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March 31, 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 reply comments on the comments that were filed in Docket UD-24-02 on March 14, 2025. 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

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| RESOLUTION AND ORDER | : | |
| ESTABLISHING A DOCKET AND | : | Docket No. UD-24-02 |
| PROCEDURAL SCHEDULE TO | : | March 31, 2025 |
| ENHANCE DISTRIBUTED ENERGY | : | |
| RESOURCE PROGRAMS | : | |

I. Reply Comments to Resilience New Orleans

A. Program Administration and Oversight

In its comments, Resilience New Orleans (“RNO”) expresses concern that PosiGen’s proposal, and others, would “create unnecessary bureaucracies that increase costs and reduce efficiency,” and instead recommends “leveraging the existing Energy Smart structure” to administer the DER program.¹ We appreciate the focus on administrative efficiency and oversight and want to clarify that we are in full agreement on this point.

Our proposal does not call for the creation of a new administrative body or bureaucracy, instead it explicitly builds on the Energy Smart framework and would retain Entergy New Orleans’ (“ENO”) role as program administrator of the program. We do not believe that funding should be distributed to third-party entities who would then administer their own programs. Our recommendation is that ENO disburse funds only after projects are verified and enrolled in the utility’s DERMS platform. This approach reinforces transparency, ensures strong utility oversight by tying payments directly to project completion and enrollment

At the same time, our proposal preserves critical elements of market fairness—namely, customer choice through ensuring that the program is vendor (as in installer, aggregator, or other entity) and equipment-neutral so that all qualified providers are able to participate in the

¹*Resilience New Orleans Proposal*, Resilience New Orleans, March 14, 2025, Docket No. UD-24-02, pg. 1.

program. We simply believe that the program should not be designed in a way that is only accessible to projects developed by certain installers, using specific business models, or requiring a limited number of equipment manufacturers. Entergy would be the single administrator of the program with their selected DERMS platform, but then any solar and energy storage projects would be able to enroll in the program.

B. Third-Party Ownership and Ratepayer Benefits

RNO opposes the approach of allocating SERI credits to third-party developers or independent programs and that 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.”² We believe our previous response should help clarify that we are in agreement of utilizing the Energy Smart program structure to expand the Battery Pilot so that the proper ratepayer protections are in place. We also do not recommend allocating credits specifically to third-party developers or independent programs. Rather, our proposed approach is that the funding would be dispersed based on specific projects that are constructed and enrolled in the program, and that it would be the household/participant who would determine how the upfront payment would be applied - whether to collect the amount themselves or assign to the installer in exchange for a reduced purchase price or lease payment.

What we are opposed to is a blanket prohibition on any third-party ownership models from participating in the program. There is no basis for such a prohibition and including one would categorically exclude lower-and-moderate income households from being able to participate in the program for the reasons that we have extensively covered in our initial proposal and our March 14 comments. There is nothing inherent about the customer-owned or third-party

² *Ibid*, pgs. 1-2.

owned models that would put them at odds with an energy storage program design, nor is one fundamentally better than the other. We share the objective of protecting against bad consumer outcomes, but those outcomes can occur regardless of the ownership structure. Excluding TPO doesn't protect ratepayers, it limits access for those who need these resources most.

Additionally, the solar and storage industry has also evolved since the time of Louisiana's former solar tax credit. Today's market participants who would be looking to participate in an energy storage program will be more sophisticated, and are operating under a much clearer set of industry, equipment, and program standards and rules. While it is certainly a useful reminder that good program design and standards are critical to overall program success, we do not believe the proposals put forward by PosiGen, Together New Orleans and the Alliance for Affordable Energy or others would run into the same issues.

C. Grid Integration and Ratepayer Benefits

RNO states that “[p]roposals that do not include a mechanism to integrate customer DERs into utility operations... should not be considered” and that all DERs should be “dispatchable by the utility and serve the needs of the distribution grid.”³ Our proposal, designed around full integration with ENO's DERMS platform with the intended performance to serve grid needs and reduce costs for all ratepayers, aligns with RNO's comments on grid integration with the clarification that the utility is directing the dispatch but is not physically controlling the actual consumer energy storage systems.

Enrolled DER systems would only operate independently of the utility during outages, during which they would be used to provide critical backup power for host customers. This resilience benefit is the primary reason program participants seek to add energy storage. Every

³ *Ibid*, pg. 2.

participating system would be interconnected to the distribution system, visible to ENO, and dispatchable through event notifications sent by the utility's DERMS. Critically, the fact that energy storage can be dispatchable and flexible means that as grid needs evolve over time means that ratepayer value can be maximized over the long-term.

Enrollment in the DERMS platform would be a condition for payment, ensuring that public funds support public benefits provided by these systems, not for the private backup power that they provide. Properly integrated DERs can provide capacity relief during peak demand, defer costly infrastructure upgrades, and enhance broader system reliability. These benefits are not limited to participating households, but accrue to all customers, justifying thoughtful public investment.

PosiGen's role as a third-party owner of leased solar plus energy storage systems would be in ensuring that customers receive a discounted lease for energy storage to account for the program payment, ensuring that the systems are enrolled in the program, and managing the performance of system based on the events called by ENO (potentially in coordination with the equipment manufacturer). Additionally, as the owner, if there were any clawbacks due to non-performance or other payment risk then we would bear that rather than the individual participant.

D. Federal Incentives and Program Sustainability

RNO raises concerns about the use of other revenue sources and asserts that the Council should not rely on federal tax incentives, cautioning that such funding "could be withdrawn or modified at any time" and warning against using them to "deliver the benefits of the DER program".⁴ PosiGen's prior comments regarding the availability of the federal Investment Tax

⁴ *Ibid*, pgs. 3-4.

Credit (and applicable bonus credits) and Residential Energy Credit were simply to demonstrate that these federal policies can help further offset project costs from non-ratepayer funds which will help with the adoption of solar plus energy storage and can assist with the success of the program. We certainly appreciate and agree with the concern that all of these sources may not be available when this energy storage program actually launches, but we do not believe that changes the approach that the Council should take in this docket. If federal policy certainty is a prerequisite for creating a utility energy storage program, then no energy storage program would ever be created.

While uncertainty exists, it is important to consider that the base ITC and Residential Energy Credits have been extended multiple times on a bipartisan basis and we expect will continue to be available in the coming years. In prior comments, we highlighted the added benefits of the Energy Communities Bonus Credit and Low-Income Communities Bonus Credit could play in accelerating adoption, particularly among low-income households, given the eligibility overlap with New Orleans. An additional source of project funding is Louisiana's Solar for Y'all program, where the federal funding is not frozen and is still expected to be launched in 2025. Together, these revenue sources can substantially reduce system costs for participating households and improve overall program participation.

We are not recommending that the Council build a program dependent on federal dollars alone. Instead, we propose a blended approach that uses SERI Credits to launch the program quickly and equitably, while individual projects would incorporate other available federal incentives. This structure mirrors national best practices and reflects how other jurisdictions are responsibly scaling clean energy access through a combination of federal, state, and local policies.

RNO highlights the potential value of a time-of-use (“TOU”) tariff to shift energy usage to lower-cost periods. PosiGen is generally supportive of TOU rates as a way for households to better manage their energy costs and shift their usage, and solar generation through energy storage, to more valuable times for the grid. We would caution that simultaneously being enrolled in a TOU rate and demand-response program risks sending conflicting price signals to consumers as to when and how to dispatch their energy storage. We believe that the impact of a demand-response style energy storage program, like the Battery Pilot, can have a far greater impact on reducing peak demand and providing cost-savings to all ratepayers. This is because the energy storage can operate a full discharge capacity during targeted events that coincide with expected periods of high demand, can be measured by ENO, and can have better participation rates. In contrast, a TOU rate limits an individual household’s impact to shifting their own usage which may not allow the battery to operate at its full capacity. Behavior changes and energy storage usage are also more difficult to identify and measure because ENO would only be seeing what is happening at the utility meter and not what is occurring behind the meter. TOU rates can be an important tool for managing energy use, but we do not believe it alone would provide the greatest ratepayer benefits.

Finally, RNO asserts that TOU rates or use of a Carbon Offset Fund would be “...more sustainable than direct subsidies.”⁵ We would like to clarify that the use of “subsidies” would be incorrect in the context of this program. If these energy systems are being required to perform during specific periods of high demand, as our proposal recommends, then the compensation they are receiving is a payment for value or service and not a subsidy. A sustainable model is one where the grid and ratepayer value being provided is greater than the associated payments, resulting in a sustainable net benefit over time.

⁵ *Ibid*, pg. 3.

II. Reply Comments to Entergy New Orleans

A. Payment Levels and Program Design

We appreciate that ENO recognizes the potential for distributed storage to advance resilience, equity, and grid reliability. As ENO notes, “[b]attery storage has unique characteristics that can support multiple objectives, including grid reliability, energy equity, and emergency resilience.” We also share ENO’s commitment to core program principles, including demand response enrollment, upfront payments, and DERMS integration through Energy Smart and EnergyHub.

ENO proposes a program deployment target of approximately 4,200 systems over five years, using \$10 million in SERI credits with a cap of \$2 million per year.⁶ We believe that the proposed size of the program and limited annual deployment would unnecessarily introduce constraints in this nascent market. ENO proposes that “each residential customer will agree to allow ENO to utilize their BESS up to 60 times per year for the next ten years.”⁷ Long-term demand response participation adds meaningful value to the grid, but committing to 10 years of consistent, verified dispatch performance — especially in LMI markets — requires that the upfront payments are fair and commensurate with the value that is being provided over the term of the program. PosiGen is supportive of a long-term commitment of 10-years because it helps provide certainty for participants and allows the cost-benefit analysis of the program to consider what is closer to the lifespan of the resource.

ENO proposes spending roughly \$2 million per year in upfront payments, with a mix of \$400/kWh (LMI) and \$150/kWh (non-LMI) for retrofits, and lower rates of \$175/kWh for LMI and \$75/kWh for non-LMI new solar and storage installations. We believe that these payment

⁶ *Entergy New Orleans Proposal*, Entergy New Orleans, March 14, 2025, Docket No. UD-24-02, pg. 3.

⁷ *Ibid*, pg. 2

levels likely do not reflect the value that they would provide over 10 years of performing the program, particularly for non-LMI participants. For example, a non-LMI retrofit of a Tesla Powerwall would only receive \$2,025 for 10 years of sustained and dispatchable demand reduction.

ENO also critiques the TNO/AAE proposal, stating that “other proposals... only require participation in the Energy Smart DR program for a period of three years, far less than the life of the BESS asset being subsidized.”⁸ That characterization oversimplifies the proposal. The TNO/AAE filing calls for upfront incentive eligibility to be tied to a three-year minimum DR commitment, followed by ongoing participation under a pay-for-performance model. This structure offers a practical balance, supporting uptake at launch while enabling long-term value through performance-based compensation. TNO/AAE’s proposed incentive levels reflect the need to reduce adoption barriers and de-risk early installations. For markets like New Orleans—where economic burdens are ever present and participation among LMI customers is central to program goals—those levels are not only justifiable, they are essential.

If the Council opts for a 10-year commitment, we urge that payments be set at a level that reflects that duration. Alternatively, a phased approach like TNO’s, beginning with a three-year term with an associated upfront payment and then transitioning to performance-based payments that approximate the value being provided, may provide a more effective on-ramp, particularly for LMI customers.

Finally, ENO notes that it would recover the grid upgrade costs directly from the triggering customer unless directed otherwise by the Council, and that such upgrades could become more frequent due to this program. The necessity of distribution system upgrades and the mechanism by which costs are recovered is an incredibly important and complicated topic

⁸ *Ibid*, pg. 3

that likely cannot be solved in this proceeding. We would note that there are alternative models to the “cost causer” approach that other states have adopted which enable upgrade costs to be recovered without being borne by other ratepayers but also not burdening a single project, like a residential project, with the full upgrade cost.

B. Net Metering and Cost Shift Concerns

ENO raises the concern that offering a strong battery incentive “will almost certainly lead to a drastic uptick in new net metering installations, further exacerbating the cost shift to non-participating customers associated with net metering.”⁹ Respectfully, this concern is not supported by the design of either the TNO proposal or ENO’s own proposal. Both ENO’s and TNO’s filings have a focus on retrofitting existing solar customers with storage, not incentivizing a large influx of new net metering systems. ENO itself proposes to convert 2,500 of the city’s approximately 10,000 net-metered homes into dispatchable assets.¹⁰ TNO’s proposal similarly emphasizes equitable battery deployment, including a retrofit pathway.¹¹

The primary driver of new solar systems is, and will continue to be, the underlying economics of the solar itself, which would remain unchanged whether this program exists or not. Under ENO’s proposal, and other proposals in this docket, there will still be some incremental net cost increase for solar projects that include energy storage which would make a “drastic uptick” of new net metering systems unlikely. If this program is successful in adding energy storage to thousands of existing solar systems in the city, it will provide significant net benefits for all ratepayers which would *reduce* any perceived cost shift between solar and non-solar

⁹ *Ibid*, pg. 3

¹⁰ *Ibid*, pg. 3

¹¹ *Together New Orleans Proposal*, Together New Orleans, December 20, 2024, Docket No. UD-24-02, pg. 21.

ratepayers. This is yet another reason that the Council should move forward with creating and implementing an energy storage program as soon as possible.

III. Conclusion

The Council has an opportunity to build an effective energy storage program that expands resilience, strengthens grid reliability, and delivers value to all customers. The proposals put forward by PosiGen, TNO & AAE, Solar United Neighbors and others offer a framework that meets these goals while also increasing access for low- and moderate-income households. While we disagree with ENO on the interpretation of how SERI Credits may be used, we are fully aligned on the importance of program integrity, system-wide benefits, and appropriate Council oversight. We encourage the Council to move forward with a structure that leverages existing platforms, invites private sector participation, and delivers measurable benefits for all ratepayers. We look forward to working collaboratively to bring this program to life.

Respectfully submitted,

/s/ Kyle Wallace

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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 31, 2025, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

/s/ Ruthie DeWit

Ruthie DeWit

PosiGen, PBC