

Re: ENO 5MW Solar Proposal

The Alliance for Affordable Energy views Entergy's local rooftop solar power distributed energy resource proposal through the framework of a pilot program, which carries with it implications for project costs, local social and economic benefits, and utility capacity development.

As part of a larger package of solar projects, we support the deployment of local distributed energy and offer the following observations and modifications to enhance the value of the project Entergy has proposed.

First, as a pilot project it is appropriate to look at the full range of financial and social benefits when assessing the merits, starting with a focus on the federal tax incentives and the effect on customer bills. Entergy has indicated that the first year bill impact does not include any of the tax savings and is expected to cost approximately 45 cents per month for the average customer using 1,000 kWh. However, those costs decline in subsequent years, in significant part due to the effects of the tax incentives, and are stated to cost approximately 6 cents on average per residential customer per month over the life of the project. If this project was to have been developed and acquired through a third party PPA, it would be customary to smooth the early year annual impact by levelizing the total costs over the life of the project. We suggest that discussion be directed at this subject during the 3rd Settlement Conference.

Second, we believe that every effort should be made to reduce the total cost of the project. We recognize there is some potential, limited though it may be, for actual costs to come in lower than the conservative assumptions Entergy presented. While we certainly support the use of conservative cost assumptions on the front end, during the 3rd Settlement Conference we suggest discussion of the potential cost savings that could be achieved if more cost favorable results are achieved. We also believe Entergy should take every possible action to reduce their own share of the project costs. Even when any and every cost saving is aggressively pursued to drive down the price of this local distributed energy resource, we acknowledge that this project is unlikely to achieve the price points of a larger utility scale solar project, which has greater economies of scale and fewer logistical challenges. However, there are many compelling reasons for deploying solar across a diverse array of applications, particularly as part of the first significant investment in utility solar in New Orleans. Therefore, in addition to seeking ways to reduce the overall project cost, we invite a broader look at the array of benefits the project offers to New Orleans.

Third, in evaluating whether this project is in the public interest, we encourage acknowledgement of the social and economic benefits to New Orleans, which are substantial, as a key consideration alongside the direct utility costs and benefits. Since our New Orleans City Council has both regulatory and legislative authority, as well as a mandate to consider the holistic effects of their utility-related decisions on the community, it stands to reason that the Council would want to consider both the energy and non-energy benefits of this project. Entergy has stated in the testimony of Dr. Steven R. Riven, that the economic benefits to the city are substantial, in the order of approximately \$12 million. There has been limited

discussion to date on the broader set of community benefits associated with this project, but we think the subject warrants thorough discussion at the 3rd Settlement Conference.

Fourth, we strongly support the prioritization of siting these projects on facilities belonging to tax exempt organizations and Entergy's own facilities. Because Entergy would own and operate the solar systems, they are the ones eligible to access the federal tax incentives, while tax exempt facility owners would be unable to otherwise do so. City owned buildings are included in this category and installing solar on their facilities carries a great many benefits. The City Council, Mayor, and Mayor-elect have all stated a strong desire to have solar on City-owned buildings as an expression of their vision for a greener and more modern New Orleans and these project would provide the City with a streamlined way to show their commitment in practice. There are number of financial advantages to the City with the project structure Entergy is using in this proposal including accessing the federal tax incentives, as well as obviating the need for funding and logistics associated with a large capital project. There may additionally be resilience benefits that should be explored. For all of these reasons, we believe this presents a win-win-win for Entergy, the City, and clean energy proponents and feel there is a financial value to developing solar projects on city facilities that helps to justify the higher cost associated with a local distributed generation project. Moreover, we think there is a compelling case to be made that these benefits would warrant the City waiving the leasing fee and thereby help to drive the cost of the project down for ratepayers. We encourage further discussion of siting projects on buildings owned by tax exempt organizations in the 3rd Settlement Conference.

Fifth, to reduce the total project cost and thereby limit bill impact for customers, it may be appropriate to somewhat reduce the total size of this pilot project to less than 5MWs – at least as a preliminary matter. There are pros and cons to such a modification, but we see this as a preferable alternative to taking no action at all. While reducing the total project size would also reduce the total bill impact, we recognize that it may increase the cost per MW of the project and therefore should be carefully considered in discussion during the 3rd Settlement Conference.

Finally, the Alliance for Affordable Energy strongly supports the development of community solar policies, which may in time have financial bearing on this project. However, we believe that the success of community solar will ultimately hinge on its economics, program mechanics, and that quality of the enabling policy that all need and warrant more careful consideration through a regular rulemaking proceeding wherein all parties are afforded the opportunity to contribute and sufficient time is devoted to research, collaboration, and the resolution of potential issues. Now is the time to initiate community solar rule development, but it should neither be confected within the awkward confines of confidential settlement negotiations, nor should the ability to proceed with this local distributed generation proposal be delayed while community solar policy is being developed.

The New Orleans City Council has frequently and consistently stated their desire to see an increasing proportion of our energy needs be met with clean energy resources, including solar

power. They have spoken to a desire to stimulate clean energy job creation, reduce pollution, and increase local generating capacity, reliability, and resilience. Entergy New Orleans, the Council's Advisors, the Alliance for Affordable Energy, the Gulf States Renewable Energy Industries Association, Sierra Club, Deep South Center for Environmental Justice, 350 New Orleans, American Institute of Architects, US Green Building Council Louisiana Chapter, Greater New Orleans Housing Alliance, and large numbers of New Orleans residents have similarly expressed support for increased use of solar power, including a desire to see projects sited within Orleans Parish.

While we have a number of concerns regarding the project Entergy has proposed, the way in which the project and application were put together, and see numerous issues with how Entergy is currently and has historically handled matters related to renewable energy, we nevertheless support advancement of this project, though we believe a number of modifications are needed. We look forward to today's discussion and appreciate everyone's interest in resolving issues to enable this project to proceed.