

***2012
Request For Proposals
For
Long-Term, Supply-Side
Baseload Resources***

~~DRAFT~~

Entergy Services, Inc.
~~July 25,~~ August 28, 2012

The statements contained in this RFP are made subject to the Reservation of Rights set forth in Appendix D of this RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

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2012 REQUEST FOR PROPOSALS FOR LONG-TERM, SUPPLY SIDE BASELOAD RESOURCES

1. GENERAL INFORMATION

1.1. Introduction

Entergy Services, Inc. (“ESI”), acting as agent for the Included Entergy Operating Companies, hereby issues this 2012 Request for Proposals for Long-Term, Supply-Side Baseload Resources (including all appendices, this “RFP”). This RFP seeks up to 150 MW of baseload Capacity, capacity-related benefits, energy, environmental attributes and Other Electric Products, on terms set forth herein. The specific product being solicited for this RFP (the “Product”), a Baseload Product, is described in Section 2.2 below and in Appendix C. Through this RFP, ESI intends to market-test a potential cost-based purchase of the 59 MW Grand Gulf Nuclear Station Retained Share (“GG RS”) that has been offered by Entergy Arkansas, Inc. (“EAI”) for purchase by one or more of the ~~other~~ Included Entergy Operating Companies. Currently, the Entergy System forecasts an ongoing long-term need for ~~stable-priced~~ baseload ~~capacity~~ Capacity, energy, and Other Electric Products in 2013 and beyond. See Section 2.1 and Section 3 below for more information on the self-supply alternative.

1.2. Entergy System

The Entergy Operating Companies provide retail electric service to approximately 2.8 million customers in portions of the states of Arkansas, Louisiana, Mississippi and Texas, through the interconnected, coordinated electric generating and bulk transmission facilities of the Entergy Operating Companies (which facilities are referred to herein collectively as the “Entergy System”). The Entergy Operating Companies own and manage in excess of 21,000 MW of electric generation capacity in order to serve the needs of their customers. Purchases made by one or more of the Included Entergy Operating Companies pursuant to a Definitive Agreement entered into as a result of this RFP would be for the benefit of the acquiring Included Entergy Operating Companies and their customers.

1.3. RFP Documents

This RFP consists of a Main Body and twelve appendices. Among other things, the Main Body (i) offers general information pertaining to this RFP, (ii) describes the purpose and drivers of this RFP, the product type, amounts and certain product features ESI seeks from market participants in this RFP, and high-level considerations for Bidders, (iii) addresses the self-supply option being market-tested in this RFP, (iv) includes a milestone schedule for this RFP, (v) sets forth terms governing the preparation and submission of proposals and RFP-related communications with ESI, and (vi) provides an overview of the process for evaluating and selecting proposals submitted in response to this RFP.

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Appendix A to this RFP is a glossary of certain capitalized terms used in this RFP.

Appendix B-1 provides detailed instructions to Bidders on the Bidder Registration Process. Appendix B-2 provides detailed instructions to Bidders on the Proposal Submission Process.

Appendix C consists of a term sheet setting forth key terms and conditions applicable to a sale by Seller to Buyer of a Baseload Product based on a proposal submitted by Seller/Bidder in response to this RFP (“Term Sheet”).

Appendix D contains an express reservation of ESI’s rights in connection with this RFP; warranty, liability, and contract acceptance disclaimers; and terms addressing the disclosure of RFP-related information by ESI, the Entergy Operating Companies, and Bidders in this RFP, Bidder’s responsibility for RFP-related costs, and regulatory approvals.

Appendix E generally describes the process by which the Credit Evaluation Team will analyze proposals to assess potential credit risks and to establish collateral requirements for proposals selected for the Primary Selection List or the Secondary Selection List.

Appendix F provides information on the protocols ESI has established to ensure that (i) the RFP process will be impartial and objective, (ii) Bidders’ commercially sensitive information will be protected, (iii) all proposals are treated in a consistent fashion, and (iv) proposals from any particular Bidder will not receive undue preference.

Appendices G-1, G-2, G-3 and G-4 contain questions Bidders will be required to answer for proposals based on an existing CCGT resource, an existing coal or petroleum coke resource, an existing nuclear resource or an existing renewable resource, respectively.

Appendix H is a schedule of key milestones and milestone dates for this RFP.

Bidders are responsible for familiarizing themselves with and being fully aware of the terms of this RFP, including the terms of each Appendix.

1.4. 2012 Baseload RFP Website

The official website for this RFP is <https://spofossil.entergy.com/ENTRFP/SEND/2012Rfp/Index.htm> (“2012 Baseload RFP Website”). This RFP and related material and information are posted on the 2012 Baseload RFP Website and available for review. The 2012 Baseload RFP Website will be updated from time to time with additional information related to this RFP. Interested Persons are responsible for monitoring the 2012 Baseload RFP Website to ensure the timely receipt of information about this RFP.

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1.5. RFP Administrator

ESI has designated an “RFP Administrator” for this RFP. The RFP Administrator’s responsibilities include (i) acting as a liaison between the participants in this RFP and ESI on all RFP-related matters, (ii) ensuring that Bidder questions ESI receives are addressed in an appropriate manner, (iii) receiving, recording and maintaining Bidder proposals, and (iv) managing other administrative matters relating to this RFP. The RFP Administrator is also a member of the “RFP Administration Team.” The full set of the RFP Administrator’s duties, and the role of the RFP Administration Team, are set forth in Appendix F.

The RFP Administrator for this RFP is Ms. April Phelps. The contact information for the RFP Administrator is:

April Phelps
RFP Administrator
Entergy Services, Inc., T-PKWD-3A
10055 Grogans Mill Road, Suite 300
The Woodlands, TX 77380
Email: esirfp1@entergy.com
[Fax: 281-297-5350](tel:281-297-5350)

As detailed in Section 7.1 below, all questions, requests, and other inquiries or communications from Bidders to ESI about this RFP must be directed in writing or via email to the RFP Administrator, except as described in Section 7.2 with respect to transmission matters and in Appendices B-1 and B-2 with respect to the RFP Hotline (which will often be staffed by the RFP Administrator).

1.6. Independent Monitor

ESI has retained Ms. Elizabeth (Betsy) Benson of Energy Associates to act as the Independent Monitor (“IM”) for this RFP. The role of the IM is defined in the “Scope of Work Activities” for the IM, the specifics of which are posted on the 2012 Baseload RFP Website. In summary, the IM’s role will be to (i) oversee the design and implementation of the RFP solicitation, evaluation, selection, and contract negotiation processes to ensure that they are impartial and objective and (ii) provide an objective, third-party perspective on ESI’s efforts to ensure that all proposals are treated consistently and without undue preference to any Bidder. Bidders wishing to communicate with Ms. Benson may reach her by email at erbens@aol.com or phone at (703) 641-7948.

1.7. Eligible Participants

ESI invites proposals from all potential suppliers capable of meeting the conditions and requirements identified in this RFP (“Eligible Participants”), including other electric utilities, marketers, wholesale generators, independent power producers, and QFs. Proposals from QFs will

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not be provided any preference in this RFP solely by virtue of their QF status. Off-System Resources that can qualify as a Long-Term Network Resource under the Entergy OATT and otherwise meet the requirements for participation in this RFP are eligible to participate. Entergy Competitive Affiliates are ineligible to participate in this RFP. As discussed in more detail in Section 3 below, ESI will market-test a self-supply alternative for this RFP. A “Bidder” in this RFP may consist of more than one entity. (For additional information concerning multi-party Bidders, please see Section 7.3 below.) Otherwise Eligible Participants that do not comply in all material respects with the terms, conditions, and requirements of this RFP may be determined by ESI to be ineligible to continue to participate in this RFP.

1.8. Eligible Technologies

Generation technologies permitted for proposals responsive to this RFP include CCGT technology, solid fuel technology (*e.g.*, coal, pet coke, nuclear), and qualifying renewable technologies (*i.e.*, biomass, waste heat and landfill gas) that are capable of meeting the requirements of this RFP (“Eligible Technologies”). Intermittent generation technologies (such as wind or solar), and any technology that does not meet the requirements of this RFP, including, without limitation, demand-side management, distributed generation and energy efficiency technologies, are not Eligible Technologies. Two or more forms of generation technologies (whether in a single facility or separate facilities) may not be combined to create a permitted Product profile or a unitary technology.

1.9. Eligible Resources

Generation resources that are or will be powered by an Eligible Technology and meet the other criteria for participation in this RFP are permitted, subject to the other terms of this RFP (“Eligible Resource”). No generation resource that is in development, is under construction or has yet to achieve commercial operation and be placed permanently into commercial service as of August 1, 2012, may qualify as an Eligible Resource or an “existing” resource hereunder. Each generation resource proposed must be a single resource (or portion thereof) in order to support a proposal submitted in this RFP. Generation resources located at separate facilities are considered multiple resources and may not be combined to form an Eligible Resource. ~~—ESI has tentatively concluded that proposals for a “slice-of-system” sale or a sale~~ Proposals for a sale of a unit contingent Baseload Product from a designated bundle of generation system resources do not meet the requirements for participation in this RFP. ~~The matter remains under review and is subject to change prior to issuance of the final draft of this RFP.~~

1.10. Move to MISO and Proposed ITC Transaction

The Entergy Operating Companies have announced plans to transfer functional control of their transmission assets to the Midwest Independent Transmission System Operator, Inc. (“MISO”) regional transmission organization (“RTO”) by no later than December 2013. A complete discussion of projected costs and benefits to the Operating Companies’ customers, and the features and benefits of MISO’s Day 2 Markets (defined below) is set forth in a report entitled “An Evaluation of the

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Alternative Transmission Arrangements Available to the Entergy Operating Companies and Support for Proposal to Join MISO” (the “Evaluation Report”), which was filed with retail regulators of the Entergy Operating Companies on May 12, 2011. A copy of the Evaluation Report and Exhibits Part 1, Part 2 and Part 3 are available online. In addition, the Entergy Operating Companies have each made filings with their respective retail regulators with regard to the transfer of control to MISO.¹ These filings contain a description of the Operating Companies’ proposal to join MISO and additional information regarding the proposed costs, benefits, and effects of the Operating Companies joining MISO.

Although the Operating Companies are moving forward with efforts to plan and implement their move to MISO, completion of the proposed move to MISO involves pending regulatory approval and is uncertain. Bidders may not condition proposals on membership of any Included Entergy Operating Company in MISO, a transition of the Entergy Transmission System to MISO, or any other alternative arrangement for planning of the Entergy Transmission System or for the dispatch of the resources interconnected to the Entergy Transmission System, including, without limitation, membership in an RTO or an independent system operator (“ISO”).

MISO presently operates day-ahead and real-time markets for energy and ancillary services; these are commonly referred to as “Day 2 Markets.” The Entergy Operating Companies would expect to participate in these markets if their proposed move to MISO is completed. In addition, upon joining MISO, significant changes to the nature of transmission service on the Entergy Transmission System and the manner in which it is procured are expected, among other changes.

On December 5, 2011, Entergy Corporation announced a separate transaction with ITC Holdings Corp. in which the regulated transmission business of the Entergy Operating Companies will separate and then merge their electric transmission business into the ITC (referred to herein as the “Proposed ITC Transaction”). The Proposed ITC Transaction is independent of the Operating Companies’ proposed move to MISO and will require state and federal regulatory approvals. Closing of the Proposed ITC Transaction is targeted for 2013.

The exact nature and extent of the changes arising out of the Included Entergy Operating Companies’ participation in MISO and the Proposed ITC Transaction are still being determined. As a result, and to ensure the ability to conduct an appropriate assessment of proposals within the framework of this RFP, ESI is retaining the flexibility to modify its evaluation of proposals in this RFP (i) as additional certainty is gained with respect to the Operating Companies’ move to MISO and the effect (if any) on this RFP of the Proposed ITC Transaction Divestiture and (ii) in order to react to other changed circumstances. Similarly, because the internal assessment of the effect of a move to MISO or the Proposed ITC Transaction on a transaction that may arise out of this RFP and on the

¹ See Louisiana Public Service Commission Docket No. U-32148 (filing dated October 31, 2011); Council of the City of New Orleans Docket No. UD-11-01 (filing dated November 14, 2011); Arkansas Public Service Commission Docket No. 10-011-U (filing dated November 28, 2011); Mississippi Public Service Commission Docket No. 2011-UA-976 (filing dated December 2, 2011); and Public Utility Commission of Texas Docket No. 40346 (filing dated April 30, 2012).

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terms of such transaction is ongoing, ESI is reserving the right to modify the terms of the Term Sheets and other RFP documents to reflect or address the results of the assessment.

2. RFP OVERVIEW

2.1. RFP Purpose

The RFP is intended to provide a market-test for the potential purchase by one or more of the Included Entergy Operating Companies of the GG RS in order to determine whether it represents the lowest-cost long-term alternative available to meet the Entergy System's need for baseload resources.

Currently, the Entergy System forecasts an ongoing long-term need for ~~stable-priced~~ baseload capacity, energy, and Other Electric Products in 2013 and beyond. The [long-term integrated resource plan for the Entergy System and its Operating Companies for the 2009 – 2028 timeframe placed the need for baseload resources at about 3 gigawatts, a need which will increase with the exit of EAI from the System Agreement. The plan does not anticipate the near-term addition of new solid-fuel resources to the Entergy Operating Companies' generation portfolio, but indicates that ESI would monitor market conditions and evaluate potential opportunities to participate in solid-fuel projects if and when presented. Developments since preparation of the plan have not materially changed the plan's projections of need or supply.](#)

[In addition to the market-test, the RFP will also identify any third-party resource able economically and reliably to provide the Entergy System with a long-term, cost-effective, reliable supply of baseload ~~capacity~~Capacity, energy and Other Electric Products for 2013 and beyond from an Eligible Resource. This RFP targets resources that will allow the Entergy System to satisfy several important planning objectives, including, among others:](#)

- Serving baseload needs at the lowest reasonable cost
- Mitigating energy price risk
- Maintaining system reliability.

For more extensive treatment of other considerations in the development and evaluation of proposals, please refer to the remainder of this Section 2 and to Section 6 below.

2.2. Product Solicited and Select Terms

Through this RFP, ESI is seeking a resource that can help meet the baseload resource requirements of the Entergy System over an extended planning horizon. The specific Product being solicited is a Baseload Product, which consists of a long-term purchase of unit contingent ~~Baseload~~[baseload](#) Capacity, energy, environmental attributes and Other Electric Products from an Eligible Resource pursuant to a PPA. Highlights of the Baseload Product are set forth below. Additional details regarding the Baseload Product are provided in Appendix C.

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Pricing

Pricing for the Baseload Product will be based on:

(i) a Capacity Rate, which will be one of the following: (x) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/kW-year; or (y) based on a base Capacity Rate proposed by Bidder, expressed in \$/kW-year, and escalated annually by CPI or PPI;

(ii) an Energy Price, which will be one of the following: (v) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/MWh; (x) based on a base Energy Price proposed by Bidder, expressed in \$/MWh, and escalated annually by CPI or PPI; (y) based on a specified heat rate, as proposed by Bidder, multiplied by the applicable fuel index price, as specified in Appendix C, and expressed in \$/MWh, except with respect to nuclear facilities, for which the energy price will be the actual price of delivered fuel and related costs expressed in \$/MWh and will not be subject to clause (z); or (z) as established by Bidder consistent with clause (v), (x) or (y), but which includes adders specified by Bidder in accordance with Appendix C, expressed in \$/MWh [Bidders proposing renewable technologies will be allowed to submit proposals only with energy pricing described in either clause (v) or (x)];

(iii) a Variable O&M Rate, which will be one of the following: (x) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/MWh; or (y) based on a base Variable O&M Rate proposed by Bidder, expressed in \$/MWh, and escalated annually by CPI or PPI.

To satisfy ESI's planning objective of mitigating energy price risk, ESI prefers proposals that offer a Fixed Energy Price expressed in \$/MWh. The inclusion and structure of a Fuel Adder and index pricing history will also be considered when evaluating potential energy price volatility.

Certain Key Terms

Key commercial terms for the Baseload Product include:

- *Delivery Term* - The minimum Delivery Term for the Baseload Product is ten (10) consecutive years. The maximum Delivery Term is the shorter of the proposed resource's remaining useful life or thirty (30) consecutive years.
- *Delivery Term Commencement* - Deliveries must be scheduled to start on or between January 1, 2013, and December 31, 2013.
- *Contract Capacity* - The amount of generating Capacity to be made available and purchased under the Baseload Product must be no less than 50 MW and no more than 150 MW.
- *Fuel* - Seller will be solely responsible for providing all fuel and transportation required for the proposed resource.

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- *Monthly Availability Requirement*² - The Monthly Availability Requirement for (i) solid-fuel and renewable Facilities is the greater of 90% or the percentage proposed by Bidder for each month of the Delivery Term and (ii) for other facilities is 98% for each summer month of the Delivery Term (June through August) and each winter month of the Delivery Term (December through February) and 96% for each other month of the Delivery Term.
- *Long-Term Availability Requirement* - The Rolling 12 Month Availability Requirement for (i) solid fuel resources is 75% and (ii) all other resources is 85%.

Term Sheet & Special Considerations

The foregoing is not intended and should not be construed as an exhaustive listing of important commercial terms for the Baseload Product. A more complete description of the Baseload Product is located in the detailed “Term Sheet” forming Appendix C. ~~The Term Sheet, which~~ establishes certain key terms and conditions for the Baseload Product.

ESI expects that the terms and conditions of the Term Sheet will be a part of any Definitive Agreement executed for a proposal. Bidders are advised to review carefully the Term Sheet. Bidders should be guided by the descriptions and terms in the Term Sheet in formulating proposal(s). In the event of any inconsistency between a provision in the Term Sheet and any other part of this RFP, including the Main Body, the Term Sheet will control. Bidder is responsible for taking into consideration all terms and conditions included in the Term Sheet (as well as the other terms of this RFP) when developing and preparing its proposal. ESI urges Bidders to ~~propose any desired change to the Term Sheet or seek any desired clarification of any term of the Term Sheet either reasonably prior to the scheduled date for issuance of the final Term Sheet (ESI’s decided preference) or the scheduled end date for ESI’s receipt of questions from Bidders (see Appendix H). Compliance with ESI’s request will afford ESI the ability to consider and react to the issues raised in a manner that will enable Bidders to develop their proposals on an even footing and ESI to evaluate such proposals fairly and consistently~~ prior to submitting proposals.

Bidders are discouraged from taking exceptions in their proposals to the terms and conditions in the Term Sheet. Bidders unable or not wishing to agree to a term or condition set forth or described in the Term Sheet must identify the specific term or condition that Bidder declines to accept and provide a reasonably complete and detailed explanation of Bidder’s position in the “Special Considerations” section of its proposal. Submission of an exception in the Special Considerations section of (or the inclusion of a commercial term in) Bidder’s proposal does not mean that ESI or any Included Entergy Operating Company will accept - and ESI and each Included Entergy Operating Company is under no obligation to accept or agree to, in whole or in part - the exception (or commercial term) in negotiations with Bidder.

² The GG RS would not be subject to certain requirements (such as the monthly and long-term availability requirements).

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Special Considerations will be reviewed and taken into account in the evaluation of proposals. ESI desires the expedited negotiation and execution of any Definitive Agreement arising out of this RFP and expects not to negotiate material terms set forth in the Term Sheet. *Special Considerations in which Bidder reserves all rights to make comments on terms or conditions included in the Term Sheet, makes widespread, wholesale or fundamental changes to material terms or conditions in the Term Sheet, requires the acceptance in the Definitive Agreement (if any) of material terms or conditions not accepted by ESI or the Entergy Operating Companies in the ordinary course, causes a material deviation in pricing of or the risks allocated to Buyer in the Term Sheet, or takes similar actions are not contemplated and are grounds for disqualification or proposal downgrades in the evaluation process.*

2.3. RFP Proposal Requirements

Subject to the other terms of this RFP, ESI will consider only proposals submitted in accordance with and meeting the requirements of Section 5.4 below and Appendix B-2. In addition to those proposal submission requirements, proposals under this RFP are required to satisfy, and will be reviewed in the first phase of the RFP evaluation process for compliance with, the “Preliminary Shortlist Requirements.” Any proposal not meeting the Preliminary Shortlist Requirements will be considered non-conforming and may be eliminated from further consideration in this RFP [after consultation with the IM](#). The “Preliminary Shortlist Requirements” mean the minimum requirements for proposals to advance to the second phase of this RFP, including, but not limited to:

Delivery Assessment Preliminary Shortlist Requirements

- The proposed resource must be capable of qualifying as a Long-Term Network Resource under the Entergy OATT and receiving Long-Term Network Integration Transmission Service (or other comparable level of transmission service required by Buyer in its sole discretion) and, if an Off-System Resource, of obtaining Firm Point-to-Point Service (or other comparable level of firm transmission service required by Buyer in its sole discretion) to the Energy Delivery Point specified by Bidder on the Entergy Transmission System.
- The proposed resource must offer to provide and be capable of providing the offered amount of Capacity, energy and Other Electric Products to Buyer at the Bidder-specified Energy Delivery Point on the Entergy Transmission System.
- The [proposed](#) Energy Delivery Point for Firm Point-to-Point Service (or other comparable level of firm transmission service required by Buyer in its sole discretion), if applicable, must be a single interface point on the Entergy Transmission System.

Viability Assessment Preliminary Shortlist Requirements

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- The Facility supporting Bidder's proposal must be an Eligible Resource, and Bidder must provide evidence to ESI demonstrating that the proposed resource is an Eligible Resource.
- Bidder must be an Eligible Participant.
- The Delivery Term for the proposed Definitive Agreement must be at least ten (10) consecutive years.
- Deliveries of the Baseload Product must be scheduled to start on or between January 1, 2013, and December 31, 2013.
- The Facility on which Bidder's proposal is based must have achieved commercial operation and been placed into commercial service by no later than August 1, 2012.
- Bidder must offer at least 50 MW and not more than 150 MW of Capacity, energy and Other Electric Products from a single resource to a specified Energy Delivery Point on the Entergy Transmission System.
- Resources must be free of fatal design flaws and/or non-standard operational or permitting restrictions that would reasonably be expected to prevent it from meeting the requirements of this RFP.

Credit Assessment Preliminary Shortlist Requirements

- If applicable, Bidder must provide the most recent Published Credit Rating of Bidder (from Standard & Poor's, Inc. and Moody's Inc., as available).
- Bidder must provide the annual audited financial statements (and accompanying notes) for the past two (2) years and the current-year reviewed quarterly financial statements (and accompanying notes) of Bidder.
- If Bidder proposes that a Person serve as a Credit Support Provider with respect to Bidder's proposal, each of the two previous Preliminary Shortlist Requirements will apply to such Credit Support Provider. Bidder must extract and submit as separate documents by the Required Proposal Submission Time all financial data and information of Bidder, Credit Support Provider, or both (as applicable) that is consolidated with financial data or information of another Person and required under this Section 2.3.

2.4. Energy Deliverability Considerations

This Section 2.4 identifies and addresses certain deliverability issues that Bidders must address or should consider as they prepare a proposal for this RFP.

Off-System Transmission Service

The statements contained in this RFP are made subject to the Reservation of Rights set forth in Appendix D of this RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

If Bidder proposes that the Baseload Product originate from an Off-System Resource, Seller will have exclusive responsibility for obtaining, at its sole cost and expense, all transmission service necessary for the Off-System Resource to deliver the offered amount of Capacity, energy and Other Electric Products to Buyer at the Energy Delivery Point specified by Bidder on the Entergy Transmission System, including, without limitation, the cost of all transmission upgrades or other improvements and the taking of all other actions necessary to obtain such service. All transmission service for Off-System Resources must be firm to the Bidder-specified Energy Delivery Point on the Entergy Transmission System (*i.e.*, Firm Point-to-Point Service or other comparable level of firm transmission service required by Buyer in its sole discretion) for the Delivery Term. Existing federal transmission rules and regulations provide for the accrual of financial rights to resource owners for certain transmission upgrade expenditures. Bidders should consider the treatment of off-system transmission costs and rights under this RFP and the applicable OATT, FERC rules and regulations, and other transmission requirements in developing and pricing proposals for Off-System Resources.

Entergy System Transmission Service²

ESI will require that any resource that sells power to Buyer pursuant to this RFP be qualified as a Long-Term Network Resource. ESI will be responsible for submitting the request to qualify the resource as a Long-Term Network Resource. In the Definitive Agreement, Buyer will have exclusive responsibility for all costs associated with qualifying the proposed resource as a Long-Term Network Resource and obtaining the amount of Long-Term Network Integration Transmission Service within the Entergy System corresponding to the amount of Capacity offered in the proposal at its sole cost and expense.

Accordingly, Bidders should *exclude* from the pricing in their proposals any estimate of the cost of transmission service within the Entergy Transmission System, including, without limitation, the cost of potential transmission upgrades or other potential improvements on the Entergy Transmission System needed in connection with obtaining such transmission service. Using the methodology generally described in Section 6 below, ESI will develop an estimate of the cost to qualify a proposed resource as a Long-Term Network Resource and meet the planning objectives and requirements for this RFP for use in the economic evaluation of the proposal. Information used in the evaluation of a proposal is not considered a substitute for transmission study results or other information received from the ICT using FERC-approved procedures and will be used by ESI only for the purpose of evaluating proposals and making final selections.

Energy Deliverability Risk Information

As between Seller and Buyer, Seller will assume all risk with respect to the receipt and actual cost of transmission service at and prior to the Energy Delivery Point specified by Bidder on the

²~~This section remains under internal review. Additional and/or revised information may be provided during the Bidders' Conference and/or when the final draft of the RFP is posted.~~

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Entergy Transmission System. Bidders may wish to consider working with a third party consultant or expert to develop and/or refine their off-system transmission service risk assessment and cost estimates for their proposals. For additional information on the evaluation of the deliverability of Capacity, energy and Other Electric Products offered in proposals, please see Section 6 below.

2.5. Fuel Supply Considerations

ESI prefers proposals that offer fuel supply flexibility and fuel stability. Fuel supply flexibility considerations in the evaluation of proposals will include supply liquidity, sourcing and fungibility of supply, and alternative fuel supply options. Fuel stability considerations will include fuel price volatility, the energy pricing structure proposed (*e.g.*, fixed, not fixed), the inclusion and structure of any proposed fuel adder, and fuel reliability/deliverability risks.

A resource's fuel supply arrangements can affect its ability to provide baseload energy. To allow ESI to make a reasonable preliminary assessment of a resource's performance capabilities, Bidders will be required to provide information responsive to several fuel-related requests included in the applicable Due Diligence Appendix (G-1, G-2, G-3 or G-4). Bidders should be prepared to submit a comprehensive response to all such requests as part of their proposal package.

3. SELF-SUPPLY OPTION

This RFP is intended to provide a market test for the potential cost-based purchase by one or more of the Included Entergy Operating Companies of the 59 MW GG RS from EAI. The GG RS is EAI's share of the Grand Gulf Nuclear Station that is not permitted to be included in EAI's retail rates. The Grand Gulf Nuclear Station is a nuclear power station located near Port Gibson, Mississippi. Since 2006, EAI has sold a portion of its baseload generating capacity formerly used to serve EAI wholesale customers to the Included Entergy Operating Companies under Service Schedule MSS-4 of the Entergy System Agreement.³ The current MSS-4 transaction under which the 59 MW GG RS is purchased will terminate on December 31, 2012. EAI has offered to sell the GG RS on a life-of-unit basis to one or more of the Included Operating Companies after the current MSS-4 transaction expires.

Purchases and sales of GG RS self-supply capacity, energy, environmental attributes, and Other Electric Products pursuant to a Definitive Agreement arising out of this RFP would be made in accordance with applicable laws, including rules and regulations of the FERC with respect to transactions between the Entergy Operating Companies. [Should the self-supply proposal result in a](#)

³ EAI's wholesale baseload resources are either owned by or contracted to EAI and consist of, in addition to the GG RS, (i) 70 MW from Arkansas Nuclear One ("ANO") Unit 1 and 30 MW from the Grand Gulf Nuclear Station Non-Retained Share ("GG NRS"), resources that may become available to the market on Jan. 1, 2013, and (ii) 70 MW from ANO Unit 1, 84 MW from ANO Unit 2, 23 MW from Independence Steam Electric Station Unit 1, 39 MW from White Bluff Steam Electric Station ("WB") Unit 1, 41 MW from WB Unit 2, and 30 MW from GG NRS – 30 MW, resources that may be ~~become~~ available to the market ~~as of~~ [on](#) Jan. 1, 2014.

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Definitive Agreement, it is contemplated that the Definitive Agreement would not include availability requirements or many other terms included in the Term Sheet, which is based upon and designed and intended for market-based, not regulated cost of service-based, transactions.

ESI will require that the self-supply proposal be submitted by September 7, 2012, prior to any proposal from any other Bidder. The IM and the RFP Administrator will provide redacted data and information from the proposals, including the self-supply proposal, to the Evaluation Teams at the same time. All proposals, including the self-supply proposal, will be evaluated on the timeframe set forth in Appendix H. Please refer to Section 6 below and Appendix F for additional information about the evaluation and handling of the self-supply proposal.

4. RFP SCHEDULE

4.1. Schedule

A schedule for this RFP, which is subject to change, is presented in Appendix H. The RFP Schedule sets out milestone events and dates and is critical for Bidders interested in participating in this RFP. ~~Notice~~After consultation with the IM, notice of any change to the then-current RFP Schedule will be posted on the 2012 Baseload RFP Website.

4.2. Schedule Implementation and Process Overview

As the RFP Schedule indicates, this RFP will use a multi-step process for proposal solicitation, Bidder registration, proposal submission, proposal evaluation, and selection of proposals for the Primary Selection List and the Secondary Selection List. The RFP processes from initial issuance of this RFP through proposal submission are described in the following Section 5. The RFP processes from proposal evaluation through the selection of proposals for the Primary Selection List and the Secondary Selection List are described in Section 6 below.

4.3. Modifications of RFP Schedule

Without limiting the generality of Appendix D, ESI reserves the right to withdraw, suspend, cancel, or terminate this RFP, or to modify any term of this RFP, including, without limitation, any term concerning the RFP Schedule (including any date), at any time in its sole discretion. ESI will endeavor to notify all participants who have completed Bidder Registration of any such withdrawal, suspension, cancellation, termination, or modification made prior to the Required Proposal Submission Time and to post notice of any such action on the 2012 Baseload RFP Website.

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5. RFP MILESTONES AND PROCESSES – INITIAL RFP ISSUANCE THROUGH PROPOSAL SUBMISSION

5.1. Final RFP Issuance

~~This is a draft RFP; its terms are subject to change. Beginning July 24,~~ On July 25, 2012, ESI will accept written feedback on this RFP from market participants and other interested parties. Comments from regulatory agencies and other interested Governmental Authorities with jurisdiction are encouraged. The anticipated deadline for delivering comments to the RFP Administrator is August 15, 2012. ESI desires to receive all such comments by that date in order for those comments to be taken into consideration by the time of publication of the final RFP. ESI will issue the final RFP after the Bidders' Conference and consideration of timely input on the draft RFP received from market participants, Governmental Authorities and other interested Persons. ESI will make those modifications to the draft RFP documentation that it, in its sole discretion, and in consultation with the IM, has determined will enhance or improve this RFP or are otherwise appropriate. ESI expects to post the final RFP documents ~~issued the initial draft version of this RFP. The initial draft was replaced by the version posted~~ to the 2012 Baseload RFP Website on ~~or about~~ August ~~27,28,~~ 2012. ~~Although~~ As previously indicated, ESI does not anticipate changing the content of the RFP documents ~~after the final versions are posted;~~ on August 28, 2012, but it reserves the right, ~~as detailed in~~ accordance with Appendix D, to make such changes, in consultation with the IM, ~~after the final RFP is posted.~~ Modifications to any of the August 28, 2012 (or subsequent) versions of the RFP documents will be posted to the 2012 Baseload RFP Website.

5.2. Technical and Bidders' Conferences

~~The~~ On August 9, 2012, the LPSC Staff ~~has announced its intention to host~~ hosted a technical conference for this RFP (~~"Technical Conference"~~) ~~on August 9, 2012. Immediately following the Technical Conference, ESI plans to host a Bidders' conference ("Bidders' Conference"). The conferences will be designed to give~~ and ESI held a Bidders' conference (collectively, the "Technical and Bidders' Conferences"). The Technical and Bidders' Conferences gave participants a high-level overview of, and other information concerning, this RFP and related processes and ~~will be~~ will be open to all interested Persons. ESI personnel and the IM ~~will be~~ will be available at the conferences to answer questions about the Bidder Registration Process, Proposal Submission Process, evaluation process, technical RFP issues, and Baseload Product terms and conditions, and to respond to other requests for information about this RFP.

~~All questions regarding this RFP in connection with the Bidders' Conference should be submitted in writing to the RFP Administrator (using the contact information provided in Section 1.5). Bidders are encouraged to submit written questions to the RFP Administrator prior to the conferences. ESI will provide written responses to all written questions and, in order to provide all interested parties ready access to the information elicited, will post the questions and answers on the~~

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2012 Baseload RFP—~~DRAFT~~

~~2012 Baseload RFP Website. Please refer to Section 7.1 below and Appendix F for additional information concerning questions about this RFP.~~

~~Logistical information concerning the Technical Conference and Bidders' Conference is provided below:~~

~~Time: 8:00 a.m.—12:00 p.m. (lunch will be provided after)
Date: Thursday, August 9, 2012
Place: Houston Airport Marriott at George Bush Intercontinental
18700 John F. Kennedy Blvd.
Houston, Texas 77032 USA
Dial-in Number: [TBD]
Participant Code: [TBD]
Webex/Live Meeting: [TBD].~~

~~Additional information regarding the Bidders' Conference will be posted to the 2012 Baseload RFP Website prior to the conferences. Bidders are strongly encouraged, but are not required, to participate in the Bidders' Conference. ESI may post the [ESI has posted](#) written materials expected to be presented during the conferences to the 2012 Baseload RFP Website. Bidders are advised that, if posted, those materials may not duplicate all of the information provided at the conferences.~~

~~By no later than August 2, 2012, ESI will request that participants notify the RFP Administrator by electronic mail of the names of all of the individuals representing the participant who plan on attending the Bidders' Conference. The notice should specify the name of the participating organization, as well as the name, title, and telephone number(s) of each individual representing the participating organization who intends to attend the Bidders' Conference.~~

~~[Responses to questions received during the Technical and Bidders' Conferences are or soon will be posted on the 2012 Baseload RFP Website. Please refer to Section 7.1 below and Appendix F for additional information concerning questions submitted in connection with this RFP. In the event of an inconsistency between the RFP documents and the Technical and Bidders' Conference presentations or the responses to questions received during the Technical and Bidders' Conferences posted on the RFP Website or provided verbally, the RFP documents will control.](#)~~

~~[The LPSC has assigned docket number X-32427 to this RFP.](#)~~

5.3. Bidder Registration

Bidders are directed to Appendix B-1 for a complete and definitive description of Bidder Registration and the Bidder Registration Process. In general, Bidder Registration will begin at 8:00 a.m. CPT on the date specified in the applicable RFP Schedule and end at 5:00 p.m. CPT on the date specified in the applicable RFP Schedule (the "Bidder Registration Period").

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Bidders wishing to submit one or more proposals under this RFP must have completed Bidder Registration by the end of the Bidder Registration Period and paid all Proposal Submittal Fees by 5:00 p.m. CPT on the due date specified in the applicable RFP Schedule.

Bidders will be required to submit a “Bidder Registration Form” to the RFP Administrator via courier or electronic mail (as a .pdf attachment) by 5:00 p.m. CPT on the last day of the Bidder Registration Period. The Bidder Registration Form must be executed by an officer or other representative of Bidder who is authorized to sign on Bidder’s behalf, and if delivery is made by electronic mail, Bidder must subsequently deliver to the RFP Administrator an original of the duly executed Bidder Registration Signature Page by 5:00 p.m. CPT within three (3) business days after the last day of the Bidder Registration Period. Only Bidders registered in accordance with this RFP will be permitted to submit proposals, and only proposals registered in accordance with this RFP will be eligible for submission.

Bidders are required to pay a Proposal Submittal Fee of \$5,000.00 *for each registered proposal*. Proposals that are alternatives to each other will be considered separate proposals and must be registered as such. ESI will bill Bidder the Proposal Submittal Fee(s) payable by Bidder within three (3) business days after ESI’s receipt of the executed Bidder Registration Form. Bidder will be required to remit payment in full in accordance with the instructions provided in the invoice. Payment will be due by the date specified in the applicable RFP Schedule. Proposal Submittal Fees are non-refundable, except as provided in Section 2.4 of Appendix B-1.

5.4. Proposal Submission

Consistent with the approach taken in Section 5.3, this Section 5.4 summarizes the Proposal Submission Process, but Appendix B-2 contains the complete and definitive description of the Proposal Submission Process, and Bidders should be guided by Appendix B-2.

Bidders are required to submit RFP proposals and the Proposal Submission Agreement (including executed signature page) as provided herein in order to have their proposals evaluated under this RFP. The period for submitting proposals and the Proposal Submission Agreement will begin at 8:00 a.m. CPT on the date specified in the applicable RFP Schedule and end at 5:00 p.m. CPT on the date specified in the applicable RFP Schedule (the latter, the “Required Proposal Submission Time”).

To submit proposals, Bidders will be required to deliver their complete Proposal Package (as defined in Appendix B-2) to the RFP Administrator by the Required Proposal Submission Time. No RFP Web Portal will be developed or used to receive proposals from Bidders for this RFP. Bidders must deliver their complete Proposal Package through (i) files attached to electronic mail or other electronic/digital media acceptable to ESI or (ii) a digital form acceptable to ESI (*e.g.*, a CD) delivered to the RFP Administrator by courier. The Entergy electronic communications network

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generally will not accept “zip” (or similar) files or electronic mail with file attachments containing, individually or collectively, approximately ten (10) megabytes or more of data. Proposal information that is not accepted by the Entergy electronic communications network or is not properly addressed to and not timely received by the RFP Administrator will be considered undelivered. Proposals failing to provide complete responses and clarifications as required are non-conforming. Bidders should not send, and the RFP Administrator will not accept, paper copies of electronic proposals.

Bidders must execute the Proposal Submission Agreement by handwritten signature. The signature must be made by an officer or other representative of Bidder who is authorized to sign the Proposal Submission Agreement and to submit the tendered proposal(s) on behalf of Bidder. The Proposal Submission Agreement may be delivered to the RFP Administrator via courier or electronic mail (as a .pdf attachment). If delivery is made by electronic mail, Bidder must subsequently deliver to the RFP Administrator an original of the duly executed Bidder Proposal Submission Agreement (including hand-signed signature page) by 5:00 p.m. CPT within three (3) business days after the Required Proposal Submission Time.

The process for protection of proposal information and permitted disclosures of proposal information are described in Appendix F.

6. RFP MILESTONES AND PROCESSES – PROPOSAL EVALUATION THROUGH CONTRACT NEGOTIATION

6.1. Overview⁴

After the Required Proposal Submission Time, the RFP evaluation will begin. The RFP evaluation process consists of three (3) phases. The first two phases make up the proposal evaluation process. In Phase I, ESI will evaluate the proposals submitted, subject to Section 2.3 above and Appendix D, for satisfaction of the Preliminary Shortlist Requirements and to establish a Preliminary Shortlist. The proposals on the Preliminary Shortlist will advance to Phase II, the main evaluation phase. In this phase, the surviving proposals will be reviewed and assessed based on economics, deliverability, viability, transactional considerations, including credit and commercial terms, and other factors. A final list setting forth the proposal(s) selected for immediate negotiation (the “Primary Selection List”) and the proposal(s) selected for possible negotiation (the “Secondary Selection List”) will be created at the end of Phase II. In Phase III, ESI expects to negotiate the final terms of a Definitive Agreement with Bidder(s) on the Primary Selection List. ESI may negotiate commercial terms with one or more Bidders on the Secondary Selection List in the event of the termination or suspension of negotiations with Bidder(s) on the Primary Selection List or ESI determines such negotiations are appropriate. Bidders whose proposals were not selected for either the Primary Selection List or Secondary Selection List will be promptly notified and will have no subsequent participation in this RFP.

⁴~~ESI expects to provide additional details regarding the evaluation process during the Bidders’ Conference and/or when the final draft of the RFP is posted.~~

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The proposal evaluation process will be carried out by four (4) separate evaluation teams (each an “Evaluation Team”):

- Economic Evaluation Team (“EET”)
- Delivery Assessment Team (“DAT”)
- Viability Assessment Team (“VAT”)
- Credit Evaluation Team (“CET”).

Their roles and responsibilities are described in Sections 6.2 through 6.5 below. Subject to Appendix F and securing appropriate confidentiality protections for Bidder information, ESI reserves the right to include as a member on any Evaluation Team, or to contract with, any third party agent, consultant, advisor, contractor, or representative to assist in the evaluation of proposals as ESI deems necessary or appropriate.

Another team, the RFP Administration Team, will act to ensure that each Evaluation Team has the information needed to perform its analysis and to facilitate the evaluation of proposals by all Evaluation Teams. The work of the RFP Administration Team is intended to help ensure that the evaluation process properly reflects the economics and operational characteristics of the proposals. Members of the RFP Administration Team may be consulted by the RFP Administrator from time to time if there is a question whether information related to a proposal may be needed by an Evaluation Team. In addition, the RFP Administration Team has responsibility to see that Bidder questions are addressed and to work directly with the IM in the event a question arises related to any specific proposal.

The primary objective of the evaluation is to select a proposal that meets the requirements of this RFP and the needs of the Entergy System at the lowest reasonable cost, taking into account reliability, risk mitigation, and other relevant factors. The evaluation process is designed to facilitate the fair and impartial economic evaluation of all proposals.

The proposal evaluation process will be conducted in a carefully controlled manner, using procedures, methods, evaluation criteria, and assumptions that will be developed prior to the ~~receipt~~ of Evaluation Teams receiving any data from Bidders’ proposals. ESI will document key assumptions (including the assumption that the Entergy Operating Companies will move to MISO in December 2013) and model constructs and provide this documentation to the IM before the receipt of proposals. *However, the Evaluation Teams will retain full discretion, subject to oversight by the IM, to use the evaluation methods and assumptions they consider appropriate to identify those proposals that best meet the needs of the Entergy System and the requirements and objectives of this RFP. Given that potential changes in circumstances, including, without limitation, the proposed transfer of functional control of the Entergy Operating Companies’ transmission assets to MISO beginning no later than December 2013 and/or the Proposed ITC Transaction (described in Section 1.10 above), the pending exits of EAI and Entergy Mississippi, Inc. in late 2013 and late 2015, respectively, from the Entergy*

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System Agreement, and other developments may require adjustments to the proposal evaluation process, this document should be viewed as establishing a general and flexible framework for the evaluation process and not a rigid construct that prevents adaption and adjustment or that includes detailed descriptions of every material aspect of the evaluation.

The IM will oversee the evaluation and selection process to support ESI's efforts to ensure that the process is fair, objective, and impartial to all Bidders. The IM's responsibilities will include monitoring the precautions taken to restrict access to proposal information only to appropriate members of the Evaluation Teams in order to preserve the confidentiality of information contained in the proposals.

Upon ESI's reasonable request and reasonable prior notice, Bidder will be expected to make available its duly authorized officers, representatives, and advisers for the purpose of answering questions, conducting negotiations, and execution and delivery of Definitive Agreements. Any Bidder invited to finalize one or more Definitive Agreements will be expected to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or appropriate to finalize, execute, and deliver such Definitive Agreements as promptly as possible.

6.2. Economic Evaluation

The EET is responsible for the evaluation of the economics of proposals received in response to this RFP and, with input from the DAT and the VAT, the ranking of such proposals. The economic evaluation estimates the full-in economic cost and benefit ~~of each~~ to customers of each proposal. In estimating a proposal's full-in economic cost and benefit, the EET will consider:

- the Capacity payment,
- the energy payment, including any fuel adder,
- the variable O&M payment,
- carbon and other emissions or environmental costs, values and benefits, as necessary, and
- Transmission deliverability costs, if any, within the Entergy system (Phase II only).

The EET may also assess and factor into its evaluation other costs, risks and matters the EET determines to be relevant to an estimate of the full-in economic cost or benefit of a proposal or its evaluation of a proposal. The evaluation will rely on tools and methods commonly used by ESI and the Entergy Operating Companies for long-term planning and resource evaluation, including, without limitation, a "Fundamental Economic" analysis and a "Net Benefits" (production cost) analysis.

Fundamental Economic Analysis

The "Fundamental Economic" analysis uses spreadsheet models that compare the full-in fixed and variable cost of each conforming proposal based on a prescribed set of operating assumptions.

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Costs will be measured on a dollar per megawatt-hour (\$/MWh) basis and will reflect the levelized cost of each proposal over the evaluation term. The Fundamental Economic analysis for each proposal will reflect the price and operating cost provided by Bidder. Modeling assumptions will include, without limitation, the resource's projected annual capacity factor, fuel costs, emissions/allowance costs, and other variable inputs. ~~Sensitivities may be modeled to test a range of key operating assumptions (e.g., fuel pricing, changes in regulations, emission allowance pricing).~~

Net Benefits Analysis

The "Net Benefits" analysis relies on production cost modeling to assess the energy value, based on the locational marginal pricing and resource generation, of each conforming proposal. Results are then coupled with an assessment of each proposal's total fixed costs (~~capacity~~ Capacity rate, capital cost associated with needed upgrades, etc.) and total variable costs (energy price, variable operation and maintenance, etc.) to determine the Net Benefits (calculated by subtracting the total fixed costs and variable costs from the projected energy value and measured on a present value basis in \$/kW) of the proposal. The Net Benefits results could be positive (representing savings associated with a proposal) or negative (representing costs associated with a proposal).

In addition to the Fundamental Economic and Net Benefits analyses, the economic evaluation may utilize and rely on additional tools and methods deemed necessary for the effective assessment of proposal economics, including, but not limited to, qualitative considerations. The EET will perform evaluations over Phases I and II. Each of these evaluations is summarized below.

Phase I: Preliminary Analysis

During Phase I, the EET, with input from the DAT and the VAT, will identify proposals that meet the Preliminary Shortlist Requirements. The EET will also develop a ~~high level~~, preliminary economic ranking of the proposals. Economic evaluations during Phase I will exclude, among other things, the cost of any required transmission upgrades necessary for the subject resource to become a Long-Term Network Resource under the Entergy OATT or to make its Capacity, energy and Other Electric Products deliverable to the Entergy System. At the end of Phase I, the ~~EET will issue a~~ RFP Administrator will notify Bidders regarding whether or not they have been selected for the Preliminary Shortlist of proposals. The Preliminary Shortlist is expected to exclude only those proposals that fail to satisfy the Preliminary Shortlist Requirements, although (and without limiting Appendix D) ESI reserves the right to exclude, subject to oversight of the IM, proposals that are uneconomic or on other grounds. Proposals not on the Preliminary Shortlist will be eliminated from further consideration in this RFP.

Phase II: Detailed Evaluation

During Phase II, the EET will update and finalize the economic evaluation of the proposals on the Preliminary Shortlist using the most current information available to it. In order to develop an

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integrated, comprehensive, and consistent assessment of each conforming proposal in Phase II, the EET will seek to incorporate into the refreshed economic ranking of proposals pertinent findings and conclusions of the DAT and the VAT, including, but not limited to, the results of the deliverability evaluation and the viability assessment. The Phase II economic analysis will be supplemented with other tools, information, and analyses, such as detailed fuel evaluations, transmission cost estimates, and other criteria assessments from the DAT and the VAT, as necessary in the EET's judgment to assess the relative costs and benefits of the Preliminary Shortlist proposals and identify the proposal(s) that best fulfills the objectives of this RFP. Based on the results of the Phase II analysis, the EET will prepare the Primary Selection List and, if it determines a Secondary Selection List is appropriate for this RFP, the Secondary Selection List. The selection of proposals made by EET will be based on a variety of factors, including, but not limited to, relative economics, ability to meet RFP objectives, deliverability to the Entergy System, viability and transactional considerations.

Normalizing Term

The start and end dates of Delivery Terms offered in proposals received in response to this RFP may vary within the limitations established by the RFP documents. To ensure consistency in evaluations, the proposals will be evaluated over a common 30-year horizon. For proposals that do not fit squarely within the 30-year evaluation window, the EET will define replacement power costs for the period(s) not covered by the proposal. For example, if a proposal has a Delivery Term that expires five years before the end of the window, in its evaluation of the proposal the EET will add replacement power costs based on the levelized real all-in cost of replacement 1x1 CCGTs coming online in the corresponding years for those five years to the proposal costs for the prior 25 years.

Risk Assessment

The economic evaluation will consider risks associated with fuel prices and carbon compliance costs across a range of potential outcomes. Additional sensitivity analyses may be performed as needed.

6.3. Deliverability Evaluation

The DAT is responsible for conducting the Deliverability Evaluation Process ("DEP"). The DEP for this RFP is the process used to assess the issues and costs associated with the delivery of a Product offered by Bidder under the terms of its proposal. In an attempt to determine the lowest cost alternative to qualify the Bidder's capacity as an Entergy Network Resource, ESI will use applicable mitigation strategies to evaluate and obtain transmission service such as adding transmission upgrades or potential delist of existing network resources. The results of the DEP will be provided to the EET in Phase II for consideration in its evaluation and ranking of proposals.

Phase I: Preliminary Analysis

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In Phase I of the proposal evaluation process, the DAT will verify the resource location on the Entergy System and the proposed transmission path (interface point). The DAT will work with the Viability Assessment Team to determine the preliminary viability of proposals. For the DAT, this review will focus primarily on identifying instances in which Bidder has failed to satisfy the Delivery Assessment Preliminary Shortlist Requirements specified in Section 2.3 above.

Phase II: Detailed Evaluation

In Phase II of the evaluation process, the DAT will evaluate each proposed resource based on three system constructs: a “six-company” construct (all companies are in the System Agreement; the current case); a “five-one-company” construct (EAI has left the System Agreement and the others remain; the case after December 18, 2013); and a “four-one-one-company” construct (EAI and Entergy Mississippi each have left the System Agreement and the others remain; the case after late 2015). The deliverability analysis for the proposed resource will include the use of seasonal powerflow cases posted on the OATI-OASIS website. The DAT will conduct a transfer from the proposed resource by sinking the resource to the appropriate Entergy system construct. The DAT does not intend to develop an estimate of the cost to obtain network service for the resource in MISO.

The DAT will develop an estimate of the cost to qualify the proposed resource as an Entergy Long-Term Network Resource and receive Long-Term Network Integration Transmission Service (or other comparable level of transmission service required by Buyer in its sole discretion). ~~The DAT will also estimate the cost required for the proposed resource to meet this RFP’s defined planning objectives.~~ As part of this process, the DAT will conduct studies to determine all necessary transmission upgrades, along with related costs and construction timelines. The costs and timelines resulting from these analyses will be provided to the Economic Evaluation Team for consideration in its evaluation and ranking of proposals.

6.4. Viability Assessment

The VAT reviews and assesses the technical, environmental, fuel supply/transportation, and commercial merits of the Conforming Proposals. This Section 6.4 describes the process and general criteria with which the VAT will conduct its assessment.

During all phases of the evaluation process, the viability assessment will be carried out by subject matter experts (each, an “SME”) who are members of the VAT. The subject matter expertise of the VAT team members includes:

- commercial
- plant & equipment/O&M
- environmental
- fuel supply & transportation
- transmission

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- [nuclear](#)
- other disciplines, as appropriate.

Each SME will be responsible for providing an overview and assessment of each proposal with respect to his or her area(s) of expertise.

Phase I: Preliminary Assessment

The primary purpose of the VAT during Phase I is to review proposals for satisfaction of the Preliminary Shortlist Requirements for which the VAT has responsibility. (Please see Section 2.3 above for a recitation of such requirements.) The VAT will base its assessment on its review and analysis of data and information provided in Bidder's responses to questions or requests in Appendices G-1, G-2, G-3 and G-4, information provided to the RFP Administrator in response to any questions during Phase I, and other information available to the VAT. The VAT will provide input to the EET in order to allow the EET to develop the Preliminary Shortlist and rank proposals, as discussed in Section 6.2 above.

Phase II: Detailed Evaluation

In Phase II, the VAT will review proposals to develop a risk assessment and overall risk/viability profile of the remaining proposals. These risk and viability evaluations will include assessments of resource capabilities and performance history, fuel procurement (including transportation) and price stability, environmental compliance risks, proposed commercial terms, resource deliverability, regulatory considerations, and other factors the VAT determines may bear on a proposal's risk and viability. The VAT will seek and incorporate the input of the DAT into the Phase II viability assessments.

The VAT's evaluation in Phase II is based on a qualitative assessment of various criteria in the general ~~risk categories~~ [focus areas of operations, fuel, commercial, transmission, and environmental](#). This qualitative assessment is scored using ~~quantitative~~ [weighted](#) measures that result in an overall quantitative ~~ranking~~ [score](#). A ~~risk category~~ [focus area](#) score will be developed for the proposal by scoring ~~multiple criteria in several risk categories~~ [key attributes of each focus area](#) using ranking criteria. ~~The weighted sum of each risk category equaling either a one (1), five (5), or ten (10), with higher scores reflecting a more positive assessment relative to lower scores. The focus area's scores are weighted based on the potential effect of the key attributes included in the focus area. The sum of each focus area's score will compose the VAT's overall quantitative ranking for the proposal. This ranking will be factored into the collaborative evaluation of proposals in Phase II leading to, which ultimately results in~~ the creation of the Primary Selection and Secondary Selection Lists.

Without limiting Appendix D, ESI will have the right to reject a proposal on the ground that the proposal, in the judgment of the applicable Evaluation Team(s) or ESI, does not meet the criteria

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for viability established in connection with this RFP or otherwise is not viable. [The IM will be consulted prior to the rejection of a proposal on this basis.](#)

6.5. Credit/Collateral Requirements

The CET will analyze each proposal to assess potential credit risks and collateral requirements flowing from the proposal. The CET's evaluation seeks to assure that the credit quality of Bidder (or, if different, Seller), when considered in light of its RFP proposal(s), complies with ESI's corporate risk management standards and that any associated requirements for collateral or security to protect interest of the Included Entergy Operating Companies in connection with a Definitive Agreement arising out of Bidder's proposal are identified. Subject to the proposal satisfying the Credit Assessment Preliminary Shortlist Requirements set forth in Section 2.3 above, the CET will not reject a proposal from consideration solely on the basis of credit. Appendix E contains additional information about the credit evaluation process and the credit requirements for this RFP.

6.6. Notification of Evaluation Results and Commercial Negotiations

After the completion of Phase II, the RFP Administrator will communicate to each Bidder the status of its proposal and whether additional discussions or negotiations are warranted. As noted, ESI expects to negotiate the final terms of a Definitive Agreement with Bidder(s) on the Primary Selection List, and may negotiate such terms with Bidder(s) on the Secondary Selection List. Proposals not making either list will be considered rejected. Bidders with a proposal(s) on the Secondary Selection List will be released from their proposal(s) if three (3) months have passed since notification of their proposal(s)' placement ~~of~~[on](#) the Secondary Selection List and they have not been invited to negotiate the terms of a Definitive Agreement under this RFP.

Placement of a proposal on the [Preliminary Shortlist, the](#) Primary Selection List, the Secondary Selection List, ~~the Preliminary Shortlist,~~ or any other list in connection with this RFP does not constitute or signal acceptance by ESI of any proposal, [any term thereof,](#) or [any](#) related contract terms. Without limiting Appendix D, ESI (i) has no obligation, and makes no commitment, of any kind, to enter into a Transaction with any Bidder, including a Bidder with a proposal on the Primary Selection List, [or to be bound by any term proposed by Bidder,](#) and (ii) more generally, has no obligation or liability with respect to a Transaction or arising out of this RFP except as may be expressly set forth in a Definitive Agreement or a provision binding upon ESI in the LOI (defined below).

As indicated in Appendix E, Bidder (or its designee) may be required to enter into a Letter of Intent (the "LOI") with ESI, as agent for one or more of the Included Entergy Operating Companies, (or directly with one or more of the Included Entergy Operating Companies) with respect to the proposed Transaction pending the negotiation and execution of the Definitive Agreement. Upon execution of the LOI, Seller will be required to provide a letter of credit meeting the requirements set forth in Appendix E in the amount of \$2,000,000.00.

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7. MISCELLANEOUS RFP MATTERS

7.1. Contact with ESI and RFP Questions

Authorized Bidder Communications Channels

The following communication restrictions ~~will become~~became effective ~~beginning~~ on July ~~24,25,~~ 2012, and will continue through Bidder notification of the creation of the Primary Selection List and, if applicable, the Secondary Selection List. Except as otherwise expressly provided in this RFP, all communications, including questions, regarding this RFP must be submitted in writing to the RFP Administrator. The IM will obtain and review all written communications between ESI and Bidders. The IM may comment on responses proposed by ESI prior to issuance, and ESI's responses may reflect input from the IM. Any contact or communication concerning this RFP (i) between Bidders, or representatives of Bidders, on the one hand, and personnel or employees of ESI or any of the Entergy Operating Companies other than the RFP Administrator or those employees within the Entergy Energy Delivery Business Unit (as described in 7.2 below), on the other hand, or (ii) between different Bidders, or representatives of different Bidders, made without the specific, prior written consent of the RFP Administrator after consultation with the IM is not allowed and is grounds for disqualification of the non-compliant Bidder(s). Bidders are, of course, permitted to communicate internally to their organizations and to their representatives with regard to this RFP as necessary.

Without limiting and subject to the previous paragraph, Bidders may not, without the prior consent of ESI, disclose to any other Person their participation in the RFP process or disclose, collaborate on or discuss with any other Person bidding strategies or the substance of proposals, including, without limitation, the price or any other terms or conditions of any contemplated, indicative or final proposal. Such disclosures, collaborations or discussions would violate the terms of this RFP and the Proposal Submission Agreement and may result in Bidder's proposal(s) being rejected. For clarity, disclosures to the IM, the RFP Administrator or other Persons participating in the same proposal, as described in Section 7.3 below, are generally permitted and attendance by Bidder, or a representative of Bidder, at any meeting organized by ESI and to which ESI invites one or more participants is not a disclosure that violates the terms of this RFP.

Posting of Questions

Subject to ESI's consideration of the confidentiality concerns described in the next two paragraphs, ESI intends to post all questions submitted by Bidders, as well as ESI's responses to those questions, on the 2012 Baseload RFP Website. All questions will be posted anonymously, to shield the identity of Bidders who posed the questions. ESI's objective in posting questions and answers is to afford Bidders equal access to information potentially relevant to their proposals. Bidders are urged to submit RFP questions to ESI as early as possible, in consideration of the proposal submission deadlines. ESI expects to provide answers only to questions posed during the

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proposal submission period that are specific to an actual proposal submission issue (and such answers may or may not be posted to the 2012 Baseload RFP Website).

Questions Involving Confidential Information

Bidders should frame their questions, if possible, so that the answers do not require the disclosure of information that is confidential to ESI, any of the Entergy Operating Companies, or their Affiliates. If ESI receives a question that calls for, in its opinion, an answer that would contain such confidential information and the provision of such confidential information is necessary and appropriate for ESI's response, then ESI will notify the IM and will respond to the question in writing, via certified mail, but only if Bidder posing the question has executed and returned to ESI a confidentiality agreement in form and substance acceptable to ESI.

Similarly, Bidder's questions should be structured to avoid, if possible, the disclosure of Bidder's confidential information. If Bidder believes that certain Bidder information contained in a question it intends to submit is confidential, it is strongly urged to attempt to exclude such information, whether by redaction or other means, and then to submit the question. If Bidder believes it is necessary or advisable to submit the question without redacting or otherwise shielding its confidential information, Bidder should, without divulging its confidential information, notify the RFP Administrator in writing of the purpose of the question and the nature of the confidential information so that ESI can determine whether Bidder's question requires the disclosure, either by Bidder or by ESI, of Bidder's confidential information, or whether such disclosure is unnecessary or can be avoided. If ESI determines that the disclosure of confidential Bidder information is necessary and appropriate, ESI will notify the IM and execute a confidentiality agreement acceptable to ESI so that the question may be submitted. Questions containing confidential Bidder information that are submitted timely will be answered by ESI by electronic mail or express mail sent to Bidder.

7.2. Contact with Entergy Energy Delivery Business Unit, the ICT and MISO

Internal management of the Entergy Transmission System is handled by the Entergy Energy Delivery Business Unit, which is functionally separate from the wholesale merchant functions of ESI and the Entergy Operating Companies, as required by FERC. Inquiries about the Entergy Transmission System must be directed to the Entergy Energy Delivery Business Unit through the Entergy OASIS website, <http://oasis.e-terrasolutions.com/OASIS/EES>, or to the ICT. Contact information for the ICT can be found at <http://oasis.e-terrasolutions.com/documents/EES/ICTPlanningStudiesAndRelatedDocuments.htm>. Bidders must not direct questions or other communications regarding the Entergy Transmission System to the RFP Administrator. Conversely, Bidders must not direct questions or other communications concerning any other matter related to this RFP to the Entergy Energy Delivery Business Unit or the ICT, including, without limitation, questions or communications concerning the DEP or the ranking or selection of proposals in this RFP. In addition to Section 1.10 above, Bidders are directed to the MISO website,

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www.MidwestISO.org, for information about MISO and to the ITC Holdings website, www.itc-holdings.com, for information about ITC Holdings and the Proposed ITC Transaction.

7.3. Multi-Person Bids

If Bidder is comprised of more than one Person, the individual members may enter into contribution, indemnity, allocation, sharing or other similar arrangements or agreements amongst themselves to allocate their respective rights and obligations; however, no such agreement or arrangement will affect any right reserved to ESI or the Included Entergy Operating Companies in connection with this RFP or otherwise disadvantage ESI relative to its position with other Bidders without ESI's prior written agreement, either on its own behalf or as agent. Bidder must fully disclose to ESI all such contribution, indemnity, allocation, sharing or similar arrangements or agreements. Disclosure may be accomplished by means of a written letter to the RFP Administrator by the proposal submission deadline. Bidder may be required to respond to subsequent diligence inquiries concerning the arrangements or agreements.

7.4. Bidder Costs and Expenses

As discussed in more detail in Appendix D, each Bidder (or potential Bidder) is exclusively responsible for all costs and expenses it incurs in connection with this RFP.

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Moved to	1
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