



August 8, 2025

Via Electronic Mail

Aisha Collier
Assistant Clerk of Council
Room 1E09, City Hall
1300 Perdido St
New Orleans, LA 70112

Re: **Advisors' Report on VPP** (Docket No. **UD-24-02**)

Dear Ms. Collier,

Finance New Orleans respectfully submits the attached filing in docket **UD-24-02** pertaining to the City's **Distributed Energy Resource Program**.

Please do not hesitate to reach out with any questions related to this filing.

Sincerely,

Annie Clark
Finance New Orleans



Re: Advisors' Report on VPP (Docket No. UD-24-02)

FNO is a strong proponent of expanding distributed energy resources (DER) in New Orleans to enhance grid reliability and resilience. We appreciate the Council's foresight in opening this docket and the Advisors' diligent work in analyzing the proposals from various parties, including Together New Orleans (TNO) and Entergy New Orleans (ENO).

The proposals have varying primary goals and timelines for the Virtual Power Plant (VPP). TNO's approach advocates for quickly funding resilience to create immediate capacity and uses a cost-benefit analysis that correctly accounts for intangible social benefits. ENO's approach focuses on a more gradual, multi-year plan to build capacity to meet future grid needs and ensure long-term grid stability. These distinct approaches have led to varying cost-benefit analyses and funding strategies. We believe that a comprehensive cost-benefit analysis must go beyond purely tangible metrics to properly account for the immense value of community resilience, while also addressing the critical need for a thoughtful, long-term strategy to ensure grid stability and capacity for the future.

This is a critical moment for the City to act decisively. New Orleans cannot afford to delay a full-scale DER program by pursuing an incremental pilot, especially since the existing program has failed to attract customers. Instead, we should look to other aggregated storage programs across the country that have seen rapid expansion and created hundreds of megawatts of capacity. We have a unique opportunity to lead the nation in DER-enabled resilience, but this requires an ambitious vision that prioritizes immediate impact and broad scale. Our goal must be to rapidly deploy this technology to strengthen our grid and protect our most vulnerable communities, building on initial pilot efforts to achieve meaningful progress.

FNO believes the Advisors' conclusion that SERI credits cannot be used for a DER program is a significant oversight. As TNO and the Alliance for Affordable Energy have argued, SERI funds are uniquely available to jump-start this effort, and their use is critical to ensure that income-qualified families can participate. FNO believes that a targeted use of these funds can be structured to provide a clear public benefit that aligns with the Council's goals for both resilience and ratepayer relief. As TNO's benefit-cost analysis shows, these credits will lead to customer bill savings over time and other economic and societal benefits. We believe this is a valuable and worthy use of the funds, particularly when considering the gains made in meeting energy equity goals. While direct rate-based program costs could cover some incentives, and third-party aggregators can assist with low or no-cost upfront financing, SERI credits, or a similar source of income-qualified incentive financing, will be necessary to meaningfully achieve the program's



equity goals. A failure to utilize these funds would miss a critical window for action and delay meaningful deployment.

To achieve the goals of all parties, it is critical to establish a neutral, third-party administrator for a DER program. An organization like FNO, as the city's green bank, is uniquely positioned to take on this role due to its expertise in leveraging public funds to catalyze private investment. This model would allow the administrator to:

- **Act as a Public Developer:** Similar to the Connecticut Green Bank's "public developer" model, an administrator could use its low cost of capital and potential SERI funds to rapidly scale up VPP assets. This approach complements ENO's capacity utilization model and helps mitigate concerns about the program's pace and scale.
- **Bridge the Timing Gap:** By acting as a financier-developer, an administrator can fund the addition of batteries and solar to municipal, commercial, non-profit, and multi-family properties. The administrator's balance sheet can absorb the initial lags between rapid scaling and capacity utilization, addressing concerns about a rapid expansion while also meeting the need for urgency.
- **Ensure Vendor Neutrality and Affordability:** An administrator would ensure a vendor-neutral program and, crucially, promote broad participation and deliver direct benefits to low-income families and disadvantaged communities. This aligns with the program's equity goals and is supported by a broad range of stakeholder feedback.

We believe that a program administered by a neutral third party is the best path forward to reconcile the different timelines and priorities of ENO and TNO. This model provides the speed and scale TNO desires while offering ENO the long-term, coordinated approach to grid capacity that it seeks. The use of SERI funds, paired with private investment, is the most effective way to jump-start this effort and deliver tangible benefits to New Orleans residents, especially those most in need. We urge the Council to move to adopt a framework that saves lives, saves money, and strengthens the grid—a plan that is neutral, inclusive, and moves with urgency.

We are ready to work with the Council, the Advisors, and all parties in this docket to develop a concrete plan that puts these principles into action. We are confident that a collaborative approach can lead to a program that is both innovative and cost-effective, saving lives, strengthening the grid, and saving money for all New Orleanians.



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

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(Docket No. UD-24-02)

CERTIFICATE OF SERVICE

I do hereby certify that I have, this Aug 8, 2025, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

Annie Clark
Finance New Orleans