EXHIBIT 2

Private Use Electrical Networks
Overview / Concerns - - Staff Final Report

1) Purpose/Objective of Private Use Electrical Networks ("PEN"):

LPSC Staff emphasizes *"The purpose of this rule is narrow - - to provide a limited additional avenue to serve new large load customers in Louisiana"* in light of *"the extraordinary circumstances the state is now facing with unprecedented load growth and need for speed in power development."* (Staff Report, page 38)

The *"limited additional avenue"* would be to allow that generation self-supply for large loads could be though a *"purchase power agreement"* transaction, and not just an *"ownership"* or *"lease" as* allowed under existing statutes. Thus, the change is limited to modernizing the permissible form of the self-supply transaction - - from an ownership or lease, to also allowing a purchase power agreement. (Staff Report, pages 57, 59)

The rest of the proposed rule is largely about the limitations and conditions recommended by LPSC Staff on when the *" limited additional avenue"* could be used.

Unresolved and Heightened Concern: As presented, the proposed rule is far too complex and onerous to be reasonably commercially viable. As such, the proposal will only serve to *"check-the-box"* and as a *"window dressing"*, because it will not meaningfully help to avoid or reduce the continued stacking of cost and risk pressures on captive utility ratepayers as the financial backstop for utility power supply to data centers and other new large loads in a manner that serves the utility interests by dramatically increasing their rate base and shareholder returns.

2) Eligibility Limitation:

Limited Progress, But With Unresolved And New Added Concerns:

Clarifies that industrial expansion projects are eligible to participate in a PEN, whether the expansion is through a new or existing industrial process.

Eligible "New Load" can be new or existing customers, at new or existing locations or facilities, where: **(a)** clearly delineated, separately metered, and new demand that is incremental to existing Louisiana operations; **(b)** does not and has not received service from utility within 2 years prior to PEN application; **(c)** not expected to cause material reduction in load at existing facility. (Rule, Section 101(9))

Other:

Adds new required verification that new load is incremental to be made within one year of PEN load entering commercial operation. (Staff Report, page 45)

Unresolved Concerns:

(a) Does not confirm that existing load is not foreclosed from pursuing an application with LPSC for a power supply proposal on an individual case basis.

New Concerns:

(b) Excludes eligibility of existing generation from participation in PEN. (Staff Report, page 47)

(c) Excludes eligibility of existing load that is currently served by self-generation and only purchases stand-by/back-up type service from a utility. (Staff Report, pages 58-59)

(d) Requires identification and reimbursement by the PEN of open-ended utility costs and commitments attributable to a service request made to the utility prior to a PEN application (e.g., studies, engineering, facility development, and other service operations, but not extending to lost opportunity cost). (Staff Report, page 46)

3) Size Threshold:

Limited Progress, But With Unresolved And New Added Concerns:

Maintains 50 MW minimum size threshold for each individual load served by a PEN, while also adding ability and burden to seek an exception to serve up to 4 customer loads to be aggregated to meet the 50 MW requirement. (Staff Report, pages 61, 62)

Eliminates 80% Load Factor requirement, but replaces it with very complex dedicated use requirements discussed in a separate section below. (Staff Report, page 63)

Unresolved Concerns:

a) Continues to preclude use of PEN for industrial expansion projects and projects for smaller industrials that require less than 50 MW but which can be very important to economic development.

New Concerns:

b) Exception process to seek aggregation to reach the 50 MW threshold adds 5 new burden-of-proof factors and requirements on PEN applicant which will become elements for utility opposition. (Rule, Section 201)

4) Property Configuration:

Limited Progress, But With New Added Concerns:

Allows properties to be connected by an *"Approved Crossing"* (e.g., servitude, right-of-way, permits, governmental approvals), and not limited to *"contiguous"*. (Staff Report, page 49)

Other:

Confirms PENs do not have expropriation rights. (Staff Report, page 54)

Confirms PENs cannot use utility facilities to deliver electricity, and cannot occupy, cross or attach utility facilities or rights-of-ways without utility consent. (Staff Report, page 54)

Confirms that PEN parties can be different entities - - the Generator, the Operator, and the Loads.

New Concerns:

(a) Precludes PENs from crossing utility facilities or rights-of-ways without utility consent. (Staff Report, page 54)

(b) Adds 5 mile distance limit for *"Approved Crossing"*, with ability and burden to seek exception for *"reasonably confined development"*. (Staff Report, page 50; Rule, Section 202)

(c) Adds 15 square mile limit on overall PEN area including the *"Approved Crossing"*, with ability and burden to seek exception for *"reasonably confined development"*. (Staff Report, pages 50-53; Rule, Section 202)

5) Dedicated Use / Wholesale Export:

No Meaningful Progress:

Allows that annual energy export can be up to 49% of total annual PEN generation (reduced from 70%), net of amounts used for battery storage. (Staff Report, page 65)

However, maintains and creates new very onerous capacity limitations.

New Concerns:

Adds 5 pages of complex rules and calculation requirements to define and create limitation that the PEN load and reserve needs must utilize 85% of the PEN capacity eligible for RTO accreditation, thus creating a sizing limitation and also a capacity sales ceiling on the amount of excess capacity that can be used for export and sale into the wholesale market to only the residual of about 15%. (Staff Report, pages 65-86; Rule, Section 201)

Adds ability and burden to seek exceptions to the capacity ceiling in the context of **(a)** steam-process requirements and **(b)** islanded reliability needs; however, the exception would not increase the 49% cap on energy export. (Staff Report, pages 71-72; Rule, Section 201)

6) Sunset:

No Meaningful Progress:

Maintains 5 year sunset on PEN applications.

However, requires LPSC Staff evaluation of rule begin at 4 years, so LPSC receives recommendation from Staff to be in position make decision at 5 years on whether to renew or modify the rule. (Staff Report, page 96-10; Rule, Section 502)

Confirms that applications filed within the 5 years will be processed, and approvals granted within 5 years will not be affected. (Staff Report, pages 65-86; Rule, Section 201)

Unresolved Concerns:

(a) Unnecessarily restrictive, and inconsistent with LPSC approach to other rules, including Lightning Directive to facilitate new utility generation.

7) Stand-By Power:

No Progress:

Maintains island approach at this time and precludes electric utility service to the PEN, including for back-up and stand-by services. (Staff Report, pages 105-111; Rule, Section 201)

Maintains that existing stand-by rates are not sufficient for use by PENs. (Staff Report, page 107)

New Concerns:

LPSC Staff recommends list of areas that should occur before LPSC directs work to address stand-by power for PENs, including: **(a)** utilities to update and reflect full service obligations in stand-by rates, **(b)** resolution of RTO load serving and resource obligations and costs for large loads, **(c)** path for tracking, assigning and collecting PEN-attributable transmission costs under evolving RTO frameworks. (Staff Report, pages 105-111)

8) Intervention/Protest Timeline:

No Meaningful Progress:

Requires interventions and protests within 25 days, but allows 90 days to file support for a protest. (Staff Report, pages 125-130; Rule, Section 301)

New Concerns:

Staff proposes *"best-efforts"* timelines to LPSC consideration of 150 days (5 months) if not protested, and 230 days (7+ months) if protested. (Staff Report, page 127)

The PEN applicant shall identify and provide a copy of its application to: **(a)** the interconnected utility, **(b)** the utility that otherwise would serve the load, and **(c)** any transmission owner or wholesale power supplier whose facilities, obligations or costs may be affected. (Staff Report, page 129)

Confirms rights of identifiable affected utilities, transmission owners and wholesale providers to access confidential PEN information filed with LPSC subject to LPSC confidentiality rules. (Staff Report, pages 129-130, 134)

9) New Topics Added by LPSC Staff That Raise New Complexities:

LPSC Jurisdiction and Scope: Adds section to rule confirming that PEN applicant, load and operator must consent to LPSC jurisdiction for purposes of reporting, inspection, compliance, proceedings, fines, restriction of status, and loss of qualification. (Staff Report, pages 130-132; Rule, Section 402)

Engineering Requirements: (a) As a supplement to the interconnection process, adds section to rule providing a check list of engineering requirement reviews purportedly to ensure interconnections for export do not allow power supply into the PEN, **(b)** provides for the interconnected utility to review and approve the protection and switching arrangements applicable to the interconnection, **(c)** requires PEN to pay all costs of not only the export connection but also for the direct study, consultant, protection, communications, testing, and other costs attributable to the proposed export arrangements, **(e)** discusses that there will be additional requirements of the interconnection if utility stand-by service is allowed in the future. (Staff Report, pages 86-93; Rule, Section 203)

Cost Implications: (a) Requires PEN applicant to provide financial security acceptable to the constructing utility for interconnection facilities to be constructed by the utility on the PEN's behalf, and **(b)** also adds new requirement that PEN authorization be conditioned on the PEN assuming *"later costs that may be properly attributable to it"* including a requirement to address identification of such costs and how payment is enforced. (Staff Report, pages 93-95; Rule, Sections 203, 402, 501)

LPSC Fees / Costs / Taxes: (a) Adds section to rule requiring PEN to pay LPSC Supervision and Inspection fees to the extent permitted by law, and also LPSC Consultant, Legal and Study Costs; and **(b)** Staff recommends that relevant taxing authorities require PEN applicants pay all taxes that apply under existing law. (Staff Report, pages 132-134; Rule, Section 402)

Stranded Costs: Despite no existing load being eligible, expands the application requirements to require a *"cost-shift and stranded-cost analysis"* demonstrating that the PEN will not result in any shift of costs or stranded investment to: **(a)** the interconnected utility, and **(b)** the utility that would have otherwise served the load. (Rule, Section 301)

Compliance/ Enforcement: (a) Expands annual reporting to be provided to interconnected and serving utilities, **(b)** imposes 30 day notice deadline for PEN to notify LPSC of non-compliance with approval criteria, **(c)** adds new section to rule on enforcement, corrective measures, and loss of qualification. (Staff Report, pages 130-135; Rule, Section 402)

Renewal / Replacement of Generation / Other Changes: Adds new section to rule with requirements of two-year and six month notifications relative to generation supply replacement, as well other required notifications of for example an Unexpected Loss of Supply and Ownership Changes and Assignments. (Staff Report, pages 111-118; Rule, Section 302)

Expansions of PEN: Adds new section to rule requiring that expansion of a PEN shall require a new application (e.g., adding new customers, adding industrial process or production that materially increases the load, increasing the generation capacity, adding property or connections that enlarge the network, and increases in the wholesale capacity limit). (Staff Report, pages 118-123; Rule, Section 302)

Switch to Utility Service: Provides that if PEN load seeks utility service upon PEN failure or other load departure, they would be treated as a new large load request and not be entitled to immediate replacement service by the utility, and any PEN costs or obligations shall also remain enforceable. (Staff Report, pages 123-125)

Environmental and Siting Requirements: Adds section to rule requiring compliance with applicable environmental, siting, construction and other permitting requirements. (Staff Report, pages 101-104; Rule, Section 205)