



Leslie M. LaCoste
Counsel – Regulatory
Entergy Services, LLC
504-576-4102 | llacost@entergy.com
639 Loyola Avenue, New Orleans, LA 70113

July 7, 2023

VIA ELECTRONIC MAIL

Ms. Lora W. Johnson, CMC, LMMC
Clerk of Council
City Hall - Room 1E09
1300 Perdido Street
New Orleans, LA 70112

**Re: Rulemaking Proceeding to Establish Rules for Community Solar Projects
(CNO Docket No. UD-18-03)**

Dear Ms. Johnson:

Attached please find the Additional Reply Comments of Entergy New Orleans, LLC (“ENO”) for filing in the above-referenced docket. ENO makes this filing pursuant to Council Resolution No. R-23-130. 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. Thank you for your assistance in this matter, and please let me know if you have any questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads 'Leslie LaCoste'.

Leslie M. LaCoste

LML/ef

Enclosures

cc: Official Service List UD-18-03 (*via electronic mail*)

**BEFORE THE
COUNCIL OF THE CITY OF NEW ORLEANS**

**IN RE: RULEMAKING PROCEEDING)
TO ESTABLISH RULES FOR)
COMMUNITY SOLAR PROJECTS)** **DOCKET NO. UD-18-03**

ADDITIONAL REPLY COMMENTS OF ENTERGY NEW ORLEANS, LLC

Entergy New Orleans, LLC (“ENO” or “the Company”), per Resolution R-23-130 issued by the Council of the City of New Orleans (“Council”) on April 6, 2023, hereby submits these Additional Reply Comments. The Company appreciates the opportunity to provide these comments in response to those recently filed by intervenors Together New Orleans (“TNO”), the Alliance for Affordable Energy (“AAE”), Madison Energy Investments (“MEI”), and ProRate Energy (“PRE”). As discussed herein, these intervenors still have not come forward with any evidence or arguments requiring the Council to revisit Resolution R-23-130, which rejected their efforts to change the community solar garden (“CSG”) rules (“Rules”) on a variety of issues.

COMMENTS

Response to TNO Comments

TNO submitted with its comments a paper from Gabel Associates, Inc. (“Gabel”) claiming the Subscriber credit rates should be increased because the current bill credit framework purportedly “fails to capture the full value stack of benefits community solar provides.”¹ Gabel fails to provide any quantification of benefits, and several of its assertions are without merit.

As an initial matter, Gabel suggests four avoided costs should be captured as “direct benefits” in Subscriber credit rates: avoided energy, avoided capacity, avoided transmission, and

¹ TNO Comments, Gabel Appendix, at p. 1.

avoided distribution. The suggestion misses the mark. Under the Council’s Rules, the non-low-income credit rate already accounts for avoided energy and capacity. The avoided energy component is based on historic Midcontinent Independent System Operator (“MISO”) locational marginal prices (“LMPs”) for ENO’s load zone, and the avoided capacity component is based on the cost of a combustion turbine (“CT”) (*i.e.*, the Cost of New Entry or “CONE”) as calculated in MISO’s Planning Resource Auction (“PRA”).² The low-income credit rate, which tracks the full retail rate on a volumetric (per kWh) basis, also accounts for both avoided energy and capacity value.³

As for Gabel’s suggestion to value avoided transmission costs in Subscriber credit rates, no avoided transmission has been identified. Given that a CSG facility in New Orleans would be connected to the Company’s distribution grid, a 5 MW or less facility interconnected at distribution voltage, or even several of them, would not avoid a future transmission investment. With regard to Gabel’s argument to value avoided distribution costs in Subscriber credit rates, that also would not be appropriate. Instead of *avoiding* distribution costs, interconnecting a CSG facility to the grid, especially one as large as 5 MW, likely would trigger distribution upgrades to the specific feeder and substation and associated costs in order to maintain grid reliability, voltage control, and power quality (*e.g.*, direct transfer trip equipment).

Finally, Gabel suggests that Subscriber credit rates should reflect some value for several different societal benefits: avoided greenhouse gas emissions, avoided air pollutants, improved system reliability, and local construction activity. Once again, the suggestion misses the mark.

² Gabel also argues that the value of avoided capacity should be tied to the cost of a combined cycle gas turbine (“CCGT”) instead of a CT. This argument ignores the fact that an avoided CT is used as the proxy resource in setting the annual CONE in MISO’s PRA.

³ To review the current credit rate calculations, see Rules, Section VIII. The Company previously provided a chart illustrating the Subscriber credit rates for both low-income and non-low-income customers since the Rules were implemented. See the Company’s Additional Comments.

With respect to avoided greenhouse gas emissions and emissions of other criteria pollutants (*e.g.*, NO_x, particulates), the Company's carbon dioxide ("CO₂") emissions are well below the national average for power generation given its relatively clean supply portfolio,⁴ and there is no applicable price on CO₂ emissions in the region. Moreover, emissions of criteria pollutants are also low and well within prescribed state and federal limits. Further, Gabel does not offer any evidence that a CSG facility operating within Orleans Parish would lead directly to some level of reduced CO₂ and/or criteria pollutant emissions or the economic value that the theoretical reduction would produce.

On the issue of improved system reliability, Gabel suggests that CSG projects reduce the risk of power outages by "creating redundancy in power sources and often being paired with energy storage for load shifting."⁵ Under the Council's Rules, however, there is no requirement for energy storage equipment, and a solar photovoltaic ("PV") facility by itself is designed to stop operating if there is a loss of grid power. Grid outages in New Orleans often can be the result of severe weather affecting the Company's distribution or transmission system, and Gabel has not identified how a CSG facility would provide a specific resilience benefit in that instance. In addition, generation issues affecting New Orleans often can be caused by shortfalls across the broader MISO market, and Gabel again has not identified how a CSG facility would provide a resilience benefit. In either case, there is no value that should be added to the Subscriber credit rates. As for local construction activity associated with building a CSG facility, even if an attempt could be made to somehow quantify a benefit, *e.g.*, job creation, it would not be appropriate to reflect that benefit in a bill credit rate because it would be short-term in nature.

⁴ <https://www.sustainability.com/globalassets/sustainability.com/thinking/pdfs/2022/benchmarking-air-emissions-2022.pdf>, at p. 33.

⁵ TNO Comments, Gabel Appendix, at p. 6.

In sum, Gabel fails to provide any quantification of benefits, but instead provides speculative and theoretical suggestions that are not grounded in evidence and are entirely ill-suited for New Orleans. Yet Gabel's recommendations would have a very real and lasting impact on non-participating customers, including many low-income customers, who would end up paying higher rates and subsidizing projects in which they do not participate or receive any benefits. Non-participating customers in New Orleans should not be burdened with such additional costs. The Council should not follow Gabel's suggestions.

Response to AAE Comments

On the issue of renewable energy credit ("REC") ownership, AAE argues the Rules should be kept in place so that Subscribers would receive (indirectly) the value of any RECs associated with their subscribed portion of a CSG facility by having them retired on their behalf. As the Company noted in its Additional Comments, RECs are intangible assets with no direct value to a Subscriber.⁶ Thus, the Rules potentially increase the Company's Renewable and Clean Portfolio Standard ("RCPS") compliance costs for all ENO customers. To avoid that result, if the Council is inclined to consider a change to the Rules on this issue, ENO should be permitted to receive any RECs associated with CSG facilities and retire them towards RCPS compliance, thereby benefiting Subscribers and all other customers by lowering compliance costs, which are ultimately reflected in electric rates.

Moreover, AAE suggests that the RCPS rules be amended to establish a 10% carve-out for "locally-generated RECs." The Council should not do so. In fact, the Council previously rejected this idea during the RCPS rulemaking because, as noted by the Advisors, "a carve out that requires a specific amount of a certain type of resource be added to the portfolio without regard to the cost

⁶ Company Additional Comments, at p. 10.

of that resource could increase rates.”⁷ Instead, the Council approved the multiplier framework that gives additional compliance credits for local clean energy sources and is less likely to result in increased costs to ENO customers: “The Council is persuaded that the use of multipliers rather than carve-outs to encourage high priority resources strikes an appropriate balance between incentivizing the adoption of high-priority resources and controlling costs to customers.”⁸ Nothing has changed since the Council’s decision that would merit additional consideration of AAE’s proposed carve-out in this docket.

Response to MEI Comments

MEI claims it “has ran [sic] several financial models assuming the current rules and found that while a project may pencil with 100% LMI offtake, it simply will not be financeable without any non-LMI participation.”⁹ MEI’s claim is not correct. A project focused on low-income participation would not have such difficulties getting financed, particularly if consolidated billing and a 20-year standard power purchase agreement (“PPA”) term were tested in a pilot as described in the Company’s prior comments. MEI’s additional concern about identifying potential low-income Subscribers could also be addressed through ENO’s facilitation of such pilot.¹⁰

Response to PRE Comments

While its comments are largely unclear, PRE initially appears to somewhat reasonably describe the non-low-income bill credit calculation methodology in the Council’s Rules. PRE quickly goes off track, however, with a factor it labels the “Solar Resource Adequacy Percentage” for which PRE somehow assumes a 20% value. The correct value is 50% as clearly discussed in the Council’s Rules. This percentage represents the capacity value that MISO initially assigns to

⁷ Docket UD-19-01, Resolution R-21-182, Appendix C, at p. 55.

⁸ Docket UD-19-01, Resolution R-21-182, Appendix C, at p. 59.

⁹ MEI Comments, at p. 3.

¹⁰ Company Additional Comments, at p. 9.

a solar PV resource. Using the correct percentage and the results of the MISO PRA for 2023-2024, the value for avoided capacity is \$0.0315/kWh – *not* \$0.011411/kWh as calculated by PRE. There is no basis whatsoever for changing the correct value of 50% to PRE’s proposed 100% under the misguided theory that implementing a real-time pricing scheme would somehow then create a virtual power plant (“VPP”). In addition, PRE wrongly asserts that the avoided cost of energy for the Subscriber credit rate should be \$0.083/kWh referencing a U.S. Department of Energy article dated October 9, 2020, about 2019 wholesale market prices around the United States. The correct value for avoided energy for ENO’s load zone is \$0.070056/kWh, calculated using 2022 actual LMPs and reflected in the updated Subscriber credit rates. The current non-low-income credit rate accounting for both avoided capacity and energy, which was put into effect June 2023, is \$0.101605/kWh.

As to the separate issue of PRE’s proposed ProRate real-time pricing scheme, the Council has rejected the proposal in varying forms over the years on multiple occasions, including the Company’s 2018 Rate Case.¹¹ The Company has also gone on record several times across multiple dockets that it strongly opposes PRE’s convoluted concept on myriad grounds, including but not limited to the proposal having no basis in cost-of-service ratemaking, the very significant costs that would be incurred for manual billing each month, and the serious financial risks that a participant would be assuming.¹²

CONCLUSION

In Resolution No. R-23-130, the Council properly rejected the intervenors’ efforts to change the Rules on a variety of issues. Nothing in the other parties’ most recent comments

¹¹ Docket UD-18-07.

¹² *E.g.*, Company Comments Regarding the Advisors’ Report on Energy Efficiency and Conservation, Demand Response, and Other Demand-Side Management Programs as well as Customer-Owned Distributed Energy Resources and Battery Storage (Resolution R-22-413; UD-22-04), at pp. 7-8.

requires a different result. However, to the extent the Council is considering certain limited changes to its Rules, the Company hopes these Additional Reply Comments are helpful and provide a potential path forward.

Respectfully submitted,

By:  _____

Brian L. Guillot, La. Bar No. 31759
Edward R. Wicker, Jr. La. Bar No. 27138
Leslie M. LaCoste, La. Bar No. 38307
639 Loyola Avenue
Mail Unit L-ENT-26E
New Orleans, Louisiana 70113
Telephone: (504) 576-4102
Facsimile: (504) 576-5579

**ATTORNEYS FOR
ENERGY NEW ORLEANS, LLC**

CERTIFICATE OF SERVICE

Docket No. UD-18-03

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, by: electronic mail, facsimile, hand delivery, and/or by depositing same with overnight mail carrier, or the United States Postal Service, postage prepaid.

Lora W. Johnson, CMC, LMMC
Clerk of Council
Council of the City of New Orleans
City Hall, Room 1E09
1300 Perdido Street
New Orleans, LA 70112

Erin Spears, Chief of Staff
Bobbie Mason
Christopher Roberts
Byron Minor
Candace Carmouche
Council Utilities Regulatory Office
City of New Orleans
City Hall, Room 6E07
1300 Perdido Street
New Orleans, LA 70112

Krystal D. Hendon
CM Moreno Chief of Staff
1300 Perdido Street, Room 2W50
New Orleans, LA 70112

Andrew Tuzzolo
CM Moreno Chief of Staff
1300 Perdido Street, Room 2W40
New Orleans, LA 70112

Paul Harang
Council Chief of Staff
New Orleans City Council
City Hall, Room 1E06
1300 Perdido Street
New Orleans, LA 70112

Donesia D. Turner
City Attorney Office
City Hall, Room 5th Floor
1300 Perdido Street
New Orleans, LA 70112

Norman White
Department of Finance
City Hall, Room 3E06
1300 Perdido Street
New Orleans, LA 70112

Greg Nichols
Deputy Chief Resilience Officer
Office of Resilience & Sustainability
1300 Perdido Street, Ste. 8E08
New Orleans, LA 70112

Hon. Jeffery S. Gulin
3203 Bridle Ridge Lane
Lutherville, MD 21093

Clinton A. Vince, Esq.
Presley R. Reed, Jr., Esq.
Emma F. Hand, Esq.
Herminia Gomez
Dee McGill
Dentons US LLP
1900 K Street NW
Washington, DC 20006

Basile J. Uddo, Esq.
J.A. "Jay" Beatmann, Jr.
c/o Dentons US LLP
The Poydras Center
650 Poydras Street, Suite 2850
New Orleans, LA 70130-6132

Joseph W. Rogers
Victor M. Prep
Legend Consulting Group
6041 South Syracuse Way, Suite 105
Greenwood Village, CO 80111

Courtney R. Nicholson
VP, Regulatory Affairs
Entergy New Orleans, LLC
Mail Unit L-MAG-505B
1600 Perdido Street
New Orleans, LA 70112

Vincent Avocato
Entergy New Orleans, LLC
2107 Research Forest Drive, T-LFN-4
The Woodlands, TX 77380

Barbara Casey
Polly Rosemond
Kevin T. Boleware
Brittany Dennis
Keith Wood
Derek Mills
Ross Thevenot
Entergy New Orleans, LLC
Mail Unit L-MAG-505B
1600 Perdido Street
New Orleans, LA 70112

Joseph J. Romano, III
Tim Rapier
Farah Webre
Entergy Services, LLC
Mail Unit L-ENT-3K
639 Loyola Avenue
New Orleans, LA 70113

Brian L. Guillot
Leslie M. LaCoste
Lacresha Wilkerson
Edward R. Wicker, Jr.
Linda Prisuta
Entergy Services, LLC
Mail Unit L-ENT-26E
639 Loyola Avenue
New Orleans, LA 70113

Andy Kowalczyk
350 New Orleans
1115 Congress St.
New Orleans, LA 70117

Benjamin Quimby
350 New Orleans
1621 S. Rampart St.
New Orleans, LA 70113

Renate Heurich
350 New Orleans
1407 Napoleon Avenue, Suite #C
New Orleans, LA 70115

Katherine W. King
Randy Young
Kean Miller LLP
Air Products and Chemicals, Inc.
400 Convention Street, Suite 700
Post Office Box 3513
Baton Rouge, LA 70821

Carrie Tournillon
Kean Miller LLP
Air Products and Chemicals, Inc.
900 Poydras Street, Suite 3600
New Orleans, LA 70112

Maurice Brubaker
Air Products and Chemicals, Inc.
16690 Swingly Ridge Road, Suite 140
Chesterfield, MO 63017

Logan Atkinson Burke
Sophie Zaken
Alliance for Affordable Energy
4505 S. Claiborne Avenue
New Orleans, LA 70125

Jeffery D. Cantin
Stephen Wright
Gulf States Renewable Energy Industries
Assoc.
400 Poydras Street, Suite 900
New Orleans, LA 70130

Juliana Harless
Associate, Southeast Market
Madison Energy Investments
110 Green Street, Suite 901
New York, New York 10012

Myron Katz, PHD
ProRate Energy, Inc.
302 Walnut Street
New Orleans, LA 70118

Laurel Passera
Senior Director
Policy and Regulatory Affairs
Coalition For Community Solar Access
1380 Monroe Street, NW #721
Washington, DC 20010

Together New Orleans
Broderick Bagert
Alaina Dilaura
Pierre Moses
Abel Thompson
Erin Hansen

New Orleans, Louisiana, this 7th day of July, 2023.



Leslie M. LaCoste