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March 5, 2024

By Hand Delivery

Mr. Brandon Frey
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

Re: ***In Re*: Application of Entergy Louisiana, LLC for Approval to Construct Bayou Power Station, and for Cost Recovery**
(LPSC Docket No. U-_____)

Dear Mr. Frey:

I have enclosed, on behalf of Entergy Louisiana, LLC ("ELL" or "Company"), the original and three copies of a Non-Confidential Public Version of the Company's Application for Approval to Construct Bayou Power Station, and Cost Recovery, along with the Direct Testimony and Exhibits of Laura K. Beauchamp, Ryan D. Jones, Gary C. Dickens, Samrat Datta, Phong Nguyen, and Sean Meredith. Please retain the original and two copies for your files and return a date-stamped copy to our by-hand courier.

I have also enclosed five copies of the Confidential Version of the referenced filing, which is being provided under seal pursuant to the provisions of the LPSC General Order dated August 31, 1992, and Rules 12.1 and 26 of the Commission's Rules of Practice and Procedure. The confidential materials included in the filing consist of competitively sensitive market information or sensitive infrastructure information, the disclosure of which may create an artificial target for suppliers/vendors or create physical security risks. For this reason, this material is confidential and commercially sensitive. The disclosure of the information contained herein would subject not only the Company, but also its customers, to a substantial risk of harm. Accordingly, it is critical that this information remain confidential.

Please retain the appropriately marked Confidential Version for your files and return a date-stamped copy our by-hand courier. The three additional confidential copies are for the Administrative Law Judge, Staff Attorney, and Research Attorney. Additional copies of the Confidential Version of this filing will be provided to the appropriate representatives of the Louisiana Public Service Commission Staff and made available to intervenors once a suitable Confidentiality Agreement has been executed by the parties.

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If you have any questions, please do not hesitate to call me. Thank you for your courtesy and assistance with this matter.

Sincerely,

D. Skylar Rosenbloom

DSR/kll
Enclosures

cc: LPSC Commissioners (Public version only by email)
Phillip R. May
Lawrence J. Hand, Jr.

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

***IN RE*: APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL TO CONSTRUCT BAYOU POWER STATION, AND FOR COST RECOVERY**	))))	**DOCKET NO. U-____**

APPLICATION OF ENTERGY LOUISIANA, LLC FOR APPROVAL TO CONSTRUCT THE BAYOU POWER STATION, AND FOR COST RECOVERY

Entergy Louisiana, LLC ("ELL" or the "Company")[1] respectfully submits this Application seeking approval and certification of construction of the Bayou Power Station (the "Project" or "BPS"), a proposed new 112 megawatt ("MW") aggregated capacity generating station consisting of six natural-gas fired reciprocating internal combustion engines ("RICE") with black-start capability in Leeville, Louisiana and an associated microgrid that would serve downstream of the Clovelly substation, including Port Fourchon, Golden Meadow, Leeville and Grand Isle. This Application, filed in accordance with the Louisiana Public Service Commission's ("Commission") General Order dated September 20, 1983 (the "1983 General Order"),[2] requests certification that the public convenience and necessity would be served by construction and deployment of BPS. In addition to certification under the 1983 General Order, the Company respectfully requests, among other relief, a finding that the Project qualifies for an exemption from the Commission's Market-

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[1] ELL is a limited liability company duly authorized and qualified to do and doing business in the State of Louisiana, created and organized for the purposes, among others, of manufacturing, generating, transmitting, distributing, and selling electricity for power, lighting, heating, and other such uses. ELL also engages in the local distribution of natural gas to residential, commercial, municipal, and other customers in East Baton Rouge Parish.

[2] LPSC General Order dated September 20, 1983 (*In re: In the Matter of the Expansion of Utility Power Plant; Proposed Certification of New Plant by the LPSC*), as amended by General Order (Corrected) in Docket No. R-30517 (*In re: Possible modifications to the September 20, 1983 General Order to allow (1) for more expeditious certifications of limited-term resource procurements and (2) an exception for annual and seasonal liquidated damages block energy purchases*) dated May 27, 2009.

Based Mechanisms General Order ("MBM Order") under the circumstances,[3] findings relating to appropriate cost recovery, and the development of a schedule and procedures to permit this Application to be considered on a timely basis, as follows:

INTRODUCTION

I.

ELL is a limited liability company duly authorized and qualified to do business in the State of Louisiana, created and organized for the purposes, among others, of manufacturing, generating, transmitting, distributing, and selling electricity for power, lighting, heating, and other such uses.

II.

The Project consists of three parts: (1) the power barge, including six Wartsila 18V50SG RICE generators, two Generator Set Up ("GSU") transformers, supporting auxiliary equipment, and barge hull to support top side erection of the Wartsila equipment; (2) transmission interconnection and Leeville substation expansion; and (3) a microgrid control system implementation to allow isolation of the power barge from the Eastern Interconnection if the radial transmission line is out of service. During an outage, the microgrid would be capable of serving the areas downstream of the Clovelly substation, including Port Fourchon, Golden Meadow, Leeville, and Grand Isle.

III.

Company witness Laura K. Beauchamp explains that ELL serves a diverse mix of approximately 7,000 residential, commercial and industrial customers downstream of the Leeville

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[3] General Order, Docket No. R-26172 Subdocket A, *In re: Development of Market-Based Mechanisms to Evaluate Proposals to Construct or Acquire Generating Capacity to Meeting Native Load*, Supplements the September 20, 1983 General Order, dated February 16, 2004 (as amended by General Order, Docket No. R-26172 Subdocket B, dated November 3, 2006, and further amended by the April 26, 2007 General Order, and the amendments approved by the Commission at its October 15, 2008 Business and Executive Meeting and now in General Order, Docket No. R-26172, Subdocket C dated October 29, 2008).

substation, including industrial customers vital to the nation's economy and oil and gas infrastructure at Port Fourchon. Port Fourchon services 90% of all deepwater oil and gas activity in the Gulf of Mexico, and ELL's customers at Port Fourchon provide more than 18% of the nation's oil and gas supply through its oil service and extensive pumping infrastructure. The area includes the Louisiana Offshore Oil Port ("LOOP"), the nation's only deepwater oil import facility, which uses Port Fourchon as its land base. LOOP is connected to fifty percent of the nation's refineries, making Port Fourchon an intermodal hub critical for the nation's oil and gas industry.

IV.

Port Fourchon is also a commercial and recreational fishing destination, serving as a land base for more than 250 companies, and the Greater Lafourche Port Commission is engaged in numerous environmental efforts, including the construction of a Coastal Wetlands Park near the main entrance of the port along with the recent announcement of a wind turbine that will sit adjacent to this park. The region also includes Grand Isle, which depends almost entirely on tourism, the seafood industry, and oil field-related operations. Finally, Golden Meadow is the last incorporated town on Bayou Lafourche, and it is a major seafood sales and processing center for Louisiana.

V.

The region has a number of unique electrical needs and challenges. As explained by Mr. Datta, before Hurricane Zeta, the region was served by a 115 kV transmission system that included two transmission sources to the Golden Meadow substation and a single radial transmission line to the Fourchon substation. The Golden Meadow – Barataria line sustained critical damage during Hurricane Zeta, and it has since been retired. With that line out of service, the transmission system

in Lafourche Parish cannot support incremental load growth without the transmission facilities in the area exceeding their thermal capacities.

VI.

As discussed in this Application and in the accompanying testimony, the need for this Project has arisen from the extensive damage to the Golden Meadow – Barataria 115 kV transmission line that occurred during Hurricane Zeta in 2020. As discussed in greater detail in the direct testimony of Mr. Datta, ELL analyzed various ways to increase the load serving capability of the transmission system downstream of Valentine. The two solution sets that were analyzed in detail were a transmission-only solution and a corresponding microgrid alternative that is anchored by a 112 MW power barge.

VII.

The transmission solution was designed to restore the second transmission source to Golden Meadow and to enable additional load serving capability. The transmission-only portfolio consisted of rebuilding the Golden Meadow – Barataria line to 230 kV standards, the conversion of the Golden Meadow – Barataria line from 115 kV to 230 kV operation, the conversion of the Golden Meadow-Clovelly-Valentine lines from 115 kV to 230 kV operation, and the addition of reactive power support at Clovelly. The non-wires alternative, BPS, was analyzed for its efficacy in increasing load serving capability in the system downstream of the Clovelly substation and providing increased reliability and resiliency during severe weather events.

VIII.

As discussed in greater detail in the direct testimony of Company witness Phong Nguyen, the results of the economic analysis show the net cost of BPS is on par with the cost of the transmission alternative. This is likely a conservative estimate relative to the BPS because BPS

net cost includes conservatively higher marine insurance expense (insurance is not available for the transmission infrastructure except substations) and excludes any positive net terminal value that may be associated with the barge. As discussed by Mr. Datta, the alternate transmission solution cost estimate is also likely understated given that it includes some high-level assumptions that will have to be updated prior to project execution and the marshlands topography may present construction challenges that would increase costs. Should the BPS insurance costs be removed and evaluated on a similar risk perspective as the transmission alternative, and should the alternative transmission or avoided combustion turbine costs be higher than estimated, the BPS project economics would improve and result in even higher net benefits relative to the transmission alternative. In addition, the BPS may qualify for property tax abatement under the Louisiana Industrial Tax Exemption Program ("ITEP"), and if it does qualify for ITEP, the BPS project would result in higher net benefits relative to the transmission option.

IX.

Through this Application and in the accompanying testimony, ELL is taking the necessary steps to implement its supply plan and satisfy its obligation to be prepared to reliably and efficiently serve all load that materializes in its service area. In addition to helping the Company meet its overall long-term need for capacity and energy, BPS would address specific supply conditions and planning. This Project will directly address critical oil and gas customers in the system at Port Fourchon. The interconnection of the Project will add a resilient power source to the ELL grid and enable storm restoration options, following a significant weather event, owing to the inherent black-start capability of the Project. Finally, the quick-start and fast ramp-up and ramp-down capabilities of the Project will add flexible capacity to the system, enabling the grid to accommodate future intermittent renewable energy.

X.

In addition to the RICE units, the Project will include a regional microgrid control system. The microgrid will allow BPS to island from the broader transmission system in the event of an outage to the Valentine – Clovelly transmission line. Once islanded, BPS would be able to start up and provide the necessary load to support customer needs until the transmission line is back in service and the system is functioning as normal.

XI.

As discussed by Company witnesses Gary Dickens, development and deployment of utility-scale generation and transmission projects is a time-consuming process that must begin several years in advance of the need-by date. If there are no unanticipated project delays due to the inability to obtain all necessary regulatory approvals, permits, materials, and equipment, BPS is expected to enter service in the second half of 2028. Mr. Dickens discusses the Project's schedule in his testimony and the importance of issuing a timely full notice to proceed. As discussed by Company witness Ryan Jones, the Company, accordingly, is requesting that the Commission direct or establish a Procedural Schedule that is consistent with the 120-day certification period set forth in the 1983 General Order.

XII.

BPS will serve the public interest by providing a reliable, resilient, and economic solution to meet the important and unique needs of ELL's diverse customer base in the Port Fourchon region and across the ELL system for reasons explained in this Application and supporting testimony. In the Port Fourchon region, BPS will support the specific needs of the growing and thriving industrial development and commercial activities, allowing the Company to continue to provide reliable electric service to its customers at a reasonable cost. In addition, BPS will also

help ELL meet its long-term capacity needs, which benefits all customers. BPS also benefits all customers by avoiding the need and cost to upgrade the transmission system to import power to this region from other resources on ELL's system.

XIII.

With this Application, the Company submits the Direct Testimonies of Laura Beauchamp, Ryan Jones, Gary Dickens, Samrat Datta, Phong Nguyen, and Sean Meredith. The purpose of the testimony of each witness is as follows:

- Laura Beauchamp – Director, Resource Planning and Market Operations at ELL. Ms. Beauchamp provides an overview of the application and introduces the other witnesses. Ms. Beauchamp addresses the Company's long-term resource plan, capacity needs, and anticipated load growth in the region. She explains the need for distributed generation in the region and the advantages of BPS's setup.

- Ryan Jones – Manager, Regulatory Affairs at ELL. Mr. Jones enumerates the regulatory approvals the Company is seeking, discusses the Company's compliance with applicable Commission General Orders and the exemption from the Commission's MBM Order the Company is requesting for this Project, and explains why approval of the Project is in the public interest. Mr. Jones also proposes a plan by which the Commission Staff can monitor the progress of the construction. Finally, Mr. Jones provides the estimated first-year revenue requirement associated with the Project and explains the proposed cost recovery.

- Gary Dickens – Vice President, Project/Construction Management, New Generation Program Execution at Entergy Services, LLC ("ESL").[4] He provides an overview of the proposed Project and describes and supports the EPC contract to construct BPS, including the process used to select the EPC contractor and the management of EPC work. In addition, Mr. Dickens describes the construction schedule and management, explains how the cost estimates associated with the Project were developed, and provides the current total cost estimate associated with the Project. Finally, Mr. Dickens addresses costs and discusses the estimated non-fuel operation and maintenance ("O&M") costs for the Project.

- Samrat Datta – Director of Advanced Network Planning for the System Planning Organization at ESL. Mr. Datta explains the alternatives the Company considered and the reasons why ELL determined that constructing BPS is the preferred alternative. Mr. Datta also discusses the development of the cost estimate for the transmission-only alternative and the cost of transmission substation upgrades necessary for interconnection.

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[4] ESL is an affiliate of the Entergy Operating Companies ("EOCs") and provides engineering, planning, accounting, technical, and regulatory-support services to each of the EOCs. The five EOCs are Entergy Arkansas, LLC, ELL, Entergy Mississippi, LLC, Entergy New Orleans, LLC, and Entergy Texas, Inc.

- Phong D. Nguyen – Director, Advanced Economic Planning at ESL. Mr. Nguyen describes the economic evaluation of the Project compared to potential alternatives.
- Sean Meredith – Vice President, System Resilience at ESL. Mr. Meredith explains how the Project incorporates the Company's resilience goals.

As required by the 1983 General Order, this Application and the supporting testimony include the specific data that the Company relied upon to justify the Company's decision to construct BPS, an estimate of the costs to construct BPS, ELL's estimated first-year revenue requirement associated with BPS, the estimated in-service date, and the construction schedule and milestones.

OVERVIEW OF RESOURCE

XIV.

As described in more detail by Mr. Dickens in his Direct Testimony, BPS is a proposed new 112 MW aggregated capacity generating station consisting of six natural-gas fired RICE units with black-start capability and an associated microgrid control system. BPS will be constructed offsite and then moored in Leeville, Louisiana by qualified, local contractors, which means that local economies, including the Port Fourchon area, will benefit from the jobs created during the construction and the tax revenues generated as a result of their construction. BPS will be interconnected to the broader transmission system at the existing Leeville substation, which will need to be modified and expanded to support this interconnection. Finally, the investments will support additional construction for barge mooring, gas interconnection, and permitting to support BPS's operation. In addition to the RICE units, the Project will include a regional microgrid control system. The microgrid will allow BPS to island from the broader transmission system in the event of an outage to the Valentine – Clovelly transmission line. Once islanded, BPS will be able to start up and provide the necessary load to support customer needs until the transmission line is back in service and the system is functioning as normal.

XV.

As discussed in greater detail in the Direct Testimony of Mr. Dickens, the current estimate of the costs to complete BPS, based on the estimated EPC Agreement, is approximately $411.3 million, inclusive of, among other things, expenses related to seeking Commission certification, costs related to transmission interconnection to the switchyard, contingency, allowance for funds used during construction ("AFUDC"), and regulatory costs. This amount includes $374.3 million associated with the generation portion of the Project, or roughly $3,318 per kW. The Grand Isle Shipyards, LLC ("GIS") EPC contract accounts for a significant portion of the overall estimated cost of the Project.

XVI.

The estimated costs of operating and maintaining BPS are detailed in the Direct Testimony of Mr. Dickens, and these costs are reflected in the estimated first-year revenue requirement set forth in the Direct Testimony of Mr. Jones.

FACILITY DESCRIPTION

XVII.

The Project site is in Leeville, Louisiana. The floating power facility will be located across from the Leeville substation yard. As Mr. Datta discusses in his testimony, BPS will be connected to the 115 kV Leeville substation.

XVIII.

The Project equipment is expected to meet all current environmental regulations. As Mr. Dickens explains in his testimony, the process for obtaining pre-construction environmental permits has been initiated to ensure the permits are issued prior to the scheduled project start of construction. BPS will be subject to permitting and regulatory oversight by the Commission, the

Port Fourchon Parish Police Jury, the Louisiana Department of Environmental Quality ("LDEQ"), Louisiana Department of Natural Resources ("LDNR"), the United States Environmental Protection Agency ("EPA"), Office of Coastal Management ("OCP"), and the United States Army Corps of Engineers ("USACE"). ELL will obtain a Title V (Part 70) New Source Review ("NSR") Air Operating Permit for BPS issued by the LDEQ. ELL will also need to obtain an LDNR Office of Coastal Management ("OCM") Coastal Use Permit ("CUP"), a modification to its LDEQ water discharge (Louisiana Pollutant Discharge Elimination System ("LPDES")) permit; and LDEQ construction storm water general permit. Finally, ELL will need to obtain a United States Army Corps of Engineers ("USACE") Section 404 permit if jurisdictional wetlands and/or waters of the US are impacted.

The pre-application meeting for the air permit for the BPS was held with LDEQ in 2020. A new pre-application meeting will be held with LDEQ to refresh any requirements that may have changed since the prior meeting. As discussed above, BPS will apply for a LPDES permit, which will be submitted to the LDEQ in late 2024 or early 2025. The Company has evaluated the project area for its effect on jurisdictional wetlands and waters of the U.S. and is in the process of updating the draft Joint Permit Application to be submitted to the USACE, LDNR, and OCM with an anticipated submittal date in Summer 2024.

PROJECT EXECUTION AND MANAGEMENT

XIX.

As explained in the Direct Testimony of Mr. Dickens, the Project will be primarily constructed by GIS under a fixed-price, fixed-schedule duration EPC Agreement. Under the fixed-price EPC Agreement structure, GIS will act as an independent contractor with respect to the engineering, procurement, and construction services defined in the scope of work. GIS also will

procure the six Wartsila 18V50SG engines, six generators, two GSU transformers, supporting auxiliary equipment, and barge hull to support top side erection of the Wartsila equipment from the original equipment manufacturers ("OEMs"). Firm, fixed prices for this equipment are included in GIS's fixed-price, and craft labor wage and per diem rates will be adjusted as specified in the EPC Agreement prior to FNTP.

XX.

As discussed in the Direct Testimony of Mr. Jones, the Company proposes a Monitoring Plan patterned after the monitoring plan approved by the Commission relating to other recent certification dockets, including Lake Charles Power Station, Docket No. U-34283. The Monitoring Plan contemplates a semiannual report providing detailed information on the status of BPS, its costs, and other activities that are critical to completing the Project in a timely manner. It is not contemplated that there would be any litigation concerning these reports and there would be no formal discovery process. The Monitoring Plan includes appropriate confidentiality restrictions designed to address any competitive concerns that would arise with respect to intervenors who are also participants in the power market.

THE PLANNING PROCESS AND RESOURCE NEEDS

XXI.

In order to continue meeting the power needs of customers reliably at the lowest reasonable cost, the Company must maintain a portfolio of generation resources that includes the right amount and types of capacity. With respect to the amount of capacity, Ms. Beauchamp explains that the Company must maintain sufficient generating capacity to meet its projected peak load plus a planning reserve margin. With respect to the type of capacity, BPS will be a highly flexible resource capable of quickly providing incremental energy with the ability to cycle back down

quickly. Such highly flexible resources serve an important role in supporting the integration of intermittent resources into the grid.

XXII.

As described in detail in ELL's Final 2023 IRP,[5] the record of Commission Docket No. U-36190 (in which the Commission approved ELL's 2021 Solar Portfolio),[6] and ELL's applications and testimony in Docket Nos. U-36685 and U-36697, ELL is projected to need additional long-term generating capacity over the course of the long-term planning horizon to replace deactivated capacity and address load growth in order to reliably serve customers. To illustrate the extent of the Company's need, ELL witness Ms. Beauchamp uses the load forecast from ELL's Business Plan 2024 ("BP24"), with consideration of current owned and contracted resources as well as those future resources that have been approved by the LPSC, to show the resource deficit from 2024 through 2035. In terms of resource availability, Ms. Beauchamp's analysis shows that with the unit deactivation assumptions from BP24 and existing PPAs that are assumed to expire on stated expiration dates, ELL will need additional capacity.

XXIII.

As discussed in greater detail in Ms. Beauchamp's Direct Testimony, it is not prudent or economic for ELL to attempt to address its long-term capacity need through the purchase of capacity credits in the Midcontinent Independent System Operator ("MISO") seasonal Planning Resource Auction ("PRA") rather than through BPS. While the MISO PRA provides an avenue to correct short-term imbalances, over-reliance on the short-term market in lieu of a long-term

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5 *See* Final 2023 IRP (May 22, 2023), *2023 Integrated Resource Plan-Final Report for Entergy Louisiana, LLC Pursuant to the General Order No. R-30021*, Docket No. I-36181. The Final 2023 IRP was acknowledged by the LPSC on February 21, 2024.

6 Order No. U-36190.

resource planning strategy is an imprudent and risky practice – especially at a time when market conditions are tightening. The MISO PRA is not designed to ensure that an adequate amount of, or appropriate types of, resources will be available in the long-term. As a result, leaning on the MISO PRA involves greater risk compared to a long-term resource such as BPS. Unlike a long-term resource, purchasing capacity credits in the MISO PRA does not provide any additional capacity, and provides no energy benefits or local area benefits. Rather, purchasing capacity credits satisfies only the financial requirement of the MISO PRA construct. Long-term resource planning is essential to ensure reliable electric service at the lowest reasonable costs.

XXIV.

Physical generation, like BPS, is necessary to generate electricity that can be transported to customers for consumption. Therefore, even if ELL could be assured that sufficient capacity was available to meet ELL's current needs through the MISO PRA, this would still not address the local voltage issues or the anticipated load growth in the region. Further, significant tightening has been noted in Local Resource Zone ("LRZ") 9 (in which Louisiana is located) since MISO implemented the seasonal PRA. MISO's data show that the capacity surplus that MISO LRZ 9 previously enjoyed, has significantly decreased.

XXV.

In addition, while the precise timing of market equilibrium is unknown, there is an expectation that market conditions in the MISO market will tighten in the coming years, which is expected to lead to higher capacity prices. Moreover, unlike reliance on the capacity auction, the construction of BPS will provide customers with a highly flexible resource that produces energy revenues to offset the cost of purchasing energy in the MISO day-ahead energy market and thereby protects customers from increasing energy prices in the market. In contrast, capacity credits

provide no energy revenues to offset the cost to ELL customers of purchasing energy in the MISO market.

XXVI.

Finally, BPS will help ELL meet its three key planning objectives (reliability, environmental stewardship, and affordability) for building a sustainable portfolio. In terms of reliability, the Project will compliment other planned projects to meet the long-term capacity needs Ms. Beauchamp discusses in her Direct Testimony. The Project will address the specific energy needs of ELL's customers in the region and support electric reliability across the state of Louisiana. In addition, it will help improve the energy coverage ratio and add beneficial diversity and support in the region. As a black-start resource, it will bolster the resilience of the electric system in the Fourchon – Valentine corridor and potentially shorten restoration times in this economically-significant area of the state. As a quick-start and fast ramping resource, it will be a valuable asset in future enhancements to the MISO ancillary service market. It will also add synchronous inertia and short circuit capability to the system, both of which will be increasingly valuable ancillary services in sustainable futures.

XXVII.

As to environmental stewardship, the RICE generators will have hydrogen co-firing capabilities of up to 25% by volume, though additional infrastructure investment would be required, which costs and equipment are not included in the current scope or cost estimate. This dual-fuel capability could decrease ELL's carbon footprint while also increasing reliability in the future. BPS will add a flexible resource that will enable the integration of intermittent renewable resources in the grid. With respect to affordability, ELL has determined BPS to be the lowest

reasonable cost alternative to meet the unique needs of customers in the region while also providing a solution to the challenging geography in the area.

MBM ORDER EXCEPTION

XXVIII.

As Mr. Jones discusses in his Direct Testimony, the Company is seeking an exemption from the Commission's MBM Order because of the unique circumstances addressed by the Project, which indicate that a formal RFP would not be in the public interest. The Commission's current version of the MBM Order augments the procedures of the 1983 General Order and requires a utility proposing to acquire or build new generating capacity to "employ a market-based mechanism" consisting of a "Request For Proposal ("RFP") competitive solicitation process."[7] However, the MBM Order recognizes the occasional need for exemptions and grants the Commission broad authority to grant exemptions and modify the requirements of the MBM process. Specifically, the MBM Order provides that the "utility may propose an alternate marked-based mechanism or procedure if it can demonstrate that circumstances indicate that a formal RFP would not be in the public interest."[8]

XXIX.

As demonstrated in the testimony of Ms. Beauchamp, Mr. Meredith, Mr. Nguyen, Mr. Datta, and Mr. Jones, the Company demonstrated that a formal RFP would not be in the public interest under the unique circumstances presented and addressed by the Project. That is, given the specific need, location, and type of resource that can accommodate that need and location, an RFP under the MBM Order would not be necessary to identify the lowest reasonable cost alternative. What

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7 MBM Order, at p. 5.

8 MBM Order at p. 3.

was needed was to identify qualified contract partners who could build and install the desired solution at a price competitive with other barge-mounted Warstila RICE plants, and further market testing would not have revealed any new information necessary for the Commission and the Company to determine that the construction of BPS is consistent with the Company's planning objectives and the objective of providing service at the lowest reasonable cost. In this case, without compromising its requirement that the selected contractors be qualified and that their pricing be competitive, ELL was able to identify Louisiana-based contractors who will perform the bulk of the work, which means more of the economic benefit stemming from construction costs stays in Louisiana. Accordingly, the additional cost and delay created by the RFP process for this very specific solution to a local capacity need would not be in the public interest and, as explained by Ms. Beauchamp, would place both existing load and future beneficial load growth at greater risk.

TRANSMISSION

XXX.

As Mr. Datta explains in his Direct Testimony, BPS has secured Energy Resource Interconnection Service ("ERIS") in the MISO market, which gives the resource the ability to inject power to the grid. ELL has already signed a Generator Interconnection Agreement ("GIA") for BPS with MISO. In addition, ELL also secured a 30-year Network Integration Transmission Service ("NITS") to the ELL load commencing in 2026, thereby making BPS a network resource for ELL. With respect to the upgrades that will be required for BPS, there are expected to be two transmission lines that will connect BPS to the Leeville 115 kV substation. The Leeville substation will have to be expanded to include circuit breakers and additional substation bays into which the two generator tie-lines from BPS will interconnect. The total cost associated with this interconnection is expected to be $37 million.

COMPLIANCE WITH APPLICABLE COMMISSION RULES AND ORDERS

XXXI.

For the reasons discussed previously and in detail in the accompanying testimony, BPS serves the public convenience and necessity, is in the public interest, and is therefore prudent, and should be certified in accordance with the Commission's 1983 General Order. As discussed above, the Project will add a resilient power source to the ELL grid and enable storm restoration options following a significant weather event. The quick-start and fast ramp-up and ramp-down capabilities of the Project will add flexible capacity to the system, enabling the grid to accommodate future intermittent renewable energy. Moreover, BPS will support system reliability by adding necessary capacity within the load constrained region and represents the lowest reasonable cost option to address the needs in this region.

PROPOSED RATE RECOVERY

XXXII.

As explained by Mr. Dickens, while ESL, on behalf of ELL, is exploring the possibility of executing a long-term service agreement ("LTSA") with Wartsila for BPS, no agreement has been reached at this time. However, as explained by Mr. Jones, should an LTSA for BPS be executed in the future, ELL requests that, consistent with past Commission practice, the LTSA costs be recovered through the Fuel Adjustment Clause ("FAC"). Variable costs such as LTSA costs are properly recovered through the FAC, and the Commission has previously authorized FAC recovery for similar costs for ELL's Ninemile 6 CCGT,[9] St. Charles Power Station,[10] and Lake

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9 Commission Order No. U-31971.

10 Commission Order No. U-33770.

Charles Power Station,[11] as well as several other facilities, including Perryville, Acadia Power Block 2, Ouachita Unit 3, Calcasieu, and Union Power Blocks 3 and 4.[12]

XXXIII.

As detailed in the Direct Testimony of Mr. Jones, the Company proposes a one-step regulatory approval process whereby the Commission would issue a decision, supported by the evidence and sound regulatory principles, finding that the construction of the Project is in the public interest and therefore prudent. ELL further proposes that, as part of this decision, the Commission would approve the proposed rate recovery and approve a Monitoring Plan whereby the Company would make periodic progress reports to Staff during the construction phase, and make appropriate findings that will reasonably ensure that the Company will be permitted to recover the prudently-incurred costs associated with BPS.

XXXIV.

As part of the proposed rate recovery, the Company is proposing cost recovery that will permit the timely inclusion of the BPS costs in rates. As discussed in the Direct Testimony of Mr. Jones, the plan assumes, first, that ELL will have a Formula Rate Plan ("FRP") in place, which requires an annual filing as occurs currently for ELL. Given that assumption, the Company proposes that 12 months prior to the expected commercial operation date, ELL will make a compliance submission in this docket providing the then-best estimate of BPS's first-year revenue requirement and supporting data ("Revenue Requirement Submission"). The parties to this docket would have an opportunity to request information regarding the revenue requirement calculation

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11 Commission Order No. U-34283.

12 Commission Order No. U-27836 (May 3, 2005) (Perryville); Commission Order No. U-30422-A (October 31, 2009) (Ouachita); Commission Order No. U-31196-C (February 9, 2011) (Acadia); Commission Order No. U-32759-A (November 21, 2013) (Calcasieu); Commission Order No. U-33510 (November 5, 2015) (Union).

and to propose corrections. An additional update to the estimated first-year revenue requirement would be submitted in this docket 60 days prior to the commercial operation date ("Final Estimate Update") and, again, the parties would have an opportunity to request information regarding the revenue requirement calculation and to propose corrections. Absent proposed adjustments, the Final Estimate Update would serve as the basis for the amount that is included in rates the first billing cycle following the unit's placement in service.

XXXV.

In the event adjustments to the Final Estimate Update are proposed, any adjustments agreed upon by ELL would be reflected in the rates that are implemented with the first billing cycle following placement of the Project in service. To the extent there are unresolved issues regarding a proposed adjustment, the revenue requirement included in the Final Estimate Update would be implemented, subject to refund, and resolution would take place in the subsequent FRP in accordance with the dispute resolution process provided for therein. Any changes to the revenue requirement that result from that process would be reflected in the FRP outside of sharing, just as the revenue requirement would have been initially reflected in FRP rates.

XXXVI.

After the first full year of operation of BPS, the Company will true up all components of the first-year retail revenue requirement to reflect the actual first-year revenue requirement. This true-up would be implemented outside the FRP sharing mechanism. Thereafter, the Evaluation Report for the applicable FRP and corresponding prospective rates will reflect the realignment of the Project-related revenue requirement and will be taken into account within the bandwidth calculation of the applicable FRP (i.e., inside of sharing) through the subsequent FRP Evaluation Period with any required change in rates taking effect with the corresponding Evaluation Period

rate effective date. This procedure will allow for the synchronization in rates of the costs of the Project with the normal FRP cycle, and coordinates recovery from customers of the non-fuel costs at the same time customers receive the benefits from the Project beginning commercial operation. It should be noted that this ratemaking treatment is consistent with that approved by the Commission in connection with ELL's construction of Ninemile 6, the St. Charles Power Station, and the Lake Charles Power Station and most recently the Sterlington Solar Facility. For the reasons explained earlier regarding the need for timely recovery of the Project-related revenue requirement, the Company specifically requests that the Commission approve this procedure to implement the necessary change in rates contemporaneous with the commercial operation of the Project.

XXXVII.

Timely implementation of a rate change under the FRP process would avoid the need for a deferral order from the Commission because cost recovery would begin contemporaneously with the commercial operation of the unit. However, in the alternative, if the Company is unable to begin recovering Project costs when BPS is placed in service, then the Company requests that the Commission authorize the Company to defer all non-fuel costs, including a full return on the investment, until such time as those costs can be reflected in rates. Such a deferral would include the accrual of carrying charges at the full Commission-authorized rate of return. In that scenario, the specific terms of the future rate recovery would be the subject of a future rate proceeding such as a base rate case.

XXXVIII.

In the alternative, ELL may also deem it necessary to file a general rate case prior to the anticipated commercial operation date of the Project with pro forma adjustments to the test year to

reflect the estimated first-year revenue requirement of the Project if it is determined that the effect of regulatory lag associated with a project of this size is too significant for ELL not to receive timely recovery in rates contemporaneously with when the Project begins commercial service.

XXXIX.

The Company proposes a Monitoring Plan patterned after the monitoring plan approved by the Commission relating to other recent certification dockets, including Lake Charles Power Station, Docket No. U-34283. The Company's proposed Monitoring Plan is attached to the Direct Testimony of Mr. Jones as Exhibit RDJ-2. The Monitoring Plan contemplates a semiannual report providing detailed information on the status of BPS, its costs, and other activities that are critical to completing the Project in a timely manner, and it includes appropriate confidentiality restrictions designed to address any competitive concerns that would arise with respect to intervenors who are also participants in the power market. The Monitoring Plan will serve as an "early warning system," and the Company commits to providing the Commission in the semiannual reports an affirmation as to whether continuing the Project is, in the Company's opinion, in the public interest.

XL.

As explained in the Direct Testimony of Mr. Jones, in the event the Company believes it to be in the public interest to cease construction and cancel the Project, it will make a filing in this proceeding seeking Commission approval of that recommendation. In this Application, the Company seeks approval of this procedure.

REQUEST FOR TIMELY TREATMENT

XLI.

The Company is requesting that the Commission direct or establish a Procedural Schedule in accordance with the 120-day certification period set forth in the 1983 General Order. As Mr.

Jones discusses in his Direct Testimony and as discussed by other witnesses, there are financial and operational implications for ELL's customers if BPS is not constructed on the timetable proposed. And as discussed by Mr. Dickens in his Direct Testimony, development and deployment of significant generation and transmission projects is a time-consuming process that must begin several years in advance of the need-by date. The 120-day requirement in the Commission's 1983 General Order recognizes the importance of timely action from the Commission because, if the Commission determines that a proposed resource option is found not to serve the public interest, the Company must then pursue other options to maintain reliable, affordable electric service.

XLII.

In the case of ELL's needs in the southern half of Lafourche parish in southeast Louisiana, the Company must either construct new generation in the region or rebuild and upgrade the Golden Meadow – Barataria line, as discussed by Mr. Datta. While the Company believes there is clear and compelling evidence that the construction of BPS is the preferred, lowest reasonable cost alternative means to meet this need, that is ultimately a question for the Commission to decide; it is critical that the Commission make this decision in a timely manner, consistent with the 120-day certification period set forth in the 1983 General Order.

SERVICE OF NOTICES AND PLEADINGS

XLIII.

The Company requests that notices, correspondence, and other communications concerning this Application be directed to the following persons:

ELL requests that the foregoing persons be placed on the Official Service List for this proceeding and respectfully requests that the Commission permit the designation of more than one person to be placed on the Official Service List for service in this proceeding.

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REQUEST FOR CONFIDENTIAL TREATMENT

XLIV.

Portions of Company's evidence supporting the Application contain information considered by the Company to be proprietary and confidential. Disclosure of certain of this information may expose the Company and its customers to an unreasonable risk of harm. Therefore, in light of the commercially sensitive nature of such information, the Company has submitted two versions of each of the affected documents, one marked "Non-Confidential Redacted Version" and the other marked "Confidential Version." In anticipation of the execution of a suitable confidentiality agreement in this docket, the Confidential Versions bear the designation "Highly Sensitive Protected Materials" or words of similar import. Although the confidential information and documents included with this Application may be reviewed by appropriate representatives of the LPSC Staff and intervenors pursuant to the terms and conditions of a suitable confidentiality agreement once such an agreement has been executed in this Docket, this confidential information also is being provided pursuant to, and shall be exempt from public

disclosure pursuant to, the Commission's General Order dated August 31, 1992 and Rule 12.1 of the Rules of Practice and Procedure of the Commission.

PRAYER FOR RELIEF

XLV.

WHEREFORE, for the foregoing reasons, Entergy Louisiana, LLC respectfully requests that, after due and lawful proceedings are held, its Application be approved. In particular, the Company requests that the Commission:

1. Find that the Company's construction of BPS serves the public convenience and necessity and is in the public interest, and is therefore prudent, in accordance with the Commission's 1983 General Order;
2. Find that the selection of the Project qualifies for an exemption from the terms of the Commission's MBM Order;
3. Find that, if there is an FRP in place, that the retail revenue requirement associated with the Project (to be determined in a subsequent revenue requirement filing) is deemed eligible for recovery in the first billing cycle of the month following commercial operation of BPS via Rider FRP, and that such recovery will be outside of any FRP sharing mechanism and outside of any cap;
4. To the extent cost recovery does not occur via an FRP in the manner described in Paragraph 3, above, authorize (i) deferral of the non-fuel revenue requirement (i.e., costs that are not eligible to be recovered through the FAC) associated with BPS until such time as the cost of BPS is reflected in the Company's retail rates; and (ii) an accrual of carrying charges at the full Commission-authorized rate of return,

commencing on the date of commercial operation of BPS and continuing until such time as such costs of BPS are reflected in the Company's retail rates;

5. Find that the relief requested in Paragraphs 3 and 4, above, is without prejudice to ELL seeking full or partial cost recovery in a base rate proceeding to the extent ELL determines that alternative method of cost recovery is necessary or appropriate under the circumstances.

6. Approve recovery, though the FAC, of the variable expenses incurred under an LTSA applicable to BPS, should an LTSA for BPS be executed in the future;

7. Approve the Monitoring Plan under which the Company will report to the Commission Staff on a semiannual basis the status of BPS, including schedule, costs, and other critical associated activities;

8. Find that, with respect to BPS, the Company has complied with, or is not in conflict with, the provisions of all applicable LPSC Orders, to the extent applicable;

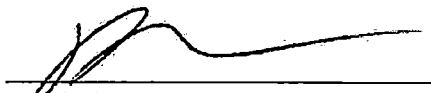
9. Find that the confidential testimony, exhibits, and other materials referenced in this Application shall be exempt from public disclosure pursuant to the Commission's General Order dated August 31, 1992, and Rule 12.1 of the Rules of Practice and Procedure of the Louisiana Public Service Commission;

10. Direct the procedural steps necessary to facilitate a Commission decision on the Company's Application consistent with the 120-day requirement in the Commission's 1983 General Order;

11. Direct that notice of all matters in these proceedings be sent to Lawrence J. Hand, Jr. and Stacy Castaing, as well as to Skylar Rosenbloom, Matthew T. Brown, Scott Olson, and Carey Olney, as representatives of Entergy Louisiana, LLC; and

12. Grant such other relief to which the Company shows itself to be entitled.

Respectfully submitted,



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