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Kevin T. Boleware
Manager – Regulatory Affairs

February 17, 2025

VIA Electronic Delivery

Clerk of Council
City Hall, Room 1E09
1300 Perdido Street
New Orleans, Louisiana 70112

**Re: Report of Entergy New Orleans, LLC in Compliance with Council
Resolution R-24-73 dated February 22, 2024; UD 21-03**

Dear Clerk of Council:

In compliance with the reporting requirements of Resolution R-24-73 (Order #7) dated February 22, 2024 (“Resolution”), I am sending this letter on behalf of Entergy New Orleans, LLC (“ENO”) to update the Council on the status of the GRIP Project in New Orleans East. ENO looks forward to commencing construction work on the GRIP Project to enhance the resilience of the electric grid at a significantly reduced cost to customers.

As the Council knows, the GRIP Project is comprised of hardening distribution (Sherwood Forest Circuit 1601) and transmission (Michoud-Front St. 230 kV) lines and installing a battery interconnected to the New Orleans Solar Station. In April 2023, ENO applied to the Department of Energy (“DOE”) for federal funding under the Grid Resilience and Innovative Partnership Program (“GRIP”). In October 2023, the DOE selected the GRIP Project for an award, and in February 2024, the Council approved the GRIP Project in the Resolution. ENO continued in the DOE review process and engaged in negotiations with the DOE, resulting in a signed contract for funding in September 2024.

As ENO has been preparing to commence construction work, on January 20, 2025, the White House issued Executive Order 14151 entitled “Ending Radical and Wasteful Government DEI Programs and Preferencing,” which was intended to, among other things, terminate diversity, equity, and inclusion (“DEI”) programs and practices. On January 27, 2025, the Office of Management and Budget (“OMB”) issued Memorandum M-25-13 to the DOE and other agencies temporarily pausing all federal financial assistance pending review of such assistance programs.

Pursuant to Executive Order 14151, on January 28, 2025, the DOE issued a letter instructing GRIP award recipients to “cease any activities. . . and stop incurring costs associated with DEI and CBP [community benefits plan] activities” relative to “all DOE grants . . . or other funding of any kind.” The next day, on January 29, 2025, the OMB issued Memorandum M-25-

14 rescinding Memorandum M-25-13. Executive Order 14151 and the DOE letter, however, have not been rescinded.

As a result, any costs related to DEI and CBP activities incurred after January 28, 2025 will not be reimbursed by the DOE. ENO is still in the process of assessing the potential impacts of Executive Order 14151 and the DOE letter as they pertain to funding awarded for the GRIP Project. It is our understanding DOE staff is awaiting further guidance from new leadership during their transition under the new administration. As ENO continues to prepare to commence construction work on this important project, ENO remains in contact with the DOE's Grants Officer for further guidance, and anticipates further clarity as the incoming leadership positions are seated.

With respect to cost, after the DOE selected the GRIP Project and the Resolution was issued, the estimate was refined during the DOE review process. The current total estimated cost of the GRIP Project is \$140.9M, which is based on Class 5 estimates developed using a combination of historical costs, system and environmental parameters, and budgetary construction costs. The current estimate reflects an increase from the \$109.7M initial estimate in the DOE application, which was based on the DOE's formulaic guidelines and planning-level estimates prepared to meet DOE's application timeline. Until the contract was signed, the updated estimate was considered confidential and not yet final pending any changes that could take place during negotiations.

ENO determined transmission system constraints necessitated that work be performed under energized conditions (as opposed to de-energized conditions), and the work would require helicopters and matting due to the location of the line and to minimize environmental impacts. These factors drove a \$12.5M increase in the transmission costs associated with the GRIP Project. In addition, \$18.7M in indirect costs contributed to the variance. The DOE's formulaic guidelines only allowed inclusion of a *de minimis* rate for indirect costs in the application, and did not allow that rate to apply to equipment purchased directly by ENO. As a result, ENO did not include certain indirect costs in its initial estimate.¹ It is understood that the project costs of other utilities selected for awards are higher than their initial estimates to the DOE.

To date, ENO has completed pole inspections on the distribution line and begun to consider various design elements, and tower inspections and analyses are underway on the transmission line. In addition, a request for proposal was issued on the battery / interconnection component, with evaluation of vendor proposals in progress. Project costs incurred through January 2025 total approximately \$2.3M, comprised of an estimated \$1.8M for transmission, \$225,000 for distribution, and \$310,000 for the microgrid.

As work progresses on the GRIP Project, ENO has funded various activities in the community prior to the January 28, 2025 funding deadline, including:

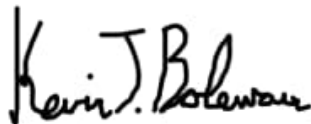
- \$25,000 to the First 72+ for re-entry kits for program participants for items required to maintain employment and housing (*e.g.*, cell phone, bedsheets, clothing);
- \$20,000 to Thrive for Green Infrastructure Business Assistance Workshops for at least 25 BIPOC entrepreneurs to receive 55 hours of technical assistance to prepare them in securing new contracts created through this project, assisting 125 businesses;
- \$10,000 to Dillard University to further its Clean Energy Coalition Prize; and
- \$10,000 to the Southern Region Minority Supplier Development Council, which supports BIPOC-owned businesses through targeted technical assistance and matchmaking services, allowing for access to mentorship programs, business development resources, and exclusive opportunities to connect with potential partners and clients.

Moreover, ENO continues to be sensitive to bill impacts regarding the GRIP Project. In fact, ENO is in the process of developing Class 3 estimates for the GRIP Project. The granularity and detail involved in developing the Class 3 estimates may identify additional cost savings and result in a lower overall cost estimate for the GRIP Project, particularly regarding the transmission component.

ENO is excited about the opportunity to enhance resilience in New Orleans East at a significantly reduced cost to customers. Consistent with the requirements of the Resolution, ENO will continue to keep the Council informed regarding the status of the GRIP Project. If you have any questions or need further information, please do not hesitate to reach out.

If you have any questions regarding this information, please contact me at (504) 670-3673.

Sincerely,

A handwritten signature in black ink that reads "Kevin T. Boleware". The signature is written in a cursive, slightly stylized font.

Kevin T. Boleware

cc: Official Service List UD-21-03
All Councilmembers
Council Advisors
Council Utilities Regulatory Office