



December 17, 2018

Councilmember Helena Moreno
1300 Perdido Street,
New Orleans, LA 70112

RE: Council Docket UD-18-03 – Community Solar

Councilmember Moreno,

As you know the Alliance has long advocated for policies that encourage clean and affordable energy for all Louisiana residents. In particular, we have been very excited to see this Council take action on Community Solar rules that provide equitable access to clean energy. This is why we were pleased to hear the Council decide on December 13th that while the Committee voted to advance R-18-538 to enable a community solar policy, it also proposed to not include it on the agenda for the December 20 Regular Council meeting in order to continue to improve the policy to ensure the rule works for New Orleans.

The Alliance believes that the public comments at the Utility Committee's meeting of December 13th demonstrate that the Council should reject the credit mechanism set forth in the resolution. As currently written the Alliance is very concerned that the rules related to crediting subscribers will not enable Community Solar to succeed, and will actually stifle the program before it begins, particularly for low-income residents.

Our assertion that NEM customers and community solar subscribers are *not* subsidized by other ratepayers relies on a myriad of cost/benefit studies performed by independent analysts from around the US. On the other side, are Entergy and others who simply assert that subsidies exist without any factual support. As currently written, the rules adopt a mechanism that can only be justified if a significant subsidy exists.

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The credit mechanism currently described in the rule is a convoluted formula created by Entergy which is used no where else in the country. It is important to bear in mind that community solar is not a new concept and has been operating successfully in other jurisdictions for years. Council should look to these highly successful programs and adopt a credit mechanism that is already proven to be understandable by ratepayers and functional for a program: Virtual Net Energy Metering.

The Council also should be aware that the current credit mechanism is not designed to incentivize participation in community solar projects. Instead its sole purpose is to ensure Entergy continues to make money even when the community solar participant offsets all energy usage. Even if a community solar subscriber purchases 100% of their energy from the community solar project, the credit mechanism ignores this reality and treats the subscriber as if they only purchased 1/2 to 2/3 of their energy from the community solar project. This perverse disincentive renders community solar uneconomic and ensures that the New Orleans program will fail for residential customers, the very customers this Council resolved to help. Advisors stated at the Utility Committee meeting that there is potential in the future that credits coming from these programs “may reverse to net savings.” Families who need to save money right now are not in a position to wait for savings that may never come.

In its resolution establishing the community solar proceeding, the Council expressly stated a goal of the community solar program was to create options for those residential ratepayers who cannot participate in NEM. Currently, net metering customers who can afford to place solar panels on their own roof receive a 1 for 1 credit on their bill for the kWhs put back to the grid, giving them an opportunity (although not a guarantee) to lower their bill. However, with the credit mechanism in the current community solar rules, those who cannot afford to place solar panels on their roof, or who rent and don't own their roof, receive a lower credit. The group receiving those lower credits includes the very low income customers which this Council stated it wanted to ensure had the opportunity to participate in solar development. This mechanism is not an equitable way to create options.

As explained by the Alliance at the public meeting, the convoluted Entergy proposed credit mechanism is too confusing for residential ratepayers to understand. Moreover, changing the amount of credit a community solar subscriber receives on a rolling basis creates uncertainty for residential customers and harms the economics of the projects. Confusion and lessened or no economic benefits

ensures that residential customers will choose not to participate in the program. Therefore, the Entergy-proposed credit mechanism is contrary to the Council's goal of providing renewable options for those who are not eligible for rooftop solar and low-income customers.

Finally, no-where in the record is there an example of the actual mechanism as it is laid out in the resolution. Instead stakeholders and the Council must rely on Entergy's calculation of their formula, while using somewhat different inputs for the value of capacity.

For the reasons discussed above, the Council should reject the credit mechanism in Resolution R-18-538 and adopt a 1 for 1 credit mechanism that allows all community solar customers to virtually net meter. At the very least, customers who meet the criteria for low-income as defined in this rule should have the opportunity to access NEM solar virtually.

If the Council wants to craft policy around a potential cost-shift to customers it could also issue an RFP for an independent analyst to perform a value of solar study for New Orleans to ascertain the actual value that distributed solar provides.

Sincerely,

Logan A. Burke
Executive Director
Alliance for Affordable Energy

CC: All Councilmembers
Service List Docket UD-18-03