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October 30, 2024

<u>VIA ELECTRONIC MAIL</u>
Clerk of Council
Clerkofcouncil@la.gov
City Hall - Room 1E09
1300 Perdido Street
New Orleans, LA 70112

Re: Community Solar Program Implementation <u>(CNO Docket No. UD-18-03)</u>

Dear Clerk of Council:

Attached please find Entergy New Orleans, LLC's ("ENO") Comments Regarding Consolidated Billing Implementation which is being filed in compliance with Resolution No. 24-310 in connection with the above-referenced docket. 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. ENO requests that you file this submission in accordance with Council regulations as modified for the present circumstances.

Please note that Attachment 2 contains Highly Sensitive Protected Material ("HSPM"). The HSPM attachment is being provided via electronic means only to those appropriate reviewing representatives who have executed the Official Protective Order in this docket, and as further provided therein.

Thank you for your assistance in this matter, and please let me know if you have any questions or concerns.

Sincerely,

Leslie LaCoste

Leslie M. LaCoste

LML/hs
Enclosures
cc: Official Service List UD-18-03 *(via electronic mail)*

BEFORE THE

COUNCIL OF THE CITY OF NEW ORLEANS

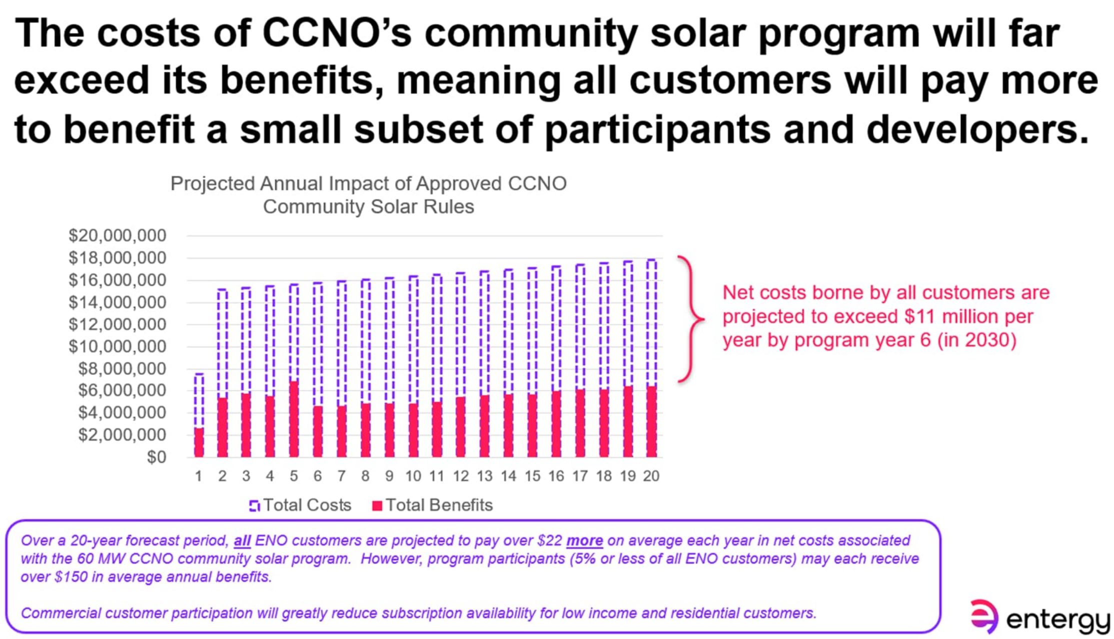
IN RE: RESOLUTION AND ORDER RELATED TO MADISON ENERGY INVESTMENTS, INC. MOTION TO AMEND COMMUNITY SOLAR RULES	**))))**	**DOCKET NO. UD-18-03**

ENTERGY NEW ORLEANS, LLC'S COMMENTS REGARDING
CONSOLIDATED BILLING IMPLEMENTATION

Entergy New Orleans, LLC ("ENO" or the "Company") respectfully submits its Comments Regarding Consolidated Billing Implementation, pursuant to Resolution No. R-24-310 (As Amended) ("Resolution") issued by the Council of the City of New Orleans ("Council") on July 25, 2024. The Resolution directs ENO to submit a proposal for implementing a "consolidated billing" program by July 1, 2025, which would represent a wholesale change to the subscription and billing processes contemplated under the Council's Community Solar Rules as amended and adopted through Resolution No. R-23-507 ("Rules") and currently in place. For the reasons discussed below, ENO respectfully asks the Council to carefully consider the effects of this wholesale change, which would result in an accelerated increase in costs associated with the Community Solar program being borne by non-participating customers, including low-income customers, and decline to modify its Rules to require implementation of consolidated billing.

INTRODUCTION

In the context of a Community Solar program, various intervenors have requested that ENO change its current billing system to accommodate consolidated billing. To properly consider the request, as a starting point, the Company provides herein two different analyses of the estimated costs associated with Community Solar to be borne by non-participating customers. One is an update of the backward-looking analysis that ENO provided in this docket.[1] The other is a forward-looking analysis that uses the framework presented by ENO in Docket UD-13-02 to quantify the cost shift associated with the Net Energy Metering ("NEM") program, applied here to the estimated benefits and costs of a 60 MW[2] Community Solar program.[3] These two analyses show estimates of significant net costs that would be borne by all customers under the current Rules through a 60 MW community solar deployment. Notably, the forward-looking analysis estimates a total cost shift of over $212 million on a nominal basis, or over $111 million on a net present value ("NPV") basis, over the next 20 years.



As discussed herein, adopting consolidated billing would dramatically accelerate the rate at which these net costs would be borne by ENO's electric customers, including low-income, non-participating customers.

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1 Additional Comments of ENO, filed June 16, 2023.

2 Throughout these comments, references to "MW" should be understood as contemplating megawatts of alternating current power, or "MW-AC".

3 ENO's Comments and Net Energy Metering Proposal, Docket UD-13-02 (Sept. 28, 2016).

Consolidated billing is not a new issue for the Council. Indeed, the Council has twice before denied motions from intervenors to amend its Rules to require consolidated billing.[4] While there have been numerous comments submitted requesting that the Council adopt the "net crediting" form of consolidated billing, the Rules currently reflect the original billing framework. The Rules should remain that way. If the Council were to amend its Rules to require the implementation of consolidated billing, it would require significant changes to the billing system that ENO currently uses to manage and operate its business as well as back office and other business processes. Thus, it would require significant development and implementation costs that would be incremental to the costs identified in the analyses described above and herein. Low-income and other non-participating customers would have to pay higher rates even though they do not receive a benefit in the form of a credit on their electric bill. This is fundamentally unfair and places an undue burden on those customers. ENO is deeply concerned about the additional costs and associated bill impacts.

ENO respectfully submits that, based on the estimated cost shifts quantified herein, the Council should decline again to modify its Rules to require consolidated billing. Should the Council decide to modify its Rules and require ENO to implement consolidated billing, ENO suggests that a further stakeholder process will be necessary to define the parameters of the framework such that ENO can develop appropriate estimates of costs and updated processes to administer it.

[4] Resolution No. R-23-130, pp. 6-7, and Resolution No. R-23-507, Ordering Par. 2.

SPECIFIC COMMENTS

1. Cost Shift to Non-Participating Customers

In adopting Resolution R-23-507, the Council chose to increase the Subscriber credits for Subscribers that do not qualify as low-income to the full retail rate, and credits for low-income Subscribers to the full retail rate plus $0.02 cents per kilowatt hour.[5] Explaining its decision, the Council stated that it:

> understands that any increase in the subscriber credits will increase the cost of the community solar program and its attendant impact on ratepayers, the Council also understands **that the impact will occur over time and will be dependent on the rate and magnitude of CSG development in New Orleans**; and the Council believes that an increase in the subscriber credits **can be accomplished while still protecting ratepayers from undue burden** and providing the ratepayers with the stated benefits of community solar. (emphasis added).[6]

The Council also denied the proposal of Madison Energy Investments ("MEI") for ENO to be required to implement consolidated billing.[7] Starting at the October 30, 2023 Climate Change Committee meeting where the Resolution was considered, and continuing since then, the intervenors have re-urged their request for the Council to further amend its rules to allow net crediting consolidated billing and to require ENO to implement and administer the program on behalf of Subscriber Organizations. The intervenors argue generally that adding consolidated billing to the program is the last critical element that will remove the barriers to widespread community solar development in New Orleans and spark customers' participation since customers would no longer be required to make an out-of-pocket payment directly to a Subscriber

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5 Resolution R-23-507, Ordering Par. 1.
6 Resolution R-23-507, p. 8 (emphasis added).
7 Resolution R-23-507, Ordering Par. 2.

Organization to participate.[8] Customers would simply need to sign up and, assuming they meet the requirements in the Rules for participating, begin receiving a monthly bill credit from ENO, which would continue as long as they remained in the program.

It seems clear that further amending the Rules to require consolidated billing would, as suggested by intervenors, greatly accelerate the uptake of community solar by removing the requirement for customers to pay out of pocket to participate, and that customer demand would quickly result in a full subscription of available projects. That, coupled with the fact that applications have already been received for enough ground mounted solar projects to fill the entire 60 MW program capacity limit defined by the Rules, suggests that the rate and magnitude of CSG Facility development and subscriptions in New Orleans will meet or exceed whatever threshold the Council had in mind when it adopted Resolution R-23-507 in November 2023. To be clear, the prior decisions to increase the maximum project size from 2 to 5 MW[9] and to raise the Subscriber credits to their current levels[10] have generated significant interest from Subscriber Organization developers. The increased Subscriber credits provide lucrative potential funding streams to support project economics.

In addition, ENO's analysis shows that not only is the amount to Subscriber Organization developers excessive, but the cost paid per kilowatt hour (as set by the Subscriber credit calculations under the Rules) is far above the market rate for new solar resources. On average, ENO customers will be paying over 16.3 cents per kWh over a twenty-year period for the total costs of this program through the fuel adjustment clause.[11] This is far in excess of the levelized

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8 "The Parties continue to believe that net crediting is an <u>essential</u> linchpin to this program." Comments of Together New Orleans ("TNO"), p. 8 (Sept. 13, 2024) (emphasis in original).

9 Resolution R-23-130, Ordering Par. 1.

10 Resolution R-23-507, Ordering Par. 1, and Resolution R-24-310, p. 6.

11 See HSPM Attachment 2, in particular the average of projected total costs (in cents per kWh terms) found in row O of the "Summary 60 MW Scenario" tab.

cost of energy for utility-scale projects cited in the Lazard 2024 report and other operational utility-scale power purchase agreements ("PPAs") in ENO's portfolio (e.g., St. James Solar and Iris Solar).[12] ENO customers will pay a significant premium for this program as compared to other clean resources, and most of the costs of this program will be incurred to benefit Subscriber Organization developers, not customers.[13]

Given these two prior changes to the Rules, it is likely that even in the absence of consolidated billing, Subscriber Organizations already have enough incentive to aggressively pursue Subscribers for their projects, and the Subscriber credits are lucrative enough that many customers would enroll, even if they had to pay out of pocket to do so in exchange for receiving the monthly bill credit. In that case, however, the ramp rate of subscriptions and program costs borne by non-participating customers might well be slower and occur over a longer timeline. A further decision of the Council to take the last step and add consolidated billing to the Rules, given the changes it has already approved at the request of Intervenors and developers, will ensure the rapid development of projects and the realization of attendant cost shifts the Council seemed to acknowledge and express concern about in Resolution R-23-507.

As the Council considers whether to adopt consolidated billing and facilitate accelerated enrollment in 60 MW of projects over the next couple years, the Council should consider the

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12 Rather than letting the calculated Subscriber credit set the purchase price for energy under the Form CSG-4 PPA, CSG Facility projects could be selected through a competitive procurement process with PPA pricing based on the selected bids. Competitive procurement processes are a standard part of utility generation procurement efforts to protect customers, ensuring new resources represent the lowest reasonable cost and are in the public interest. In Docket UD-18-05, the Council put in place rules for competitive procurements in cases where generation >20 MW must be procured. Requiring competition among developers to fill out the 60 MW program capacity limit under the Rules would help improve the value of the program to all customers.

13 The 2024 Lazard Levelized Cost of Energy ("LCOE") Report is available here: https://www.lazard.com/media/xemfey0k/lazards-lcoeplus-june-2024-_vf.pdf. See slide 10. Lazard's estimated LCOE range for utility-scale solar resources financed with an ITC range from $19 to $78 per MWh. The cost of ENO's operational utility-scale solar PPA resources fall within that range. Overall, the total costs of the Council's Community Solar program are projected to be at best double or possibly four or more times the cost of utility-scale solar resources.

amount of shifted costs to non-participating customers (particularly low-income customers) that constitutes an undue burden, given the increases in Subscriber credits approved in Resolutions R-23-507 and R-24-310. To this end, the Company has prepared two analyses: one that updates the backward-looking analysis the Company submitted in its June 2023 comments in this docket, and another that applies the forward-looking analysis methodology submitted by ENO in 2016 in the Net Metering rulemaking, Docket UD-13-02, to the cost shift that will result from Community Solar. Both analyses estimate the cost shift driven by the existing Rules and do not include any incremental costs necessary to implement a consolidated billing framework. As discussed above, cost shifts may occur anyway given the Rules changes already approved, but the timeline would be longer in the absence of consolidated billing and the amount of shifted costs may be mitigated over time if customer demand for subscriptions is more moderate.

a. **Backward-Looking Analysis**—In its June 2023 comments, the Company submitted an analysis that concluded approximately $5.9 million in net costs would have been borne by all ENO electric customers over the two-year period from June 2021 through May 2023, based on the Subscriber credits then in effect; an assumption of 40% low income/60% non-low income Subscribers; the MISO values for avoided energy and capacity for that period; and an overall program capacity limit of 55 MW of CSG projects split 50/50 between rooftop and ground mounted single axis tracking systems. Extrapolating that two-year cost over a 20-year period resulted in a nominal $59.3 million net cost.[14] Discounting that total by ENO's weighted average cost of capital ("WACC") of 6.70% results in a net present value of $31.9 million cost to customers over 20 years.

[14] Additional Comments of ENO, filed June 16, 2023, p. 5.

To update this analysis, ENO made the following modifications to the assumptions to reflect current information:

- Program Capacity limit—increased from 55 MW to the current 60 MW;
- Subscriber mix—changed from 40/60 Low Income/Non-Low Income to 70/30 Low Income/Non-Low Income;
- Subscriber credits—used the credits calculated under the updated Rider CSGF;[15]
- Avoided Energy Value—used the MISO ENO Load Zone LMPs for June 1, 2022 to May 31, 2024; and
- Avoided Capacity Value—used the MISO PRA values for LRZ 9 for June 1, 2022 to May 31, 2024.

Based on these updated assumptions, the net cost borne by ENO electric customers over the two-year period from June 1, 2022 to May 31, 2024 would have been approximately $16.5 million if the full 60 MW program had been operational and if the final, approved Subscriber credits methodology had been in place during that time. Extrapolating that two-year cost over a 20-year period results in a nominal $165.2 million net cost. Discounting that total by ENO's weighted average cost of capital of 6.70% results in a net present value of $89.0 million cost to customers over 20 years. See Attachment 1.

b. Forward-Looking Analysis—To provide the Council with an additional perspective on the estimated magnitude of the costs that will be shifted to non-participating customers through the updated Subscriber credits, ENO also performed a 20-year forward-looking analysis. This analysis, included here as HSPM Attachment 2, is based upon the same model as was developed and refined through the stakeholder process in the Net Metering rulemaking in 2016.[16] The model compares the estimated costs and benefits of the community solar program to determine whether a net benefit or cost to customers is expected to occur using forward-looking inputs.

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15 See ENO's Illustration of the Community Solar Credits, filed August 30, 2024.

16 Docket UD-13-02; ENO Comments filed September 28, 2016.

To calculate the energy costs associated with the Community Solar program, this analysis assumed 30 MW of CSG facilities would be online by 2025, with the remaining 30 MW coming online in 2026 and all projects operating throughout the 20-year term. As in the 2016 analysis, energy and capacity from the systems was assumed to degrade 1% annually starting in 2026. It assumed a 70/30 mix of ground mounted fixed/ground mounted single axis tracking systems since all applications received so far have been for ground mounted systems. The Subscriber mix was assumed to be 70% low income, with the other 30% being a mix of non-low income residential and commercial customers. Subscriber credits were projected under the updated Rider CSGF methodology.

The analysis assumed four different benefits to electric customers—avoided energy, avoided capacity, avoided environmental costs, and avoided line losses.[17] For avoided energy benefits, Entergy's System Planning and Operation group ("SPO") provided the forward MISO Locational Marginal Pricing ("LMP") curve for the ENO load zone developed for use in ENO's Business Plan 2024 ("BP24"). For avoided capacity, SPO provided its forecast of MISO Planning Resource Auction ("PRA") clearing prices as well as its HSPM projection of Effective Load Carrying Capability ("ELCC") values for solar over the next 20 years. SPO provided its BP24 assumptions for avoided environmental costs, commencing in 2036. Avoided line losses were calculated using the values included in ENO's 2023 test year FRP filing.

Based on the assumed costs and benefits over the 20-year period from 2025-2044, the analysis estimates a total nominal cost of $212.9 million to electric customers, which produces a

[17] To the extent the projected BP24 cost inputs associated with any of the four benefit categories did not extend for the full twenty-year analysis period, ENO has extended the last available cost input through the remainder of the twenty-year horizon using an annual escalation rate of 2% to account for future inflation.

NPV of $111.1 million when discounted using ENO's 6.70% WACC.[18, 19] The relatively small number of participating customers[20] will receive monthly bill credits through their subscriptions to mitigate payment for their allocated share of the overall program costs. The majority of the costs identified above will effectively be shifted to non-participating customers, including many low-income customers who will not have the opportunity to participate, as ENO collects the amounts paid for Subscriber credits and administrative costs through the Fuel Adjustment Clause ("FAC").[21] The Company has calculated a customer bill impact based on the nominal, average annual net cost of approximately $10.6 million estimated through the analysis. Collecting this net amount through the ENO FAC would add about $1.84 to a 1,000 kWh residential customer's monthly bill, or over $22 annually.[22] See Attachment 3. As previously noted, this shift in costs

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18 ENO believes that using the forward MISO PRA prices represents the best assumption of avoided capacity value in this analysis since the PRA value reflects the auction revenue ENO would receive as the Market Participant each year for registering the 60 MW block of Community Solar projects. If, instead, the avoided capacity value were calculated using the cost of an avoided CT, as would be the case in an economic analysis comparing the cost of new resource options, the results would not be meaningfully different. The 20-year total nominal cost borne by electric customers would be $204.2 million, a reduction of about $8.6 million, with a NPV of $108.5 million.

19 As has been stated, the Forward-Looking Analysis assumes the Program Capacity Limit remains at 60 MW-AC. Obviously, any increase to the Program Capacity Limit will drive significant additional cost shifts. For example, if the Program Capacity Limit were increased to 100 MW, the estimated 20-year nominal net cost would increase to $326.0 million, or $164.7 million NPV.

20 Depending on assumptions made about the Baseline Annual Usage ("BAU") of customers who seek to subscribe, and the number of commercial customers that may subscribe and claim a portion of the 60 MW program capacity, it is reasonable to project residential participation (low income and non-low income) of around 7,000-9,000 customers, or about 4%-5% of the residential class.

21 The Company also updated the estimated cost shift resulting from Net Energy Metering that was submitted in UD-13-02 in 2016. That analysis projected a nominal $31.5 million cost ($17.0 million NPV) to be borne by ENO electric customers over the 20-year period from 2016-2034. Starting with the current installed NEM base of approximately 52 MW and escalating that over time, using the PVWatts model results for rooftop solar output in New Orleans applying the same 1% annual degradation factor, and applying the same four types of benefits as offsets to the costs, the updated analysis estimated a nominal $244.7 million net cost over the 20 year period from 2025-2044, or a NPV of $124.7 million based on discounting at the Company's 6.70% WACC. Taken together, these two forward-looking analyses estimate a combined nominal net program cost of $457.6 million ($235.8 million NPV) from Community Solar and NEM will be absorbed by ENO electric customers over the next 20 years, most of whom will be non-participants in these programs. To the extent the Council wants to reduce the cost-shift associated with the NEM rules, the best way to accomplish that would be to move to a different compensation structure, *e.g.*, 2-channel billing, as has been done in numerous other jurisdictions such as Hawaii and California, and in the jurisdictions served by the other four Entergy Operating Companies.

22 ENO argued in its June 16, 2023 comments that it should receive the Renewable Energy Credits ("RECs") associated with energy produced by CSG Facilities so that it could retire them on behalf of all customers as part of its annual Renewable and Clean Portfolio Standard ("RCPS") compliance. Because the Council ruled in R-23-507 that

will benefit a small number of developers and a small subset of ENO customers. In fact, ENO estimates that only 7,000 to 9,000 customers (representing only 4% - 5% of ENO residential customers) might be able to participate in this program.

2. <u>Incremental Implementation and Administration Costs</u>

The Company cannot, at this point, estimate with any specificity the costs required to implement consolidated billing given the unsettled state of the docket. Intervenors have filed numerous comments regarding what consolidated billing might entail, but more clarification will be needed to develop detailed process maps and thorough technical requirements to determine what application systems need to be configured, designed, and built in order to determine estimates of costs and reasonable timelines for implementation, as well as to provide an indication of the need for additional resources and employees.

Several intervenors have pointed to a consolidated billing model used in New York and suggested ENO should implement something similar. However, the New York community solar program, NY-Sun, stretches across six public utilities that together serve millions of customers. Net Crediting consolidated billing for New York was approved in December 2019 following an extensive stakeholder process in a separately docketed proceeding.[23] Over the next three years, the implementation of the net crediting model experienced difficulties, with the Commission noting in an Order that Staff had issued a report that, "recognized numerous ongoing billing issues related to utility billing of [Community Distributed Generation] impacting thousands of customers and generating confusion surrounding energy costs and [Community Distributed Generation]

ENO will not receive the RECs, customers will bear additional costs as ENO purchases unbundled market RECs to offset this locally generated renewable energy as part of RCPS compliance. Based on the energy production assumed in the analysis, and assuming a REC price that starts at $2.25/MWh and escalates 2% annually, this unnecessary cost could total upwards of $7.2 million ($3.7 million NPV) over 20 years. The Company strongly urges the Council to reconsider this issue and either allow ENO to receive the RECs or modify the calculation of Compliance Load under the RCPS rules to exclude the annual energy generated by CSG Facilities.

[23] New York Public Service Commission, Case 19-M-0463, Order, December 12, 2019.

program benefits."[24] While it is not immediately clear what steps utilities took to address the billing issues with net crediting, a "Solar for All" program has been adopted recently which seems to limit participation to low-income customers and include different consolidated billing and crediting processes.[25]

In short, the Council must determine whether it is appropriate to require ENO to attempt to implement a billing model that has clearly been a challenge in New York, a much larger jurisdiction, understanding that the costs for such implementation would be borne by the relatively small number of customers in New Orleans, many of whom qualify as low income today. Producing detailed scopes of work for IT system modifications and updated process maps will entail a significant level of effort and cost and should not be undertaken until after the Council makes a decision to further modify its Rules. If the Council decides to modify its Rules to require consolidated billing, further direction from the Council is needed to establish requirements for a consolidated billing framework to ensure all parties understand the capabilities and limitations of ENO's systems and processes and to ensure ENO has sufficient information to produce detailed estimates and implementation timelines that target completion by July 1, 2025, if feasible. The Company would also need to conduct a procurement/bid process to get accurate external IT cost estimates of billing system modifications as well as the automation of billing processes and regular data exchanges between Subscriber Organizations and ENO.

As with system implementation costs, it is difficult to determine at this point the incremental administrative duties that would be required under a consolidated billing model. In earlier comments in this docket, the Company described in detail the reasons supporting the need for an incremental full-time employee ("FTE") to serve as Community Solar Program Manager

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24 New York Public Service Commission, Case 19-M-0463, Order, September 15, 2022, p. 3.

25 New York Public Service Commission, Case 21-E-0629, Order, May 16, 2024.

("CSPM").[26] The tasks and responsibilities identified there would presumably increase with the adoption of consolidated billing. The incremental costs associated with this FTE, or any others required to administer the Council's program, would be eligible for collection from customers through an appropriate Council-approved ratemaking mechanism for the reasons described in those earlier comments.[27] As with implementation costs associated with consolidated billing, incremental administrative costs were not included the cost-shift analyses or bill impact analysis discussed above; any ratemaking effects from collecting such administrative costs would be incremental to the net costs and bill effects previously discussed. Even under the current Rules, a significant amount of data is supposed to be exchanged between the Subscriber Organizations and ENO every month regarding the current subscribers and their respective subscription amounts, which ENO understands may fluctuate monthly.

While the Council's intent regarding consolidated billing remains unclear, ENO understands the Subscriber Organizations may be free to change the subscription fee for each project and Subscriber over time under consolidated billing. This means an even larger amount of data would potentially be exchanged monthly between ENO and the owner of each Community Solar Project under consolidated billing. Whether under the current Rules or consolidated billing, the magnitude of data expected to be exchanged monthly raises significant concerns for ENO and seems to present the potential for billing errors.

3. <u>Legal Considerations</u>

In addition to the accelerated and incremental financial burden that consolidated billing will have on non-participating customers, including low-income customers, ENO further asserts that consideration should be given as to whether the Council's directive for ENO to plan and

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26 See ENO Responsive Comments to the Advisors, October 15, 2019, pp. 5-8.

27 *Id.* at 11-13.

implement consolidated billing would be consistent with the Council's lawful jurisdictional authority.

Recent jurisprudence has reinforced that the Louisiana Constitution does not authorize a regulatory body to dictate how utilities are to manage and operate their businesses.[28] In light of this limitation on regulatory authority, it does not appear that the Council has the authority to mandate that utilities such as ENO implement a consolidated billing program over the utility's objection. ENO's current billing system is a core function of the management and operation of its utility business. Various intervenors have requested that ENO change its current billing system in order to accommodate consolidated billing in the context of a Community Solar program. As discussed herein, their request represents a significant and costly change from the billing system that ENO uses to manage and operate its business.

If the Council were to require ENO to change its billing system for purposes of consolidated billing, that would infringe on ENO's right to determine how best to utilize its billing system and otherwise properly manage and operate its business. In addition, it would force ENO to engage in a costly and time-consuming process regarding a billing method that ENO's system does not currently support and that would require vast resources and expenditures to implement.

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[28] *See e.g.*, Ruling (February 10, 2020), *Beauregard Elec. Coop., Inc., et al. v. La. Pub. Serv. Comm'n,* Docket No. 683, 388, Nineteenth Judicial District Court, Parish of East Baton Rouge, at 2-3 (vacating a Commission Order which, among other things, purported to mandate certain internal management-related activities of several electric cooperatives) ("The express language of the 1974 Louisiana Constitution reasonably interpreted does not allow the Commission the authority to dictate how a private company conducts its own business."); *see also Missouri ex rel. Sw. Bell Tel. Co. v. Pub. Serv. Comm. Of Mo., 262 U.S. 276, 289 (1923) ("*It must never be forgotten that, while the state may regulate with a view to enforcing reasonable rates and charges, it is not the owner of the property of public utility companies, and is not clothed with the general power of management incident to ownership.*"));* 73B C.J.S. *Public Utilities* § 14 ("The power of the State to regulate the conduct and business of public utilities is limited by the consideration that it is not the owner of the property of the utility, or clothed with the general power of management incident to ownership, since the private right of ownership of such property remains and is not destroyed by the regulatory power.") (citations omitted).

The Council should not take away ENO's preferred billing method and supplant it with one favored by various intervenors.

4. <u>Recommendations to Mitigate the Cost Shift to Non-Participating Customers</u>

In these comments, ENO has identified a significant and concerning cost-shift to non-participating customers that will result from implementation of the Community Solar program as defined by the Rules, even without consolidated billing. ENO understands the Council wants the Community Solar program to help benefit low-income customers, in particular. However, the current Rules will only allow approximately 4%-5% of ENO customers to participate, while all ENO customers will pay significantly more. This potential participation rate will be much lower if larger commercial (or industrial) customers are allowed to enroll as anchor customers in CSG projects.

If the Council were inclined to take a step back and consider potential options, the Rules could be modified to simplify and reduce costs of the Community Solar program for all involved. To that end, ENO has identified two key modifications for the Council to consider:

a. Reduce the program capacity limit (*e.g.* from 60 MW to 20-30 MW) and limit participation to low-income customers.

b. Reduce payments to Subscriber Organizations, either by changing the CSG credit rate methodology in the Rules or by incorporating a competitive process to select CSG projects that can be built at the lowest cost to all customers.

If enacted, these changes would preserve a path forward for a Community Solar program in New Orleans that also reduces costs to be borne by all customers and would ensure the program is targeted to low-income customers, the subset of customers that the Council has stated it wants the program to benefit.

CONCLUSION

For the reasons discussed herein, ENO respectfully submits that the Council should not amend its Rules to require the implementation of consolidated billing. A mandate for ENO to change its billing processes to accommodate consolidated billing would result in an accelerated increase in costs borne by non-participating customers, including low-income customers, which would be fundamentally unfair and burdensome. However, in the event the Council decides to further modify its Rules to require the implementation of consolidated billing, then further stakeholder processes will be necessary to define the parameters of the framework such that ENO can develop appropriate estimates of costs and updated processes to administer it. ENO also encourages the Council to revisit certain aspects of its Rules to ensure fairness in the overall program design and a reduction in the estimated cost-shift identified in the Company's updated analyses.

Respectfully submitted,

By: Leslie LaCoste ____________________

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ATTORNEYS FOR
ENTERGY 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.

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New Orleans, Louisiana, this 30th day of October 2024.

Leslie M. LaCoste