**Context and Background:**

R. Lane Sisung, on behalf of the Louisiana Public Service Commission (LPSC) Staff, provides cross-answering testimony responding to Entergy Louisiana LLC’s (ELL) application for the construction and operation of generation and transmission resources proposed for a large customer (Laidley) project in North Louisiana.

**Key Areas Addressed:**

**1. Overview of Application:**

* ELL seeks to build three Combined Cycle Combustion Turbine (CCCT) units, new substations, and significant transmission facilities (Mount Olive-Sarepta line, Sterlington upgrades) to serve a large hyperscale data center (Laidley).
* Application includes the Electric Service Agreement (ESA), a Corporate Sustainability Rider (CSR), and Contributions in Aid of Construction (CIACs) to mitigate ratepayer risks.

**2. Potential ESA Amendment:**

* Concern raised about Laidley's potential load increase, requiring significant additional transmission infrastructure.
* Staff recommends any amendments to ESA require separate Commission approval to ensure the public interest is maintained.

**3. ESA Non-Renewal/Termination Risks:**

* Significant concerns regarding inadequate notice periods (only 12-month notice for ESA non-renewal) potentially leaving ELL with stranded assets and costs.
* Staff recommends that ELL confirm Laidley’s renewal intentions before committing to additional generation investments.
* Additional recommendations provided to ensure ratepayer indemnification from potential early termination impacts and pre-effective date expenditures.

**4. Concerns with Parent Guaranty:**

* Questions raised about the enforceability, adequacy, and clarity of Meta’s parent guaranty.
* Staff proposes legal verification under New York law and requires ELL to bear risks if guaranty provisions are inadequate or unenforceable.

**5. Exemption from Market-Based Mechanism (MBM) Order:**

* Staff shares concerns raised by intervenors about ELL’s non-compliance with MBM competitive bidding requirements.
* Supports cautious approval due to urgency and significant customer contributions, conditioned on thorough Staff monitoring and subsequent prudence reviews.

**6. Minimum Bill Requirements:**

* Agreement on covering critical infrastructure costs through minimum bills but rejection of the requirement that every incremental cost be automatically included.
* Economic analysis performed to justify the approach but acknowledges uncertainties around future project valuations and associated risks.

**7. Economic Analysis and Ratepayer Risk:**

* Staff acknowledges uncertainty in projected economic benefits, highlighting potential risks if Laidley terminates the ESA prematurely or if projected assumptions differ significantly from reality.
* Recommends revenue deferral and sharing mechanisms to mitigate risk.

**8. Potential Unidentified Costs:**

* **Transmission Risks:** Concerns about overlooked costs from potential thermal, voltage, transient stability, and load dynamics. Staff proposes expedited risk analysis and clear cost allocation mechanisms.
* **Generation Operation Risks:** Highlights potential Fuel Adjustment Clause impacts and energy market exposure during ramp periods; recommends further analysis by ELL.
* **Future Transmission Needs:** Rejects speculative transmission upgrade concerns post-customer discontinuation, deeming them overly hypothetical and uncertain.

**9. Customer Load Flexibility:**

* Staff highlights concerns about reliability issues from unplanned load spikes during system emergencies. Proposes agreements between ELL and customer on emergency load reduction measures.

**10. Corporate Sustainability Rider (CSR):**

* CSR identified as potentially discriminatory under LPSC tariff rules. Staff recommends rejecting CSR as presented and requiring ELL to re-propose a compliant renewable access mechanism.
* Criticizes ambiguous commitments around renewable energy sourcing and timing. Calls for clearly defined procurement strategies and timelines.
* CCS (carbon capture) proposal at Lake Charles Power Station considered economically unviable and recommended for rejection.

**11. Recommended Conditions (Selected):**

* Amendments to ESA must require separate approval.
* Laidley’s renewal status must be confirmed before new capacity commitments.
* Parent Guaranty must be legally verified under New York law.
* Transmission and reliability risks must be explicitly addressed, and identified mitigation costs clearly allocated to the customer.
* Clearly defined load reduction measures must be developed for system reliability protection.
* CSR must be reconsidered to ensure compliance with tariff rules and non-discriminatory practices.

**Conclusion:**

Sisung emphasizes cautious approval contingent upon adopting robust Staff recommendations to mitigate substantial financial and operational risks to existing ratepayers, ensuring adequate protections, clarity, and regulatory compliance.