The Louisiana Energy Users Group ("LEUG") and Suez Energy Marketing North America, Inc. ("SUEZ") appreciate the opportunity to provide comments on the Entergy Cost Benefit Analysis ("CBA") Study Proposed Work Plan ("PWP"). While the Independent Coordinator of Transmission ("ICT") has brought improvements to the operation of the Entergy transmission system through increased transparency and improved information flow, the restrictions on the authority of the ICT have limited its ability to fully achieve the goal of non-discriminatory open access to the Entergy transmission system. Further, the increasing congestion, TIRs and lack of economic upgrade construction have resulted in higher costs to Entergy customers. While LEUG and SUEZ are not yet in a position to determine whether joining the SPP is the appropriate next step for the Entergy transmission system, we do believe that the next step must include the approval of an independent entity with authority over the Entergy transmission system, including the ability to require the construction of transmission upgrades.

LEUG and SUEZ support the CBA, provided that it is performed by an independent entity, in a transparent manner, and with stakeholder participation, and believe it will help determine the best solution for consumers. However, the scope of the CBA should consider the many impacts and benefits to be experienced by all users of the

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1 LEUG is an unincorporated association of industrial concerns that purchase power from Entergy Gulf States Louisiana and Entergy Louisiana and strongly support processes and procedures that will bring a reliable and economic transmission system.
transmission system, including those associated with redispatch costs, reduction of Reliability Must Run ("RMRs") units, access to lower cost generation, ability to enter into long-term (as opposed to short term) supply agreements, reduction of TLRs and improved reliability.

LEUG and SUEZ also support the oversight role by the Entergy Regional State Committee ("ERSC") provided for in the PWP and believe that the consensus positions developed by the Entergy retail regulators will be an important factor in achieving a thorough and credible study result.

LEUG and SUEZ offer the following comments to the PWP:

**Purpose of the CBA**

The PWP provides that it will examine (1) the continued participation of all Entergy Operating Companies under the existing ICT services arrangement, versus (2) the full membership of all Entergy Operating Companies in SPP under the SPP OATT. While this is a valid study goal, stakeholders have continuously raised issues associated with the ICT’s lack of authority and asserted that any future ICT should be provided with additional powers over the Entergy transmission system. Additionally, with the pending formation of the ERSC, there has been discussion of the ERSC serving as more than an advisory group to the ICT, and potentially as an authoritative body with respect to certain aspects of the Entergy transmission system. To the extent that the ICT continues past its initial 4 year term, it is likely that it would be under a scenario in which the ICT, the ERSC, or both, are in a position to exercise increased authority over the Entergy transmission system. Therefore, in order to get a full understanding of the costs/benefits
of the various options, a scenario (or at least sensitivity) should be run that considers an empowered ICT and/or ERSC.

**Study Assumptions and Projections**

The draft PWP provides that the study will use the most up-to-date information available, such as “planned transmission upgrades within both the Entergy System and SPP that are required to be in-service by 2022.” While both Entergy and the SPP reportedly conduct 10 year transmission planning, the Entergy Construction Plan includes only those projects that will begin construction in the next 3 years, and typically only some of those projects have final Entergy Board approval and funding at any particular time. The reference to “planned” transmission upgrades in the PWP might include those upgrades identified in the Entergy 10 year plan, but the reference to those upgrades “required to be in-service by 2022” may limit the Entergy upgrades to those included in the 3 year Construction Plan, and possibly only those with Board approval. More detail needs to be provided on the selection of upgrades that will be modeled under both the ICT and the SPP scenarios and the method used to determine the upgrades that will be “required.” Stakeholder participation and input should be permitted during the selection process.

The PWP also references the use of RMR requirements, and includes as one of the study purposes the estimation of savings that can be achieved through the reduction in adjusted production costs due to economic upgrades. LEUG and SUEZ have long supported a close look at Entergy’s RMR and high heat rate, uneconomic generation and the benefits that can be achieved through the displacement of those units by economic
transmission upgrades. Such a study by a truly independent third party consultant with appropriate stakeholder input and ERSC oversight is a key element of the PWP.

We recognize that any such study will involve confidential and commercially sensitive information. However we ask that processes and procedures be considered that would allow as much information as possible to be provided to stakeholders and that confidentiality agreements with appropriate safeguards be provided for commercially sensitive information that cannot be made publicly available.

**Work Plan**

Under the Work Plan, the Third Party Consultant (“TPC”) will determine the cost and benefits of Entergy fully participating in the SPP markets and will also compare to the costs and benefits of maintaining an ICT services arrangement. In addition, SPP, working with the TPC will identify how transmission upgrades costs will be allocated between the existing SPP footprint and the Entergy System. ERSC and stakeholder input should be provided for in these cost allocation discussions, particularly with respect to the ICT-only scenario.

**Stakeholder Participation**

The PWP provides for stakeholder participation at several stages of the study and provides for bi-monthly meetings to update stakeholders and obtain feedback on the study. The PWP also provides that bi-monthly progress reports will be provided to the ERSC and FERC. Such reports should also be provided to stakeholders so they can review prior to the bi-monthly meeting. This would allow them to provide better input at those meetings or though written comments.
Conclusion

LEUG and SUEZ appreciate the opportunity to provide input on the PWP and look forward to continued participation in the CBA study process.

RESPECTFULLY SUBMITTED:

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