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**BEFORE THE  
LOUISIANA PUBLIC SERVICE  
COMMISSION**

Louisiana Public Service Commission

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APPLICATION OF CLECO POWER LLC  
FOR CERTIFICATE OF PUBLIC  
CONVENIENCE AND NECESSITY FOR:  
(I) AUTHORIZATION TO ENTER INTO  
A PROPOSED POWER PURCHASE  
AGREEMENT BETWEEN DOLET HILLS  
SOLAR, LLC AS SELLER AND CLECO  
POWER LLC AS BUYER; (II)  
AUTHORIZATION TO RECOVER IN ITS  
JURISDICTIONAL RATES THE  
CHARGES THAT CLECO POWER LLC  
PAYS UNDER THE POWER PURCHASE  
AGREEMENT; AND (III) EXPEDITED  
TREATMENT

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DOCKET NO. U-\_\_\_\_\_

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## I. INTRODUCTION

Pursuant to the Louisiana Public Service Commission's ("LPSC" or the "Commission") General Order, issued September 20, 1983 (the "1983 General Order"),<sup>1</sup> Cleco Power LLC ("Cleco Power" or the "Company") requests a set of approvals and authorizations from the Commission to: (i) enter into a power purchase agreement for solar power (the "Solar PPA") with Dolet Hills Solar, LLC ("Dolet Hills Solar"), for [REDACTED]; and (ii) recover in Cleco Power's jurisdictional rates the charges that the Company pays to Dolet Hills Solar for the Products (as defined below) that the Company will purchase and that Dolet Hills Solar will sell under the Solar PPA and the costs that Cleco Power will incur to construct the Tie Line (as defined below) that will deliver the energy generated by the Solar Facility to Cleco Power's transmission system. Cleco Power also requests an exemption, if necessary, of any requirement to conduct a request for proposals process under the Commission's Market-Based Mechanisms General Order (the "MBM Order"),<sup>2</sup> because the Solar PPA meets the objective of the MBM Order – the provision of reliable service at the lowest reasonable cost. The Solar PPA arose from an offer Cleco Power received for power to be sourced from a photovoltaic (solar) generating facility located in DeSoto Parish, Louisiana, which will be constructed by Dolet Hills Solar. Based on market surveys that Cleco Power has obtained for solar power purchase agreement pricing in the Midcontinent Independent

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<sup>1</sup> 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 purchase*) dated May 27, 2009.

<sup>2</sup> 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 to the September 20, 1983 General Order, dated February 16, 2004 (as amended by General Order No. R-26172 Subdocket B, dated November 3, 2006, and further amended by the April 26, 2007 General Order, and further amended by General Order No. R-26172, Subdocket C, dated October 29, 2008).

System Operator, Inc. (“MISO”) footprint for the second quarter of calendar year 2022, the pricing under the Solar PPA is very favorable relative to the market pricing.

The Solar PPA will serve the public interest by providing significant economic and other benefits to Cleco Power’s customers and the State of Louisiana, as described in this Application and in the supporting testimony to this Application. As noted, the Solar PPA’s pricing terms are very favorable relative to current market pricing, and the Solar PPA will provide Cleco Power’s customers with a reliable, emission-free, low-cost source of energy and capacity for years to come.

For the reasons provided in detail below, Cleco Power also requests that the LPSC certificate the Solar PPA as in the public interest within the 120-day certification period specified in ordering paragraph 5 of the 1983 General Order, so that Dolet Hills Solar may initiate construction as soon as possible and complete construction such that the Solar Facility enters commercial operation by November 30, 2024.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Accordingly, in order for Cleco Power’s customers to receive the substantial benefits that are expected to arise out of the Solar PPA, including highly favorable pricing, it is critical that the Commission authorize the Solar PPA no later than December 15, 2022, or the date of the Commission’s final open meeting conducted in the year 2022.

The contents of this Application are derived from and supported by the pre-filed direct testimony of two witnesses of Cleco Power: Mark Bordelon and J. Robert Cleghorn. Their testimonies are attached to and incorporated into this Application as Exhibit 1 and Exhibit 2, respectively. This Application abbreviates and summarizes the contents of the testimony, and

reference is made to the testimony for a more detailed discussion of the matters herein. A copy of the Solar PPA is attached to the Direct Testimony of Mr. Bordelon as Exhibit MB-1.

## **II. DESCRIPTION OF INTERESTED PERSONS**

### **A. Cleco Power LLC**

Cleco Power is a Louisiana limited liability company, and a wholly-owned subsidiary of Cleco Corporate Holdings LLC, also a Louisiana limited liability company. Cleco Power generates, transmits, and delivers electricity to approximately 291,000 customers located in three, non-contiguous service territories in Louisiana. Together, these service territories comprise four service districts throughout the State of Louisiana, and include part of 24 of the 64 parishes in Louisiana. A significant portion of Cleco Power's service territory is located in the central part of Louisiana, with an additional area located north of New Orleans, commonly referred to as Northlake. Cleco Power is a member of the MISO regional transmission organization.

### **B. Dolet Hills Solar, LLC**

Dolet Hills Solar is a project company subsidiary of D.E. Shaw Renewable Investments, LLC, a Delaware limited liability company ("DESRI"). DESRI is a leading renewable energy company that develops, owns, and operates utility-scale solar, wind, and battery storage projects throughout the United States. DESRI has a diversified portfolio across 25 states with over 6 GW of generation capacity in operation, under construction, or currently contracted and in pre-construction phase.

DESRI is also currently operating within Louisiana. DESRI is currently constructing the 50 MW Iris Project in Washington Parish and the 20 MW St. James Project in St. James Parish. In addition, DESRI has recently announced the signing of a 72 MW long-term solar PPA with

Southwestern Electric Power Company and the signing of two long-term solar PPAs and a build-transfer agreement with Entergy Louisiana totaling 350 MW.

### **III. COMMUNICATIONS**

Cleco Power requests that communications concerning this Application be directed to:

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### **IV. THE SOLAR PPA TRANSACTION; MATERIAL TERMS OF THE SOLAR PPA**

#### **A. The Underlying Transaction**

Dolet Hills Solar will construct a solar photovoltaic generating facility having a nameplate capacity of 240 MW in DeSoto Parish, Louisiana (“the Solar Facility”) that will connect to Cleco Power’s transmission substation in Mansfield, DeSoto Parish, Louisiana, via an approximately

seven (7) mile 345 kV transmission tie line connecting the Solar Facility to Cleco Power's Mansfield Substation (the "Tie Line"). Once the Solar Facility enters commercial operation, Cleco Power will purchase the entirety of the power produced by the Solar Facility pursuant to the Solar PPA.

The Solar Facility assets will be owned by Dolet Hills Solar, whose sponsor equity will be owned by a parent holding company. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Solar Facility will be sited upon land that Cleco Power currently has under option with Alexandria Timber Company, pursuant to an Option to Purchase Property, dated effective

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<sup>3</sup> The Solar Facility will partially replace Cleco Power's share of the recently-retired Dolet Hills Power Station ("DHPS"), which was a mine mouth, lignite-fueled generating facility co-owned by Cleco Power and the Southwestern Electric Power Company.

<sup>4</sup> LPSC Order No. U-26994, issued July 22, 2004.

<sup>5</sup> 16 U.S.C. § 824d.

December 16th, 2020 (the “Project Site”).<sup>6</sup> Should the Commission authorize the Solar PPA, Cleco Power will assign the Option to Purchase to Dolet Hills Solar within thirty (30) days after such authorization.

**B. Transmission Considerations; MISO Generator Replacement Requirements**

One of the key drivers behind locating the Solar Facility at the Project Site is the ability of the Solar Facility to utilize the existing generator interconnection rights for DHPS, under MISO’s rules for generator replacements. Under Attachment X (Generator Interconnection Procedures) of the MISO FERC Electric Tariff, the Solar Facility can be designated as a “Replacement Generating Facility,” which is defined as “a Generating Facility that replaces an Existing Generating Facility, or a portion thereof, at the same electrical Point of Interconnection pursuant to Section 3.7 of this Attachment X.” The “Existing Generating Facility” for this purpose would be DHPS. The ability to use the existing interconnection rights for DHPS significantly de-risks the development of the project as Dolet Hills Solar will be able to bypass the otherwise lengthy MISO interconnection queue and avoid exposure to potentially large MISO network upgrade costs.

However, under the generating facility replacement requirements of MISO’s Attachment X, the Replacement Generating Facility must be in commercial operation within three (3) years after the retirement of the Existing Generating Facility.<sup>7</sup> Because DHPS was retired as of December 31, 2021,<sup>8</sup> the Solar Facility must be placed in commercial operation no later than December 31, 2024, which will effectively require construction to begin in early 2023. In addition, Dolet Hills Solar must procure equipment by year-end 2022 in order to lock in higher investment

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<sup>6</sup> A Memorandum of the Option to Purchase Property is recorded in the conveyance records of DeSoto Parish Louisiana, under File No. 770910.

<sup>7</sup> See MISO Attachment X § 3.3.1.

<sup>8</sup> Please refer to the Joint Application of Cleco Power and Southwestern Electric Power Company filed in LPSC Docket No. U-35753, filed January 31, 2022.



tax credits. The advantageous terms of the Solar PPA are premised upon the availability of both replacement generator status and higher investment tax credits, and as a practical matter neither equipment procurement nor project construction can proceed without Commission approval.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] Accordingly, in order for Cleco Power's customers to receive the substantial benefits that are expected to arise out of the Solar PPA, including highly favorable pricing, it is critical that the Commission authorize the Solar PPA no later than December 15, 2022, or the date of the Commission's final open meeting conducted in the year 2022.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

### **C. The Solar PPA and its Material Terms**

The Solar PPA represents Cleco Power's strong commitment to an economically attractive, emission-free resource that would diversify Cleco Power's generating fleet. Furthermore, it will provide Cleco Power with a reliable capacity resource located in the Company's service territory that is ideally suited for meeting its customers' long-term energy needs. These various factors are beneficial for Cleco Power's customers, Cleco Power, and the State of Louisiana. Adding carbon-

free resources, like the Solar PPA, to Cleco Power’s generating fleet will be increasingly important for continuing to make the State of Louisiana an attractive location for large commercial and industrial customers. In turn, these large commercial and industrial customers provide economic benefits to Louisiana and its residents, including Cleco Power’s customers.

**1. Pricing Under the Solar PPA; Guaranteed Capacity**

A copy of the Solar PPA is attached as Exhibit MB-1 to the Direct Testimony of Cleco Power witness Mark Bordelon (which is attached to this application as Exhibit 1).

Although the Solar PPA speaks for itself, the following is a brief summary of its material terms. The Solar PPA provides for the purchase and sale of all Products (as defined in the Solar PPA) produced by the Solar Facility, which includes Energy, Capacity Attributes (including Zonal Resource Credits), Environmental Attributes, Ancillary Services, and any Future Environmental Attributes (each as defined in the Solar PPA). [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**2. Term**

The Solar PPA will have a delivery term of [REDACTED], commencing from the commercial operation date of the Solar Facility. As noted previously, the effective date of the Solar PPA, and accordingly the Solar PPA's delivery term, will not occur until [REDACTED]  
[REDACTED], which will ensure conformity with MISO's Attachment X requirements and will ensure that the Solar PPA is not treated as an affiliate transaction.

**3. Security**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**4. [REDACTED]**

[REDACTED]

[REDACTED]

[REDACTED]

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<sup>9</sup> Please refer to Exhibit M of the Solar PPA for further detail regarding the Contract Price, Monthly Contract Payment and Contract Year Adjustments.

<sup>10</sup> [REDACTED]

<sup>11</sup> [REDACTED]

[REDACTED]

5. [REDACTED]

[REDACTED]

**D. Evaluation of the Pricing of the Solar PPA; the MBM Order**

Cleco Power evaluated the pricing of the Solar PPA by comparing it to recent market benchmarks. Cleco Power further conducted an economic analysis to determine the net economic benefit of the PPA to Cleco Power's customers.

[REDACTED]

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<sup>12</sup> 16 U.S.C. § 824 b.



of the proposed Solar PPA are highly favorable relative to other market options, an RFP is not necessary to demonstrate that the resource addition is in the public interest and consistent with the purpose of the MBM Order.

As noted previously, under the Solar PPA, [REDACTED]

[REDACTED] This date is driven by the need to commence and complete construction, and achieve commercial operation, such that the Solar Facility can satisfy the requirements for being a Replacement Generating Facility under MISO Attachment X, no later than December 31, 2024 (*i.e.*, within three years after the December 31, 2021, retirement of DHPS as the Existing Generating Facility). As a practical matter, there is not enough time between now and December 31, 2024, to conduct a request for proposals process under the MBM Order and still meet the November 30, 2024, guaranteed completion date.

#### **E. Negotiation of the Solar PPA**

Cleco Power entered into negotiations with DESRI after receiving the offer from DESRI.

Key points that were negotiated were:

- PPA pricing
- Escalation rate
- ITEP pricing increase
- Security Requirements
- Project schedule milestones.

#### **F. Summary of the Material Benefits of the Solar PPA Transaction**

The following is a brief summary of the material benefits of the Solar PPA transaction:

- Pricing – As noted above, the pricing of the Solar PPA is highly favorable relative to current market pricing. The execution of the Solar PPA is consistent with Cleco Power’s affordability goals.
- Economic net benefits – The Solar PPA will provide a significant economic net benefit to Cleco Power’s customers. Please refer to Mr. Cleghorn’s Direct Testimony for further discussion on this point.
- Diversification of the Company’s generating fleet with a zero carbon-emitting generating resource – Currently, the only renewable energy generating resources<sup>14</sup> in the Company’s generating fleet is the 47.1 MW St. Mary Clean Energy Center.<sup>15</sup> Execution of the Solar PPA is consistent with the Company’s strategic objective of reducing its carbon footprint,<sup>16</sup> and diversifying the Company’s generating fleet.
- Existing Interconnection Rights – The ability to utilize the existing interconnection rights for DHPS de-risks the Solar PPA from a transmission perspective and beneficially supports pricing. As described above, the Solar Facility transaction has been structured to take advantage of the MISO generator replacement rules under Attachment X of the MISO Tariff. Dolet Hills Solar will be able to bypass the otherwise lengthy MISO interconnection queue and avoid exposure to potentially large MISO network upgrade costs.

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<sup>14</sup> As defined in the Commission’s General Order No. 12-9-10 issued in LPSC Docket No. R-28271 Subdocket B.

<sup>15</sup> Cleco Power is also a party to a Power Sales Agreement, dated April 30, 2018, among the Sabine River Authority, State of Louisiana and the Sabine River Authority, State of Texas, as sellers, and Cleco Power, Southwestern Electric Power Company, and Entergy Louisiana, LLC, as purchasers. Under the Power Sales Agreement, the purchasers agree to purchase 80 MW of must-take, unit-contingent energy from Toledo Bend, along with as-available capacity, capacity-related benefits, and environmental attributes. Cleco Power’s share is 23%. Please see LPSC Order No. U34966, issued November 9, 2018.

<sup>16</sup> See Cleco Power’s presentation slides for its 2021 IRP Stakeholder Meeting, filed in LPSC Docket No. I-36175 on March 17, 2022.

- Reliability aspect/capacity resource in Cleco Power's service area – As the Solar Facility is a capacity resource located within Cleco Power's service territory, the reliability of Cleco Power's service is enhanced, versus a resource located outside of the Company's service territory. Essentially, the Solar Facility, and the Solar PPA under which Cleco Power will purchase power, provide a reliability benefit comparable to Dolet Hills.
- Benefits to DeSoto Parish and local economy – The construction of the Solar Facility will add jobs (both temporary and permanent) and the completed Solar Facility may contribute to the DeSoto Parish tax base.

#### **V. RATEMAKING REQUESTS**

Cleco Power is requesting that all charges incurred under the Solar PPA be fully flowed through Cleco Power's jurisdictional fuel adjustment clause ("FAC"). Cleco Power is further requesting that the costs it incurs for construction of the Tie Line similarly be fully flowed through Cleco Power's FAC. To the extent that Cleco Power receives any revenues from MISO for Capacity Attributes (including Zonal Resource Credits), or receives any revenues for renewable energy credits, all such revenues shall be credited back to Cleco Power's customers through the FAC.

Reference is made to the Direct Testimony of Cleco Power witness J. Robert Cleghorn for a fuller discussion of the proposed ratemaking treatment of the Solar PPA.

#### **VI. PRAYERS FOR RELIEF**

Wherefore, for the foregoing reasons, and as more fully described in the testimonial exhibits to this Application, Cleco Power requests that the Commission authorize the Solar PPA within 120 days under the 1983 General Order and issue its certificate of public convenience and

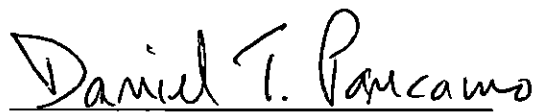


necessity authorizing the Solar PPA. More specifically, and with respect to the requested authorization, Cleco Power requests that the Commission make the following regulatory determinations:

1. That the Solar PPA be authorized, as described and requested in this Application, as reasonable, prudent, and in the public interest.
2. That Cleco Power be authorized to fully account for and to fully recover in its rates, charges, and collections all costs reasonably incurred by Cleco Power under the Solar PPA.
3. That the Solar PPA be determined to benefit customers; not to violate any Louisiana law, including, but not limited to all rules, regulations, orders, or requirements for least cost planning of the Commission; and to be in the public interest.
4. That, to the extent necessary, the Commission explicitly determine that Cleco Power complied with the requirements of the MBM Order, or that any and all provisions of the MBM Order required to be waived in order to implement the Solar PPA as requested herein are explicitly waived.
5. That the Commission's order granting the requested authorization be effective immediately upon issuance.

Respectfully submitted,

Cleco Power LLC



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Attachments: Exhibit 1, Direct Testimony of Mark Bordelon  
Exhibit 2, Direct Testimony of J. Robert Cleghorn