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# KEAN | MILLER LLP

February 20, 2025

## VIA ELECTRONIC MAIL

Commissioner Eric Skrmetta  
District 1 - Metairie  
433 Metairie Road, Suite 406  
Metairie, Louisiana 70005

Commissioner Mike Francis  
District 4 - Crowley  
222 N. Parkerson Avenue  
Crowley, Louisiana 70526

Commissioner Jean-Paul P. Coussan  
District 2 – Baton Rouge  
Post Office Box 83209  
Baton Rouge, Louisiana 70884

Commissioner Foster L. Campbell  
District 5 - Shreveport  
Post Office Drawer E  
Shreveport, Louisiana 71161

Commissioner Davante Lewis  
District 3 – New Orleans  
1450 Poydras Street, Suite 1402  
New Orleans, Louisiana 70112

Re: Rulemaking to Research and Evaluate Customer-Centered Options for all Electric Customer Classes as well as Other Regulatory Environments  
Docket No. R-35462  
KM File No. 4388-333

Dear Commissioners:

On behalf of the Louisiana Energy Users Group (“LEUG”), we submit to you for consideration the attached Pilot Proposals for Customer-Centered-Options and seek consideration at your next available monthly meeting.

LEUG emphasizes that the timing of your consideration of the Pilot Proposals is of critical importance, considering that Entergy is now moving forward with plans to pursue Billions of dollars of new generation construction spending at ratepayer expense with agreement dates at or before December 31, 2025, while the five years of proceedings to date in this Customer-Centered-Options rulemaking have still not reached an outcome on any of the LEUG proposals to help avoid or reduce the costs and risks to ratepayers of such Entergy spending plans and to provide more optionality for economic development in Louisiana.

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Entergy just recently issued a Request for Proposals (“RFP”) for up to 2,000 MW of new-build Combined Cycle Combustion Turbine (“CCCT”) generation including a self-build option, with plans to reach completed agreements for selections by December 31, 2025, and then pursue Commission approvals. This 2,000 MW of new CCCT generation is separate from and over-and-above the 2,262 MW of new CCCT generation that Entergy is pursuing for a new Data Center customer. For context on the cost, recent announcements and filings by Entergy indicate the cost of only a single 754 MW CCCT unit as being in the range of \$1.19 - \$1.46 Billion.<sup>1</sup> Thus, 2,000 MW of new CCCT generation as proposed by Entergy would exceed \$3 Billion in costs for Louisiana ratepayers, plus the costs of transmission and/or distribution facilities that may also be needed for the new CCCT generation.

In addition, as we recently reported to you, Entergy’s recent purchase of the 290 MW of Magnolia CCCT capacity resources will add extensive millions of dollars to ratepayer bills which could have been potentially avoided altogether had Customer-Centered-Options been in place to allow a regulatory path and opportunity for Louisiana industry to help provide a solution at their own cost and risk to reduce Entergy capacity needs. Entergy designated the cost of Magnolia as confidential and so we are not including the cost herein although it is very substantial.

Moreover, in addition to approximately 3,800 MW of new solar resources that Entergy is pursuing in Louisiana through its Geaux Green and Geaux Zero plans, Entergy has just recently filed an application with the LPSC which seeks separate approval to pursue an additional 1,500 MW of solar resources for a new Data Center project. While these programs allow for subscriptions which can help offset a portion of the costs, all of the Entergy ratepayers are being asked to contribute toward the costs of these new solar resources. Entergy is seeking LPSC approval of its solar generation proposal for the Data Center project by October 2025.

The Customer-Centered-Options rulemaking was opened by the Commission five years ago on January 9, 2020, and work in the docket on options proposed by LEUG on behalf of existing Louisiana industry to help avoid or reduce Entergy spending plans and rate increases still remains pending with no outcome on any of the LEUG proposals.

During those past five years, when Entergy proposed to spend Billions of dollars of ratepayer money on grid hardening, a solution was reached and \$2 Billion was approved within sixteen months of the application.<sup>2</sup>

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<sup>1</sup> Entergy announcement for new Legend Power Station CCCT in Port Arthur Texas indicates cost at \$1.46 Billion, and Entergy filing at LPSC for Data Center CCCTs indicates cost at \$1.19 Billion, for a 754 MW CCCT generation unit.

<sup>2</sup> LPSC Docket U-36625.

And, when Entergy sought to recover \$2.5 Billion of Hurricane restoration costs from ratepayers for Hurricane Ida, Staff review and testimony was scheduled for completion within five months and Commission approval of the spending was approved within nine months of the application.<sup>3</sup>

And more recently where Entergy has sought to spend \$3.8 Billion on generation and transmission for a new Data Center customer at the risk of all ratepayers, which Entergy claims as being “*reasonable to conclude that ELL’s other customers are not harmed by the addition of the Project and the resources to serve it, and in fact are expected to benefit*”<sup>4</sup>, although also referencing that other customers will be shielded from “*undue rate impacts*”,<sup>5</sup> a schedule was reached for Staff analysis and testimony within six months and a Commission decision to occur within a year from the filing of the application.<sup>6</sup>

Thus, the Commission and its Staff clearly have the ability to evaluate and reach decisions within a limited reasonable period of time on even very complex issues that result in very significant rate increases to ratepayers as has been demonstrated for multiple Entergy spending proposals during the past five years.

Yet, in contrast, analysis of LEUG proposals to provide options to avoid or reduce some of the Entergy spending and costs to ratepayers remains pending after five years with no outcome.

Even the limited LEUG proposals in the Customer-Centered-Options rulemaking that were identified by LEUG at a Technical Conference at the LPSC two years ago on December 15, 2022, and scheduled by Commission Staff to be addressed in Phase 2 of the rulemaking by December 2024 - - an Enhanced Cogeneration Option and a Renewable Sleeve Displacement PPA Option, have now been deferred and delayed into a Phase 3 proceeding.<sup>7</sup>

Therefore, in an effort to pursue a solution path forward, and considering Entergy’s impending spending plans and timeline for new generation additions, LEUG recommends and urges the Commission to consider Pilot Proposals for the Enhanced Cogeneration Option and Renewable Sleeve Displacement PPA Option for Entergy customers as an immediate next step in this proceeding with implementation on a determined schedule, so that timely alternatives can come forward that can help offset some of the Entergy spending proposals.

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<sup>3</sup> LPSC Docket U-36350.

<sup>4</sup> LPSC Docket U-37425; Entergy Application, Paragraph VIII.

<sup>5</sup> LPSC Docket U-37425; Entergy Application, Paragraph III.

<sup>6</sup> LPSC Docket U-37425.

<sup>7</sup> LPSC Docket R- 35462; Staff Phase 2 Report, December 30, 2024.

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Continued delay with no action on LEUG proposals in the Customer-Centered-Options rulemaking benefits Entergy at the expense of all ratepayers.

LEUG is not proposing to deregulate the electric utilities in Louisiana, or a move to full retail open access, or to create a new market for electricity supply like exists in Texas.

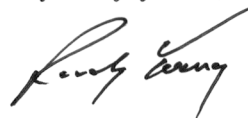
LEUG seeks options for Louisiana Industry to be part of the solution. LEUG proposals can: (1) help avoid or reduce Entergy spending hundreds of millions or even potentially billions of dollars on new power plant and thereby provide benefits to all ratepayers; and (2) encourage investments in Louisiana by providing more options for power supply and more access to the significant amounts of renewable energy that will be needed by Industry to be able to bring capital projects to Louisiana, as they compete within their companies against other potential sites within the United States and globally.

LEUG is an association of existing Louisiana industrial companies with long standing operations within the state, who all buy electricity from Entergy and some of which also have cogeneration resources. Collectively, LEUG members provide more than 35,000 high-paying jobs in Louisiana directly and through contractors, with about \$2.5 Billion in annual payroll, and \$5.5 Billion spend in Louisiana each year on electricity, goods and other services.

Absent alternative Customer-Centered-Options as proposed by LEUG, the Commission can expect and will be left with only one option to consider - - which is the continued spending and rate increases as proposed by Entergy to add new generation capacity resources.

We look forward to discussing the Pilot Proposals with you and appreciate your consideration.

Very truly yours,



Randy Young

JRY/mac

cc: Ms. Krys Abel, Records & Recording (by hand delivery for filing)  
Service List (by electronic mail only)

**Pilot Proposal for Louisiana Public Service Commission Authorization of Renewable Generation Option - - Displacement Sleeve PPA**

LPSC to authorize pilot program for Displacement Sleeve PPA Option for Entergy industrial and large commercial customers for up to 1,500 MW of generation resources within the state of Louisiana, commensurate with the amount of MW associated with Entergy’s proposal for renewable power for the Laidley Data Center.

Approval and implementation terms for the pilot are as follows:

Authorize and require Entergy to provide a tariff that allows customers an option to pursue a “Displacement” Sleeve PPA for access to renewable generation, which provides for:

- 1) Customer negotiates and contracts with Renewable Developer for electric power supply from Renewable Project to Customer, including MW, price and payment for Capacity, Energy and Renewable Energy Credits.
- 2) Customer pays Entergy for (a) Delivery of Capacity and Energy from Renewable Project to Customer, (b) Back-Up and Maintenance Service (if requested), and (c) Administrative Costs.

Within 30 days of Commission approval of the pilot, Staff shall propose reporting requirements for participating customers for presentation and consideration by the Commission within 60 days of approval of the pilot.

Within 60 days of Commission approval of the pilot, Entergy shall file a tariff proposal with the Commission wherein Customer pays Entergy for: (a) Delivery of Capacity and Energy from the Renewable Project to Customer, (b) Back-Up and Maintenance Service (if requested), and (c) Administrative Costs.

## **Pilot Proposal for Louisiana Public Service Commission Authorization of Enhanced Option for Combined Heat & Power Cogeneration**

LPSC to authorize pilot program for Enhanced Cogeneration Option for Entergy industrial customers for up to 2,000 MW of cogeneration resources within the state of Louisiana, commensurate with the amount of MW associated with Entergy's Request for Proposals for up to 2,000 MW of new-build developmental Combined Cycle Combustion Turbine ("CCCT") generation resources. Approval and implementation terms for the pilot are as follows:

- 1) Authorize transfer of Combined Heat & Power ("CHP") electric power between a CHP cogeneration owner, lessee and/or operator, load serving entity and/or market participant, and an industrial user(s) by use of power purchase or other agreement.
- 2) Provide that a transferring CHP cogeneration owner, lessee, operator and associated lender(s), load serving entity and/or market participant, and the industrial user(s) of the transferred CHP electric power, shall not become an Electric Public Utility subject to the jurisdiction of the LPSC, without requiring a commensurate ownership/operator/lease interest as currently required under existing statutes (*La. R.S. 45:121, 1161, 1164*).
- 3) Authorize and require Entergy to provide a tariff that allows CHP cogeneration to: (i) utilize the MISO Open Access Transmission Tariff, and to the extent needed (ii) distribute electricity between the Entergy transmission system and industrial user(s) at an unbundled retail distribution service rate to be approved by the LPSC.<sup>1</sup>
- 4) Confirm that LPSC Electric Transmission Facility Certification and Siting Rule certification and notice requirements shall not apply to and shall not be required for transmission facilities that are privately constructed, owned and paid for by a CHP cogeneration owner, lessee, operator and/or industrial user(s) of CHP electric power.

Within 30 days of Commission approval of the pilot, Staff shall propose reporting requirements for participating cogenerators for presentation and consideration by the Commission within 60 days of approval of the pilot.

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<sup>1</sup> The portion of the customer's load being served by the cogeneration facilities would not be part of the Entergy Louisiana ("ELL") Designated Network Load. Instead, the customer, the cogeneration facility or other third party would become a Network Integration Transmission Service Customer ("MISO Transmission Customer") under the MISO Open Access Transmission Tariff where the cogeneration facilities would be the Designated Network Resource and the portion of the customer's load being served by the cogeneration facilities would be the Designated Network Load. In addition, this MISO Transmission Customer would become the Load Serving Entity under the MISO Tariff for the portion of the customer's load that is being served by the cogeneration facilities. As a result, this MISO Transmission Customer would be responsible for MISO energy market settlements and MISO resource adequacy requirements for the portion of the customer's load served by the cogeneration facility. Back-up and maintenance service would come through the MISO energy market settlements of the MISO Transmission Customer.

Within 90 days of Commission approval of the pilot, Staff shall complete analysis and any recommendations to ensure no harm to any class of ratepayers would occur where existing Entergy load chooses to participate in the new pilot Enhanced Cogeneration Option, for presentation and consideration by the Commission within 120 days of approval of the pilot.

The Staff analysis shall include hypothetical evaluation of the net difference between the annual loss of non-fuel revenue to Entergy from up to 2,000 MW existing load participating in the pilot<sup>2</sup> as compared to the annual avoided cost and risk to ratepayers of Entergy adding 2,000 MW of new-build CCCT generation capacity and also avoiding the related MISO reserve margin and losses.

While the Staff analysis shall assume the entire 2,000 MW of the pilot would be utilized by existing load that is currently served by Entergy, the pilot shall also be applicable to new load and thus it is possible that some of the load participating in the pilot will not be load for which Entergy is or has ever provided service and thus Entergy would experience no loss of existing revenue.

Within 90 days of Commission approval of the pilot, Entergy shall file a tariff proposal with the Commission to provide access to the MISO Open Access Transmission Tariff and a distribution service rate for participating cogeneration.

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<sup>2</sup> The loss of revenue in such analysis would be net of revenue that would still be received by Entergy for delivery of the cogenerated power based on the new Entergy tariff providing for access to the MISO OATT for transmission and for a distribution rate.