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LA PUBLIC SERVICE COMM
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December 15, 2025

VIA ELECTRONIC MAIL

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Re: Directive on Lightning Initiative; December 17, 2025 Business & Executive Session; LPSC Market Based Mechanisms Order, R-34247
KM File No. 4388-290

Dear Commissioners:

The Louisiana Energy Users Group ("LEUG") submits this letter to provide its recommendations regarding a proposed Lightning Initiative Directive pending on the Agenda for the Commission's December 17, 2025 Business & Executive Session.

As an association of Industrial companies who make up a large part of the Louisiana economy, LEUG wholeheartedly supports economic development in the state that is done in a manner that protects the interests of existing electric ratepayers and allocates costs and risks in an appropriate manner.

As such, LEUG attaches hereto its proposed revisions to the proposed Directive to add protections for existing ratepayers in the event the Commission considers a pathway for waiver of its Market Based Mechanisms Order and the ratepayer protections currently provided therein. The revisions are shown in redline.

Hand

The Commission just very recently expanded the ratepayer protections in its Market Based Mechanisms Order only a year ago in September 2024 after a deliberate rulemaking process, and we recommend against the Commission waiving its rules through a Directive that has not been subject to a rulemaking process absent adding at a minimum the ratepayer protections proposed herein.

Key considerations in achieving and sustaining Data Center and other large load economic development projects in Louisiana include: (1) providing the power supply that is needed for the projects; and (2) accomplishing the power supply in a manner that protects the interests of existing ratepayers. As we understand the Directive, it does not sufficiently focus on and address the second consideration of protecting the interests of the existing ratepayers.

The Market Based Mechanisms Order has been in effect for over 20 years since 2002; it includes as an objective *"the provision of reliable service at lowest reasonable cost";* and it includes Request for Proposal and market test requirements that help discipline the costs of utility proposals for self-build generation. *(LPSC Order R-34247, October 14, 2024)*

The proposed waiver of the requirements of the Market Based Mechanisms Order adds significant risk and potential costs to the ratepayers as presented where: (1) the Directive is requiring the load to cover only half the cost of the revenue requirement for the new generation during the term of the power supply commitment; (2) the Directive is requiring only a 10 year power supply commitment, as compared to the 30 or more years it could take to pay the full cost of the new generation, which can in turn leave a lot of tail end risk on the existing ratepayers to have to pay for excess generation and cost overruns; and (3) the Directive is not requiring any cost cap from the utility against cost overruns on whatever generation construction they pursue.

In particular, the power supply commitment of only 10 years, and payment of only half the costs of the revenue requirement for the new generation during the term of the power supply commitment, would be a pull back on the "floor" for ratepayer protections that were put in place for the Meta power supply.

Further, in such circumstances, the prudence review reservation cited in the proposed Directive would be insufficient to protect existing ratepayers. If the Commission waives its rules and process requirements, then there will be no such rules in effect for the Commission to gauge whether the utility acted prudently in its process to accomplish the generation needs.

LEUG also questions the seven month timeline provided in the Directive from application to Commission vote, considering that the Commission rules currently allow more than three months for the ALJ to issue a recommendation after a Hearing, and, so as currently written, the proposed Directive would be constraining the discovery and testimony process to a very limited number of months on what could be multi-billion dollar decisions. *(LPSC Special Order 44-2006)*

LEUG also has and continues to emphasize the importance of considering new options for private investment in new generation in Louisiana so that not all of the risk falls on existing ratepayers. To be clear, LEUG is not suggesting deregulation or creation of new electric markets in Louisiana, but rather additional optionality that can help avoid costs for existing ratepayers while also enhancing opportunities for economic development.

LEUG is an association of industrial companies currently existing and located in Louisiana which collectively provide more than 35,000 good, high-paying jobs, provide about $2.48 Billion in annual payroll, and spend over $5.5 Billion in Louisiana each year on electricity, goods and other services.

LEUG has been a steadfast advocate for reliable, lowest reasonable cost power supply for many decades as fundamental to the well-being of all Louisiana consumers.

If you have any questions, please do not hesitate to contact us.

Very truly yours,

Randy Young

Randy Young

JRY/mac
Enclosure
cc: Ms. Krys Abel, Records & Recording (by hand delivery for filing)
Official Service List (via electronic mail)

Governor Landry's *Louisiana Lightning Speed Initiative* calls on state agencies to work with Louisiana Economic Development (LED) with the goal to accelerate the timelines required for major employers to invest, build, and grow in Louisiana.

In many subject areas, Louisiana looks to competing states for best practices in public policy. However, Louisiana is now ranked as a top-10 state by the Area Development Magazine for doing business, including #1 for energy cost and #4 for energy availability.

Louisiana is indeed well-positioned, but to maintain and expand our advantage, we must continue to modernize our regulatory tools and processes. As Louisiana Public Service Commissioners, we now have a unique opportunity to create a regulatory pathway that enables Louisiana to be a consistent leader in attracting major employers.

To that end, I would like to implement an initiative designed for speed-to-market and economic-development-driven power needs while also ensuring protections for existing ratepayers. This LPSC Lightning initiative will set the standard for public policy and be the model that other states seek to emulate ~~immolate~~.

LPSC Lightning Amendment to the General Order

To support the Governor's initiative and ensure utilities can meet the power needs of new and expanding load, I request that the Louisiana Public Service Commission adopt the following regulatory pathway:

1. The Market Based Mechanisms Order requirements of General Order 10-14-2024 (R-34247) are considered waived for a proposed capacity addition where the following factors are demonstrated and proven in the certification proceeding:

   a. A signed electric service agreement ("ESA") with a new or expanding load with a requested initial in-service date within five years of the certification application;

   b. Without the proposed capacity, the utility is projected to be short of the energy or capacity needed to meet the customer's electric requirements on the requested in-service dates;

   c. A letter from the Secretary of Louisiana Economic Development confirming the customer's interest and the importance of power availability within the five-year initial in-service date;

   d. The ESA has a term of at least the full depreciation life of the proposed capacity addition~~10 years~~, with an option to renew; ~~and~~

   e. The ESA ensures a level of fixed revenue over the term of the ESA that will cover the full ~~at least one-half of the~~ fixed revenue requirement associated with the requested capacity needed to serve the new or expanded load during the term of the customer ESA~~.~~; and

   f. As an alternative to an ESA term for the full depreciation life of the capacity addition, the Commission may also consider waiving the Market Based Mechanism Order requirements on a case-by-case basis where alternative proposals are submitted and demonstrate appropriate protections for existing ratepayers through other mechanisms including but not limited to for example cost caps on the utility capacity proposals.

2. The Commission shall initiate proceedings to allow for stakeholder input on lightning protections to ensure that costs and risks of new generation constructed or acquired to serve new and expanded load additions are not unreasonably imposed on existing ratepayers, and provide for consideration by the Commission within 90 days.

3. Further, for any certification proceeding that is filed pursuant to this directive, I direct Staff to take reasonable steps to ensure that those applications are reviewed and processed on a timely basis, including retention of counsel and consultants as necessary, with the objective of the Commission being able to vote within 9~~7~~ months of an application. The time period under Special Order No. 44-2006 for Administrative Law Judge Final Recommendation is reduced from 90 days to 30 days from the date the case is fully submitted for decision. Any utility seeking to take advantage of this regulatory pathway shall communicate with the Executive Counsel at least 60 days prior to any filing made at the Commission.

4. Nothing herein shall be construed to relinquish the Commission's authority over the proposed capacity additions, including, but not limited to the determination of whether the capacity addition serves the public interest and the prudence of the utility's management of the procurement, construction, or contract administration associated with such capacity additions.

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