



July 20, 2026

VIA ELECTRONIC MAIL

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

Re: Comments on BESS Phase 3 Implementation Plan (CNO
Docket No. UD-24-02)

Dear Ms. Collier:

Gulf States Renewable Energy Industries Association (GSREIA)
respectfully submits the following comments in the above-
referenced docket.

Sincerely,
Monika
Gerhart
Gulf States Renewable Energy Industries Association
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cc: Official Service List UD-24-02 (via electronic mail)

New Orleans is at a critical juncture in creating a program that will reduce costs and improve reliability for homes and businesses citywide. Virtual Power Plants (VPPs) offer multiple, full-system benefits: deferral of expensive infrastructure upgrades, avoided capacity investments at MISO auction, enhanced reliability, resilience, flexibility of operations, and affordability.

I. The implementation plan should delineate \$28 million in upfront incentives.

The Council's implementation plan for a DER Program includes \$28 million in customer upfront incentives over a three-year term, with 50 percent allocated to residential customers and 50 percent to commercial customers and with 40 percent of residential upfront incentives reserved for LMI participants.

Upfront incentives primarily serve a critical role in overcoming capital barriers to widespread deployment:

- 1) Widespread deployment yields savings for all ratepayers, whether they have a battery or not;
- 2) Energy purchased from the BESS program is cheaper than other energy sources.

Up front incentives leverage a capital stack for all ratepayers, where investors leverage the \$28 million to layer in private capital and tax credits, growing the pie for all ratepayers.

However, performance payments are not incentives. They are payments for commodities (peak energy) purchased. Successful VPPs improve reliability and save money for all ratepayers, not just those with batteries. Because the cost of energy produced by VPPs is about 40-60% less cost than gas peaker plants.¹

New Orleans ratepayers paid \$210 M to build the last gas plant (excluding fuel costs, operations & maintenance, and shareholder returns).

The VPP delivers the same kilowatt plus a decade of operation — and the money lands with New Orleans families, churches, and small businesses. In MISO's 2026/27 auction, summer capacity in the Louisiana zone cleared at \$412/MW-day — scarce peak power is exactly what these batteries provide.²

¹ Brattle Group, "Real Reliability: The Value of Virtual Power" (2023): VPP resource adequacy at 40–60% lower net cost than gas peakers / grid batteries.

² Utility Dive / RTO Insider: MISO 2025/26 PRA cleared \$666.50/MW-day (summer), ~\$212/MW-day annualized (South); 2026/27 PRA \$412.10/MW-day (summer, LA/TX zone), ~\$126/MW-day annualized.

Utility Dive, "New Orleans City Council approves Entergy's 128 MW gas peaker": \$210M New Orleans Power Station.

Finally, tying performance payments to litigation settlement funds builds in an expiration date. In other words, tying a cost-effective energy procurement resource to a finite, one-time fund means the program dies when the credits run out — no matter how well it performs. No other power plant is treated that way.

THE MATH ON PERFORMANCE PAYMENTS

At ~\$59 per kW-year, ENO's budgeted performance payments are roughly covered by **capacity value alone** at recent MISO auction prices (\$46–\$77/kW-yr) — before counting a single dollar of MISO energy-market revenue, avoided fuel and purchased power, distribution-grid support, or the outage protection. Even the higher performance rates intervenors have proposed remain below the total value delivered. A payment that returns more than it costs isn't a burden on ratepayers. It's the cheapest resource on the menu.

II. Batteries Must Be Affordable for the Program to Work

TNO's analysis to determine whether the proposed incentives bring deployment within reach is critical to overall program success; widespread deployment benefits all ratepayers. The TNO analysis evaluates affordability across the program's three participant classes: LMI residential, non-LMI residential and commercial. For each, it calculates the remaining battery funding gap and the years required to recover that gap. It assumes a 13.5 kWh / 6.75 kW battery module, a 40 percent battery ITC with a 90 percent monetization factor and a declining incremental cost curve reflecting lower marginal cost as additional batteries are added. On total installed project cost basis, upfront incentives will serve all ratepayers best if incentive levels are revised to bring total installation costs within a range that customers can afford at installation.

GSREIA notes that commercial participants, which may otherwise be best positioned to dispatch larger quantities of energy to the grid, would be assigned interconnection studies and upgrade costs to the applicant rather than the program budget. Solutions to defraying these costs for commercial customers may include additional information from the utility on which geographic areas are best suited to deploy quickly, without significant upgrade costs. A flexible program could then allocate funding to hardest-to-reach areas, such that geographic equity citywide is preserved and even prioritized.

III. Electron Equity

Performance payments—compensation for energy procured from distributed generators -- are essential to program success. VPP enrollment provides little value if only a small number of assets are returning power to the grid when it is needed. A successful program derives value and dependable capacity from a large percentage of active participants. Participants remain active

energy vendors when they are compensated adequately.

While residential sites are likely to produce less dispatchable energy than commercial counterparts, the value of the energy, and therefore the rate of compensation (measured in kW), should be comparable. There is no clear justification that energy purchased from a commercial site would be valued higher than energy purchased from a residential site.

Similarly, annual caps on commercial installations artificially suppress efficient larger installations, which runs counter to the programs overall mission and purpose: all ratepayers benefit if large, efficient installations create new energy resources that are available to all.

The approved plan should therefore adopt a uniform ongoing payment structure across customer classes, set the residential annual cap at a reasonable amount, and remove the commercial annual cap that incentivizes efficient distributed energy production and participation by larger commercial installations.

IV. Conclusion

The New Orleans City Council has taken a leadership role in improving reliability and affordability for New Orleans ratepayers by establishing the framework for the VPP program. A well- designed program will deliver measurable benefits to customers and the grid.

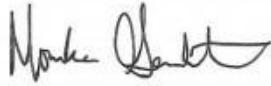
The Council, CURO and the Advisors are poised to finalize and refine this framework, and in so doing can drive meaningful deployment by aligning upfront incentives to customer economics, aligning energy procurement compensation with system value, and removing unnecessary constraints to position the program to succeed and deliver the benefits New Orleans needs.

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

Re: Docket UD-24-02

CERTIFICATE OF SERVICE

I do hereby certify that I have, this July 20, 2026, served the foregoing
correspondence upon all
other known parties of this proceeding by electronic mail.

A handwritten signature in black ink, appearing to read "Monika Gerhart", is centered on the page.

Monika Gerhart, Gulf States Renewable Energy Industries Association