

September 22, 2025

Via Electronic Mail

Aisha Collier
Assistant Clerk of Council

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

Re: Resolution and Order R-24-624 (Docket No. UD-24-02)

Dear Ms. Collier:

Together New Orleans (“TNO”) and the Alliance for Affordable Energy (“AAE”) respectfully submit the attached Revised Proposal and Draft Settlement in the above-captioned docket, pursuant to Council Resolution R-24-624.

This filing reflects the substantial consensus achieved with Entergy New Orleans on the design of a distributed battery storage program, while identifying the remaining issues of program scale and funding source for Council determination. We believe these matters are now clearly defined and in a posture for decision by the Council.

Please file this submission in the record of Docket No. UD-24-02. We are circulating the filing to the Official Service List concurrently with this submission.

Respectfully submitted,

Broderick Bagert

A handwritten signature in black ink, appearing to be 'B/B' followed by a stylized flourish.

Together New Orleans

BEFORE THE COUNCIL OF THE CITY OF NEW ORLEANS
DOCKET NO. UD-24-02

**IN RE: RESOLUTION AND ORDER ESTABLISHING A DOCKET AND PROCEDURAL
SCHEDULE TO ENHANCE DISTRIBUTED ENERGY RESOURCE PROGRAMS**

**REVISED PROPOSAL AND DRAFT SETTLEMENT OF TOGETHER NEW ORLEANS AND THE
ALLIANCE FOR AFFORDABLE ENERGY: THE NEIGHBORHOOD POWER PLAN**

I) Introduction

Together New Orleans and the Alliance for Affordable Energy (“TNO-AAE”) respectfully submit this revised proposal, designated as the **Neighborhood Power Plan (NPP)**, pursuant to Resolution R-24-624.

Throughout September 2025, TNO-AAE and Entergy New Orleans (“ENO”) convened three working meetings to pursue a settlement in Docket UD-24-02. Those discussions produced substantial alignment on program architecture, grid integration, and market operations. Where disagreement remains — essentially the scale of the program and the source of funds — the issues are clearly defined and ready for decision by the Council.

The outstanding matters are not peripheral and will determine 1) whether the Council establishes a significant program or one that’s smaller than what community organizations already have achieved on their own, and 2) whether the chosen funding source benefits ratepayers, by avoiding bill increases, or benefits the utility, by allowing settlement funds to remain on its books. Once the Council resolves these two issues, however, the broad alignment already achieved on program structure and design will allow for effective and timely implementation.

In this filing, TNO-AAE seek to:

- Detail the points of consensus and the remaining differences between TNO-AAE and ENO,
- Make the case for the original funding level identified in the docket, using settlement funds.
- Present a draft program term sheet for Council adoption or amendment, and
- Provide two viable funding options.

II) Areas of consensus

Through a series of productive meetings, TNO-AAE and ENO have established several important areas of consensus, including:

1. **Using upfront incentives to expand the battery program.** Both sides support adding an upfront incentive to increase BESS deployment and enrollment growth.
 2. **Use of ENO's existing DERMS.** The parties agree to use the current Mercury/DERMS platform (**EnergyHub**) for telemetry and event operations.
 3. **Utility operational control.** The parties agree that ENO will maintain operational control of enrolled DERs for grid services.
 4. **Transferability / continuity of aggregator–installer participation.** Contracts should include assignment provisions so participant enrollments persist if an installer/aggregator changes or the program implementer transitions.
 5. **Priority for low- and moderate-income (LMI) participation.** Both sides agree the program must prioritize LMI access.
 6. **Maximizing federal funds.** Program design will stack federal incentives and grants where feasible.
 7. **Residential and small commercial/institutional eligibility.** Both sides support parallel tracks. ENO's plan adds a small C&I tranche; TNO-AAE's design includes community institutions and resilience hubs.
 8. **Ownership model—customer or third-party, not utility-owned.** Parties agree assets will be customer- or third-party-owned; program participation is not limited by financing model.
 9. **Vendor neutrality.** Any qualified installer/aggregator or battery OEM that meets program standards and integrates with EnergyHub may participate, similar to Energy Smart's current Trade Ally program.
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III) Areas of disagreement

Two primary differences remain between ENO and TNO-AAE – the program size and funding source – with TNO-AAE supporting the initial funding identified in the docket (\$32 million) funded from the portion of settlement funds over which the Council was granted discretion, and ENO supporting a smaller (\$10 million) program funded by ratepayers.

A. Program size.

TNO-AAE support the original program funding of \$32 million, with \$10 million of funds in upfront incentives allocated per year over three years. ENO supports program funding of about \$10 million over three years, or \$3.4 million per year – smaller even than the first three years of TNO’s Community Lighthouse program, which was developed and funded by a small non-profit organization.

B. Funding source.

ENO supports funding the program through new ratepayer tariffs under Energy Smart. TNO-AAE proposes funding the upfront incentive pool with settlement credits to launch at scale without increasing bills—consistent with the AIP/Council direction. (ENO’s own discovery responses acknowledge that SERI credits can cover multi-year battery incentive costs, even if program delivery sits under Energy Smart.)

IV) Why settlement funds should be used

On May 2, 2024, the Council adopted Resolution R-24-194, approving an Agreement in Principle (AIP) that resolved twenty separate FERC dockets concerning Entergy’s SERI subsidiary. The AIP directs how \$116 million in refunds will be allocated for the benefit of ENO ratepayers.

The AIP creates three distinct funding channels:

- **\$22 million** — credited to customers through the PPCR Rider over 120 months, with carrying costs at ENO’s weighted average cost of capital.
- **\$44 million** — booked as a regulatory liability and amortized over 25 years, treated as a retail rate base credit and revenue requirement credit.
- **\$32 million** — retained by ENO “pending further collaboration and direction from the Council,” with language that explicitly grants Council discretion over its use: *“In the event that the Council desires to use more than \$10 million of these credits in any given twelve month period, then CURO, the Council’s Advisors and the Company shall collaborate on a mutually agreeable solution considering ENO’s financial metrics.”*

Council discretion is clear for amounts up to \$10 million annually. The AIP only requires collaboration if more than \$10 million is to be used in a single year. By implication, any amount up to \$10 million annually is entirely within the Council’s discretion. TNO-AAE believe the Advisors’ recent report created unnecessary confusion by suggesting otherwise; this mischaracterization risks undermining the Council’s own clearly established authority.

The financial stakes for ratepayers vs. the utility. It is plain why ENO prefers that new programs be funded through ratepayer bills rather than the settlement funds. Doing so allows ENO to keep the \$32

million settlement credits on its books, improving its financial position. The path that benefits ratepayers is to apply the settlement credits, which avoids bill increases while still leveraging ENO's operational role to administer the program.

V) Two viable funding options

Option A – Use SERI settlement credits directly (TNO-AAE's preferred path).

- Appropriate up to \$10 million per year from the \$32 million Council-directed SERI funds to pay upfront incentives (and limited start-up admin), with any annual amount above \$10 million subject to the collaborative mechanism in R-24-624.
- Direct ENO to administer NPP within Energy Smart's operational umbrella while accounting for incentives as SERI-funded, not rider-funded.
- Keep bills neutral while launching at the needed scale; retain Energy Smart EM&V, QA/QC and reporting.

Option B – Energy Smart rider with a dollar-for-dollar SERI offset (fallback if the Council declines direct use).

- Approve NPP as a distinct line item within the Energy Smart DR portfolio and simultaneously order a bill credit funded from the SERI bucket for an equal dollar amount each year, so net customer impact is zero.
 - This preserves the Energy Smart framework ENO prefers while honoring the Council's intent that SERI credits benefit ratepayers, and avoids rate increases during the scale-up period.
 - No existing Energy Smart programs should get cannibalized, and there should be no contribution of funds to LCFC.
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VI) Relationship Between Energy Smart, VPP and the Integrated Resource Plan

ENO has submitted their VPP expansion as part of the Energy Smart implementation docket. We understand the rationale: their current BESS pilot is housed under Energy Smart, and filing deadlines were incumbent. However, moving forward unilaterally on ENO's plan within the Energy Smart implementation docket disregards the entire last year's worth of discovery and debate within the dedicated UD-24-02 docket, which only has one overlapping intervenor.

A decision on the IRP and Energy Smart is time-sensitive and should be finalized immediately in order to ensure timely and successful start of this cycle's implementation, but while UD-24-02 is still pending, we recommend that the Council separate the VPP conversation from the IRP.

The Council's resolution to approve the next three years of Energy Smart programming can indicate its intent to keep the VPP in Energy Smart, while reserving the final decision regarding program structure for later, and indicating its intention to use the SERI credits for this purpose. Fundamentally, TNO-AAE are open to the VPP being housed under Energy Smart, provided two conditions are met:

1. No cannibalization of existing Energy Smart programs.
 2. No contribution of funds to LCFC.
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VII) Requested Council actions

1. Adopt the Neighborhood Power Plan as outlined in Section IV and direct ENO to implement it using EnergyHub DERMS, with ENO as the MISO Market Participant for any wholesale registration.
 2. Funding: Choose Option A (direct SERI funding) or Option B (Energy Smart with SERI bill-credit offset), and specify a \$10 million per-year target for upfront incentives for Program Years 2026–2028.
 3. Move forward on the Energy Smart / IRP docket (UD-23-01), but defer a decision on the BESS pilot housed within it until this docket reaches its conclusion.
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VIII) Conclusion

This program is a unique opportunity. With appropriate incentive levels, scale, and independent administration, it will:

- Deliver life-saving resilience to households and communities.
- Enable ENO to exceed its demand response obligations while avoiding unnecessary power plant construction.
- Reduce energy costs for all by limiting high-cost energy market purchases during peaking seasons.
- Direct SERI settlement funds to their highest and best use, consistent with the plain language of the settlement agreement.
- Position New Orleans as a national leader in equitable, community-based virtual power plant design.

The Council's choice is whether to establish a transformative, reliable VPP resource—or to settle for incremental progress that leaves New Orleanians vulnerable. We urge the Council to seize this moment with decisive action.

IX) Draft Settlement Framework for New Orleans DER Plan

A year into the docket, and following productive conversations with ENO, below is the evolution of the framework TNO-AAE originally proposed as the DERP (Distributed Energy Resource Plan), known colloquially as the Neighborhood Power Plan (NPP).

Program Structure & Administration

- Establish a single DER incentive program operated through ENO's Energy Smart platform, ensuring vendor neutrality and open participation by qualified third-party installers.
- Utilize a third-party Incentive Administrator for application processing, verification, and reporting, with ENO retaining responsibility for grid integration and DERMS (EnergyHub) operations.
- ENO does not own any battery assets, but serves as sole MISO market participant dispatching all DERs enrolled in this program.

Funding & Budget

- Dedicate \$32 million in funding for upfront incentives over 3 years.
- Maintain flexibility to supplement with federal IRA tax credits, private capital, and grants, minimizing ratepayer exposure.

Incentive Design

- Provide upfront incentives for solar-paired battery systems at levels sufficient to drive meaningful adoption.
- Layer with performance-based payments under ENO's BESS Demand Response program, ensuring dispatchable value to the grid.
- Include clawback provisions tied to participation term to protect customer funds. (TNO-AAE proposes 3 years, ENO proposes 10 years.)

Equity & Access

- Reserve ~35–40% of residential incentives for low- and moderate-income (LMI) communities.
- On the commercial side, prioritize community facilities (e.g., clinics, shelters, senior centers) as resilience hubs.
- Offer streamlined financing and enrollment support to reduce barriers for LMI participation.

Participant classes & allocation (initial targets)

- Residential: 45–55% of annual incentive pool; reserve $\geq 40\%$ of residential budget for LMI participants (tiers consistent with ENO's LMI line item).

- Small commercial/institutional & community anchors (resilience hubs, clinics, seniors, congregations): 45–55% of annual pool, with a Council waiver path for critical sites to exceed the standard cap.

Incentive design (Phase 1 – upfront)

- Deliverable-kW rebate: \$1,000 per deliverable kW (battery/inverter-limited, 2-hour baseline), cap \$10,000 per residential site; community cap up to \$300,000 with Council waiver for critical facilities. LMI adder: +20%. Vendor- and ownership-neutral.
- Program Applicant: May be the ENO account holder or a qualified Energy Service Partner (ESP) acting as third-party owner/aggregator; funds disbursed only after enrollment in DERMS and permission to operate.
- Stacking: Participants may stack IRA ITC and other grants; any assignment of the upfront incentive to an installer/ESP is permitted at customer's election.

Performance & participation obligations

- Commitment: 3-year commitment to event participation during the incentive term, preserving customer backup needs (minimum reserve SOC logic allowed). Typical profile: 20–40 events/year, 1.5–4 hours/event, day-ahead notice where feasible.
- Dispatch control: ENO is the sole MISO Market Participant (or its authorized agent); events called via DERMS; aggregators coordinate through EnergyHub.

Phase 2 – Pay-for-Performance tariff (design window in Year 2–3)

- ENO to file a Phase-2 retail storage/DR tariff based on Phase-1 performance data and stakeholder input; maintain vendor/ownership neutrality and equity guardrails; Council sets compensation to reflect measurable grid value.

Evaluation & Reporting

- Implement annual Evaluation, Measurement, and Verification (EM&V), with results shared publicly and reviewed by Council Advisors.
- Require annual reporting on customer participation, geographic distribution, equity outcomes, and grid benefits
- Include semi-annual correction authority for Council and Advisors to adjust incentive levels, budget allocations, or program rules.

Roles & governance

- **Council/CURO:** Policy oversight; approves funding path; sets equity targets and transparency requirements.
- **ENO:** Dispatch; DERMS operations; MISO interactions.

- **Incentive Administrator:** A Council-appointed third party for application intake and eligibility verification; no duplicate payments. The administrator should report to the Council, not to ENO. This ensures genuine vendor neutrality, free of utility conflicts, and fulfills the intent of Resolution R-24-624.
- **Stakeholders:** Quarterly technical sessions

Shared Goals & Commitments

- Recognize the urgent resilience needs of New Orleans and commit to rapid, equitable deployment.
- Affirm that program design balances utility oversight, third-party participation, and community trust.

X) Appendix – RESOLUTION NO. R-24-194, passed May 2, 2024, "Resolution and Order Approval an Agreement in Principle Related to Litigation at the Federal Energy Regulatory Commission"

Appendix

RESOLUTION

NO. R-24-194

CITY HALL: May 2, 2024

**BY: COUNCILMEMBERS MORRELL, MORENO, GIARRUSSO, HARRIS, KING,
GREEN AND THOMAS**

RESOLUTION AND ORDER APPROVING AN AGREEMENT IN PRINCIPLE RELATED TO LITIGATION AT THE FEDERAL ENERGY REGULATORY COMMISSION

WHEREAS, pursuant to the Home Rule Charter of the City of New Orleans (“Charter”), the Council of the City of New Orleans (“Council”) is the governmental body with the power of supervision, regulation, and control over public utilities providing service within the City of New Orleans; and

WHEREAS, pursuant to its powers of supervision, regulation, and control over public utilities, the Council is responsible for fixing and changing rates and charges of public utilities and making all necessary rules and regulations to govern applications for the fixing and changing of rates and charges of public utilities; and

WHEREAS, Entergy New Orleans, LLC (“ENO”), is a subsidiary of Entergy Corporation and public utility which provides electric and natural gas service to New Orleans; and

WHEREAS, System Energy Resources, Inc. (“SERI”) is a wholly owned subsidiary of Entergy Corporation which sells nuclear power generated by Grand Gulf Nuclear Station to Entergy subsidiaries including ENO, Entergy Arkansas, LLC, Entergy Mississippi, LLC, and Entergy Louisiana, LLC; and

WHEREAS, the Council was a party in twenty dockets before the Federal Energy Regulatory Commission (“FERC”) raising concerns including SERI’s recovery of costs under the

Unit Power Sales Agreement (“UPSA”), accumulated deferred income taxes (“ADIT”), and the operation of Grand Gulf Nuclear Station; and

WHEREAS, on April 18, 2024, ENO and the Council’s utility advisors (“Advisors”) entered into an agreement in principle (“AIP”) to settle the following dockets: EL17-41, EL18-142, EL18-152, EL18-204, ER18-1182, EL20-72, EL21-24, EL21-46, EL21-56, ER21-117, ER21-129, ER21-748, ER22-958, ER23-435, ER23-816, ER23-1164, EL23-11, ER23-1022, EL24-5, and ER24-1203; and

WHEREAS, as part of the AIP, SERI agrees to a total refund of \$116 million to ENO to be returned to ratepayers as detailed therein; and

WHEREAS, the Council has reviewed the AIP and finds that it is in the public interest to approve the agreement; **NOW THEREFORE**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF NEW ORLEANS, That subject to approval by FERC, the AIP attached to this Resolution as Exhibit A is approved in its entirety.

THE FOREGOING RESOLUTION WAS READ IN FULL, THE ROLL WAS CALLED ON THE ADOPTION THEREOF, AND RESULTED AS FOLLOWS:

YEAS:

NAYS:

ABSENT:

AND THE RESOLUTION WAS ADOPTED.

EXHIBIT A

AGREEMENT IN PRINCIPLE REGARDING RESOLUTION OF CERTAIN FERC MATTERS RELATED TO SERI

Recognizing that there has been litigation at the Federal Energy Regulatory Commission (“FERC”) beginning in 2017 of the justness and reasonableness of that formula rate and SERI’s recovery of costs under the UPSA. The FERC dockets at issue are as follows: FERC Docket Nos. EL18-152, EL17-41, EL18-142, EL18-204, ER18-1182, EL20-72, EL21-56, ER21-117, ER21-129, ER21-748, EL21-24, EL21-46, ER22-958, ER23-816, ER23-1164, ER23-435, EL23-11, ER23-1022, ER24-1203, and EL24-5.

Recognizing that the Unit Power Sales Agreement, or UPSA, is a cost-based, FERC-jurisdictional formula rate for sales of energy and capacity from System Energy Resources, Inc. (“SERI”) to Entergy New Orleans, LLC (“ENO”).

Recognizing that entering into a settlement to resolve the above-listed FERC dockets on a global basis will resolve all of the outstanding issues between SERI, ENO and the Council of the City of New Orleans (“Council”) while providing expeditious benefits to ENO’s customers in the form of credits and prospective rate reductions. Accordingly, ENO and the Council Advisors agree to the following provisions, terms, and conditions:

1. ENO, CURO, and the Council Advisors recommend adoption of this Agreement in Principle to the Council. This Agreement in Principle is non-binding and cannot be implemented without the Council adopting a resolution implementing the terms of this Agreement in Principle.
2. The Council and ENO agree to enter a settlement agreement to resolve all outstanding SERI-related issues in FERC Docket Nos. EL18-152, EL17-41, EL18-142, EL18-204, ER18-1182, EL20-72, EL21-56, ER21-117, ER21-129, ER21-748, EL21-24, EL21-46, ER22-958, ER23-816, ER23-1164, ER23-435, EL23-11, ER23-1022, ER24-1203, and EL24-5, inclusive of any related appeals of such decisions (the “SERI Settlement”).
3. The Council and ENO will file the SERI Settlement at FERC by May 10, 2024. The SERI Settlement is expressly contingent on approval by FERC.
4. SERI shall provide a refund to ENO in the amount of \$116 million, inclusive of FERC interest, to resolve all claims in above-listed FERC dockets. The \$116M refund to ENO from SERI will be reduced by the net \$11.7M refund in Docket No. EL18-152 and the \$6.36M refund received by ENO relating to the partial settlement in Docket No. EL20-72. After taking into account the amounts previously paid, SERI will provide a \$98 million lump-sum refund to ENO. Payment from SERI to ENO of the \$98M shall be made within sixty (60) days of FERC approval of the SERI Settlement.
5. No damages or refunds ordered by FERC in above-listed dockets shall be paid to ENO apart from the \$116 million refund.

6. Under this AIP, the retail ratemaking treatment of the \$98M is as follows:
 - a. ENO will retain a \$32 million credit for customers:
 - i. The \$32 million in SERI credits will be retained by ENO pending further collaboration and direction from the Council. In the event that the Council desires to use more than \$10M of these credits in any given twelve month period, then CURO, the Council's Advisors and the Company shall collaborate on a mutually agreeable solution considering ENO's financial metrics.
 - b. A credit of \$22 million will be treated consistent with the agreement approved by the Council in the 2023 Formula Rate Plan:
 - i. The \$22 million will be treated consistent with the AIP in the 2023 FRP, which contemplates returning this amount to customers through the PPCR Rider based on a 120-month schedule with the unamortized balance accruing carrying costs at the Company's weighted average cost of capital as of the first billing cycle of September each year. The amounts returned shall be calculated monthly. The application of that \$22 million shall be such that the original amortization and carrying cost credits agreed to in the AIP in the 2023 FRP shall be unchanged.
 - c. ENO will establish a \$44 million regulatory liability to be amortized over a 25-year period:
 - i. The Company will book a \$44M regulatory liability that will be amortized over 25 years with the unamortized balance treated as a retail rate base credit and the amortization treated as a retail revenue requirement credit within the bandwidth of any FRP calculations. The Company will reflect such ratemaking treatment beginning in its Electric Formula Rate Plan Evaluation Report following Council and FERC approval.
 - ii. Until such time as rates are set as part of ENO's Formula Rate Plan Evaluation Report as described in the preceding paragraph and beginning the first month following FERC approval of this settlement, the Company shall establish and begin the amortization of this \$44M regulatory liability with the associated revenue requirement (*i.e.*, amortization credit and return on rate base at ENO's before-tax WACC) provided as a credit to Rider PPCR.
7. Commencing on June 1, 2024, SERI shall calculate its UPSA billings to ENO based on a ROE of 9.65% and SERI's actual capital structure, but with a ceiling on the equity ratio of 52.0%. Neither the Council nor SERI or its affiliates may propose a change in the agreed upon ROE or equity ratio in UPSA formula rate that would be effective during the period June 1, 2024 through June 30, 2026.

8. Should the UPSA be modified, either through a FERC Settlement with another party or FERC Order, to include a Performance Rate component (*i.e.*, a mechanism that modifies UPSA billing amounts based on Grand Gulf's performance or safety operational characteristics), the Council at its sole discretion may choose either to have or not to have any such Performance Rate mechanism apply to UPSA billings to ENO.

Reduction of Share of Grand Gulf

1. The parties agree to explore the divestment of ENO's full entitlement to Grand Gulf capacity and the associated energy under the UPSA.

Miscellaneous Provisions

1. This Agreement in Principle reflects a compromise, settlement, and accommodation among the signatories and the terms and conditions herein are interdependent. All actions by the signatories contemplated or required by this Agreement in Principle are conditioned upon the Council expressing its authorization of and consent to all of the terms of this Agreement in Principle.
2. Except as otherwise expressly provided for herein, no party shall be deemed to have approved, accepted, agreed to, or consented to any ratemaking or other legal principle or policy, and nothing in this Agreement in Principle should be considered precedent for ratemaking, legal or policy purposes.
3. The Parties will adopt other standard general provisions in the SERI Settlement that is filed with FERC and agree to negotiate these in good faith.
4. The Parties agree to work in good faith to negotiate a most favored nations clause comparable to those reached in settlements between SERI and the Mississippi Public Service Commission and Arkansas Public Service Commission.
5. The Council shall not make or join any filings or complaints before FERC alleging imprudent management by any Entergy subsidiary or affiliate relative to the operation of Grand Gulf for any period prior to and including May 31, 2024, or seek refunds or damages relative to the same apart from the terms of this settlement.
6. Within fifteen (15) days of FERC approval of the SERI Settlement, the Council shall withdraw all complaints, outstanding claims and/or protests in the FERC proceedings listed above. The Council and SERI shall also provide notification to the U.S. Court of Appeals for the Fifth Circuit of the settlement with respect to the relevant appeals dockets.

AGREED TO BY THE FOLLOWING SIGNATORIES:

THE ADVISORS TO THE COUNCIL OF THE CITY OF NEW ORLEANS

BY: _____

Clinton A. Vince

Utility Advisors to the Council of New Orleans

DATE: _____

ENTERGY NEW ORLEANS, LLC

BY: _____

Deanna Rodriguez

President & CEO

DATE: _____

SYSTEM ENERGY RESOURCES, INC

BY: _____

Rod West

Group President, Utility Operations

DATE: _____

**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, this 22nd day of September, 2025, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

A handwritten signature in dark ink, appearing to read 'B/B' followed by a stylized flourish.

Broderick Bagert, *Together New Orleans*