**Modernizing the Louisiana PSC**

**Revised Draft Proposal**

to:
Louisiana Public Service Commission

May 9, 2023



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RMI’s mission is to transform global energy use to create a clean,

prosperous, and secure low-carbon future General Information

**Contractor: RMI**, a Colorado nonprofit 501(c)3

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**About RMI**

RMI—an independent nonpartisan nonprofit founded in 1982—transforms global energy use to create a clean, prosperous, and secure low-carbon future. RMI engages businesses, communities, institutions, and entrepreneurs to accelerate the adoption of market-based solutions that cost-effectively shift from fossil fuels to efficiency and renewables. We employ rigorous research, analysis, and whole-systems expertise to develop breakthrough insights. We then convene and collaborate with diverse partners—business, government, academic, nonprofit, philanthropic, and military—to accelerate and scale solutions.

PROPOSAL

RMI | Louisiana Public Service Commission

May 2023

Context

The Louisiana Public Service Commission (LPSC) is uniquely positioned to orchestrate Louisiana’s transition to a clean, equitable, and flexible energy system while maintaining reasonable rates, ensuring quality of service, and advancing economic development in the state. However, modernization of the LPSC has not kept pace with the rapidly evolving ecosystem of technologies, industry actors, and new stakeholders emerging in the state’s electricity sector.

Similar to other public utilities commissions across the United States, the LPSC will be required to navigate a broader range of objectives in its decision-making to foster a clean energy transition that reach beyond the traditional tenets of utility regulation of safety, affordability, and reliability. These objectives are likely to touch on emerging topics such as greenhouse gas emissions, renewable and distributed energy integration, resilience, and equity. Yet organizational challenges at the LPSC pose barriers to innovation and informed regulatory decision-making on these emerging topics, such as staff constraints, outdated systems and procedures, and inadequate processes to produce timely and responsive decisions. These barriers risk delaying or impeding the investments, programs, and operational changes needed to meet Louisiana’s economic development and clean energy goals.

To overcome these barriers, the LPSC has an emerging window of opportunity to modernize how it approaches integrating an expanding set of priorities in its regulatory vision and guidance, staffing, and internal and external processes. These reforms can ensure that LPSC decision-making going forward is transparent, productive, cost-effective, and consistent with customer needs, market trends, and the state’s policy goals.

Proposed scope of collaboration

Based on conversations with PSC staff and our understanding of Commission needs, we propose the following scope of collaboration. This scope describes potential focus areas for RMI work and lays out an approach to achieve two primary objectives:

1. Evaluate the LPSC’s ongoing and expected work streams, organizational structures, and processes to better understand what is working well and where there are opportunities for modernization.
2. Develop a set of short-term and long-term recommendations to position the LPSC to meet its strategic and emerging goals, tailored for the Louisiana context, including the state’s policy landscape, political environment, and the LPSC’s governance structure and available budget.

The following describes two phases of collaboration in more detail, including potential activities and deliverables in service of both objectives above.

For Phase 1 (May - August 2023), RMI will utilize existing donor funding to begin our evaluation of LPSC’s processes and structures and to present preliminary findings and recommendations at LPSC’s August Business and Executive Session. In preparation for that presentation, the LPSC will announce that RMI is undertaking this work at the May Business and Executive Session and 1-2 RMI colleagues will attend the June LPSC Business and Executive Session to begin meeting Commissioners and Commission Staff.

For Phase 2 (September 2023 - TBD), RMI and LPSC will work together to secure additional funding. The proposed Phase 2 timeline assumes the Commission is able to initiate a proceeding dedicated to this effort in September.

*Objective 1: Evaluate the LPSC’s ongoing and expected work streams, organizational structures, and processes to better understand what is working well and where there are opportunities for modernization.*

Activities

Through interviews with LPSC staff, document review, stakeholder workshops, and public comments, RMI will evaluate the following areas and functions of the LPSC related to **Purpose, People**, and **Process**.

In Phase 1, RMI will review documents and other forms of LPSC communications, as well as conduct interviews with a targeted list of key staff members and consultants, related to the topics in blue below.

The evaluation would be expanded in Phase 2 to cover the remaining topics.

**Purpose: The core missions and authorities that empower LPSC decision-making**. The scope of this evaluation could include reviewing:

* Commission authority
* Commission mission statements and strategy documents
* Definition and applications of the term “public interest”
* How state policy goals are integrated into rulemakings, policy statements, and other decisions

**People: The individuals and governance structures that shape LPSC decisions**. The scope of this evaluation could include reviewing:

* Roles and authorities of key commission employees (note: this may be more limited in Phase 1 given we are planning to conduct interviews with only a small number of employees)
* The extent staff are available to support Commissioners with research and specific dockets
* How attention is balanced between traditional and more emerging topics, and between short- and long-term priorities
* Open meeting laws and ex parte rules
* Funding for full-time employees compared to expected workload
* Staff competencies and skill alignment with Commission needs
* Training available for full-time employees

**Process: Internal and external processes, including stakeholder engagement, that yield timely, equitable, and high-quality outcomes.** The scope of this evaluation could include reviewing:

* Priority proceeding objectives, timelines, and alignment with policies/regulatory vision (e.g., customer-oriented solutions, energy efficiency, formula rates dockets)
* Stakeholder engagement requirements, procedures, and norms
* Document management and accessibility
* Access and transparency of utility modeling assumptions and data
* Benefit-cost analysis frameworks utilized
* Support for innovation

Deliverables

At the end of Phase 1, RMI will present its initial findings at the LPSC’s August Business and Executive Session.

The final Phase 2 deliverable of this workstream will be a memo presenting findings of RMI’s comprehensive evaluation and identifying priority areas for attention.

Timeline

Phase 1: May - August 2023

Phase 2: September - December 2023

*Objective 2: Develop a set of short-term and long-term recommendations to position the LPSC to meet its strategic and emerging goals, tailored for the Louisiana context, including the state’s policy landscape, political environment, and the LPSC’s governance structure and available budget.*

Activities

Based on the findings from RMI’s evaluation, research into best practices in other jurisdictions, consideration of what is possible to achieve in the Louisiana context, RMI will develop short-term and long-term recommendations related to **Purpose**, **People**, and **Process**.

In Phase 1, RMI will generate preliminary short-term recommendations based on its more limited evaluation.

In Phase 2, RMI would expand the set of recommendations to focus on both the short-term and long-term and to cover a wider range of topics and stakeholders.

**Short-term recommendations** will be oriented towards actions that are achievable under the LPSC’s current authority, do not require legislation, and can start being implemented within the next year. Examples of these types of recommendations could include:

* **Purpose**
	+ Amend the LPSC’s vision statement to articulate regulatory priorities that accurately reflect emergent clean energy opportunities.
	+ Proactively carry out this regulatory vision via policy statements, straw proposals, or other guidance documents in new and ongoing proceedings to (a) clarify what the LPSC is looking for in utility proposals or filings and (b) steer utility filings toward desired outcomes.
* **People**
	+ Develop internal guidance and bylaws that outline the roles and authorities of different commission employees, which considers regulatory strategy, priorities, and organizational management.
* **Process**
	+ Modernize business applications, such as the LPSC’s website, to allow user-friendly access to PSC information and records and improve the transparency and accessibility of important filings, engagement opportunities, and timelines.
	+ Encourage increased engagement by (a) delegating issues to working groups or other collaborative stakeholder groups, and/or (b) providing additional opportunities for stakeholder education on relevant, foundational topics (e.g., energy equity, the ratemaking process).
	+ Remove barriers to accessing utility modeling assumptions and data by (a) reevaluating data transparency to reduce information asymmetry and (b) allowing stakeholders the opportunity to propose alternatives or verify utility data and modeling results.

**Long-term recommendations** will be oriented towards actions that require a longer time horizon (>1 year) to implement. These actions may require legislation, an increased budget, or a more fundamental change to LPSC’s governance structure. Examples of these types of recommendations could include:

* **Purpose**
	+ Explore pathways for the LPSC to incorporate expanded policy goals and authorities into their decision-making in all rulemakings and regulations.
	+ Update the LPSC’s core missions to be consistent with new policy expectations.
* **People**
	+ Revisit the commissioner election process to ensure it results in commissioners with strong professional qualifications and representative experiences.
* **Process**
	+ Establish intervenor compensation programs to support diverse participation in LPSC proceedings.

Deliverables

At the end of Phase 1, RMI will present a set of initial short-term recommendations at the LPSC August Business and Executive Session.

The final Phase 2 deliverable of this workstream will be a report that identifies and prioritizes recommendations for LPSC modernization and suggested pathways for implementation.

As appropriate, RMI will also conduct briefing presentations for Commissioners, staff, or relevant legislative committees during both phases.

Timeline

Phase 1: July - August 2023

Phase 2: January - TBD

Working Relationship with Louisiana PSC

The RMI team will work primarily out of our offices and homes. Some travel to Louisiana (3-5 trips) might be anticipated for project execution.

To ensure an effective flow of information, we propose holding semi-regular project alignment meetings (e.g., weekly, bi-weekly, or monthly), as appropriate for project needs we to be performed by videoconference, between the RMI team and primary LPSC points of contact. These meetings will be a forum to raise issues for joint problem solving, for the RMI team to share insights and recommendations, and for maintaining a transparent sharing of information. Additional joint working sessions will be scheduled as needed, either by videoconference or in person when appropriate. Regular individual contact between RMI team members and LPSC staff should occur frequently as needed to support project tasks.

RMI will not seek intervenor status in any LPSC proceeding.

Publication of RMI Findings

As a non-profit think tank, a core component of RMI’s mission is the dissemination of our insights and findings to support clean energy reforms across the U.S. and abroad. Accordingly, we may desire to publish our research findings or other insights arrived at in the course of this work in Louisiana. We will work in consultation with the LPSC to assure that any publications are appropriate, support the shared goals of our organizations, and do not violate any confidentiality requirements of the LPSC or other parties.

RMI may also communicate its role supporting the LPSC to stakeholders and the public. RMI expects to confer periodically with other experts across the industry in order to include a broad perspective and ensure our recommendations incorporate the best available thinking. The team will work proactively with LPSC staff to ensure RMI’s engagement with external experts aligns with the LPSC’s *ex parte* communication protocols.

Resources and funding

RMI will utilize existing donor funding for Phase 1 of this work (<$50k), which will cover May-August 2023.

RMI and LPSC will work together to secure additional funding for Phase 2, which will begin after the LPSC’s August Business and Executive Session.