ROADMAP TO REFORM

Unlocking Energy Abundance, Prosperity, & Human Flourishing in Louisiana

2026

ROADMAP TO REFORM:

UNLOCKING ENERGY ABUNDANCE, PROSPERITY, & HUMAN FLOURISHING IN LOUISIANA

Energy has been a cornerstone of Louisiana's culture and economy for over a century. From powering our homes and cars to driving development in our communities and employing our friends, family, and neighbors, energy is essential to every aspect of our daily lives.

With vast natural resources, logistical advantages from its position at the mouth of the mighty Mississippi River, a massive network of existing energy infrastructure, and a skilled workforce, Louisiana is well-positioned to be a global energy leader.

Today, structural changes, skyrocketing demand for electricity, and technological advancements are reshaping the energy industry. The Pelican Center for Energy seeks to harness the power of free-market principles to turn today's challenges into tomorrow's opportunities and make Louisiana the most energy-dominant state in the country by 2035.

By leveraging market-driven solutions to advance a comprehensive energy strategy, Louisiana can ensure affordable, reliable, and abundant energy for its people; generate jobs and economic opportunity like never before; and support American energy independence.

This Roadmap outlines key reforms needed to drive continued growth and innovation across all sectors of Louisiana's energy industry, including oil and natural gas, liquified natural gas (LNG), nuclear, hydrogen, renewables, and new energy technologies. Our work focuses on six priority policy areas, outlining specific problems and solutions:

- Streamline permitting and environmental reviews responsibly
- Reduce litigation risk and regulatory uncertainty
- Advance sensible tax policy
- Enhance market competition
- Expand consumer choice to electric power
- Remove government barriers to energy production

LOUISIANA ENERGY SNAPSHOT

306,750 energy workers

Nearly 15% of state employment

$25.5 billion+ in wages & benefits

19% of total earnings statewide

$142 billion+

capital invested over the last decade

70+ new energy & manufacturing projects

over the last 3 years

1/6 of US refining capacity

LA processes nearly 3 million barrels of crude oil per calendar day

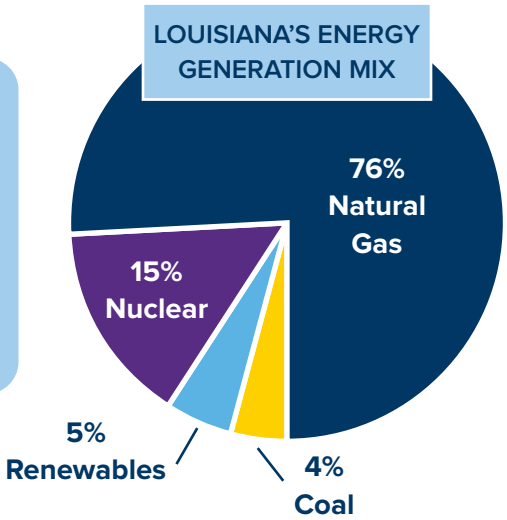
25% of state GDP

61% of US LNG exports

9.4% of US wood pellet production

85,000+ miles interstate pipelines to transport energy

6,600+ miles of transmission lines to transport electricity



New Orleans is the nation's third-largest coal exporting port

ROADMAP:

STREAMLINE PERMITTING AND ENVIRONMENTAL REVIEWS RESPONSIBLY

Vague, overlapping, and excessively complex permitting requirements and environmental reviews can discourage, delay, and prevent construction of essential energy infrastructure without notable environmental gains. An ever-expanding web of federal environmental laws, including the National Environmental Policy Act (NEPA), Clean Water Act, Endangered Species Act, and many others, adds significant time and production costs to energy projects. A 2025 report from the White House Council on Environmental Quality found that, on average, completing a federal Environmental Impact Statement takes over two years. This level of mind-boggling government bureaucracy offers little added environmental benefit, but it significantly undermines energy reliability, increases consumer costs, and stalls economic growth.

Federal Environmental Mandates and Permitting Delays Under the Biden Administration

The Biden administration launched an unprecedented attack on energy development on federal lands and waters. Most notably, in 2021, it suspended all new oil and gas leasing and drilling permits on public lands and waters for 60 days as part of a review of programs at the U.S. Department of the Interior (DOI). In 2024, the administration sought a complete halt to all new approvals of LNG exports to countries not covered by free trade agreements. Termed the LNG Export Ban, the announcement marked a dramatic reversal from the Department of Energy's (DOE) stance just six months earlier, which had reaffirmed the continuation of LNG export approvals. And in January 2025, President Biden invoked the Outer Continental Shelf Lands Act (OCSLA), passed in 1953, to permanently ban new oil and gas leasing in most U.S. coastal waters, including the entire East Coast, the eastern Gulf of Mexico, the Pacific Ocean off the coasts of Washington, Oregon, and California, and additional portions of the North Bering Sea in Alaska.

This extreme overreach of executive power to limit domestic energy production not only risked destabilizing a key part of the U.S. economy but also made America more dependent on imports from major foreign suppliers and raised serious legal questions about the limits of presidential authority. These issues were successfully challenged in court by the Pelican Institute and many others.

Unleashing American Energy

Since taking office in January 2025, the Trump administration has taken action to eliminate federal bottlenecks, modernize environmental reviews, and streamline permitting review and approval of critical infrastructure projects. Through a coordinated, comprehensive deregulatory agenda, the administration is rapidly removing the red tape that has long delayed vital energy investments. At the center of this effort is Executive Order 14154, *Unleashing American Energy*, which directs federal agencies to rescind duplicative rules, pause conflicting government subsidies, and fast-track permits for domestic energy projects. Citing major energy supply

challenges, the administration also declared a national energy emergency, a move that allows for expedited review and approval of critical infrastructure projects.

In addition, the President issued a memorandum creating the Permitting Innovation Center and directing the development of a Permitting Technology Action Plan (PTAP). This plan sets ambitious goals to digitize and automate environmental review processes and to standardize permitting procedures across federal agencies within 90 days. By modernizing these systems, the PTAP aims to reduce delays, improve transparency, and provide a more predictable framework for project developers.

In response to the President's directives, U.S. Environmental Protection Agency (EPA) Administrator Lee Zeldin has moved to cut red tape. Key measures include repealing the 2009 endangerment finding, the Clean Power Plan 2.0, and other administrative rules that have added trillions in regulatory costs and acted as a hidden tax on American families without significant environmental benefit. Central to this effort is a renewed commitment to cooperative federalism, which shifts greater responsibility to the states. Under this approach, the EPA partners with state governments to tailor enforcement, streamline permitting, and align state and federal regulatory efforts while maintaining essential environmental safeguards.

Meanwhile, the U.S. Department of Energy (DOE) under Secretary Chris Wright has accelerated all forms of energy development through a combination of regulatory reform, strategic investment, and technological innovation. These efforts include updating NEPA procedures to streamline permitting, removing the seven-year deadline for LNG export projects to encourage investment, and reforming permitting rules at National Labs to speed up critical infrastructure upgrades. Taken together, these projects save hundreds of millions of taxpayer dollars.

With the overarching goal of advancing "energy addition, not subtraction," the DOE also launched two major pilot programs to accelerate the development and deployment of next-generation nuclear technologies in the United States. By partnering private sector innovation with DOE expertise, these programs aim to strengthen domestic supply chains for nuclear fuel and fast-track the deployment of small modular reactors (SMRs), with the goal of having at least three test reactors up and running in the U.S. by July 2026.

The DOE has also committed nearly $1 billion to strengthen America's critical minerals energy supply chains, with targeted funding for battery manufacturing, rare earth element refinement, and strategic material processing. Coal has been re-established as a strategic energy asset, with $200 billion in low-cost loans available for related infrastructure and new technologies to extract valuable materials from coal ash. Together, these measures aim to secure America's energy independence, modernize infrastructure, and position the U.S. as a leader in both traditional and emerging energy sectors.

Emergency Powers and the Risks to Long-Term Energy Stability

Recent years have revealed an alarming pattern in federal energy policy: large-scale shifts initiated through executive actions and emergency declarations rather than the deliberate legislative process. While such measures can be appropriate for genuine crises or to address immediate infrastructure needs, relying on them as the main instrument for directing national energy priorities undermines long-term stability.

Emergency powers are designed for short-term problem-solving. They can and should be used sparingly to expedite the permitting of critical energy infrastructure projects that are vital to economic and national security. But when they become the default method for making major policy changes, the result is uncertainty for investors, project developers, and communities. That uncertainty can stall construction, increase costs, and weaken the nation's ability to meet growing energy demands.

The recent cancellation of the Atlantic Shores offshore wind project is a case in point. This project, located off the coast of New Jersey, had gone through years of planning and regulatory review, a process that requires significant investments of time and money. Yet in early 2025, just six months after granting "final" approval, the EPA abruptly revoked its permit in response to an Executive Order issued by President Trump, which mandated a new review of all wind leasing and permitting on federal land. As previously noted, similar reversals occurred under the Biden administration in oil and gas leasing, and those actions were successfully challenged in court by the Pelican Institute and others.

Such sudden and frequent reversals create a policy whiplash in energy markets and discourage long-term capital investment. When the rules governing multi-billion-dollar projects can be reversed with the stroke of a pen, companies face significant risk in moving forward. This back-and-forth approach distorts the energy market by favoring certain technologies one year and restricting them the next, regardless of what consumers want.

To achieve genuine energy security, the nation needs a more dependable path—one that is grounded in legislation that has broad support and is designed to endure. Market-oriented, technology-neutral reforms that treat all energy sources fairly, streamline permitting, and encourage long-term private investment provide a stronger foundation than short-term executive orders that shift with political tides.

An open and competitive energy market operating under stable, transparent rules will serve consumers, businesses, and the economy far better than a system that swings between competing political mandates. The focus should be on creating a consistent framework that allows innovation to flourish and ensures that America can meet its energy needs without the disruption of constantly changing policy direction.

Advancing State-Level Solutions

With energy demand growing rapidly in Louisiana and across the country, state leaders must complement federal reforms by updating and streamlining Louisiana's own permitting systems. Encouragingly, several key legislative actions taken during the 2025 Regular Legislative Session demonstrate real progress.

- **SB 244 (Act 458)** reorganizes the former Department of Energy and Natural Resources into the Department of Conservation and Energy (DCE) and creates the Natural Resources Commission to coordinate permitting, reduce redundancies, and improve efficiency. The law also authorizes the promulgation of new rules and regulations for an expedited permitting program under DCE.
- **SB 97 (Act 418)** establishes the CURRENT Authority, which aligns flood control, navigation, and infrastructure planning—indirectly supporting energy development through improved project coordination.
- **HB 459 (Act 279)** establishes a statewide permitting framework for large-scale renewable energy infrastructure, including wind, solar, and battery storage systems.
- **SB 127 (Act 179)** lays the groundwork for an expedited permitting program for nuclear generation, empowering DCE to accelerate reviews for electric utilities and support advanced nuclear technologies.

These state reforms represent meaningful progress, but more needs to be done. Bold permitting reform is key to unlocking Louisiana and America's full energy potential and ensuring the availability of affordable, reliable energy for generations to come.

RECOMMENDED ACTIONS

Federal Permitting

- **Codify federal permitting reform:** Urge Congress to codify executive actions taken to modernize permitting statutes and reduce regulatory hurdles under NEPA, the Clean Water Act, and the Endangered Species Act. Meaningful reform should take a technology-neutral approach, enabling all energy projects—regardless of source—to advance quickly and fairly.
- **Expand offshore energy production:** Urge Congress to pass legislation requiring at least four offshore lease sales annually.
- **Resolve legal challenges:** Encourage the Trump administration to withdraw or resolve remaining litigation stemming from Biden-era executive overreach on energy policies.
- **Support the Offshore Parity Act:** Urge Congress to enact the Offshore Parity Act (which amends the Outer Continental Shelf Lands Act (OCSLA) and the Magnuson-Stevens Fishery Conservation and Management Act) to give Louisiana, Mississippi, and Alabama authority to manage oil, gas, and other energy activities located on the states' expanded submerged land for nine nautical miles.

State Permitting

- **Modernize and digitize state permitting processes:** The federal PTAP initiative calls for the government-wide implementation of 21st-century technology to streamline permitting processes, enhance interagency coordination, and ensure transparent and predictable timelines through digital tools. Louisiana lawmakers should prioritize legislation to modernize and digitize state permitting processes to align with federal efforts.
- **Enhance federal–state coordination on energy projects:** Lawmakers took major steps to create state-level coordination mechanisms (i.e., Natural Resources Commission and CURRENT) during the 2025 Regular Legislative Session. These efforts can be further enhanced by establishing a coordinated framework to directly address and improve federal–state coordination on energy projects.
- **Implement clear timelines and deadlines:** Set statutory timelines for permit reviews to enhance transparency, clarity, and predictability in permitting and help facilitate better project planning and execution.
- **Address legal challenges promptly:** Consider implementing measures to expedite the resolution of legal disputes related to energy projects. Expedited judicial review can prevent protracted litigation from stalling developments.
- **Support deregulatory reforms:** Support federal deregulation efforts by working with the EPA to assume delegated programs, partner on rule revisions, and leverage the EPA's approach to cooperative federalism to foster innovation and accelerate energy development.

ROADMAP:

REDUCE LITIGATION AND REGULATORY UNCERTAINTY

Louisiana's legal and regulatory climate continues to pose significant barriers to energy investment. For decades, oil and gas companies have faced legacy lawsuits, in which landowners sue anyone who has ever operated or held an interest in a site, alleging contamination. Too often, these suits result in large monetary awards that are seldom used for actual cleanup. In one of the most striking examples, *Corbello v. Iowa Production*, a Calcasieu Parish jury awarded a landowner plaintiff $33 million in damages plus $4 million in attorneys' fees for contamination that allegedly occurred as a result of drilling operations on a 320-acre tract of land that had a fair market value of just $108,000. A 2003 landmark decision by the Louisiana Supreme Court, which confirmed the outsized *Corbello* award and held that the landowner had no obligation to use any of the money on actual cleanup, sparked an avalanche of legacy lawsuits.

To address this problem, the Louisiana Legislature passed Act 312 in 2006, requiring that damages awarded for contamination be used exclusively for remediation under a court-approved plan. However, lawyers seeking to maintain the status quo have challenged nearly every aspect of Act 312. In 2014, it was reported that of 350 legacy lawsuits filed and many millions of dollars paid to plaintiffs and their attorneys, only 12 properties had actually been cleaned up.

Recognizing that legacy lawsuit abuse continues to discourage production and investments in Louisiana, state lawmakers made significant changes to Act 312 in 2025, with the passage of SB 244 (Act 458). This sweeping measure overhauls many aspects of energy development in Louisiana, including the manner in which legacy claims are handled. Most notably, the new revisions to Act 312 redefine the process for how oilfield site remediation plans are evaluated and approved, shifting

responsibility to the new Department of Conservation and Energy to select the most feasible cleanup plan, rather than the judiciary. Supporters argue the changes will bring greater clarity, efficiency, and fairness to the remediation process. However, the changes do not take effect until September 1, 2027. This delay gives plaintiff's attorneys the opportunity to exploit the current system before new rules take effect, and it will be years before the impact of these changes is felt.

Another example of legal uncertainty blocking energy development in Louisiana is the wave of lawsuits filed by the state against oil and gas companies for production activities dating back to World War II. These suits seek to impose retroactive liability on hundreds of companies that operated lawfully under federal permits and wartime directives—an approach that undermines the rule of law, violates constitutional principles of federalism, and attempts to punish conduct that was legal at the time it occurred.

Private trial lawyers filed the first of these cases in 2013 on behalf of several coastal parishes. In 2016, the State joined the effort as a third-party plaintiff. The situation worsened when the State entered into a "Common Interest, Joint Prosecution" agreement with those private attorneys, effectively delegating the State's sovereign enforcement powers to unelected, unaccountable parties with little oversight. Former U.S. Attorney William P. Barr highlighted the danger of this arrangement in an April 2025 letter to Attorney General Liz Murrill, writing: "This agreement inexplicably places the interests of the State of Louisiana in the hands of fee-seeking private trial lawyers representing coastal parishes, regardless of the divergent interests of the State and other parishes, let alone the legal and factual merits of the issues."

In April 2025, the first of more than 40 cases, *Chevron v. Plaquemines Parish*, went to trial in state court despite a pending U.S. Supreme Court appeal over whether such cases belong in federal court. After only three weeks, a Plaquemines Parish jury returned a $745 million verdict against the energy defendants. Chevron maintains that it is not responsible for land loss and has pledged to appeal in order to address what it describes as "numerous legal errors" that produced an unjust result.

Two months later, in June 2025, the U.S. Supreme Court agreed to hear the case, not to resolve the substance of the claims, but to clarify a growing split among federal appellate courts on the scope of the federal officer removal statute, which will ultimately determine whether these cases should be litigated in federal or state courts. The Court is scheduled to hear the case in January 2026.

After 12 years of litigation, one fact is undeniable: these lawsuits have delivered nothing for Louisiana's coastal restoration. Instead, they have erected major barriers to public-private cooperation and sent a chilling message to job creators that Louisiana is hostile to investment. For a state whose livelihood and prosperity are deeply intertwined with energy production, this legal standoff is a self-inflicted wound Louisiana can no longer afford. The Pelican Institute's 2019 economic impact report estimated that the ongoing threat of these coastal lawsuits has led to 50–75 fewer wells drilled annually, more than 2,000 lost jobs in Louisiana's coastal regions, and $44–$113 million in lost oil and gas revenues each year. An updated study released in 2025 concluded, "The downstream effects predicted in 2019—declines in reserves, production, employment, and income—are now fully visible in the data." Since 2010, Louisiana experienced a 42% collapse in offshore reserves, 56% drop in production, 37% loss in energy jobs, and over $600 billion in foregone economic growth. "While federal waters in the same Gulf saw reserves hold and output grow, Louisiana's capital fled to safer harbors," the report concluded.

By continuing to pursue these misguided coastal lawsuits, Louisiana's leaders are putting our state's economic health at risk. While other energy-producing states are moving in the right direction—working aggressively to partner with the federal government to drive energy development, attract investment, and ensure long-term prosperity for their states and for America—Louisiana remains stuck in a cycle of litigation.

RECOMMENDED ACTIONS

- **Continue building on Act 312's remediation-first framework** and advance legislation to ensure that litigation funds awarded for cleanups are used for that purpose.
- **Protect the public's interest in government-sponsored lawsuits.** Advance legislation to prohibit the Attorney General from assigning or delegating the state's control rights in public-sector litigation to any outside counsel or political subdivision.
- **Strengthen transparency and approval standards for public-sector litigation.** Extend Louisiana's law governing the use of contingency fee contracts, LA R.S. 42:262, to include any contract for outside legal counsel by a local government entity in the pursuit of public-sector litigation. Amend Louisiana's 2024 third-party litigation funding (TPLF) disclosure law to require public disclosure of third-party litigation financing in public sector litigation, limit funders' control rights, and prohibit foreign influence in litigation that is supposed to be brought on behalf of the public interest.

ROADMAP:

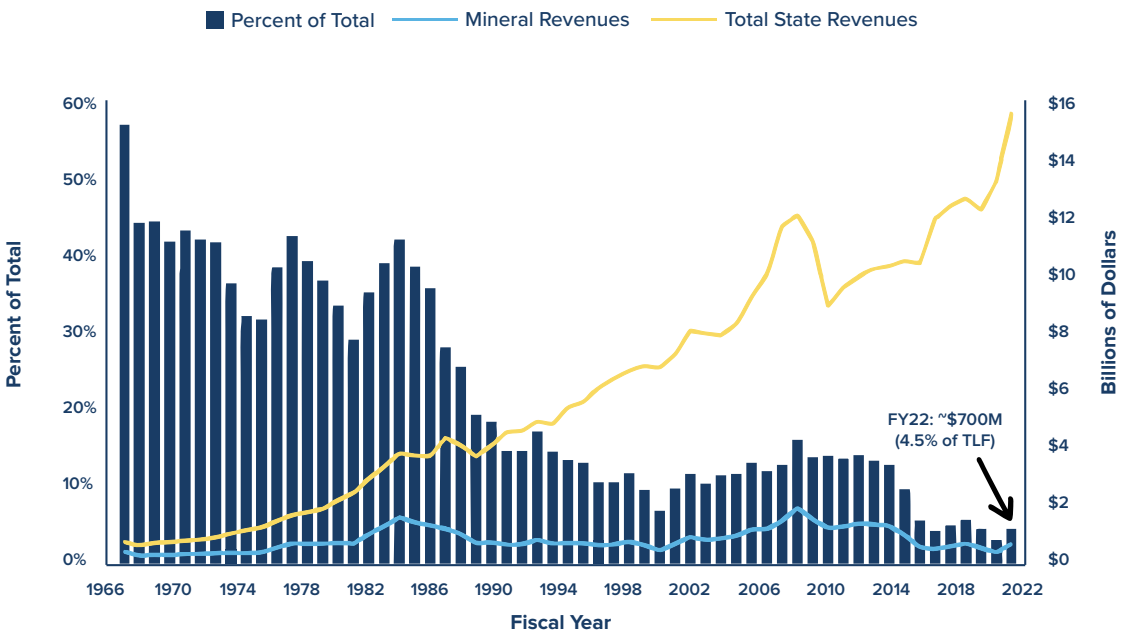
ADVANCE SENSIBLE TAX POLICY FOR LOUISIANA'S ENERGY FUTURE

Severance taxes are among the most harmful forms of taxation. Unlike corporate income taxes, which are tied to profits, severance taxes impose heavy costs on production. This structure punishes producers during downturns, discourages new investment, and distorts market incentives.

Until 2025, Louisiana maintained one of the highest severance tax rates in the nation. As the following chart illustrates, this excessive burden steadily eroded the state's competitive position, driving drilling rigs and capital investment to neighboring states such as Texas and Mississippi.

Over time, the result was reduced energy production, fewer jobs, and weaker long-term tax revenues. By contrast, states with lower severance taxes consistently attract greater energy investment. Savings are reinvested into new wells, improved technology, and workforce expansion—fueling continued growth over time.

Figure 1. Louisiana State Budget and Mineral Revenues



Source: Mineral Revenues in Louisiana. LSU Center for Energy Studies.

Recognizing the urgent need to restore competitiveness, in 2025 Louisiana lawmakers passed House Bill 600 (Act 295), which includes some of the most significant severance tax reforms in decades.

- Oil: Effective July 1, 2025, the severance tax on new oil wells fell from 12.5% to 6.5%.
- Natural gas: The base severance tax rate remains unchanged, adjusted annually. For July 1, 2025–June 30, 2026, the gas severance rate is set at $0.1052 per MCF.

- Inactive, incapable, and orphan wells: HB 600 introduced reduced rates to encourage the reactivation of marginal or idle wells, with incentives lasting up to 10 years after qualification.

Additionally, the legislature enacted House Bill 495 (Act 284) in 2025, shortening the exemption period for horizontal gas wells from 24 months to 18 months, while keeping the exemption for horizontal oil wells at 24 months.

Figure 2. Overview of Tax Rates for Louisiana Wells

Type of Well	Criteria	Reduced Tax Rate	Conditions
New oil wells	Oil produced from wells on or after July 1, 2025	6.25%	
Natural gas wells	Gas produced from wells July 1, 2025–June 30, 2026	$0.1052 per MCF	
Incapable wells	Oil wells producing ≤ 25 barrels/day and ≥ 50% saltwater	6.25%	Must meet both production and saltwater threshold
Incapable multi-well lease	Same as above but on a multi-well lease	6.25%	All wells on the lease must qualify as incapable
Stripper oil wells	Producing ≤10 barrels/day	3.125%	Must meet production limit
Inactive oil wells	Inactive ≥2 years	3.125% (before October 1, 2028)	
		6.25% (on/after October 1, 2028)	
Orphan oil wells	Inactive ≥5 years	1.565% (before October 1, 2028)	
		3.125% (on/after October 1, 2028)	

RECOMMENDED ACTIONS

By continuing to modernize its tax framework, Louisiana can attract private capital, create high-paying jobs, and secure a sustainable revenue base—cementing its role as a leader in America's energy future. To unlock Louisiana's full energy potential, lawmakers should build on 2025's reforms with additional pro-growth measures.

- **Reduce severance taxes and eliminate distortive exemptions.** HB 600 cut the oil severance tax in half for new wells. Lawmakers should continue reducing rates to be competitive with neighboring states (e.g. Texas's severance tax rate on oil is 4.6%) while eliminating distortive exemptions that favor one fuel source over another.
- **Reduce royalties and encourage new capital investments in exploration and production on state lands.** Urge the State Mineral and Energy Board to reduce royalties on existing leases, new wells, restarted inactive wells, and assumed orphaned wells.
- **Avoid new punitive taxes.** Louisiana must resist the temptation to impose new levies that could drive investment elsewhere. Proposals for an "injection tax" on carbon capture, utilization, and storage (CCUS) would make Louisiana the only state in the nation to penalize such projects. Even at modest levels, this tax could deter billions in CCUS investment.

ROADMAP:

ENHANCE MARKET COMPETITION

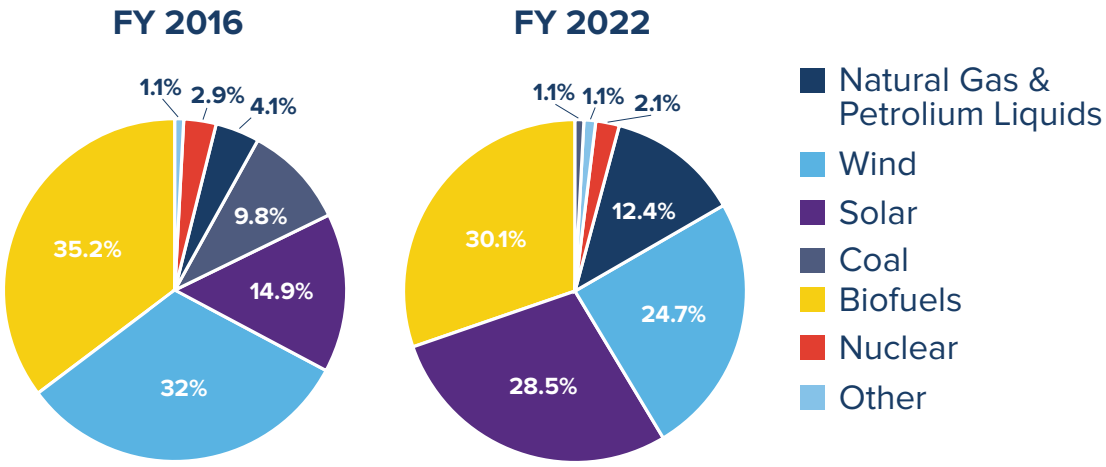
Louisiana's— and America's—energy leadership depends on free markets, not government-appointed winners. Competitive markets unleash innovation, drive efficiency, and deliver both prosperity and environmental progress. In a free economy, energy producers must constantly refine their offerings—lowering costs, improving reliability, and developing new solutions. This process has consistently delivered cleaner air, safer water, and rising living standards across the globe.

By contrast, when governments intervene with subsidies, mandates, or quotas, they distort markets, shield inefficient actors, and impose higher costs on families. Worse, these interventions lock in outdated technologies instead of encouraging the breakthroughs that consumers and the environment need. As U.S. Energy Secretary Chris Wright has emphasized, "Prosperity and environmental progress go hand in hand — societies with more wealth and more innovation are always cleaner, healthier, and better equipped to solve challenges."

The data tell the story. Federal support for renewable energy has skyrocketed, far outpacing subsidies for traditional fuels. According to the U.S. Energy Information Administration, subsidies for new clean technologies (biofuels, wind, solar) doubled from $7.4 billion in 2016 to $15.6 billion in 2022. Fossil fuels, by contrast, received just $3.2 billion in subsidies that year. A Texas Public Policy Foundation study found that, per unit of electricity, wind power received 48 times more subsidy than oil and gas, while solar received an astonishing 168 times more.

The imbalance is clear: renewables absorb a disproportionate share of taxpayer support. The Inflation Reduction Act (IRA) expanded these imbalances further, committing between $936 billion and $1.97 trillion in subsidies over a decade—the largest climate-subsidy package in U.S. history.

Figure 3. Federal Energy Subsidies by Source (FY 2016 vs. FY 2022)



Source: Institute for Energy Research, "Energy Subsidies by Fuel Source" (2019) for FY 2016; U.S. Energy Information Administration, "Federal Financial Interventions and Subsidies in Energy, FY 2016–2022" (August 2023), Tables A1 & A3.

Fortunately, the story did not end there. In July 2025, Congress passed and President Trump signed the One Big Beautiful Bill, which revised many of the IRA's most distortive provisions.

Major reforms included:

- **Accelerated phase-outs:** The law phases out clean electricity investment and production tax credits for wind and solar after decades of coverage. Now, construction must begin by mid-2026 or be in service by 2027 to qualify.
- **Elimination of electric vehicle tax credits:** The law eliminates the $7,500 federal tax credit for new electric vehicle (EV) purchases and leases, as well as the $4,000 credit for used EVs, effective September 30, 2025.
- **Tighter eligibility rules:** New restrictions on transferability, foreign entity participation, and domestic content requirements limit abuse.
- **Targeted support retained:** Some incentives for nuclear, biofuels, and carbon capture remain, but with greater scrutiny and shorter lifespans.

This federal recalibration underscores an important truth: sustainable energy progress comes from markets, not mandates. Wealth, innovation, and freedom—not government subsidies—are the drivers of cleaner, more reliable, and more affordable energy.

RECOMMENDED ACTIONS

- **Continue working to eliminate federal and state mandates,** ensuring that all energy sources compete fairly without government-imposed quotas or favoritism.
- **Allow energy markets to work freely,** letting natural competition drive down prices, foster technological innovation, and ensure a stable, resilient grid.

DID YOU KNOW?

According to the U.S. Energy Information Administration, Louisiana's total energy consumption ranks fourth among the states, and it has the highest per capita residential sector electricity consumption in the nation. Due to its energy-intensive industries and the extensive amount of electricity that's needed to keep homes, hospitals, schools, and small businesses cool almost year-round, Louisianians are uniquely exposed to energy price risk when compared to the rest of the country.

ROADMAP:

EXPAND CONSUMER CHOICE TO ELECTRIC POWER

After decades of relatively static growth, electricity demand is predicted to surge over the next decade. S&P Global estimates American electricity demand could increase up to 50% by 2040. The 2025 Gulf Coast Economic Outlook attributes future electric growth to a diverse set of factors, including the onshoring of U.S. manufacturing, significant investments in new energy technology facilities, rapid growth in data centers, and the electrification of transportation and buildings over the long term.

As Louisiana faces surging energy demand, the stakes for policymakers and regulators have never been higher. Meeting this challenge is not just about keeping the lights on—it's about protecting families and businesses from rising electricity costs, strengthening grid reliability, and ensuring American energy supply.

To get there, Louisiana needs a comprehensive approach that combines supply-side reforms to expand generation, transmission, and distribution with customer-centered options and alternatives that create more choice and competition.

RECOMMENDED ACTIONS

- **Increase market competition and consumer choice:** Today, Louisiana's outdated monopoly model enables some investor-owned utilities to operate with government-guaranteed rates of return. Big monopoly utilities have no competition and no incentive to innovate by providing better service or lower prices. The Louisiana Public Service Commission can rebalance this equation by adopting new policies and light-touch regulations to enable competition and allow multiple providers to enter the market. In doing so, they will enable market forces to increase power supply, lower rates, and drive innovation. That's a win-win for Louisiana consumers and our economy.

- **Expand energy choice and customer-centered options:** Empower large energy consumers with direct market access to source, build, or purchase their own power, including direct contracts with renewable or natural gas suppliers. Encourage third-party generation and distributed energy resources to compete with monopoly utilities. Allow consumer-regulated electricity (CRE) and more behind-the-meter projects for large users to reduce strain on the broader grid. Support reforms that integrate cheaper, reliable power sources and avoid locking ratepayers into high-cost infrastructure projects.

- **Promote competitive bidding for new infrastructure:** Block legislation granting incumbent utilities the right of first refusal (ROFR) for transmission projects, as these laws limit competition, stifle innovation, and raise electricity prices. Shift from monopoly control by requiring all new power generation and transmission projects to be competitively bid through an open, fair, and transparent bidding process.

- **Avoid mandates, subsidies, and price caps:** Reject one-size-fits-all requirements, subsidies, or price caps that distort market signals and allow the government to pick winners; instead, level the playing field for all energy sources to compete based on consumer demand, driving market-led innovation and investments.

- **Protect and expand existing capacity:** Keep prices steady and ensure reliable capacity by preventing the premature closure of existing nuclear, natural gas, and other baseload plants by politics or regulation. Modernize nuclear regulations (via NRC reform) to accelerate deployment of small modular reactors (SMRs) and advanced nuclear technologies.

- **Standardize statewide interconnection policies:** Implement uniform rules for connecting distributed resources like solar and storage across utilities to streamline processes, timelines, costs, and reporting, boosting efficiency and completion rates.

- **Embrace regional cooperation:** Adopt reforms to improve accountability and efficient transmission development, and to expedite the connection of new power plants to the grid.

- **Streamline permitting and reduce siting barriers for all forms of energy infrastructure:** Regulatory delays, particularly in duplicative state permitting processes, prevent the timely deployment of cost-effective power generation and transmission solutions. Comprehensive reform is needed at the federal, state, and local levels to cut through red tape and speed up responsible development without compromising safety, environmental standards, or individual property rights. Specific reforms include: legislation to modernize and digitize state permitting processes; work with the EPA to assume delegated programs, partner on rule revisions, foster innovation, and accelerate energy development; adopt clear timelines and deadlines for permit reviews to enhance transparency, clarity, and predictability in permitting and; adopt processes to address legal challenges and appeals quickly.

Unlocking Electricity Innovation to Meet Surging Power Demand

Louisiana is not alone in its reliance on regulated monopolies to provide its citizens with power. Last century, almost all electric power customers in the United States were served by vertically integrated monopolies. In the 1990s, however, consumer unrest over rising rates prompted reforms in roughly one-third of states, allowing for competition at wholesale and retail levels. Since then, many more states have adopted policies to enable market competition . Today, only 18 states, including Louisiana, still have utilities operating under legal monopoly protections and "rate of return" oversight, originally designed to mitigate the risk of anti-competitive behavior. However, this framework has effectively institutionalized monopoly power, stifled innovation, and burdened consumers with a lack of choice.

One innovative alternative to the outdated regulated monopoly model is allowing consumer-regulated, private utilities to build and operate power systems outside the traditional grid. These "islanded" systems would likely start small—such as power networks on industrial campuses— but their key advantage is freedom from burdensome regulatory approvals that delay or prevent innovation. Although current costs may be higher than standard utility contracts, some large energy consumers (e.g., data centers or manufacturers) are increasingly willing to pay a premium for reliability and faster development— especially those facing long interconnection delays.

By enabling consumer-regulated utilities, Louisiana can create a no-cost path to economic development. Unlike tax incentives or subsidies for traditional utilities, this reform simply removes government barriers and enables the market to lead. If these new models succeed, the benefits—more resilient grids, greater customer choice, and faster energy innovation—would be profound. And if no one takes advantage, there is no cost to taxpayers or ratepayers.

Energy parks are another scalable, cost-effective solution that can be quickly deployed to meet rising electricity demand. These innovative developments integrate multiple renewable energy sources with on-site battery storage and directly co-locate them with high-consumption facilities like data centers or manufacturing plants. By connecting to the grid through a single access point, energy parks streamline development, reduce infrastructure costs, and maximize the efficiency of complementary energy resources.

As Louisiana looks to expand its energy capacity and deliver affordable, reliable power, policymakers should consider forward-looking models like Consumer Regulated Electricity Utilities (CREUs), energy parks, and other market-driven innovations. These flexible, pro-growth solutions offer a low-risk, high-reward path to modernize the grid, attract private investment, enhance competition, and empower consumers like never before.

ROADMAP:

REMOVE UNNECESSARY GOVERNMENT BARRIERS

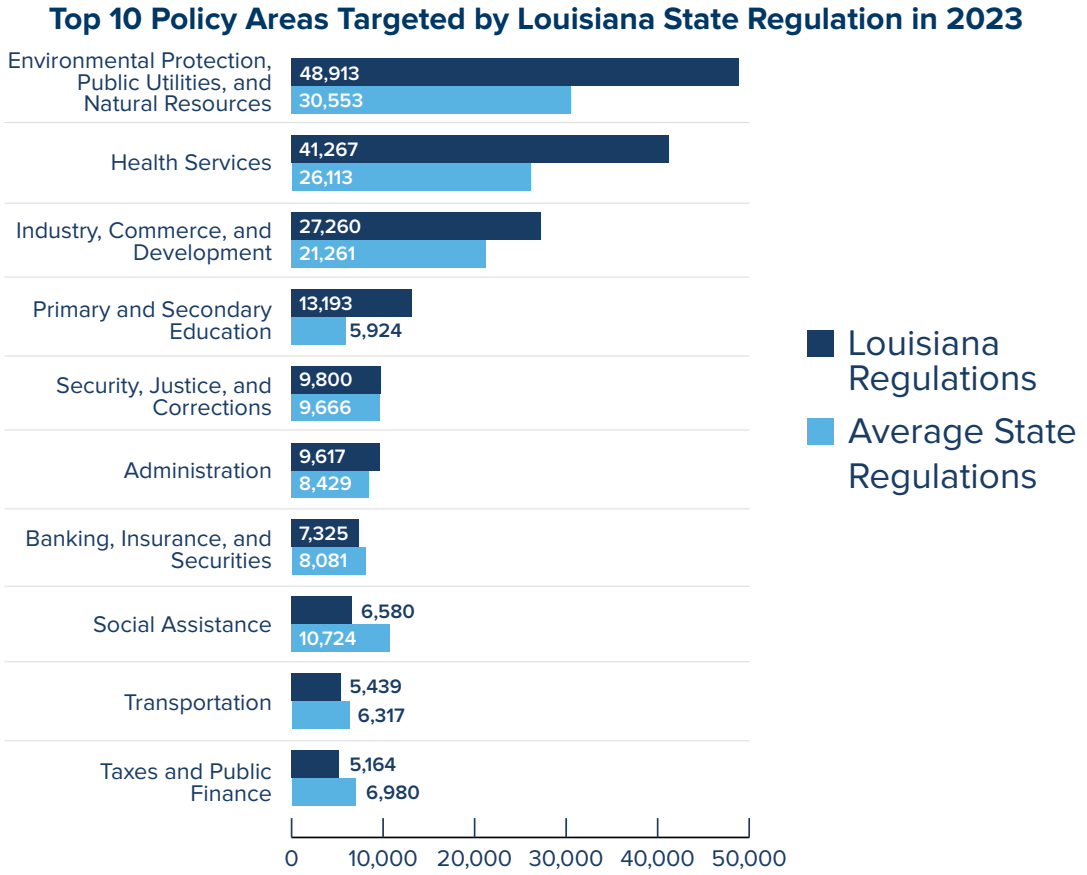
Louisiana's energy sector remains one of the most important in the country, but it operates under a dense web of rules that slows growth and discourages investment. A recent report from the Mercatus Center found that the state's Administrative Code imposes 180,858 restrictions, and ranked Louisiana the 10th most regulated state in the U.S. These layers of red tape add costs, create uncertainty, and make it harder for energy producers to expand or innovate.

Research consistently shows that heavy regulation is tied to slower growth, higher prices, and fewer jobs. In Louisiana, the weight of federal rules alone is estimated to cost nearly 1,800 jobs each year and push more than 220,000 residents into poverty. Every outdated or duplicative rule acts as a hidden tax on entrepreneurs, workers, and consumers.

In 2025, Louisiana lawmakers approved two important reforms aimed at cutting waste, upholding the constitutional separation of powers, and ensuring fairness for those facing government action. Senate Bill 59 (Act 98) passed with bipartisan backing and established the most robust "REINS-style" (Regulations from the Executive in Need of Scrutiny) system in Louisiana's history. Under this law, any new regulation projected to cost over $200,000 a year or $600,000 over three years must be reviewed and approved by the Legislature before it can take effect. By requiring elected officials to sign off on major new rules, SB 59 prevents unelected agencies from imposing high-cost mandates without public accountability. This change forces regulators to weigh both the need for and the financial impact of proposed rules, a safeguard that is especially important for industries such as energy that already face a heavy compliance load. House Bill 99 (Act 139) strengthens the rights of individuals and businesses to challenge an agency's decision. The measure directs courts to interpret laws and regulations independently, without giving automatic preference to an agency's reading of its authority. This will help ensure fairer hearings for those contesting government actions.

Figure 4. Louisiana's Excessive Red Tape and Regulations

Louisiana's regulatory code far exceeds the national average in many areas. Environmental and energy regulations are notably higher than in other states, which stifles economic activity and discourages investments and innovation in key energy-related industries.



This figure uses data that sorts restrictions based on the policy area they pertain to. This is done so that a reasonable comparison can be made between states, given that each state has a different structure for organizing their regulatory code.

Source: The Mercatus Center, "Louisiana's Regulatory Landscape" (2024).

Together, these reforms reaffirm the Constitution's separation of powers and remind state agencies that their role is to serve the people who elect Louisiana's lawmakers—not to govern without oversight.

Combined with further reforms, these much-needed changes will help clear the path for investment, innovation, and opportunity to flourish in Louisiana.

RECOMMENDED ACTIONS

- **Ensure REINS-style oversight is fully implemented:** Develop clear, consistent procedures for economic impact reviews to ensure that proposed rules receive proper legislative oversight in the future.
- **Implement a regulatory budget:** Establish a cap on total regulatory restrictions or compliance costs. Require agencies to eliminate old regulations whenever they propose new ones (e.g. a "1-in, 2-out" policy). For example, in his 2025 State of the Union address, President Trump announced that whenever a federal agency promulgates a new rule, regulation, or guidance, it must identify at least 10 existing rules, regulations, or guidance documents to repeal. He also directed the Office of Management and Budget to ensure standardized measurement and estimation of regulatory costs. These bold actions should serve as a model for Louisiana.
- **Red tape review commission:** Create an independent commission or task force to continuously review Louisiana's regulations and recommend repeals. Set specific goals for a reduction in regulatory restrictions over a specific number of years.

CONCLUSION

At the start of the 21st century, Louisiana was one of America's fastest-growing economies, ranking sixth in the nation for five-year average GDP growth. Today, the picture is starkly different: Louisiana ranks 49th in GDP growth, 49th in population growth, and 45th in median household income. The verdict is clear—the status quo is failing our people.

Louisiana stands at an economic crossroads. Decades of poor policy choices, excessive regulation, and a burdensome tax code have left the state lagging behind its peers in job creation and private investment. Meanwhile, pro-growth states are cutting red tape, lowering taxes, and attracting industries and workers. Their success proves a simple truth: policy choices matter. States that embrace freedom, competitiveness, and innovation are thriving. Louisiana has the resources, the location, and the talent to do the same. But only if we have the courage to change course.

The path forward is urgent but achievable. By adopting the reforms outlined in this paper, Louisiana can reclaim its competitive edge and position itself as the nation's energy leader by 2035. With a market-driven strategy that balances traditional strengths in oil and gas with new technologies such as wind, solar, hydrogen, and advanced nuclear, Louisiana can deliver abundant, affordable energy, create tens of thousands of high-paying jobs, and secure a future of prosperity for its citizens.

Louisiana has every advantage necessary to lead. The question is whether we will choose reform or remain stuck in the policies of the past?

SOURCES & REFERENCES

1 American Clean Power Association. 2025 U.S. National Power Demand Study (Executive Summary). Conducted by S&P Global Commodity Insights. March 2025. **https://cleanpower.org/wp-content/uploads/gateway/2025/03/US_National_Power_Demand_Study_2025_ExecSummary.pdf**

2 American Council for an Energy-Efficient Economy (ACEEE). 2025 State Energy Efficiency Scorecard. 2025. **https://www.aceee.org/research-report/u2502**

3 Business Council for Sustainable Energy & Clean Energy Business Network. Louisiana Energy Fact Sheet. 2025. **https://bcse.org/images/2025%20FPC/BCSE-CEBN%20LA%20Energy%20Factsheet.p**df

4 Institute for Energy Research. Energy Subsidies by Fuel Source. 2023. **https://www.instituteforenergyresearch.org/fossil-fuels/renewable-energy-still-dominates-energy-subsidies-in-fy-2022/**

5 Louisiana Department of Economic Development. Energy Industry Overview and Energy Diversity. **https://www.opportunitylouisiana.gov/key-industry/energy/energy-diversity**

6 LSU Center for Energy Studies. 2025 Gulf Coast Energy Outlook. 2024. **https://www.lsu.edu/ces/publications/2024/gulf-coast-energy-outlook-2025-df-e-version.pdf**

7 LSU Center for Energy Studies. Mineral Revenues in Louisiana. 2020. **https://www.lsu.edu/ces/publications/2020/mineral-revenues-in-louisiana-online-df.pdf**

8 Mercatus Center at George Mason University. Snapshot of State Regulations. 2024. **https://www.mercatus.org/regsnapshots24**

9 Pelican Institute for Public Policy. Economic Analysis of Coastal Litigation. 2019. **https://pelicanpolicy.org/wp-content/uploads/2019/10/Pelican-Institute_Coastal-Lawsuit-FINAL.pdf**

10 Pelican Institute for Public Policy. How Coastal Lawsuit Abuse Continues to Undermine Louisiana's Economy. 2025. **https://pelicanpolicy.org/wp-content/uploads/2025/11/Coastal-Lawsuit-Impact-Report.pdf**

11 Texas Public Policy Foundation. The Cost of Renewable Energy Subsidies. 2020. **https://www.texaspolicy.com/legeenergysubsidies/**

12 U.S. Department of Energy. State Energy Risk Profile: Louisiana. 2016. **https://www.energy.gov/sites/prod/files/2016/09/f33/LA_Energy%20Sector%20Risk%20Profile.pdf**

13 U.S. Energy Information Administration. Federal Financial Interventions and Subsidies in Energy, FY 2016–2022. August 2023.

14 U.S. Energy Information Administration. Louisiana State Energy Profile. **https://www.eia.gov/state/?sid=LA**

15 U.S. Energy Information Administration. Short-Term Energy Outlook. June 2025. **https://www.eia.gov/outlooks/steo/archives/jun25.pdf**

16 White House Council on Environmental Quality. Analysis of Data on Environmental Impact Statements Under the National Environmental Policy Act. January 2025. **https://ceq.doe.gov/docs/nepa-practice/CEQ%20EIS%20Timelines%20Report%20Release_01_13_2025.pdf**

504-500-0506

info@pelicaninstitute.org

pelicaninstitute.org

/PelicanInstitute

@PelicanInst

PelicanInstitute