

SUBSTITUTE RESOLUTION

NO. R-26-421

CITY HALL: October 1, 2026

BY: COUNCILMEMBERS MCCARRON, MORRELL, WILLARD, HARRIS AND GREEN

**RESOLUTION AND ORDER DIRECTING THE ESTABLISHMENT OF THE
PARAMETERS AND IMPLEMENTATION OF THE ENHANCEMENT OF
DISTRIBUTED ENERGY RESOURCES UNDER THE ENERGY SMART BATTERY
ENERGY STORAGE SYSTEM PHASE III PROGRAM**

DOCKET NO. UD-24-02

WHEREAS, pursuant to the Home Rule Charter of the City of New Orleans, the Council of the City of New Orleans (“Council”) is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans (“city”); and

WHEREAS, Entergy New Orleans, LLC (“ENO”) is a public utility providing electric service throughout the city; and

WHEREAS, ENO is a wholly owned subsidiary of Entergy Utility Holding Company, LLC; and

WHEREAS, the Council has recognized the importance of expanding the availability of distributed energy resources (“DERs”) in response to a rapidly changing climate and increased demand on the electric grid; and

WHEREAS, in Resolution No. R-24-624, the Council found that it was in the public interest to establish Utility Docket Number UD-24-02 and adopt a procedural schedule to evaluate options to increase the availability of DERs, battery storage, and related facilities, including any modifications to policies and funding mechanisms applicable to ENO, and develop a vendor-neutral program to advance these objectives; and

WHEREAS, in Resolution No. R-25-669 (“DER Resolution”) the Council established a DER program as an initial three-year¹ Phase III of the Energy Smart BESS Pilot Program to be

¹ The three-year initial term incorporates primarily the term in which the upfront incentives will initially be provided. The actual term of the program is at least ten years as the Council found in Resolution R-25-669 that customers who receive upfront incentives should be required to commit to participating for seven (7) years.

implemented consistent with the Council's features and findings described in the DER Resolution and directed ENO, in consultation with Council Utilities Regulatory Office ("CURO"), the utility advisors and the Council's DER consultant (collectively referred to herein as "the Advisors"), to file an implementation plan; and

WHEREAS, the Council further directed that the proposed implementation plan include certain elements as described in the DER Resolution, including program design, eligibility criteria, incentive structures, budgets, performance requirements, administrative arrangements, deployment goals, and any other provisions necessary for implementation; and

WHEREAS, ENO timely filed the proposed ENO BESS Phase III Pilot Program Implementation Plan ("Proposed Plan") that generally complied with the Council's directives; and

WHEREAS, comments on the Proposed Plan were filed by Together New Orleans ("TNO") addressing the following areas: a claim that ENO departed from the funding structure and budget approved by the Council; a presentation of a "Customer Feasibility Analysis" quantifying a "battery funding gap" for participants; a claimed unsupported disparity between ongoing BESS incentive payments to residential and commercial customers; adding a resilience commercial category; and proposed changes in upfront and ongoing incentive levels to residential and commercial participants; and

WHEREAS, after reviewing the Proposed Plan, CURO and the Advisors determined that several aspects required additional details to ensure consistency with Council policy, ratepayer protections, and the public interest as required by the DER Resolution; and

WHEREAS, the Council found that many of the proposed substantive changes to the DER program presented in TNO's comments, and some aspects of ENO's Proposed Plan, required additional consideration in the record; and

WHEREAS, in Council Resolution No. R-26-150 ("Extension Resolution"), the Council ordered a limited additional procedural schedule to provide an opportunity for parties to conduct discovery about, and comment on, TNO's proposed changes to the DER program as approved in the DER Resolution and to allow ENO to file a supplemental implementation plan addressing a list of details not sufficiently included in the Proposed Plan. The Council made clear that the limited additional procedural schedule was crafted and ordered to "assure party participation... [and to]

provide the opportunity to provide comments on ENO's Proposed Plan, TNO's proposed modifications, and ENO's supplemental filing."²

WHEREAS, during the extension period, and consistent with the Council's order, additional discovery was conducted, comments were filed, and ENO provided supplemental details to the Proposed Plan addressing specific elements noted in the resolution ("Supplemental Plan"); and

WHEREAS, as directed by the Council, the Advisors filed a report addressing ENO's Proposed Plan, ENO's Supplemental Plan, TNO's proposed substantive modifications, and comments received addressing each; and

WHEREAS, the Advisors' report identified issues requiring Council decision prior to DER program implementation: (a) the amount of the Council-discretionary portion of the SERI settlement funds to be used in the program; (b) consideration of TNO's proposed new category of participants; (c) the specific level of upfront incentive rates; (d) the specific level of upfront incentive caps; (e) the specific level of ongoing incentive rates and caps; (f) consideration of administrative costs considering the TPIA's scope of work; (g) consideration of expected ratepayer impacts; and (h) whether to direct ENO to provide greater detail for DER program objectives.

WHEREAS, the hearing officer subsequently certified the record of the extended procedural schedule making the matter appropriate for Council action; and

WHEREAS, the Council notes and reiterates its initial directive in the DER Resolution that "to monitor the DER Program and potentially adjust incentive levels or reallocate budget based on the annual results of the DER Program, the Council finds that periodic reporting, on both a quarterly and annual basis, regarding the budget and operational progress is required, and that such reporting should have sufficient detail to allow the Council to adjust the program's spending;"³ and

WHEREAS, the Council also notes and reiterates that consistent with the DER Resolution all values adopted herein for incentive levels, caps and budgets are initial values subject to ongoing periodic review and adjustment by the Council based upon data collected, reported, and

² Council Resolution No. R-26-150 at 2.

³ Council resolution No. R-25-669.

evaluated regarding all aspects of the DER program, including program demand and performance; and

WHEREAS, the Council recognizes and finds that the design, funding, and implementation of DER/VPP programs are a relatively new aspect of utility regulation and do not have fixed formulas that can be universally adopted and the Council also recognizes that seminal programs across the country have required flexibility and latitude, both in original design and in adaptability, to accomplish stated goals; and

WHEREAS, the Council also reiterates that the goals for the program to expand DER are best achieved by implementing a DER program as an initial three-year⁴ Phase III of the Energy Smart BESS Pilot Program using the existing distributed energy resource management system (“DERMS”); and

WHEREAS, the Council reaffirms the following features as components of the program: a) upfront incentives fifty percent (50%) earmarked for residential customers and fifty percent (50%) earmarked for commercial customers; b) forty (40%) of total residential customer upfront incentives earmarked for lower to middle income (“LMI”) residential customers; c) use of a third-party implementation administrator (“TPIA”); d) an administrative cost cap; e) reasonable incentive caps and ongoing incentive levels; and f) robust reporting and data gathering requirements; and

WHEREAS, the Council finds that the record does not support including an additional commercial class of participants; and

WHEREAS, the Council has evaluated the full record and the information presented by all parties to establish incentive rates and caps that will allow participation in the program by residential customers at the most affordable level possible consistent with the available budget, goals, and features of the approved DER program; and

WHEREAS, based upon the Council’s evaluation of the record as certified, the Council finds that the DER program shall include the following initial incentive rates and caps:

1. Residential LMI upfront incentive (\$/installed kWh) - \$850.00.
2. Residential non-LMI upfront incentive (\$/installed kWh) - \$550.00.

⁴ The three-year initial term incorporates primarily the term in which the upfront incentives will initially be provided. The actual term of the program is at least ten years as the Council found in Resolution R-25-669 that customers who receive upfront incentives should be required to commit to participating for seven (7) years.

3. Commercial upfront incentive (\$/installed kWh) - \$550.00.
4. Residential upfront incentive cap - \$15,000.
5. Commercial upfront incentive cap - \$100,000.
6. Residential and commercial ongoing incentive (\$/average kW delivered across all events) - \$75.00.
7. Residential and commercial ongoing incentive cap - \$10,000/year; and

WHEREAS, based upon the Council's evaluation of the record as certified, the Council finds that the DER program shall include the following budget amounts:

1. Upfront incentives (years 1-3) - \$23,600,000.⁵
2. Administrative and other non-incentive costs (years 1-3) - \$3,000,000;⁶ and

WHEREAS, the Council finds that DER-related system study and upgrade costs shall not be included in the DER budget; and

WHEREAS, consistent with the DER Resolution and the findings made in this resolution all values adopted herein for incentive levels, caps, and budgets are initial values subject to periodic review and adjustment by the Council based upon data presented and evaluated regarding program demand and performance as the Council finds necessary to achieve the Council's goals in this docket; and

WHEREAS, consistent with the DER Resolution, any available SERI refunds not directly used to fund incentives and related administrative costs in the DER program may, at the Council's discretion, be used to mitigate any potential net increase in customer rates resulting from the cost recovery of DER Program costs through the EECR Rider, by providing bill credits or other rate offsets to ENO customers; and

WHEREAS, the Council finds that several aspects of ENO'S Proposed Plan and Supplemental Plan are consistent with the goals of the DER Program and with discrete findings, features, and directives of the DER Resolution; however, the Plans must be adapted to implement the directives of this resolution; and

WHEREAS, the Council recognizes that due to the changes directed by this resolution ENO will require some additional time to accomplish implementation; and

⁵ The entire amount shall be expended on upfront incentives exclusively.

⁶ Comprised of Phase III EnergyHub DERMS fee, TPIA fee, and evaluation, measurement, and verification ("EM&V") costs. No BESS Phase II costs shall be included in the Phase III budget.

WHEREAS, the record reflects that due to changes in federal and state tax policies and the economics of battery acquisition, installation, and maintenance most residential participants in the DER program will not own their batteries but will participate through contract arrangements with third-party owners/developers; and

WHEREAS, the Council is duly concerned that such arrangements often create significant customer protection issues that must be forcefully and effectively addressed at the outset of the program and, accordingly, the Council directs ENO, CURO, and the Advisors to make customer protections a priority in the design and implementation of the program; and

WHEREAS, the Council finds that the record does not sufficiently explain how ENO will use the DERs to support the local distribution grid or generate the additional MISO market revenues and that clear program objectives are central to the success of the program; and

WHEREAS, the Council directs ENO to work with CURO and the Advisors to develop specific program objectives, operational goals, and timelines, including anticipated annual revenue from each MISO program and additional use cases related to distribution planning/operation and value streams ("Program Objectives"); and

WHEREAS, the Council finds that accurate, thorough, and understandable reporting and data gathering are critical to the Council's ongoing evaluation and adjustments of all aspects of the DER program to advance its success. Accordingly, ENO, CURO, and the Advisors are directed to collaborate to develop the format, scope, and content of each report mandated in the DER Resolution and the Program Objectives to provide the most effective, functional, and understandable information; and

WHEREAS, the Council finds that parties should have an opportunity to provide comments on the modified plan and customer protections; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That

1. Going forward the BESS Phase III Pilot Program will be referred to as the Neighborhood Power Plan.
2. The record does not support the addition of a resilience commercial class to the DER program. The Council finds that the classes delineated in the DER Resolution are in the public interest and shall remain as the exclusive classes.
3. The record supports as in the public interest the following initial incentive rates and caps and directs their implementation by ENO:

- a. Residential LMI upfront incentive (\$/installed kWh) - \$850.00.
 - b. Residential non-LMI upfront incentive (\$/installed kWh) - \$550.00.
 - c. Commercial upfront incentive (\$/installed kWh) - \$550.00.
 - d. Residential upfront incentive cap - \$15,000.
 - e. Commercial upfront incentive cap - \$100,000.
 - f. Residential and commercial ongoing incentive (\$/average kW delivered across all events) - \$75.00.
 - g. Residential and commercial ongoing incentive cap - \$10,000/year.
4. The record supports as in the public interest the following initial program budget amounts and directs their adoption by ENO:
 - a. Upfront incentives (years 1-3) - \$23,600,000,⁷
 - b. Administrative and other non-incentive costs (years 1-3) - \$3,000,000.⁸
 5. All aspects of the DER program, including initial incentive levels, caps, and budget allocations, are subject to revision based upon the Council's ongoing evaluation of the program as detailed in reports and data presented pursuant to the DER Resolution and this resolution.
 6. BESS Phase II terms, conditions, and incentive rates are not changed or modified by the adoption and implementation of BESS Phase III.
 7. ENO is directed to file with the Council and serve on the service list a modified implementation plan based upon the Proposed and Supplemental Plans adapted to the directives of this resolution no later than October 31, 2026. The Council further directs that the modified plan shall propose an implementation date no later than the first quarter of 2027. Parties shall have until Monday, November 30, 2026, to submit comments on the modified implementation plan.
 8. Prior to the November 30, 2026 comment deadline, CURO is directed to schedule a virtual meeting during which ENO will present their modified plan and stakeholders will have the opportunity to discuss the plan and raise concerns.

⁷ The entire amount shall be expended on upfront incentives exclusively.

⁸ Comprised of Phase III EnergyHub DERMS fee, TPIA fee, and evaluation, measurement, and verification ("EM&V") costs. No BESS Phase II costs shall be included in the Phase III budget.

9. ENO is directed to work with CURO and the Advisors to develop specific program objectives, operational goals, and timelines, including anticipated annual revenue from each MISO program and additional use cases related to distribution planning/operation and value streams. ENO is also directed to work with CURO and the Advisors to determine the integration of the TPIA and a schedule for program implementation.
10. ENO, CURO, and the Advisors are directed to collaborate to develop the format, scope, and content of each report mandated in the DER Resolution and this resolution to provide the most effective, functional, and understandable information to support the Council's ongoing evaluation and adjustments to the DER program. The reports required by the DER Resolution and this resolution shall be timely filed irrespective of the conclusion of this collaboration.
11. ENO, CURO, and the Advisors are directed to collaborate to develop best practices, industry standards customer protections that provide effective protection for customers participating through third-party owners/developers and to file a written report on such efforts with the Council and serve same on the service list on or before November 13, 2026. Parties shall have until December 18, 2026 to submit comments.
12. Except to the extent modified by this resolution, Council Resolution No. R-25-669 (DER Resolution) remains in full force and effect.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS: Green, Harris, Hughes, McCarron, Morrell, Willard - 6

NAYS: 0

ABSENT: King - 1

AND THE RESOLUTION WAS ADOPTED.

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY



CLERK OF COUNCIL

h:\clerk_of_council\docs\joycelyn\council\motions-resolutions\2026\october
sub.docx

1\r-421