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February 20, 2025

Ms. Krys Abel
Records and Recording
Louisiana Public Service Commission
602 North 5th Street
Baton Rouge, Louisiana 70821

VIA HAND DELIVERY

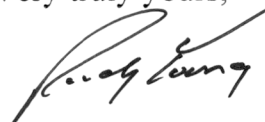
Re: In Re: Rulemaking to Research and Evaluate Customer-Centered Options for all
Electric Customer Classes as well as Other Regulatory Environments
LPSC Docket No. R-35462
KM File No. 4388-333

Dear Ms. Abel:

We have enclosed for filing an original and three (3) copies of Louisiana Energy Users Group's Response to Entergy Louisiana, LLC's Motion for Commission Guidance and Consideration in the above referenced docket.

If you have any questions, please do not hesitate to contact us. Thank you for your assistance.

Very truly yours,



Randy Young

JRY/mac
Enclosure
cc: Official Service List (via electronic mail)

Hand

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**LOUISIANA PUBLIC SERVICE
COMMISSION,
ex parte**

DOCKET NO. R-35462

**In Re: RULEMAKING TO RESEARCH AND
EVALUATE CUSTOMER-CENTERED
OPTIONS FOR ALL ELECTRIC CUSTOMER
CLASSES AS WELL AS OTHER
REGULATORY ENVIRONMENTS**

**LOUISIANA ENERGY USERS GROUP RESPONSE TO
ENTERGY LOUISIANA, LLC MOTION FOR
COMMISSION GUIDANCE AND CONSIDERATION**

The Louisiana Energy Users Group (“LEUG”) submits the following comments to the Louisiana Public Service Commission (“LPSC”) to respond to an Entergy Louisiana, LLC (“Entergy”) Motion filed in this proceeding on January 24, 2025.

Entergy seeks to have the LPSC close its Customer-Centered-Options (“CCO”) proceeding at the very time that Entergy is now moving forward with plans to pursue Billions of dollars of new generation construction spending at ratepayer expense with agreement dates projected by December 31, 2025, while the LEUG proposals to help avoid or reduce the costs and risks of such Entergy spending plans for the benefit of all ratepayers and also provide additional optionality of power supply and access to renewable energy that can help Industry bring economic development projects to Louisiana have not yet been addressed by the LPSC and are still pending consideration in this proceeding.

Closure of the CCO proceeding would be highly beneficial to Entergy and its spending plans, and detrimental to consideration of alternative options for the benefit of ratepayers and Louisiana economic development.

LEUG opposes Entergy's efforts to seek closure of the CCO proceeding and urges as a solution path forward that the LPSC consider LEUG Pilot proposals for an Enhanced Cogeneration Option and Renewable Generation 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. The LEUG Pilot proposals are outlined in a letter to the LPSC which is attached to and made a part of these comments.

Absent alternative options as proposed by LEUG in this CCO proceeding, the LPSC 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.

Background And Importance Of LPSC Customer-Centered-Options Proceeding For The Benefit Of All Ratepayers and Louisiana Economic Development

Consideration of the impacts to ratepayers of Entergy spending and rate increase plans and the potential for alternative options to help avoid or reduce at least some of those rate impacts is more critical today than ever, considering the levels of spending and rate increases experienced by Entergy ratepayers over the past five years as well as the long list of pending spending plans for which Entergy has recently obtained approval or currently has in process before the LPSC seeking approval.

Looking at the past five years, recent LPSC Staff reports filed with the LPSC confirm that Entergy's residential base rates¹ have increased by more than 30% over the period 2019-2024 since this CCO docket was opened - - a 32% increase for Legacy ELL residential ratepayers and a 37% increase for Legacy EGSL residential ratepayers.²

Further, review of Entergy annual filings with the Federal Energy Regulatory Commission ("FERC") likewise confirms substantial non-fuel related rate increases for ratepayers in recent years from 2019-2023 - - a 42% increase for residential rates and increases for major industrial rate schedules ranging from 35-45%.³

The next five years are also well on the way to bringing another 30% or more in rate increases, even before adding Entergy's recent new Request-for-Proposals ("RFP") plan to add up to 2,000 MW of new-build Combined Cycle Combustion Turbine ("CCCT") generation.

Entergy just recently issued an RFP for up to 2,000 MW of new-build CCCT generation including a self-build option, with plans to reach completed agreements for selections by December 31, 2025, and then pursue LPSC 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

¹ Exclusive of changes in fuel cost.

² LPSC Staff Report on Entergy Formula Rate Plan 2023 Test Year, Docket U-37371, November 18, 2024, page 14, History of Residential Bill Impacts shows increase from 2019-2024 of 32-37% exclusive of fuel cost changes; See also, Entergy Annual Report, CCO Docket R-35462, October 29, 2024, pages 4-5, Annual Rate History of Entergy 1,250 kWh Customer shows increase from 2019-2023 of 32-34% including changes in fuel cost.

³ Review of Entergy FERC Form 1 data confirms combined Legacy ELL and EGSL Residential Rate Schedules at 42% increase, and Industrial Rate Schedule rate increases of LLHLFPS at 35% increase, LIPS at 37% increase and HLFS at 45% increase.

single 754 MW CCCT unit as being in the range of \$1.19 - \$1.46 Billion.⁴ Thus, 2,000 MW of new CCCT generation as proposed by Entergy would exceed \$3 Billion in costs for Louisiana ratepayers.

Separate from the new Entergy RFP for 2,000 MW of new-build CCCT generation, Entergy spending plans that have already been approved by the LPSC include: an extended Formula Rate Plan (“FRP”) with annual rate adjustments plus cost recovery riders for Distribution and Transmission expenditures, \$2 Billion of grid hardening expenditures over five years, 3,800 MW of solar generation pursuits under Geaux Green and Geaux Zero programs, and 290 MW of Magnolia generation capacity. In addition, Entergy also has spending and/or cost recovery proposals pending before the LPSC for a \$499 Million 230 kV Transmission Project, a \$955 Million 500 kV Transmission Project, \$186 Million of Hurricane Francine restoration costs, and an RFP for up to 2,000 MW of existing generation capacity resources. And, all of these expenditures are before considering Entergy’s pending proposal before the LPSC for more than \$3.8 Billion of spending at ratepayer risk for a new Data Center customer.

Entergy spending plans also come in the wake of a recent Louisiana Legislative Auditor Report which emphasizes that while Louisiana residential electric rates have been at the lower end of the cost spectrum on a per kWh basis compared to other states, those costs have been increasing and also Louisiana has the highest residential per capita electricity consumption in the nation which leads to the average residential monthly

⁴ 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.

electric bill in Louisiana being 16th highest in the nation in 2023 and 4.4% above the national average.⁵

The Entergy spending plans add to its rate base and return-on-equity for the benefit of its shareholders at a pace of about \$48 Million per year for each Billion of spending.⁶ Meanwhile, the Entergy spending plans also impose on the ratepayers annual revenue requirements and rate increases to pay for the spending. Thus, evaluation of the Entergy spending plans from a customer-centric view is very important for the LPSC to consider.

Attached to and made a part of these comments is a chart prepared by LEUG consultant - Brubaker & Associates, which illustrates Entergy's recent base rate increases from 2018 forward, and provides an estimate of future base rate increases through 2030 that would result from Entergy spending proposals.

In the face of the rate surge that Entergy is bringing forth with unprecedented levels of spending proposals, the CCO proceeding is the only path pending before the LPSC that is considering alternative options to try and avoid or reduce at least some of the Entergy spending.

LEUG urged and supported the LPSC opening this CCO docket five years ago on January 9, 2020 specifically to consider alternative options to help mitigate anticipated Entergy spending plans for costly new generation to replace aging fleet which Entergy

⁵ Legislative Auditor Report January 15, 2025. The Legislative Auditor also found that Grid reliability in Louisiana fell short of the national average and worsened between 2013-2023, and is worse than most states in the southern region - - in 2023 Louisiana had one of the highest number and durations of outages in the southern region even when excluding major events like hurricanes and tornadoes. These outcomes are despite Entergy capital spending levels from 2014-2023 of approximately \$4 Billion on Transmission and \$5 Billion on Distribution in Louisiana at ratepayer expense.

⁶ \$1 Billion x 50% Equity financing = \$500 Million x 9.7% ROE authorized by LPSC = \$48.5 Million per year.

outlined in its Integrated Resource Plans (“IRP”) filed with the LPSC⁷ while also supporting Louisiana economic development.

In particular, LEUG urged that Louisiana Industry seeks to be part of the solution to: (1) help avoid or reduce costs and rate increases from Entergy generation spending plans for the benefit of all ratepayers, and (2) provide optionality of power supply and access to renewable energy that can help Industry in Louisiana be able to bring capital projects to Louisiana as they compete against other potential sites within the United States and globally.⁸

Now five years later, Entergy is moving forward with its plan for a next wave of new-build CCCT generation, but the LEUG proposals to help avoid or reduce at least some of the costs of such Entergy spending plans for the benefit of all ratepayers and to provide more optionality for economic development in Louisiana have not yet been addressed by the LPSC and are still pending consideration in this proceeding.

Evaluation by the LPSC of alternative options in this CCO proceeding to help mitigate the rate surge from Entergy spending proposals is vital to protecting the interests of all ratepayers and also the future of Louisiana economic development for both existing and potential new customers.

Entergy ratepayers bear the burden of the cost and risk of Entergy spending plans absent customer-centered options to help mitigate that risk. For example, the last time

⁷ Entergy Integrated Resource Plans, LPSC Dockets I-36181 (2023), I-34694 (2019).

⁸ LEUG Presentation at LPSC Technical Conference, Docket R-35462 December 15, 2022; See also, LEUG responses to LPSC Staff First, Second, Third and Fourth Requests for Information, and LEUG Comments on Staff Phase I Reports.

that Entergy projected the coming of an “Industrial Renaissance” for Louisiana with vast anticipated load growth for service by Entergy - - it never actually happened as projected by Entergy. While Entergy projected at the time that its peak load would grow to more than 11,000 MW by 2022⁹, Entergy’s system still remains today at approximately the same 10,000 MW level that it was at many years ago.

Entergy’s proposal to have the LPSC close the CCO docket is asking the LPSC to dismiss and avoid evaluation of the alternative options to Entergy’s generation spending proposals that have been presented and urged by LEUG in this proceeding.

LEUG proposals in this proceeding are: (1) Renewable Generation Option - - Displacement Sleeve PPA, (2) Enhanced Cogeneration Option, and (3) Industrial Customer Market Option.

The LPSC Staff Notice of Intent to Proceed and workplan in this proceeding issued March 28, 2023 included a timeline in which LEUG initially understood that its Renewable Generation Option proposal would be addressed in Phase 1 of the proceeding, its Enhanced Cogeneration Option proposal would be addressed in Phase 2, and its Industrial Customer Market Option proposal would be addressed in Phase 3, with an expressed intention by Staff that reports on all such Phases would be issued by April 30, 2024.

However, the LPSC Staff Final Phase 1 Report issued June 7, 2024 ultimately did not address any of the LEUG proposals, but included a workplan with a timeline in which

⁹ LEUG Post-Hearing Brief, U-33770, May 25, 2016, page 14; Direct Testimony of Maurice Brubaker, U-33770, January 21, 2016.

LEUG understood that its Renewable Generation Option proposal and Enhanced Cogeneration Option proposal would be addressed in Phase 2, and its Industrial Customer Market Option proposal would be addressed in Phase 3.

However, the LPSC Staff Phase 2 Report issued December 30, 2024 again did not address any of the LEUG proposals, and deferred consideration of all of the LEUG proposals to a Phase 3 - - the Renewable Generation Option, the Enhanced Cogeneration Option and the Industrial Customer Market Option.

Meanwhile, while LEUG proposals have still not yet been considered, Entergy is now pushing forward with its timeline to pursue ratepayer spending plans on up to 2,000 MW of new-build CCCT generation as well as 5,300 MW of solar generation - - 3,800 MW of solar generation for its Geaux Green and Geaux Zero programs, plus an additional 1,500 MW of solar generation resources for its new Data Center proposal.

Therefore, in an effort to pursue a solution path forward, and considering Entergy's impending spending plans and timeline for new generation additions, LEUG submitted a letter to the Commissioners in February 2025 recommending and urging the LPSC 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, so that the Commission can timely have at least some options to consider that can help offset some of the Entergy spending proposals. A copy of the LEUG letter is attached hereto and made a part hereof.

As set forth in the LEUG letter, 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 evaluation of alternative options to help avoid or reduce at least some of the Entergy spending plans and rate increases which can thus provide benefits to all ratepayers and also provide more optionality for economic development in Louisiana.

Opposition To Entergy Arguments Seeking Closure Of Customer-Centered-Options Proceeding

LEUG Proposals Seek To Benefit All Ratepayers

Entergy argues that LEUG proposals are only for the benefit of a limited group of industrials, not all ratepayers. That is not correct.

From the outset of this docket, LEUG has emphasized that its proposals seek a path for Louisiana Industry to be part of the solution to help avoid or reduce the costs of Entergy spending plans for the benefit of all ratepayers. LEUG has also fully supported LPSC evaluations in this proceeding to ensure “*no class of ratepayers would be harmed*” by its proposals, as the standard set forth by the LPSC.¹⁰ Moreover, LEUG notes that its proposal for a Renewable Generation Option is also applicable to large commercial customers in Louisiana needing access to renewable power and not just industrials.

¹⁰ LPSC Order U-21453, U-20925 (SC), U-22092 (SC) (Subdocket A) - B; December 4, 2001, page 2.

LEUG Proposals Fall Within Scope Of CCO Proceeding

Entergy argues that LEUG proposals are beyond the scope of the CCO proceeding. That is not correct.

The Directive and Notice of Proceeding opening this proceeding made clear from the outset that this docket was to address: “. . . options that may mitigate the rising rates projected for Louisiana customers.”¹¹ All of the LEUG proposals in the CCO proceeding are focused on avoiding Entergy spending and rate increases for new generation which could avoid costs and mitigate rate increases for the benefit of all ratepayers.

Moreover, review of the transcript from the LPSC meeting at which the Directive was approved confirms support for the type of evaluations presented by the LEUG proposals in this proceeding including for example as follows:

Commissioner Greene: *“I really think the name of this docket could easily be called rates will likely go up, how can we make sure they go up as little as possible.”* and *“In this docket, we’ll examine options for reducing rate increases. We need to strive for excellence and sustainability, both economic and environmental. We should not be myopic based on political cycles.”*¹²

Commissioner Campbell: *“But I don’t mind studying it and looking at all possibilities of keeping rates down”* and *“I’m wide open to looking at everything, anything anybody’s got to say to keep rates cheap.”* and *“We ought to be wide open.”* and *“That’s our job.”*¹³

Commissioner Boissiere: *“But as elected Commissioners who have an oath to serve this state, it is our job to look at everything but not to jeopardize anything and sometimes, that line isn’t so clear. But*

¹¹ Notice of Proceeding, LPSC R-35462, January 9, 2020.

¹² B&E Transcript, December 18, 2019, pages 97-98.

¹³ B&E Transcript, December 18, 2019, pages 61, 62, 71.

we'll continue to work, and I know we will to get that part done. And, hopefully, and just maybe, we'll find a better way of bringing power to the people of Louisiana, and hopefully and maybe we'll find a cheaper way."¹⁴

Commissioner Skrmetta: *"So I want you to understand that as I do not think that it is particularly necessary to do this study, I am not going to impede an analysis that may provide some value, but I can tell you that the general concept of this is going to be something that I think may not be of tremendous value but I look forward to seeing where it brings us, so thank you."*¹⁵

As cited by Entergy, Commissioner Skrmetta also expressed his view against evaluating *"deregulation or establishment of open market access"*¹⁶, but those are not LEUG proposals in any event. LEUG has been clear that it 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. Rather, LEUG seeks evaluation of alternative options to help avoid or reduce at least some of the Entergy spending plans and rate increases which can thus provide benefits to all ratepayers and also help support Industry efforts to bring economic development to Louisiana.

Moreover, review of the proceeding history confirms that the LEUG proposals have been specifically and appropriately presented in this proceeding in response to LPSC Staff Requests for Information dating back to September 25, 2020 and September

¹⁴ B&E Transcript, December 18, 2019, pages 94-95.

¹⁵ B&E Transcript, December 18, 2019, page 76.

¹⁶ B&E Transcript, December 18, 2019, page 74.

8, 2022,¹⁷ and have been included in Staff workplans in this proceeding dating back to March 28, 2023 and June 7, 2024.

Entergy also argues that the CCO docket has already successfully completed its objectives and run its course by addressing various reporting obligations, ARCs, Demand Response, Electric Vehicles, Entergy DER program, Renewable Options, and a form of Overlay Sleeve PPA. That is not correct.

As explained above, none of the LEUG proposals pending in this proceeding seeking to avoid or reduce Entergy spending plans have yet to be evaluated. Moreover, some of the topics cited by Entergy were addressed in other dockets and the Directive and Notice of Proceeding opening this CCO proceeding made clear from the outset that this docket was limited to: *“any proposals not already being addressed in other dockets.”*¹⁸ Thus, Entergy appears to be trying to credit this proceeding with determinations of some topics that were not addressed or completed in this proceeding. Moreover, the form of Overlay Sleeve PPA approved by the LPSC in this proceeding was created and proposed by LPSC Staff, and it is not the same as the LEUG proposal that is needed by Industry and which continues to await consideration.¹⁹

¹⁷ LEUG responses to LPSC Staff First, Second, Third and Fourth Requests for Information; LEUG Presentation at LPSC Technical Conference, Docket R-35462 December 15, 2022; and LEUG Comments on Staff Phase 1 Reports.

¹⁸ Notice of Proceeding, LPSC R-35462, January 9, 2020.

¹⁹ The difference between the LPSC Staff proposal for “Overlay” Sleeve PPA and the LEUG proposal for “Displacement” Sleeve PPA, was explained by LEUG in Comments filed with the LPSC on April 15, 2024 in response to the LPSC Staff Second Phase 1 Report.

LEUG Proposals Address Where Rates are Going, Not Where Rates Are Today

Entergy argues that rates in Louisiana are already competitive. Entergy's argument is misplaced and misses the whole point of the CCO evaluations.

Irrespective of differing views on where Entergy rates fall in the cost comparison spectrum today, the focus of the CCO evaluations is to consider options to help avoid or reduce upcoming rate increases anticipated for the future such as from the Entergy spending plans. The concern and issue is about where rates are going for the future, not where rates are today.

CCO Proceeding Is Vital to Louisiana Economic Development

Entergy argues that significant investment along the Gulf Coast has chosen Louisiana including some LEUG member projects and the Meta Data Center project, and that uncertainty from investigating deregulation and retail open access will have a chilling effect on economic development. Entergy misses the point, entirely.

Contrary to Entergy's argument, the anticipated industrial development in Louisiana is occurring with the benefit of the LPSC having its proceeding open on Customer-Centered-Options to evaluate alternative options that can help mitigate rate increases from Entergy spending plans for all ratepayers while also providing more optionality for industry to meet its power needs and to obtain access to the renewable generation to make their projects feasible for completion in Louisiana.

Closing the Customer-Centered-Options proceeding as sought by Entergy would send a negative and harmful message to industry evaluating opportunities to pursue and

site economic development projects in Louisiana as they compete against other potential sites in the United States and globally.

Just because a project has been announced for Louisiana, does not mean that all of the power supply and renewable generation needs of the project have been solved to make the project viable for final investment decisions to proceed with construction. LEUG proposals in the CCO proceeding provide options to help increase the odds for new industrial development to actually be completed in Louisiana. And, the existence of the CCO docket has obviously not deterred Entergy from coming forward with its proposal for more than \$3.8 Billion of spending for the Meta Data Center power supply proposal.

Moreover, LEUG proposals in this proceeding are not seeking to investigate deregulation or retail open access. 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. Rather, LEUG seeks evaluation of alternative options to help avoid or reduce at least some of the Entergy spending plans and rate increases which can thus provide benefits to all ratepayers, while at the same time providing some optionality of power supply and access to renewable generation needed by industry to be able to bring capital investment to Louisiana.

LEUG Pilot Proposals Focus and Narrow Work Path and Data Needs

Entergy argues that work effort in the CCO proceeding would grind LPSC business to a halt during an economic resurgence in which the LPSC will play a vital role. Entergy also argues that the latest Staff Sixth and Seventh Data Requests in the

proceeding are too onerous and requested cost-of-service studies would result in undue hours of work and cost.

Contrary to Entergy arguments, it could also be contended that the multitude of Entergy continuing filings with the LPSC seeking approval of new spending proposals and paths to construct new generation at ratepayer expense are impeding on the LPSC resources needed to focus on evaluation of alternative options to mitigate the Entergy spending plans for the benefit of the ratepayers.

However, in any event, LEUG does recognize the importance of and need to focus available LPSC resources where the most value can be achieved for the benefit of ratepayers under the circumstances at hand. As such, LEUG has recently submitted its letter to the LPSC recommending and urging the LPSC to consider Pilot proposals for the Enhanced Cogeneration Option and Renewable Generation Option for Entergy customers as an immediate next step in this proceeding, so that the Commission can timely have at least some options to consider that can help offset some of the Entergy spending proposals.

LEUG further believes that the data needs for evaluation of the Pilot proposals should be much less and far less extensive than pursued by Staff in its recent Sixth and Seventh Data Requests which contemplated addressing a much broader context of issues than at issue in the Pilot Proposals.

In particular, LEUG believes that the LPSC Staff already has the information it needs to consider the Pilot Renewable Generation Option based on the extensive comments and information requests in the proceeding over the past years, and would

hope that any additional information needs to consider the Pilot would be minimal. LEUG also notes that contrary to Staff suggestions in its recently issued Phase 2 report, LEUG's proposal is not in any manner based on or seeking to change the LPSC Net Metering Rules. The LEUG Pilot seeks a path for industrial and large commercial customers to contract with renewable developers to purchase renewable energy and capacity, while also having a tariff path "sleeve" with Entergy for deliverability of the renewable energy and capacity and to meet back-up power needs. In contrast, the purpose of Net Metering as explained in the LPSC Distributed Generation Rule is to provide terms for utilities such as Entergy to provide service to behind-the-meter distributed generation including rates for the purchase by the utility of any excess energy from the generation.²⁰ The LEUG proposal for a Renewable Generation Option is not for behind-the-meter generation and it is not seeking to sell any excess energy to Entergy or any other utility, and thus is wholly inapposite to the LPSC Net Metering Rule.

With respect to the Enhanced Cogeneration Option, the LEUG Pilot proposal includes a tariff path from Entergy to provide the deliverability of the cogenerated power through access to the MISO Open Access Transmission Tariff ("OATT") and also an unbundled distribution rate. Because industrials take service largely at the transmission level, most of the power at issue would be delivered using the MISO OATT. However, to the extent that some amount of the power may be delivered over portions of the distribution system then a distribution rate jurisdictional to the LPSC is also being

²⁰ LPSC Order R-33929, November 27, 2019, Distributed Generation Rule.

requested. Entergy already currently has distribution rates built into some of its industrial tariffs, thus creating a distribution rate is not a foreign or inordinary concept.

The calculation of the distribution delivery rate should be by delivery service voltage. The utility should be able to reasonably estimate the cost associated with each voltage level. Depreciation expense and estimated O&M and other expenses can be added to determine a total revenue requirement by voltage level. The delivery rate can be estimated by dividing the revenue requirement by the estimated kilowatts of demand associated with each voltage level. The cost of any other items, such as metering, can be estimated and added for the appropriate voltage level. This approach of developing component costs by voltage level would provide a reasonable estimate of costs necessary to implement a distribution delivery rate for the Cogeneration pilot program, while also avoiding unnecessary time and expense associated with a full cost of service study.

The LEUG Pilot Enhanced Cogeneration Option also contemplates Staff analysis and any recommendations to ensure no harm to any class of ratepayers would occur where existing Entergy load chooses to participate, as described in the Pilot proposal.

LEUG Proposals Seek Alternative Options and Solutions to Entergy Ongoing Spending Plans for New-Build CCCT and Solar Generation, Not Nuclear Generation

Entergy argues that full or limited retail access would not support and undermines further development of nuclear resources.

However, LEUG is not proposing full retail access and its Pilot proposals are limited to mitigation of Entergy spending plans for new gas-fired and solar generation that

Entergy is pursuing today - - long before its future plans for potential new nuclear generation.

Entergy's argument ignores that it just issued an RFP for up to 2,000 MW of new-build CCCT generation with a required in-service date by January 1, 2031. Moreover, Entergy is pursuing 5,300 MW of new solar generation - - 3,800 MW of solar generation for its Geaux Green and Geaux Zero programs, plus an additional 1,500 MW of solar generation resources for its Data Center proposal.

Thus, Entergy's nuclear generation pursuit is for generation needs that would be over and above and beyond the combined 7,300 MW of CCCT and solar generation currently being pursued by Entergy and which are the focus of the LEUG Pilot proposals.

Moreover, Entergy just recently represented to the LPSC that Entergy accomplishing new nuclear generation is ten years away even if it starts efforts today.²¹

Thus, the question before the LPSC is who is going to pay the costs and bear the risks of all the new Entergy generation and spending before we ever get to new nuclear generation. This CCO proceeding was opened to address options to mitigate the rising electric rates for Louisiana customers including from Entergy spending plans happening today - - long before any nuclear proposals are presented.

LEUG Pilot Proposals focus specifically on alternative options and solutions to Entergy ongoing spending plans for new-build CCCT and solar generation, not nuclear generation.

²¹ Entergy representation at LPSC Meeting, January 15, 2025.

Moreover, the Sleeve PPA concept being pursued by LEUG for renewable generation also has prospects for future use to have Louisiana industry bring new nuclear investment to Louisiana at its own cost and risk without putting the costs and risks on captive utility ratepayers if the LPSC allows the regulatory paths for the private investment to occur.

Thus, Entergy arguments seeking to confuse mitigation options for the benefit of Entergy ratepayers being pursued by LEUG in this proceeding as being contrary to potential future nuclear development in Louisiana are misstated.

LEUG Proposals Do Not Interrupt Entergy Resource Planning

Entergy questions whether pursuit of LEUG proposals for Customer-Centered Options would interrupt Entergy resource planning efforts. No; Entergy is not being asked to discontinue its resource planning.

Entergy has certainly not slowed any of its generation resource spending pursuits over the past five years because of the CCO proceeding being open, and LEUG does not envision that Entergy has any plans to suddenly change its approach now. For example, Entergy has already decided to issue its RFP for up to 2,000 MW of new-build CCCT generation despite objections to the RFP that LEUG has submitted to Entergy and filed with the LPSC.²²

LEUG does submit however that LPSC considerations in this CCO proceeding can and should create regulatory paths to timely allow for alternative options to come

²² LEUG Objections to Entergy RFP, X-37450, December 13, 2024.

forward to help avoid or reduce at least some of the Entergy resource spending plans and rate increases which can thus provide benefits to all ratepayers and also provide additional optionality of power supply and access to renewable energy that can help Industry bring economic development projects to Louisiana.

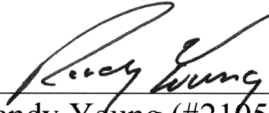
Absent alternative Customer-Centered-Options as proposed by LEUG, the LPSC ultimately can expect and will be left with only one option to consider - - which is the continued spending and rate increases as proposed by Entergy to add new generation capacity resources.

Conclusion

Considering all of the above, LEUG urges the LPSC to deny Entergy's motion to the extent it seeks to close the CCO proceeding.

As a solution path forward, considering Entergy's impending spending plans and timeline for new generation additions, LEUG recommends and urges the LPSC to consider the LEUG Pilot Proposals for Enhanced Cogeneration Option and Renewable Generation Option for Entergy customers as an immediate next step in this proceeding so that the Commissioners can timely have at least some options to consider that can help offset some of the Entergy spending proposals.

RESPECTFULLY SUBMITTED:



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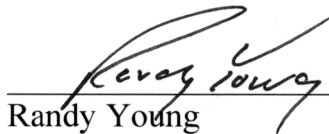
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Attorneys for Louisiana Energy Users Group

CERTIFICATE OF SERVICE

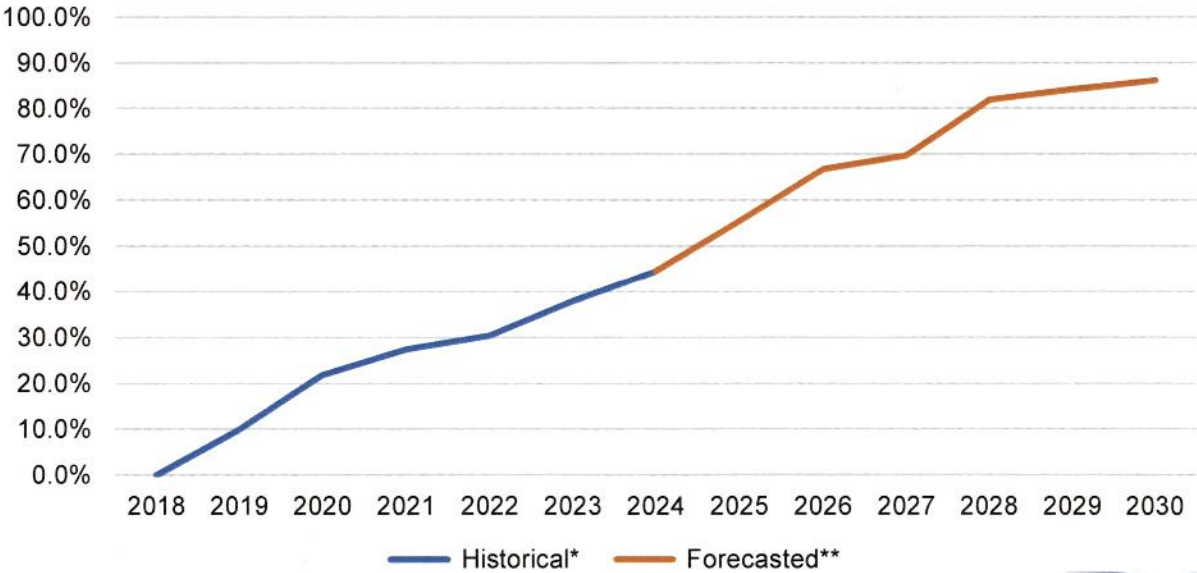
I hereby certify that a copy of Louisiana Energy Users Group Response to Entergy Louisiana, LLC's Motion for Commission Guidance and Consideration has been served by electronic mail and/or by U.S. mail, postage prepaid, on all parties on the Official Service List.

Baton Rouge, Louisiana this 20th day of February, 2025.


Randy Young

Entergy Louisiana, LLC

Actual and Forecasted Cumulative Increases in Base Rates



Sources and Notes:

*FERC Form 1 data for 2018 to 2023, Page 304.

2024 Increase estimated based on historical trends and adjusted to reflect FRP decrease.

**Includes forecasted cost increase estimates from the Formula Rate Plan, Grid Hardening Resilience Plan, Magnolia CCGT Capacity, Solar Additions, proposals for West Bank 230 kV and 500 kV lines, 2,000 MW CCCT RFP, and other transmission additions.



February 20, 2025

VIA ELECTRONIC MAIL

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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.

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.¹ 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.²

¹ 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.

² 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.³

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”⁴, although also referencing that other customers will be shielded from “undue rate impacts”,⁵ 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.⁶

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.⁷

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.

³ LPSC Docket U-36350.

⁴ LPSC Docket U-37425; Entergy Application, Paragraph VIII.

⁵ LPSC Docket U-37425; Entergy Application, Paragraph III.

⁶ LPSC Docket U-37425.

⁷ 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.

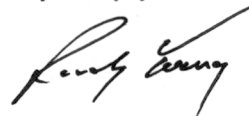
LEUG seeks options for Louisiana Industry to be part of the solution. LEUG proposals can: (1) help avoid or reduce Entergy spending hundreds of millions or even potentially billions of dollars on new power plant and thereby provide benefits to all ratepayers; and (2) encourage investments in Louisiana 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.¹
- 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.

¹ 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 pilot² 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.

² 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.