



August 1, 2022

**By Electronic Mail**

Ms. Lora Johnson, CMC  
Clerk of Council  
Room 1E09, City Hall  
1300 Perdido Street  
New Orleans, LA 70112

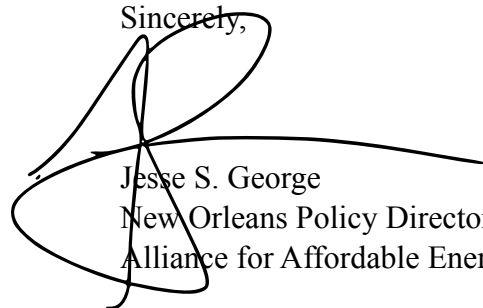
IN RE: APPLICATION OF ENTERGY NEW ORLEANS, LLC FOR A BATTERY STORAGE  
DEMAND RESPONSE PILOT PROGRAM (Docket No. UD-22-03)

Dear Ms. Johnson:

Please find enclosed the Comments of the Alliance for Affordable Energy in the above-mentioned docket. Please file the attached communication and this letter in the record of the proceeding. We will file physical copies at your instruction. If you have any questions, please do not hesitate to contact me.

Thank you for your time and attention.

Sincerely,



Jesse S. George  
New Orleans Policy Director  
Alliance for Affordable Energy

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

**IN RE: APPLICATION OF ENTERGY  
NEW ORLEANS, LLC FOR A BATTERY  
STORAGE DEMAND RESPONSE PILOT  
PROGRAM**

**DOCKET NO. UD-22-03**

**AUGUST 1, 2022**

**COMMENTS OF THE ALLIANCE FOR AFFORDABLE ENERGY**

**I. INTRODUCTION**

On March 9, 2022, Entergy New Orleans, LLC (“ENO”) filed an application with the New Orleans City Council (“the Council”) for a battery storage demand response pilot program that would include 30 residential customers with existing solar-connected battery systems. In response to ENO’s application, on June 9, 2022, the Council adopted resolution R-22-266 establishing the instant docket and accompanying procedural schedule, which provides a deadline of August 1, 2022 for intervenor comments. The Council posed six questions with regard to ENO’s application:

1. Whether the Council’s criteria for approval of a pilot program have been met;
2. Whether it is appropriate to include the proposed pilot program within Energy Smart Program Year 12 budget with costs to be recovered through the Energy Efficiency Cost Recovery Rider;
3. Whether the estimated costs are appropriate;
4. Whether the proposed scope of 30 residential customers should be modified;
5. Whether the proposed 5-month duration should be modified; and
6. Whether Honeywell should be used as the implementer of the pilot program

The Alliance submits the following comments in response to the Council’s request:

## **II. ENO'S APPLICATION MEETS THE COUNCIL'S MINIMUM REQUIREMENTS FOR A PILOT PROGRAM**

Council Resolution R-15-140 provides the requirements for a pilot program application under Energy Smart: a) incentive costs, non-incentive costs and kWh savings; b) evaluation, monitoring, and verification costs at 6.5%; c) lost contribution to fixed costs including the adjusted gross margin calculation; and d) a program description that includes the objective of the pilot, including results, as appropriate, that will provide data to determine cost-effectiveness should a full implementation of the program be considered.

Council Resolution R-16-106 provides additional requirements for pilot program applications: 1) the number of customers to be included in order to generate adequate data for evaluation, which customer classes should participate, and whether participation is voluntary or mandatory; 2) what data is to be collected and how it will be collected; 3) the duration of the proposed pilot program; 4) draft tariff provisions to implement such a pilot program; and 5) the anticipated costs and rate impact of such a pilot program.

While the Alliance for Affordable Energy (“the Alliance”) stipulates that ENO’s application meets these minimum requirements, we raise here some additional concerns and considerations.

## **III. PILOT PROGRAM INCENTIVE STRUCTURE**

Participant compensation in the ENO pilot proposal includes two fixed payments – sign-up payment and a participation payment – rather than performance-based payments calculated on a per-kW basis. The proposal does not describe how ENO would determine which participants are eligible for the participation payment. ENO should offer further clarity on this point.

A performance-based, per-kW payment structure is a superior incentive mechanism to that described in the pilot proposal, for several reasons: 1) It provides a better incentive for customers to avoid opting out whenever possible; 2) It encourages customers to install larger batteries that are capable of providing more grid capacity/load reduction benefits, because customers receive more compensation for providing more grid benefits; and 3) it ensures that the benefits of customer-owned, behind-the-meter batteries are optimized (e.g. battery dispatch occurs during peak demand hours). The proposed payments are quite low as compared with the cost of an eligible solar and storage system, and would likely not provide sufficient incentive to customers to install such a system.

Massachusetts' ConnectedSolutions customer battery program allows power export to the grid in some cases, which can be important for residential customers if compensation is calculated on a per-kW basis because residential loads are typically small.<sup>1</sup> If customer compensation is limited to load reduction, customers may not be able to capture compensation for the full capacity of their batteries. Compensation for power export once the customer load is reduced to zero allows participants to capture the full value of their investment, while providing more value to the grid during peak demand hours. It is unclear from ENO's proposal whether power export would be allowed and/or compensated.

#### **IV. THE PILOT SHOULD NOT BE LIMITED TO RESIDENTIAL PARTICIPANTS**

While residential-only customer battery programs have been successful, it is important to note that commercial battery systems typically have more capacity than residential systems and are, therefore, able to provide greater benefits to the grid. In states where both residential and

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<sup>1</sup> <https://www.nationalgridus.com/MA-Home/Connected-Solutions/BatteryProgram>

commercial systems are incentivized, such as in Massachusetts', while residential systems typically outnumber commercial systems, the commercial systems provide much greater capacity to the grid. In a future program offering, it would be most beneficial to include both residential and commercial battery systems.

#### **V. ENO'S PILOT PROPOSAL WILL NOT PROVIDE THE FULL RESILIENCE BENEFITS OF BATTERY STORAGE**

The ENO proposal will not harness the full potential resilience benefits of solar and storage systems. These systems can provide clean backup power to their host facilities in the wake of catastrophic outages, particularly to critical infrastructure. In a future program offering, in order to maximize benefits, resilience should be incentivized, for example, with an adder that would defray the added cost of making a system islandable during an outage.

#### **VI. ENO'S PILOT PROPOSAL DOES NOT ADDRESS EQUITY CONCERNS**

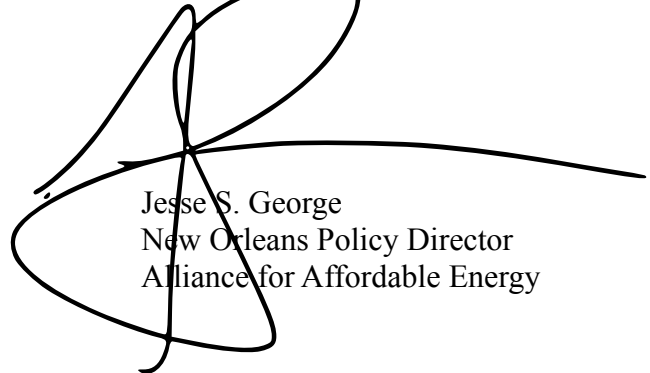
The ENO pilot proposal does not provide equity access to low-income and underserved communities. We understand that this is a limited pilot program designed to allow the Council to learn more about the use of customer batteries, with the goal of developing a larger and more permanent program. Nevertheless, it is important to build equity provisions into such programs from the start. Equity access to energy storage is important because low-income and historically underserved communities of color are those that most need the benefits of energy storage (such as reduction of fossil fuel emissions from peaker plants, revenues and energy cost savings, and resilience). Equity access can be improved through the use of some simple measures such as LMI incentive adders, low- or no-cost financing, and on-bill payment options. For a good

example of a similar customer battery program that includes equity access, see the Connecticut Energy Storage Solutions program.<sup>2</sup>

## VII. CONCLUSION

Battery storage will be an important component of a resilient power grid as the effects of climate change continue to intensify. Integrating privately-owned residential systems into ENO's existing infrastructure will require careful oversight by the Council to ensure maximum benefit to ratepayers. The Alliance is eager to continue working with the Council to develop accessible programs that will provide the full suite of benefits across a wide spectrum of customers.

Submitted respectfully,



Jesse S. George  
New Orleans Policy Director  
Alliance for Affordable Energy

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The Council of the City of New Orleans**

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NEW ORLEANS, LLC FOR A BATTERY  
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**AUGUST 1, 2022**

**CERTIFICATE OF SERVICE**

I do hereby certify that I have, this 1st day of August 2022, served the foregoing correspondence upon all other known parties of this proceeding by electronic mail.

  
\_\_\_\_\_  
Jesse S. George  
Alliance for Affordable Energy

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