

**Before
The Council of the City of New Orleans**

**Re: DISTRIBUTED ENERGY RESOURCE
PROGRAM**

DOCKET UD-24-02

RESILIENCE NEW ORLEANS PROPOSAL

By and through its undersigned Resilience New Orleans (RNO) respectfully submits this proposal to the Council of the City of New Orleans (“the Council”) and intervening Parties in the above captioned proceeding in response to the Council’s October 24, 2024 Resolution R-24-624, providing for reply comments to program proposals by interested parties by March 14, 2025.

RNO is a Louisiana-based nonprofit with a mission to advocate for sensible energy and electric policies to best ensure New Orleans remains a vital place to live and work. RNO seeks to ensure that New Orleans’s has a resilient, reliable and clean power grid and that electricity is affordable to all customers.

Resilience New Orleans (RNO) respectfully submits these reply comments in response to proposals filed in Docket No. UD-24-02. RNO remains committed to ensuring that any Distributed Energy Resource (DER) program maximizes benefits for New Orleans ratepayers without imposing unnecessary administrative costs, prioritizes direct customer benefits over subsidies to third parties, and ensures that DER resources remain integrated within the utility-managed grid.

1. Opposition to Creating New Bureaucracies

Several proposals introduce new administrative structures, independent incentive administrators, or third party managed programs, rather than leveraging Energy Smart, which already provides a scalable, cost-effective framework for DER implementation.

Proposals Supporting New Bureaucracy

- TNO/AAE: Propose a new Incentive Administrator to manage SERI credits.
- SUN: Advocates for an independent Distributed Power Plant (DPP), bypassing utility oversight.
- Recurve Analytics: Suggests a vendor-neutral market-based DER program with additional regulatory layers.
- PosiGen: Supports an OEM & installer-neutral third-party administrator for DER incentives.
- ProRate Energy: Proposes \$1M/year for a long-term grid transition study, delaying immediate customer benefits.

RNO Position

We believe creating unnecessary bureaucracies that increase costs and reduce efficiency is not the best path. It will be easier, quicker, and cheaper to leverage Energy Smart, which already has proven infrastructure for program administrative and 3rd party contracting. We prefer to advocate for direct ratepayer benefits, not duplicative oversight mechanisms.

2. SERI Credits Must Directly Benefit Ratepayers

Some proposals seek to allocate SERI credits to third-party developers or independent programs rather than ensuring direct customer benefits. RNO strongly opposes this approach, as past

experiences (e.g., Louisiana’s solar tax credit program) have shown third-party developers often profit while ratepayers see little return.

Proposals Supporting Third-Party Use of SERI Credits

- TNO/AAE: Allocate \$32M over three years for upfront battery storage incentives, including third-party participation.
- SUN: Use SERI funds for a third-party-managed DPP program.
- PosiGen: Fund low-to-moderate income (LMI) battery incentives but with third-party leasing models.
- Recurve Analytics: Introduce market-based DER compensation funded by SERI credits.
- ProRate Energy: Use SERI funds for long-term planning rather than direct customer incentives.

RNO’s Position

SERI funds should not be diverted to third parties. It is more cost effective to run the credits through Energy Smart for ratepayer-focused incentives and third party vendors can participate through an established program. We think it prudent to develop alternative funding mechanisms (Carbon Offset Fund) instead of depleting SERI credits and establishing a long-term, secure funding mechanism for the program.

3. Third Parties Should Not Operate Independently of the Grid

Certain proposals suggest that third-party DER operators should be allowed to function independently of Entergy New Orleans’ grid operations. This is neither practical nor beneficial for grid stability. While third-party involvement can be valuable, it must be integrated within the utility’s grid management system to ensure reliability and coordination. DER resources, particularly batteries and solar installations, must be optimized within the broader energy network rather than treated as independent, competing entities.

Proposals Supporting Independent Third-Party DER Operations:

- TNO/AAE: Propose a Distributed Energy Resilience Program (DERP) where third-party operators manage energy assets independently.
- SUN: Supports customer enrollment in third-party DPPs, operating outside of ENO’s control.
- Recurve Analytics: Suggests a vendor-neutral market, reducing utility oversight.
- PosiGen: Encourages third-party leasing and aggregator-led programs.
- ProRate Energy: Proposes long-term decentralization of the grid, reducing ENO’s coordination.

RNO’s Position

Third-party DERs must remain integrated within our utility grid management system to ensure reliability, cost fairness, and emergency response coordination. A utility-managed DER program prevents grid fragmentation and unfair cost shifts onto non-participating ratepayers.

4. Diversifying Funding Sources

While most proposals in **Docket UD-24-02** focus on using **SERI credits**, a few organizations suggest **alternative or additional funding mechanisms** to support Distributed Energy Resource (DER) programs. Below is a breakdown of those ideas and potential drawbacks.

Proposals for Alternative Funding:

- TNO/AAE: Future pay-for-performance (PFP) tariff, but no clear transition once SERI credits run out. Since participation in PFP models is voluntary, there is no guarantee that enough customers will join to sustain the program. If incentives are too high, non-participating ratepayers may subsidize participants, creating equity concerns.
- SUN: Encourages third-party private DER aggregators to invest in energy storage and solar and federal grants (Solar for All, IRA). Third-party aggregators may focus on maximizing returns rather than ensuring grid reliability, leading to market-driven instability. Federal incentives are currently under extreme threat, meaning long-term funding is not guaranteed. If funding relies on third-party investors, smaller or local energy providers may be pushed out in favor of national companies.
- Recurve Analytics – Suggests a market-based approach, where vendors bid into a vendor-neutral compensation system using performance-based payments, compensating DER owners based on measurable grid benefits. Creating a fully functional DER bidding market would require years of regulatory development and infrastructure investments. Smaller DER providers and individual ratepayers may struggle to compete in a bidding system. Market-based solutions take time to develop, meaning short-term DER adoption would remain limited.
- PosiGen: Proposes federal tax credits and LMI adder programs. IRA incentives and low-income adder programs are not guaranteed given the current political climate. Without city-based contributions, future financial stability is uncertain. Using multiple incentive layers (SERI credits, IRA, etc.) could create administrative inefficiencies and funding overlaps.
- ProRate Energy: Uses \$1M/year for planning in hopes of attracting future grants.

RNO's Position

It is well received that other organizations propose alternative funding sources beyond SERI credits, but each approach has significant limitations that may impact feasibility, fairness, or long-term effectiveness. RNO encourages setting up a New Orleans Carbon Offset Fund, allowing visitors, businesses, and event organizers to purchase carbon credits, funding renewable energy and battery incentives without burdening ratepayers. A Time-of-Use (TOU) tariff could be developed using existing smart meter technology to put battery systems to better grid functioning. TOU tariffs encourage customers to shift energy use to off-peak hours, enhancing grid stability while reducing costs for ratepayers. This market-driven approach is more sustainable than direct subsidies and provides tangible benefits to all customers.

In conclusion, RNO urges the Council to adopt a ratepayer-first approach in evaluating DER proposals. This means:

- Leveraging existing programs (Energy Smart) rather than creating costly new bureaucracies.
- Ensuring SERI credits directly benefit ratepayers, not third-party developers.
- Requiring third-party DER providers to work with the local utility to maximize grid integration.
- Exploring alternative funding sources, such as a New Orleans carbon offset program, rather than increasing customer costs.
- Prioritizing cost-effective solutions, such as TOU pricing and residential battery incentives.

Thank you for the opportunity to participate in this important docket. Respectfully submitted on this 14th day of March 2024,

/s/ Casey DeMoss

Casey DeMoss

Executive Director

Resilience New Orleans

casey@resilienceneworleans.org

**Before
The Council of the City of New Orleans**

**Re: Resolution and Order R-24-624 Re: Distributed Energy Resource Program
(Docket No. UD-24-02)**

CERTIFICATE OF SERVICE

I do hereby certify that I have, on this 14th day of March, 2025 served the foregoing PROPOSAL upon all other known parties of this proceeding by electronic mail.

Casey DeMoss, Resilience New Orleans