

cc: ~~AK~~  
JTB

# KEAN|MILLER<sup>LLP</sup>

CARRIE R. TOURNILLON, PARTNER  
PH 504.585.3058 DIRECT FAX 504.620.3385  
CARRIE.TOURNILLON@KEANMILLER.COM

March 15, 2022

Ms. Terri Lemoine Bordelon  
Records and Recording  
Louisiana Public Service Commission  
602 North 5<sup>th</sup> Street, 12<sup>th</sup> floor  
Baton Rouge, Louisiana 70802

VIA HAND DELIVERY

Re: In Re: 2021 Request to Initiate Integrated Resource Planning Process Pursuant to  
the General Order (Corrected) in Docket No. R-30021 Dated April 20, 2012  
LPSC Docket No. I-36181  
KM File No. 4388-356

Dear Ms. Bordelon:

We have enclosed for filing an original and three (3) copies of Louisiana Energy Users Group's Comments in the referenced docket.

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

Very truly yours,



Carrie R. Tournillon

2022 MAR 15 AM 11:11  
LA PUBLIC SERVICE  
COMMISSION

CRT/mac  
Enclosure

cc: Official Service List (via electronic mail)

*Butland*

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**ENERGY LOUISIANA, LLC,  
EX PARTE.**

**DOCKET NO. I-36181**

**IN RE: 2021 REQUEST TO INITIATE  
INTEGRATED RESOURCE PLANNING  
PROCESS PURSUANT TO THE  
GENERAL ORDER NO. R-30021  
(CORRECTED) DATED APRIL 20, 2012**

**2022 MAR 15 AM 11:14  
LA PUBLIC SERVICE  
COMMISSION**

**LOUISIANA ENERGY USERS GROUP'S COMMENTS**

The Louisiana Energy Users Group (“LEUG”) appreciates the opportunity to provide the following comments to the Louisiana Public Service Commission (“LPSC”) regarding the Data Assumptions and Study Description and related information filed and presented by Entergy for its 2023 Integrated Resource Plan (“IRP”) for Louisiana.

Considering that Entergy forecasts a need to replace approximately 5,200 MW of aging generation over the planning horizon - - and with approximately 2,200 MW needing to be replaced as soon as 2030 - - plus, the added consideration of the vast need for new generation to meet projected electrification objectives of the Louisiana Climate Action Plan, Entergy resource planning should utilize Industrial customer programs that could offset some of the need for Entergy to construct new generation and thus avoid costs for all ratepayers. In particular, LEUG reserves the right to continue to pursue proposed customer-centered options and renewable option proposals that could offset Entergy generation needs, e.g., Industrial customer market options, enhanced Combined

Heat and Power (“CHP”) opportunities, and Purchase Power Agreements (“PPAs”) for renewables, pending consideration in LPSC Dockets R-35462 and R-35423.

LEUG further submits that Entergy’s submission and plans are deficient in several material respects and requests that additional information be provided and changes made to the resource planning for purposes of the IRP Report.

### **Entergy Forecasts Need To Replace More Than 5,000 MW Of Generation**

Entergy assumptions indicate a deactivation of more than 5,000 MW by 2042.<sup>1</sup> In particular, Entergy assumes approximately 2,200 MW of generation deactivations through 2030, and an additional 3,000 MW of deactivations between 2030 and 2042.<sup>2</sup>

In addition, considering the electrification objectives of the Louisiana Climate Action Plan published recently on February 1, 2022, there is a projected significant need for additional new generation.

Moreover, Entergy has accelerated the assumed deactivations dates for 1,086 MW of legacy gas generation by as much as ten years.<sup>3</sup> So experience indicates that deactivations of aging generation units have and can occur much sooner than scheduled by Entergy.

Thus, an important aspect of evaluating Entergy’s resource planning is consideration of what options will exist to provide the lowest reasonable cost, reliable source of power for the benefit of ratepayers as Entergy’s aging fleet is deactivated or

---

<sup>1</sup> Entergy February 11, 2022 Responses to Informal Stakeholder Questions, Question 9.

<sup>2</sup> Entergy February 11, 2022 Responses to Informal Stakeholder Questions, Question 9.

<sup>3</sup> Nelson 4 (424 MW), and Willow Glen 2 and 4 (662 MW).

retired and additional generation is needed to meet electrification objectives to reduce carbon emissions in Louisiana.

The cost of adding generation fleet and the potential rate increase impacts those costs would have on ratepayers is an important consideration that adds additional emphasis to the need to consider options that could reduce the amount of new generation that is ultimately needed by Entergy and the cost impacts on the ratepayers.

Recent experience is that the cost for Entergy to add approximately 2,000 MW of replacement Combined Cycle Gas Turbine (“CCGT”) generation would be close to \$1.7 Billion, or \$850/kW.<sup>4</sup> While operating efficiencies from new generation units can help offset some of the costs, there is no question that ratepayers will see significant base rate increases to pay for new generation units as they are constructed and come on-line. For recent CCGT additions, the projected increase in base rates is in the range of \$115 million per year to pay for the costs to construct the generation including Entergy’s return of and on the investment.

Further, Entergy assumes acquisition of a 150 MW solar build-own-transfer (“BOT”) that would be in service in 2024 and a second solar BOT of 600 MW to be in service in 2025.<sup>5</sup> While the pricing of the 2024 BOT is confidential and pricing of the 2025 BOT is not yet available, Entergy’s assumptions indicate that such resources will

---

<sup>4</sup> Entergy’s recent post-construction report filings for the 930 MW J. Wayne Leonard CCGT and 994 MW Lake Charles CCGT indicate that construction costs were approximately \$850 million and \$810 million, respectively.

<sup>5</sup> During the initial stakeholder conference, LEUG requested the number of MW for the assumed 2025 BOT. From follow up discussions with Entergy, LEUG understands that the BOT is assumed to be 600 MW of installed capacity. The BOT projects are in addition to other proposed solar generation projects being pursued by Entergy as PPAs.

cost more than the new CCGTs on a dollar per kW basis - - approximately \$1,063/kW in 2024 and \$991/kW in 2025 (each being installed cost projections).

**Entergy Resource Planning Should Utilize Industrial Customer Programs That Could Offset Some Of The Need To Construct New Generation And Avoid Or Reduce Costs For All Ratepayers**

The stated objective of the IRP Process required by the LPSC is “to evaluate a comprehensive set of potential resource options, including supply-side, demand-side and economic transmission resource options, to determine a base or ‘reference resource’ plan that offers the most economic and reliable combination of resources satisfying the forecasted load requirements.”<sup>6</sup>

In pursuing such objective, a required element of the IRP Process is that “Potentially viable resource alternatives shall be identified (both supply-side and demand-side) for further consideration of satisfying the utility’s resource needs over the planning period.”<sup>7</sup>

Moreover, the IRP Report is required to contain “A description of the impact that demand-side programs, interruptible loads, and other important factors are expected to have on the load forecast.”<sup>8</sup>

LEUG has already taken the initiative to identify to Entergy and the LPSC several resource alternatives that it believes could materially offset some of the need for Entergy to construct replacement generation for aging fleet, and thereby help avoid or

---

<sup>6</sup> IRP Rule, Section 3, LPSC General Order R-30021, April 18, 2012.

<sup>7</sup> IRP Rule, Section 3, LPSC General Order R-30021, April 18, 2012.

<sup>8</sup> IRP Rule, Section 4 c. iii) (1), LPSC General Order R-30021, April 18, 2012.

significantly reduce costs for all ratepayers while also helping industrial customers maintain competitive rates in Louisiana.

In particular, the alternatives that LEUG has identified include: (1) Industrial customer market access options, (2) enhanced CHP opportunities, and (3) PPAs by industrial customers with third-party renewable developers. LEUG believes these are highly viable alternatives that could help avoid or significantly reduce costs for all ratepayers. LEUG identified and explained these alternatives in Docket Nos. R-35462 and R-35423. However, Entergy has not included any of these proposals in its IRP Process.

Moreover, there is no indication that Entergy is considering allowing its Industrial customers to pursue alternative supply options rather than being required to purchase only from Entergy. If an industrial customer is willing to take on the risk of meeting its electricity supply on its own either from renewable developers, or a CHP island, or other source separate from Entergy, then Entergy would not have to construct generation fleet that would be needed to serve that industrial customer and the cost of the generation could be avoided by Entergy for the benefit of all ratepayers.

Thus, LEUG continues to urge Entergy to include in its resource planning viable resource alternatives for satisfying its resource needs over the planning period, as required by the IRP Rule, including specifically: 1) Industrial customer market access options, (2) enhanced CHP opportunities, and (3) PPAs by industrial customers with third-party renewable developers.

LEUG opposes Entergy's current resource planning to the extent that it does not include industrial customer programs proposed by LEUG that could offset some of the need for Entergy to construct new generation.

LEUG further emphasizes and recommends that the time for the LPSC to investigate the options proposed by LEUG is now. The LPSC should not wait to begin evaluating alternative options until after Entergy proposes to construct another new generation unit.

#### **Entergy Should Comply With IRP Rule Regarding Identification Of Rate Impacts**

The IRP Report is required to include "some measure of rate impacts for the reference resource plan and the alternative resource planning scenarios evaluated." Therefore, LEUG requests Entergy provide the information required by the IRP Rule.<sup>9</sup>

#### **Entergy Should Comply With IRP Rule Regarding Identification of Reliability Must-Run Units And Potential Solutions**

The IRP Rule requires that "the utility shall identify and describe . . . any Reliability Must Run ("RMR") units that it operates. Furthermore, the utility shall discuss any actions that could be taken to eliminate the . . . RMR units."<sup>10</sup> Therefore, LEUG requests that Entergy provide the information required by the IRP Rule.

#### **Entergy Should Comply With IRP Rule Regarding Transmission System Analysis**

The IRP Rule requires that "the utility shall identify and describe significant transmission constraints and limitations within its system . . . . Furthermore, the utility

---

<sup>9</sup> IRP Rule, Section 6 i).

<sup>10</sup> IRP Rule, Section 5 d., LPSC General Order R-30021, April 18, 2012.

shall discuss any actions that could be taken to eliminate the constraints, limitations . .

..”<sup>11</sup> While Entergy provided information explaining the relationship between transmission planning and the IRP in response to informal stakeholder questions, such explanation did not identify and describe the significant transmission constraints and limitations within its system and potential corrective actions. Therefore, LEUG requests that Entergy provide the information required by the IRP Rule.

LEUG also requests that Entergy identify whether its IRP modeling assumptions include all transmission reliability and congestion projects that have been approved by MISO.

### **Entergy Should Provide Transmission Cost Estimates for Wind and Solar Resource Assumptions**

Entergy indicates in its data assumptions for supply alternatives that the installed cost projections for solar and wind resources do not include transmission cost. The cost of transmission for solar and particularly for wind could be significant and materially affect the modeling and cost-effectiveness of these resources. LEUG recognizes that estimating transmission costs may be difficult prior to siting the location of resources. However, Entergy should at a minimum perform a sensitivity study or run analysis with reasonable ranges of potential transmission costs. LEUG requests Entergy perform such analysis and include the results in its draft IRP Report.

---

<sup>11</sup> IRP Rule, Section 5 d., LPSC General Order R-30021, April 18, 2012. The IRP Rule requires that the information be provided by Entergy, either as part of a MISO transmission planning study included with the IRP, or provided by directly by the utility.



## **IRP Modeling Should Not Be Used As A Basis To Circumvent Analysis Of Resources Available In The Market**

The IRP Rule provides a framework for the utility to conduct analysis and modeling to evaluate a set of potential resource options to develop a reference resource plan and action plan, including various sensitivity and scenario analysis.<sup>12</sup> And, pursuant to the IRP Rule, “Resource planning decisions made as part of the utility’s IRP process will be relevant to future investment decisions and approval proceedings . . .”<sup>13</sup>

However, the IRP Rule also specifically states that it is intended to be consistent with the requirements of the LPSC Market Based Mechanisms Order (“MBMO”) and the LPSC 1983 General Order which requires certification approval of utility construction and purchases of electric generation capacity and power.<sup>14</sup>

And, the requirements of the MBMO are clear that: “The electric utility shall conduct its planning and RFP process with the objective being the provision of reliable electric service at lowest reasonable cost.”<sup>15</sup>

Thus, the IRP Rule does not authorize a utility to pre-select resources from its IRP and limit its RFP process in a manner that precludes a determination of the lowest reasonable cost, reliable resources available in the market.

LEUG has been recommending to the LPSC for more than a decade that all potential resource options should be evaluated to achieve reliable, lowest reasonable cost electric service for ratepayers, which is consistent with the IRP Rule, the MBMO, and the

---

<sup>12</sup> IRP Rule, Sections 3, 6, 7, 10.

<sup>13</sup> IRP Rule, Section 1.

<sup>14</sup> IRP Rule, Section 1.

<sup>15</sup> LPSC Market Based Mechanisms Order, R-26172, Subdocket C, October 29, 2008, Ordering Paragraph 11.

1983 General Order. Nothing in the IRP Process should allow utility conducted modeling exercises as part of its IRP process to displace or circumvent the ultimate determination and selection of lowest reasonable cost resources for the benefit of the ratepayers based on appropriate analysis of all available resources.

### **IRP Process Is Not A Substitute For LPSC Certification Process and Procedure**

While Entergy resource planning decisions made as part of the IRP Process are “relevant” to the utility’s resource planning decisions, the LPSC does not approve the IRP,<sup>16</sup> Entergy is not obligated to accept stakeholder comments and recommendations submitted in the IRP Process,<sup>17</sup> and the IRP Rule states that “The action plan is not intended to replace or modify the normal docketed resource certification process as governed by various applicable LPSC General Orders.”<sup>18</sup> Accordingly, LEUG fully reserves all rights to conduct discovery and fully evaluate Entergy data assumptions and resource plans in individual resource certification proceedings and/or any other future proceedings that address Entergy resources and plans and whether such plans are prudent and in the public interest.

### **LEUG Reservation of Rights Regarding LPSC Rulemaking on Minimum Physical Capacity Thresholds, Docket R-36263**

The LPSC recently opened a new rulemaking in Docket R-36263, to evaluate whether to require and impose minimum capacity obligations on LPSC-jurisdictional electric utilities. The rulemaking is only just getting underway and no time line exists as

---

<sup>16</sup> IRP Rule, Section 10) f) xi.

<sup>17</sup> IRP Rule, Section 9 and 10. f). iv, viii.

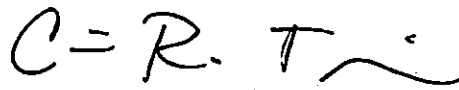
<sup>18</sup> IRP Rule, Section 7.

to when any such requirements, if any, may be adopted by the LPSC. LEUG reserves the right to further address Entergy's resource planning based on the outcome of the rulemaking.

**LEUG Request and Reservation of Rights Regarding Third-Party Generation Additions**

LEUG requests that Entergy address in the IRP the effect on its future resource planning from known significant generation additions being pursued by third-parties within or near its service region, including for example the Magnolia Power CCGT (709 MW) and several Solar Projects (343 MW) that were included as part of the LPSC approval of future power supply for 1803 Electric Cooperative in LPSC Docket U-35927. LEUG reserves the right to further address Entergy's resource planning including consideration of Entergy analysis of such generation additions to the region.

RESPECTFULLY SUBMITTED:



Randy Young (#21958)

Carrie R. Tournillon (#30093)

Gordon Polozola (#23900)

KEAN MILLER LLP

Post Office Box 3513

Baton Rouge, LA 70821


(225) 387-0999

*Attorneys for Louisiana Energy Users Group*

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of Louisiana Energy Users Group's Comments have been served by electronic mail and/or by U.S. mail, postage prepaid, on all parties on the Official Service List.

New Orleans, Louisiana this 15<sup>th</sup> day of March, 2022.

  
\_\_\_\_\_  
Carrie R. Tourmillon

5