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March 14, 2025

Via Electronic Mail

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

**RE: Docket UD-24-02 Proposal to Enhance Distributed Energy Resource Programs for the
City of New Orleans**

Dear Clerk of Council,

On behalf of PosiGen, PBC, I respectfully submit these comments on the proposals that were filed in Docket UD-24-02 on December 20, 2024. Please let me know if you have any questions related to this filing.

Respectfully submitted,

/s/ Kyle Wallace

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Before the Council of the City of New Orleans

RESOLUTION AND ORDER	:	
ESTABLISHING A DOCKET AND	:	Docket No. UD-24-02
PROCEDURAL SCHEDULE TO	:	March 14, 2025
ENHANCE DISTRIBUTED ENERGY	:	
RESOURCE PROGRAMS	:	

Introduction

We appreciate the opportunity to provide comments on the proposals that were filed in this docket on December 20, 2024. It is critical and urgent to expand access to distributed energy resources (“DERs”) within New Orleans and we hope that as we move forward through this proceeding that the necessary amount of time and attention will be spent engaging with the merits and design of a DER program. PosiGen is concerned that the current schedule and focus of this docket is focused more on a potential funding source rather than on DER program design. While the funding source for a program is always critical, that should not delay discussion on the many complex aspects of an effective DER program that must be discussed. Together New Orleans and the Alliance for Affordable Energy have put forth a robust program design and many other parties have provided important information regarding program design considerations, and we look forward to engaging on the substance of the proposals and other parties initial comments on them.

I. The Program Should Support All Financing Models to Encourage Innovation

The energy storage program should be structured to allow for multiple financing models, ensuring that customers can choose the ownership structure that best fits their needs. Restricting the program to customer-owned systems would limit competition, slow adoption, and make the program less effective overall. An inclusive, financing-neutral approach—one that allows customer ownership, leasing, and third-party ownership—will encourage broader participation, attract private investment, and reduce overall program costs.

Other states have taken this approach with great success. Programs in Connecticut, Massachusetts, Vermont, and Hawaii have all embraced financing flexibility, recognizing that different ownership models serve different customer needs. By keeping the program open to all financing options, New Orleans can foster innovation and ensure that energy storage is accessible to a wide range of residents.

TPO is Critical to Expanding Access to Battery Storage

Resilience New Orleans has recommended that SERI funds should not be available for third-party developers or nonprofits, citing concerns over past abuses in Louisiana’s state solar

tax credit program.¹ We believe that this would be a mistake given well-documented benefits of third-party ownership (“TPO”) models, which have helped the deployment of energy storage programs across the country. Excluding TPO would significantly hinder the expansion of battery storage in New Orleans, particularly for low- and moderate-income (“LMI”) households that lack the upfront capital to purchase systems outright.

Across the country, TPO models have enabled LMI customers to access clean energy with no upfront cost, removing one of the biggest barriers to adoption. In Connecticut, for example, PosiGen is the second-largest single-family home participant in the state’s Energy Storage Solutions program, with over 95% of its projects serving LMI customers. Similarly, Massachusetts’ ConnectedSolutions program has demonstrated that third-party-owned storage leads to higher participation in grid services, ensuring that ratepayers collectively benefit from distributed energy resources. Programs like these have shown that third-party ownership is a proven, effective model that expands clean energy access and improves program reach.

At the same time, we support ensuring that SERI funds are administered in a way that prioritizes customer benefits. Centralizing administration through Entergy by scaling up a program based on the structure of their existing battery pilot program, rather than distributing funds to third parties or nonprofits to stand up a separate program administration structure, would help provide greater oversight and accountability to prevent any potential abuses. A well-structured approach, with Entergy playing a leading role, can help ensure that customer funds are deployed efficiently, equitably, and with a focus on long-term grid reliability and affordability for all ratepayers.

TPO Ensures That LMI Customers Fully Benefit from Federal Incentives

Third-party ownership is also the only model that allows LMI customers to fully benefit from federal tax incentives. While direct ownership may seem like a straightforward option, it does not work for most low-income households because the federal Section 25D Residential Energy Credit requires sufficient tax liability to claim the full benefit. Without these credits, the upfront cost of battery storage remains prohibitively high for many homeowners.

Under a TPO model, companies can fully monetize the federal Section 48 & 48E investment tax credits (“ITC”) and bonus credits that are currently in place — including the Low-Income Communities Bonus Credit, Energy Communities Bonus Credit, and the Domestic Content Bonus Credit — passing those savings directly to customers in the form of significantly lower monthly payments. In other words, excluding TPO from the program would disproportionately disadvantage low-income households by cutting them off from the very incentives designed to make energy storage more affordable. The Council has a responsibility to ensure that everyone can access energy storage through this program, and that requires maintaining program structures that allow for the most efficient use of available federal funding.

¹ Resilience New Orleans. *Resilience New Orleans Proposal: Distributed Energy Resource Docket UD-24-02*. 20 Dec. 2024. Submitted to the Council of the City of New Orleans.

TPO Providers Are Well Positioned to Manage a Battery Dispatch Program

TPO providers do more than make battery storage affordable — they can also help simplify participation and remove risks for customers, making them important to a successful virtual power plant (“VPP”). Because the TPO provider maintains ownership of the system, they are able to easily enroll and manage the systems and bear the downside risk of underperformance.

Third-party aggregators, whether TPO providers or independent entities, play a crucial role in managing battery fleets efficiently. Since TPO providers own the assets, they can integrate them directly into the VPP, ensuring seamless participation and consistent performance. In contrast, aggregators working with customer-owned systems must secure management rights, adding complexity and uncertainty. By including TPO providers, the Council can maximize participation, minimize administrative hurdles, and enhance grid reliability while protecting customers from unnecessary risk.

Ensuring a Dedicated Incentive for Low-Income Customers

The Council has asked for input on structuring incentives and whether a specific low-income set-aside is necessary. Based on our experience in storage programs across other states, intentional program design is crucial to ensuring LMI participation. Without dedicated incentives, early adopters tend to be higher-income households, leaving low-income customers behind.

Connecticut’s program has demonstrated that LMI participation can be successful when clear targets are established. By setting a 40% LMI participation goal, the state saw storage adoption among underserved households rise from 9% to 25% in just one year. A similar approach in New Orleans would ensure that storage benefits are distributed equitably, particularly as LMI households face the highest energy burdens and the greatest need for backup power during outages.

To achieve this, we recommend that New Orleans establish explicit LMI participation targets, similar to Connecticut’s model. Additionally, a targeted low-income incentive would align with federal programs, maximizing available funding for LMI customers and streamlining access to energy storage.

II. Comments on Together New Orleans & Alliance for Affordable Energy’s Proposal

We support the program design put forth in Together New Orleans/Alliance for Affordable Energy’s (TNO/AAE) comments submitted on December 20, 2024.² Specifically, we support the following key program components:

² TNO/AAE Proposal: Distributed Energy Resource Docket UD-24-02. 20 Dec. 2024. Submitted to the Council of the City of New Orleans.

- Use of an upfront incentive to reduce barriers to battery adoption
- Requirement of 3 years participation in the battery dispatch program, with the intent to continue participation in a pay-for-performance program when developed
- Consistent payments on a \$/kW or \$kWh basis to ensure it is technology agnostic
- Providing support for both residential and commercial projects
- Support for LMI participation
- Integration with a DER Management System provider to coordinate dispatch
- Robust reporting and analysis that will help inform the long-term program design

TNO/AAE's proposal is the most complete proposal that has been put forth by parties in this docket and we believe should be the starting place for building the DER program that New Orleans needs. We support much of the rationale and methodology behind the programmatic elements included in their robust proposal, and we look forward to engaging with other parties on the details.

As we detailed extensively in our prior comments in this docket, there are numerous programs across the country that are already active and providing grid benefits. New Orleans does not need to recreate the wheel with the program design and can learn from what has worked in other jurisdictions. This should accelerate the time frame to design and implement this program so that benefits can be realized in the community in the near term.

Conclusion

New Orleans has a unique opportunity to design an energy storage program that prioritizes equity, grid reliability, and innovation. The grid of the 21st century is going to require both large-scale and small-scale resources, and the dispatchability of resources like energy storage is going to be critical in order to reduce system peaks and ensure that the grid is being better utilized, which reduces the costs borne by all ratepayers. This program is an opportunity to jump-start this critical need while also providing the extremely meaningful private benefits of increased resilience.

We appreciate the opportunity to provide these comments and look forward to working with the Council to develop a best-in-class energy storage program for New Orleans.

Respectfully submitted,

/s/ Kyle Wallace

Kyle Wallace

VP, Public Policy & Government Affairs

PosiGen, PBC

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, Ruthie DeWit, do hereby certify that I have, this March 14, 2025, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

/s/ Ruthie DeWit

Ruthie DeWit

PosiGen, PBC