year program cost only results in about 34% more customer

[11] TNO Comments, p. 2.

[12] *See* Program Analysis, attached hereto as HSPM Exhibit 1.

battery installation sites than under ENO's Plan.[13] The trade-off in costs and benefits between ENO's Plan and TNO's framework is highlighted in Figure 1, below.

Figure 1



The cost-effectiveness test results of the changes proposed in the TNO Comments compared to ENO's Plan are explained below. Overall, while neither program proves to be cost-effective under the Ratepayer Impact Measurement ("RIM") or Utility Cost Test ("UCT") test, ENO's Plan results in cost-effectiveness test results of 0.29 to 0.30, whereas TNO's proposed changes result in scores of just 0.15 to 0.16 (with cost-effectiveness being represented by a result ≥ 1.0).[14] As the Council noted in the Initial Resolution, it reserves the right to review and adjust incentive amounts and funding based on program data and demand.[15] The Council could likewise choose to reconsider the allocation of SERI credits to a program which fails to produce positive net benefits for all ENO customers.

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13 ENO estimates approximately 1,370 ENO customers would add batteries under ENO's Plan, whereas the proposal in TNO's comments would result in approximately 1,840 ENO customers adding batteries.

14 HSPM Exhibit 1.

15 Initial Resolution, pp. 8-9.

The Company's analysis makes clear that TNO's framework would not comply with the Council's directives in the Initial Resolution (and the Resolution), given the uncapped annual incentives proposed for commercial installations that would drive significant cost through the DER Program over ten years. The dramatic increase in costs suggested by TNO would be without justification or offsetting benefits, and ultimately would not be in the public interest.

CONCLUSION

ENO appreciates the opportunity to provide these Comments regarding TNO's proposed changes to the Plan. The Company respectfully requests that the Council reject those changes. ENO stands ready to work with the Council as appropriate in furtherance of its Plan.

Respectfully submitted,

By: ______________________________

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CERTIFICATE OF SERVICE
UD-24-02

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.

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