

LOUISIANA ENERGY AND POWER AUTHORITY AND THE LAFAYETTE UTILITIES SYSTEM REQUESTED EARLY DESIGNATION AS A NATIONAL INTEREST ELECTRIC TRANSMISSION CORRIDOR

by
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The U.S. Department of Energy (DOE) issued a Federal Register notice of inquiry on February 2, 2006 (71 Fed. Reg. 5660), entitled, "Consideration for Transmission Congestion Study and Designation of National Interest Electric Transmission Corridors," the purpose of which was "to learn stakeholders' views concerning transmission bottlenecks, identify how designation of such bottlenecks may benefit users of the grid and electricity consumers, and recognize key bottlenecks." In the notice of inquiry, DOE stated that they would consider making an early NIETC designation if a compelling case was presented. The Louisiana Energy and Power Authority (LEPA) and the Lafayette Utilities System (LUS) requested early designation as a National Interest Electric Transmission Corridor (NIETC).

Five considerations (as stated in the Notice of Inquiry) are considered relevant to evaluate an area for NIETC designation:

1. The economic vitality and development of the corridor, or the end markets served by the corridor, may be constrained by lack of adequate or reasonably priced electricity;
2. The economic growth in the corridor, or the end markets served by the corridor, may be jeopardized by reliance on limited sources of energy and a diversification of supply is warranted;
3. The energy independence of the United States would be served by the designation;
4. The designation would be in the interest of national energy policy; and
5. The designation would enhance national defense and homeland security.

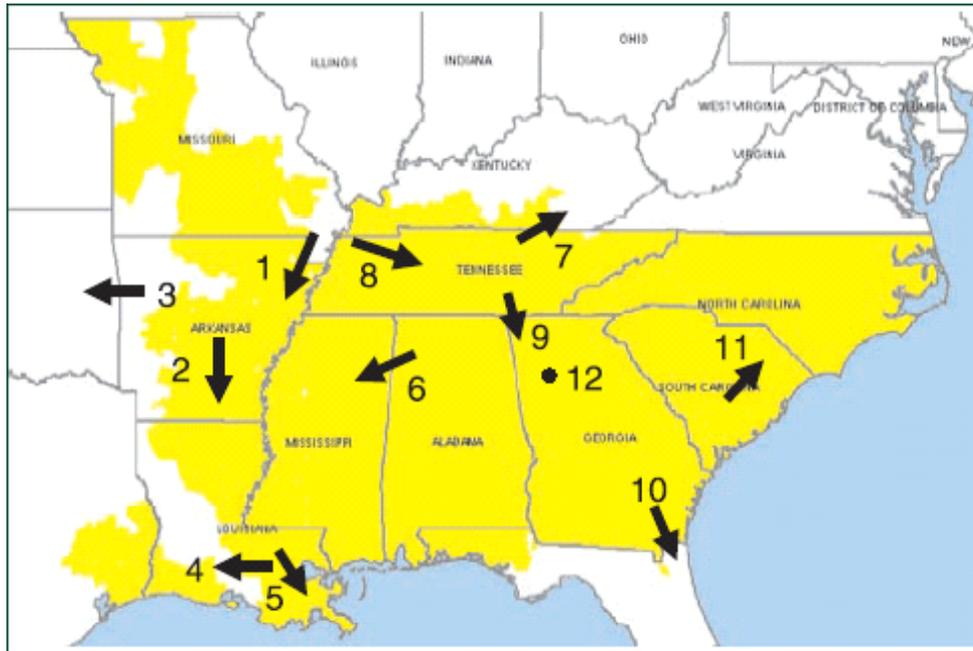
LEPA, a joint action agency created by the Louisiana Legislature in 1979, consists of eighteen cities and towns which each have their own municipal power systems. LEPA is dependent upon the transmission system operated by two regulated public utilities - Entergy and Cleco. The LUS is a member of LEPA, however, it owns and operates all transmission, distribution and generation resources within Lafayette.

LEPA and LUS state that they are dependent on Entergy and Cleco for transmission assets and that those assets are not available for long term planning to minimize costs. LUS has had difficulty with transmission service for its generation resources. Entergy and Cleco transmission systems apparently have little excess capacity. LEPA and LUS have been asked to pay for transmission upgrades. Those upgrades would continue to be owned by the utilities. They also note that the congested transmission service to LEPA member Morgan City serves the Louisiana Offshore Oil Port (LOOP) which handles about 15% of U.S. oil imports.

DOE deferred action on all early requests for designation of NIETC until after it completed its national transmission congestion study.¹ This study, completed in August 2006, contains the first interconnection-wide study of eastern congestion.

The study identified constraints in the SERC Reliability Corporation (SERC)² region. Constraints in the Entergy portion (1-6, see below) are limiting flows from Missouri to Arkansas, Central to South Arkansas, Arkansas to Oklahoma, Alabama to Mississippi, Southeast Louisiana to Western Louisiana, and (pre-Katrina) into New Orleans.

Constraints in the SERC Reliability Corporation Region



SOURCE: U.S. Department of Energy, National Electric Transmission Congestion Study, 2006

The goal of the congestion study was to identify areas where congestion is now, or is likely to become, especially severe. The LEPA/LUS area constraint was not one of the areas identified as needing immediate federal attention. However, the study is scheduled to be updated every three years and annual progress reports are planned to monitor progress on relieving transmission congestion.

The full text of the LEPA and LUS comments and request for early designation can be found on the DOE website (URL: http://www.oe.energy.gov/epa_1221_NIETC.htm).

The full text of the National Interest Electric Transmission Corridor Study report can be found on the DOE website (URL: http://www.oe.energy.gov/DocumentsandMedia/Congestion_Study_2006-9MB.pdf).

¹ Eleven organizations requested early NIETC designation: Allegheny Power; American Electric Power; Bay Area Municipal Transmission Group; City of Fayetteville, North Carolina, Public Works Commission; City of New York; Louisiana Energy and Power Authority; New York Regional Interconnection Inc.; Oklahoma Municipal Power Authority; PJM Interconnection; San Diego Gas & Electric; and Pepco Holdings, Inc.

² SERC is the Regional Reliability Organization responsible for ensuring the reliability of the bulk power supply systems in the Southeast, excluding Florida.