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Ms. Lauren Temento Evans
Deputy General Counsel
Louisiana Public Service Commission
602 North Fifth Street, Galvez Building, 12th Floor
Baton Rouge, LA 70802

Submitted via LPSC eDocket/Docket No. R-37905— Private Use Electrical Networks Rulemaking

Re: Comments in Support of Authorizing Private Use Electrical Networks in Louisiana

Dear Ms. Evans:

On behalf of the Pelican Institute for Public Policy, a nonpartisan, nonprofit research organization dedicated to advancing free-market policy solutions that expand opportunity for all Louisianians, we write to express strong support for the Louisiana Public Service Commission's ("Commission" or "LPSC") ongoing rulemaking docket evaluating the authorization and regulatory treatment of private use electrical networks ("PUENs") in Louisiana. We commend Commissioner J.P. Coussan for directing Commission staff to open this docket, just as we commend Senator Bob Hensgens and the Legislature for considering this important issue through the Task Force on Energy Infrastructure and Modernization and Senate Bill 490 of the 2026 Regular Session.

Louisiana stands at a pivotal moment. The state is attracting generational levels of private capital investment—from Meta's roughly $27 billion Hyperion data center campus in Richland Parish to Amazon's more than $12 billion commitment to two data center campuses in Caddo and Bossier Parishes—even as Louisiana families and small businesses already face a mounting electricity affordability crisis. A 2026 Pelican Institute poll found that 66 percent of Louisiana voters reported increases in their electric and gas utility bills over the past year, and residential base rates for customers of the state's largest utility rose more than 30 percent between 2019 and 2024. Louisiana now risks a future in which large-load infrastructure buildouts are financed on the backs of residential and small commercial ratepayers through the traditional cost-of-service, rate-base model.

We greatly appreciate the Commission's recent efforts to bring greater discipline and creativity to how Louisiana serves large, energy-intensive customers. We commend the Commission's stated goal of establishing a cost-causation framework that ensures major users pay their own

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way rather than shifting costs onto residential and small commercial ratepayers. We also recognize that even amid the streamlined "Lightning Initiative" process, the Commission preserved a "lowest reasonable cost" backstop. And we were glad to see the Commission convene a technical conference on its Large Load Additions Non-Binding Guidelines and open a public comment docket on the same, a welcome step toward more transparent stakeholder engagement on these fast-moving issues. These actions reflect a Commission willing to adapt its tools as Louisiana's electricity landscape changes rapidly—and it is in that same constructive spirit that we write to express our strong support for the Commission's proceeding in Docket No. R-37905 evaluating private use electrical networks.

PUENs offer a proven, market-based alternative that allows Louisiana to capture the economic benefits of this investment wave while insulating captive ratepayers from the associated costs and risks. We urge the Commission to adopt clear, durable rules authorizing PUENs in order to accommodate Louisiana's growing needs and support historic, enduring economic development that will benefit our citizens for years to come.

I. What a Private Use Electrical Network Is — And Why the Definition Matters

A private use electrical network is generation, energy storage, and related electrical facilities that (1) are located on contiguous, adjacent, or commonly controlled property; (2) are primarily dedicated to serving one or more identified load customers (industrial facilities, manufacturing operations, data centers, digital infrastructure campuses, or similar large-load customers); and (3) deliver electricity through privately owned electrical facilities. As set forth in SB 490, such delivery should not constitute a "retail sale" of electricity, and a qualifying PUEN should not be a public utility subject to LPSC regulation.

This definition is not a novel Louisiana invention; it tracks a facility class with a well-established engineering and regulatory pedigree elsewhere in the country. At the national reliability level, the North American Electric Reliability Corporation's (NERC) Bulk Electric System definition carves out functionally similar configurations—behind-the-meter generation, local networks, and radial systems below defined thresholds—in recognition that these facilities serve a fundamentally different function than the interconnected, open-access transmission and distribution grid. The common engineering thread across all of these frameworks is this: a private use network is a closed, privately owned system serving a defined, contractually committed load behind a single point of interconnection, structurally and functionally distinct from a public utility's obligation-to-serve, multiply-interconnected, rate-based transmission and distribution system.

We raise this pedigree because it matters for the Commission's rulemaking. The Commission is not being asked to invent an untested regulatory category. It is being asked to formally recognize, for Louisiana purposes, a facility class whose defining engineering and commercial characteristics—single point of interconnection, net settlement, closed and privately financed infrastructure, and no obligation to serve third parties—are already well understood and increasingly in the growing body of state legislation described in Section IV below.

II. PUENs Are Structured to Protect, Not Burden, Louisiana Ratepayers

A central and recurring concern in Louisiana's electricity policy debate—one the Pelican Institute has documented extensively in *Shock to the System: Louisiana's Electricity Affordability Crisis and the Path Forward*—is that the costs of new large-load infrastructure will be socialized across the entire ratepayer base rather than borne by the customers who benefit from it. This concern is well founded. Following the announcement of a large data center project in Richland Parish, the Commission approved a package of new generation and transmission facilities under the Commission's "Lightning Initiative," and public filings indicate that between $470 million and $550 million of associated transmission upgrades will be socialized across Entergy's entire customer base as "reliability enhancements," with ratepayers potentially exposed to stranded-cost risk if the underlying large-load customer departs after its contract term expires.

PUENs solve this problem by design, not by exception. Because a PUEN's generation, storage, and delivery infrastructure is privately financed, privately owned, and contractually dedicated to the identified load customer it serves, the capital risk of the project sits with the private developer and the large-load customer—not with the Commission's rate base and not with residential or small commercial ratepayers. If a PUEN project succeeds, Louisiana gains new generation capacity, new jobs, and a larger tax base at no cost to the public grid. If a PUEN project underperforms or a customer's needs change, the private parties to that contract—not captive ratepayers—absorb the consequences. This is precisely the "beneficiary pays" principle that the Pelican Institute has urged the Commission to apply rigorously to all large-load interconnection proposals, and it is the same principle underlying President Trump's March 2026 Ratepayer Protection Pledge, which calls on hyperscale and AI-driven electricity users to bear the full cost of the energy and infrastructure their projects require.

Critically, authorizing PUENs also benefits the residential and small commercial customers who remain on the traditional utility grid. Every megawatt of large-load demand that a PUEN serves independently is a megawatt that does not have to be accommodated through new utility-owned generation, transmission, or distribution investment recovered through base rates. With Entergy Louisiana alone projecting approximately 5,600 megawatts of load growth between 2026 and 2040—a 56 percent increase over current load, with roughly 4,000 megawatts expected within the next five years—and a forecasted capacity shortfall of approximately 2,000 megawatts by 2033 widening to roughly 6,000 megawatts by 2045, every gigawatt of demand diverted to privately financed PUEN infrastructure directly reduces the pressure on the Commission to approve costly new rate-based capital expenditures. Given that Louisiana's largest utility is currently pursuing capital projects exceeding $8.5 billion, which independent analysis suggests could drive base rates up by another 40 percent by 2030 if fully approved, this pressure-relief function is not a marginal benefit—it may be one of the single most consequential tools available to the Commission for protecting Louisiana households from the sharpest edges of the coming rate trajectory.

III. PUENs Offer Louisiana a Decisive Economic Development Advantage

Speed to power has become the single most important variable in site-selection decisions for data centers, advanced manufacturing, and other large-load industrial facilities. Traditional utility

interconnection studies, integrated resource planning cycles, and Commission approval processes—while important safeguards for the regulated grid—were never designed to move at the pace today's hyperscale developers require. Where Louisiana cannot offer a credible path to power on commercially viable timelines, capital will simply relocate to states that can. As the Pelican Institute's *Barriers to Louisiana Energy Dominance* report observes, capital is mobile and projects are discretionary; every year that reform is delayed risks losing jobs, tax revenue, and strategic position to faster-moving competitors.

Authorizing PUENs directly addresses this competitiveness gap. Because a PUEN operates on privately owned infrastructure serving an identified load customer under a negotiated commercial agreement, it can bypass multi-year interconnection queues and utility integrated-resource-planning cycles entirely—delivering power on a timeline set by private capital and engineering, not by regulatory calendar. This is the same dynamic that is now drawing developers to New Hampshire, which in 2025 enacted a one-page law (HB 672) exempting off-grid electricity providers from traditional utility regulation, and that has prompted similar legislative activity in Illinois, Maryland, and Colorado, as well as a national model policy adopted by the American Legislative Exchange Council in January 2026 establishing a category for privately islanded electric utilities serving industrial, commercial, and data-center loads. At the federal level, Senator Tom Cotton's DATA Act would extend this same exemption nationally for off-grid generators serving large loads.

Louisiana's own experience illustrates the cost of inaction. In January 2026, the New Orleans City Council voted unanimously to impose a one-year moratorium on new data center development, driven by legitimate but unaddressed anxieties about grid strain, hurricane-season reliability, and cost-shifting onto residents. That moratorium did not resolve those underlying concerns—it simply froze new investment in place while competing jurisdictions continued to roll out the welcome mat. PUENs offer the Commission a constructive alternative to this moratorium instinct: rather than restricting growth because the existing regulatory pathway cannot accommodate it safely, the Commission can authorize a parallel, privately financed pathway that lets economic development proceed without exposing the public grid or captive ratepayers to new risk.

The scale of the opportunity is substantial. Meta's Hyperion campus alone could require as much as 5 gigawatts of power—enough to serve more than five million homes—and Amazon's twin campuses represent one of the largest single private investments in northwest Louisiana's history. Landing and retaining this class of investment in Louisiana, rather than losing it to neighboring states or other more nimble jurisdictions, translates directly into skilled-trade jobs (electricians, pipefitters, and other tradesmen whose wages are already eclipsing $100,000 in Louisiana's tightening energy labor market), construction activity, and a durably larger state and local tax base—achieved, through the PUEN structure, without committing a single dollar of ratepayer or taxpayer risk.

IV. Louisiana Is Part of a Broader, Successful National Trend

Louisiana is not being asked to innovate alone. A growing number of states have already moved to authorize privately islanded, large-load electricity arrangements functionally equivalent to

what this docket and SB 490 contemplate, and early evidence from those states supports the underlying policy logic:

- New Hampshire enacted HB 672 in 2025, a concise statute exempting off-grid electricity providers from traditional utility regulation so long as they remain physically disconnected from the public grid—a framework national commentators have since described as a national model precisely because of its simplicity and its complete insulation of existing ratepayers from cost or risk.
- The American Legislative Exchange Council finalized a national model policy in January 2026, the Act to Allow for Consumer Regulated Electric Utilities, giving state legislatures a tested framework for authorizing privately islanded utilities serving industrial, commercial, and data-center loads.
- Illinois, Maryland, and Colorado have all advanced legislation exempting qualifying off-grid providers from standard utility commission oversight—underscoring that this is now a mainstream, bipartisan-relevant reform rather than a fringe proposal.
- Research from the Cato Institute has framed this reform category as "Consumer Regulated Electricity" (CRE): private, islanded grids serving sophisticated customers through voluntary contracts, without interconnecting to the existing grid or facing traditional economic regulation—delivering, in the words of Cato's Travis Fisher, speed to power "at no risk to the grid and no cost to ratepayers."
- At the federal level, Senator Tom Cotton's DATA Act would extend the New Hampshire approach nationwide, signaling that Congress views this direction as sound national energy policy, not merely a state-level curiosity.

Louisiana's own natural advantages—abundant natural gas supply, extensive pipeline and industrial infrastructure, a skilled energy workforce, and favorable Gulf Coast geography—position the state to lead this national movement rather than follow it, provided the Commission acts to formally authorize PUENs on clear, predictable terms.

V. Recommendations for the Commission's Rulemaking

As the Commission develops implementing rules, the Pelican Institute respectfully recommends that the Commission:

- Adopt the definition of "private use electrical network" and "identified load customer" as set forth in SB 490 as the operative standard, to give developers and financiers a single, predictable definition to underwrite against.
- Confirm nonutility status clearly and durably, including for PUENs that maintain backup, standby, or export interconnections with an electric utility, or that participate in MISO wholesale, ancillary service, capacity, or reliability programs, so that reasonable grid-supportive behavior by a PUEN does not inadvertently trigger public utility regulation.
- Establish an expedited, time-bound declaratory process for confirming PUEN status, with a firm decision deadline (SB 490 proposes 30 days, deemed approved if the Commission does not act), so that Louisiana's regulatory certainty matches the commercial pace large-load developers require.
- Require nondiscriminatory interconnection tariffs and a defined utility response timeline (SB 490 proposes 180 days) for backup, standby, maintenance, and export service,

ensuring PUENs can reliably access the public grid for supplemental and emergency purposes without unnecessary delay.

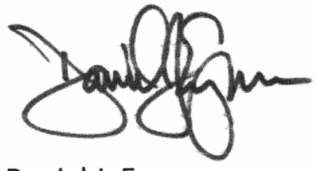
- Preserve full Commission authority over the rates, terms, and conditions of any backup, standby, or export service that a regulated utility provides to a PUEN, ensuring that ordinary ratepayers are never asked to subsidize the cost of serving a PUEN's supplemental or emergency power needs.
- Apply beneficiary-pays principles rigorously to any transmission or distribution investment that a utility proposes in connection with a PUEN's interconnection, consistent with the Commission's existing Market-Based Mechanisms framework, so that the cost-socialization concerns documented in our *Shock to the System* report are not replicated through the interconnection process itself.

VI. Conclusion

Louisiana has an extraordinary opportunity in front of it: to capture generational levels of private capital investment in data centers, advanced manufacturing, and digital infrastructure, while simultaneously protecting the state's residential and small commercial ratepayers from the cost pressures of an aging, capital-intensive utility grid. Private use electrical networks, properly authorized under clear rules and the well-established industry practices, allow Louisiana to do both at once. This is not deregulation of the existing utility system; it is a narrow, well-defined, privately financed parallel pathway that imposes no cost and no risk on ratepayers who do not choose to participate in it.

The Pelican Institute urges the Commission to move forward expeditiously with rules authorizing private use electrical networks in Louisiana, and we thank Commissioner Coussan and the full Commission for their leadership in opening this docket. We stand ready to serve as a resource to the Commission and its staff as this rulemaking proceeds, and we welcome the opportunity to provide additional data, analysis, or testimony as may be useful.

Respectfully submitted,



Daniel J. Erspamer
Chief Executive Officer
Pelican Institute for Public Policy