

2015 REQUEST FOR PROPOSALS FOR LONG-TERM DEVELOPMENTAL COMBINED-CYCLE GAS TURBINE CAPACITY AND ENERGY RESOURCES IN WOTAB

ESI Bidders Teleconference/Webcast

LPSC Technical Conference

AUGUST 17, 2015



TELECONFERENCE INTRODUCTION

- **Purpose of the Teleconference**

- Give participants a high level overview of the 2015 Request for Proposals for Long-Term Developmental Combined-Cycle Gas Turbine Capacity and Energy Resources in WOTAB (“2015 WOTAB RFP” or “RFP”) and related processes

- **Questions**

- Please submit all questions in writing to the RFP Administrator and the Independent Monitor through email at esirfp@entergy.com and waynejoliver@aol.com to ensure an accurate record of each question posted
- After the teleconference, ESI will post questions asked during the conference and definitive responses to those questions on the 2015 WOTAB RFP Website
- To the extent that a posted response differs from the oral response given during the conference, the written response will control

- **Administrative**

- All phones must be on mute
- Please do NOT place your phone on hold
- Email the RFP Administrator at esirfp@entergy.com with any technical issues or questions
- To the extent there are any inconsistencies between the information provided in this presentation and the requirements identified in the RFP materials, the RFP materials govern

AGENDA

- **Introductions**
- **LPSC Technical Conference**
- **Independent Monitor Comments – Wayne Oliver**
- **2015 WOTAB RFP Overview**
- **RFP Evaluation**
- **Break**
- **Q&A Session**

INTRODUCTIONS

- **Entergy Presenters**

- April Phelps Project Manager
- Jaime Williamson RFP Administrator
- John Zurita Wholesale Executive-Procurement & Asset Optimization
- Daniel Boratko Analyst, Supply Planning & Analysis
- Mark Seaman Financial Analyst
- Thomas Kidd Sr. Lead Accountant
- Laura Hamner Sr. Staff Financial Analyst

- **LPSC Technical Consultants**

- Debbie Barta Independent Consultant, Henderson Ridge
- Melanie Verzwylt Staff Attorney, LPSC

- **Independent Monitor**

- Wayne Oliver Merrimack Energy Group Inc.

LPSC TECHNICAL CONFERENCE

(DEBBIE BARTA/MELANIE VERZWYVELT)

INDEPENDENT MONITOR COMMENTS
MERRIMACK ENERGY GROUP INC.

(WAYNE OLIVER)

Role of the Independent Monitor

- ◆ Merrimack Energy has served as IM or IE in nearly 70 competitive procurement processes in the US and Canada
- ◆ Overall role of the IM is to ensure that the RFP design, solicitation processes, review and evaluation of all bids is undertaken in a fair and objective manner and that all proposals are treated in a consistent fashion
- ◆ The IM is involved in all activities and phases of the competitive bidding process including RFP development, proposal solicitation, proposal evaluation and selection, and contract negotiations
- ◆ The IM prepares a Final Report on the solicitation process, including the IM's analysis of and conclusions associated with the solicitation process

Market Based Mechanism Requirements

- ◆ The IM will track the utility's conduct of the RFP to ascertain that no undue preference is given to affiliates and their bids, self-build or self supply projects. This includes:
 - Reviewing the draft RFP and utility evaluation of bids;
 - Monitoring communications with market participants;
 - Monitoring adherence to codes of conduct;
 - Monitoring contract negotiations
- ◆ The IM shall report to the Commission Staff at appropriate intervals and facilitate regular communications between Commission Staff and the utility on the RFP process
- ◆ The IM will report any problems or concerns with the RFP process to the utility and Staff
- ◆ The IM shall also submit a final RFP evaluation report to Commission Staff and the Commission, including recommendations for improving the process

2015 WOTAB RFP OVERVIEW

KEY OBJECTIVES AND PARAMETERS OF RFP

(APRIL PHELPS)

KEY OBJECTIVES

- **Entergy Gulf States Louisiana, L.L.C. (“EGSL”) and Entergy Louisiana, LLC (“ELL”) (collectively, the “Companies”) forecast an ongoing long-term need for capacity and energy and the need for generation resources incremental to existing plant, as reflected in the IRP filed by the Companies and posted to the RFP Website**
- **The addition of a resource targeted by this RFP will allow the Companies to fulfill several important planning objectives, such as**
 - Increase load-serving capability
 - Maintain reliability of electric service
 - Serve load at the lowest reasonable cost, considering risk
 - Meet resource adequacy and energy requirements
- **The RFP’s resource and locational requirements support other important planning objectives, including:**
 - Add incremental capacity in supply-constrained areas
 - Bolster reliability in the West of the Atchafalaya Basin (“WOTAB”) planning region
 - Satisfy the Companies’ long-term resource adequacy and energy requirements

KEY PARAMETERS

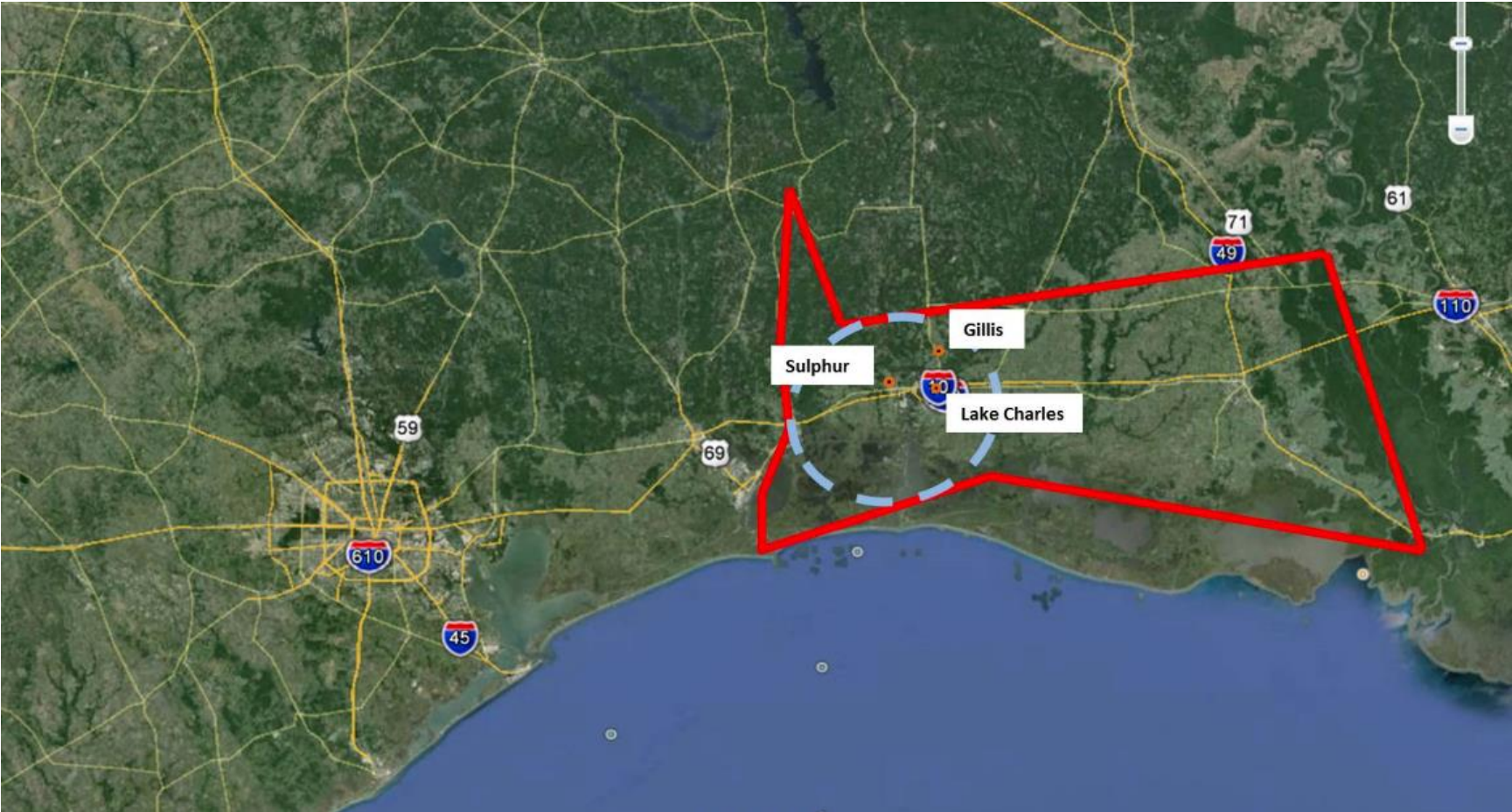
Scope Item	RFP Parameter
RFP Participation	EGSL/ELL
Target Start Date	On or before June 1, 2020
Eligible Resources	Developmental resource only
Eligible Technology	Commercially-proven ¹ CCGT technology with AGC & operating parameters that include a max full load (without duct-firing) heat rate of 7,000 Btu/ kWh (HHV) & the ability to operate in base load & load-following roles consistent with MISO operating rules for units expected to provide ancillary services <i>No GE 7HA or Mitsubishi JAC resources</i>
Fuel Type	Natural gas
Location	Louisiana portion of WOTAB Preference for resources located in close proximity to Lake Charles
Capacity Sought ²	Minimum Capacity: 800 MW Maximum Capacity: 1,000 MW
Product Categories	Acquisition, PPA, or Tolling Agreement (Unit Contingent)
Delivery Term	10 – 20 years (PPAs and Tolling Agreements)
Self-Build	Location: Nelson Size: 800-1,000 MW ²
Affiliates	Ineligible to participate

¹ Commercially-Proven Technology defined in Draft Minimum Requirements on page 4

² Summer conditions, full load, including duct-firing

REQUIRED LOCATION – LOUISIANA PORTION OF WOTAB

- The Louisiana portion of the WOTAB planning region runs roughly from west of Baton Rouge, Louisiana, to the Texas state line and from just north of the Gulf of Mexico to the northern edge of EGSL’s service area in southwest Louisiana. The map below shows the Louisiana portion of WOTAB (red), including the Lake Charles area (light blue)



If a Bidder is unclear whether a resource would be located within WOTAB, Bidder should email the RFP Administrator so that ESI may advise Bidder if the resource would be within WOTAB.

OTHER BASIC RFP ELEMENTS

- **The RFP documents include basic “threshold” requirements that must be met**
 - Threshold requirements include delivery, viability, accounting, and credit assessment threshold requirements. Examples :
 - Capacity within the Min/ Max guidelines
 - Commercially-Proven Technology
 - No joint ownership of acquisition resources
 - Interconnection request filed with MISO on or before November 16, 2015
 - Inclusion of required accounting certification (PPA/Toll)
 - Resource location (Louisiana portion of WOTAB)
 - Specifics are described in Section 2.3 of the Main Body of the RFP
 - Proposals not meeting the threshold requirements are non-conforming and may be eliminated from the RFP
- **Each generation resource proposed must be a single resource (or portion thereof)**
 - Generation resources located at separate facilities are not single resources
 - PPA or Toll transactions can be for the entire generation facility or in increments of whole generating units at the facility
 - Acquisition transactions must be for the entire generation facility
- **RFP includes numerous appendices, such as:**
 - App. B-1, B-2, B-3 – Term Sheets
 - App. C – Diligence questions/RFIs
 - App. D – Minimum Requirements for Developmental Resources
 - App. E – Reservation of ESI rights and other RFP terms
 - App. G – Certain RFP protocols

DESIGN FEATURES AND SUBMISSION OF SELF-BUILD OPTION

- **Select resource design features in addition to previously identified RFP parameters within the draft Minimum Requirements:**
 - Automatic generation control (AGC)
 - Evaporative cooling or inlet chilling
 - Duct burners for supplemental firing of HRSGs
 - Control technology for air emissions includes a CO catalyst
 - Heat rejection systems based on a mechanical draft cooling tower
 - Main condenser and heat rejection systems sufficiently sized to permit all CTs to operate at or near full load with a complete bypass of the steam turbine
 - Air-cooled combustors
 - Two (2) natural gas pipeline interconnected to the plant
 - 2 x 100% boiler feed pumps on each HRSG; 2 x 100% or 3 x 50% condensate pumps; 2 x 100% air compressors
 - Vacuum pumps for condenser air evacuation
 - Properly sized demineralized water system capacity sufficient to support cyclic operation
 - Specified redundancy of on-site natural gas compressors
 - **Not** included/**Not** permitted:
 - steam injection for power augmentation
 - single shaft combined-cycle design
 - high-fogging equipment (overspray, wet compression, spray inter-cooling)
- **The proposal package for the Self-Build Option must be submitted before proposal packages from Bidders (no later than 5 p.m. CPT on the Friday before the proposal submission period begins)**

**TENTATIVE RFP SCHEDULE, BIDDER REGISTRATION,
AND PROPOSAL SUBMISSION**

(JAIME WILLIAMSON)

TENTATIVE RFP SCHEDULE

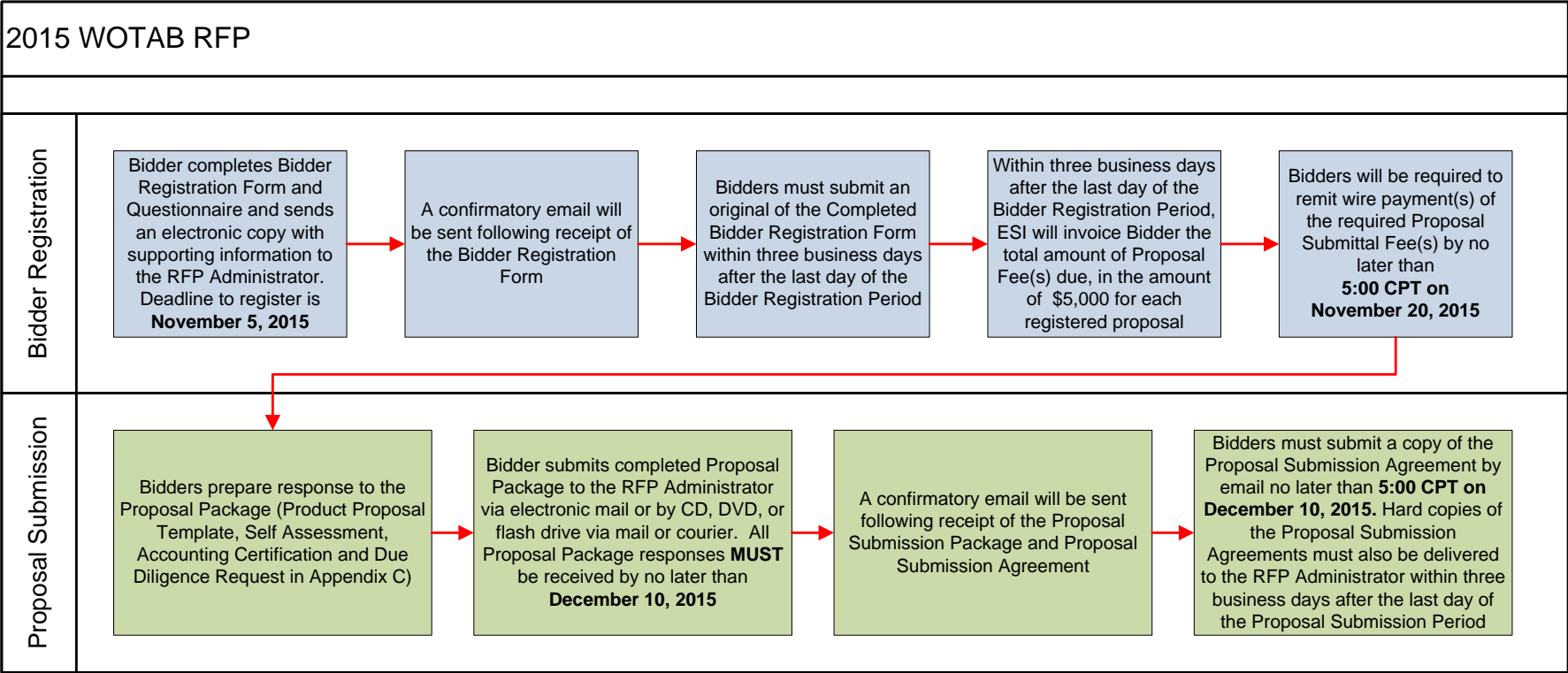
Activity	Target Date*
Comments on Draft RFP Documents Due	August 28, 2015
Final RFP Documents Issued	September 28, 2015
Bidder Registration Period	November 2–5, 2015
Final Date for Completion and Submission of Required Interconnection Application to MISO	November 16, 2015
Final Date for Proposal Fees Payment	November 20, 2015
Self-Build Option and Cost Estimate Due	December 4, 2015
Proposal Submission Period	December 7–10, 2015
Primary/Secondary Selection Lists Announced	April 2016
Comprehensive Negotiations & Due Diligence (if any) Begin	April 2016
Bidder(s) Remaining on Secondary Selection List Released from Proposals	July 2016
Definitive Agreement (if any) Executed	October 2016
Regulatory Approval Process Complete	As late as September 2017

* All dates and time periods in the schedule are tentative and subject to change

BIDDER REGISTRATION AND PROPOSAL SUBMISSION

- **Bidder registration and proposal submission will utilize forms and materials posted to the 2015 WOTAB RFP Website, including:**
 - Bidder Registration Agreement
 - Proposal Package, including
 - Proposal Submission Template
 - Due diligence questionnaire
 - VAT self-assessment
 - Proposal Submission Agreement
- **All electronic proposal-related document submissions must be made via courier or e-mail and submitted to ESI in accordance with RFP requirements**
 - Subsequent delivery of an original executed Bidder Registration Agreement
 - Subsequent delivery of an original executed Proposal Submission Agreement
 - Responses to Proposal Submission Template and diligence requests (data limited to 10 MB via email)
 - ESI will not accept paper copies of electronic proposals
- **Bidders will be required to pay a fee of \$5,000 per registered proposal**

BIDDER REGISTRATION AND PROPOSAL SUBMISSION *



- **RFP Hotline**
 - The RFP Hotline will be available during bidder registration and proposal submission periods to assist Bidders with technical questions regarding either process
- **Self-Build Proposal**
 - ESI will require that the Proposal Package for the Self-Build Option, including the cost estimate for the Self-Build Option, be submitted to the RFP Administrator and the IM prior to the receipt of proposals from all other Bidders, and no later than 5 p.m. CPT on the Friday before the proposal submission period begins

* Dates are subject to change

COMMERCIAL TERMS
(JOHN ZURITA)

COMMERCIAL TERMS OVERVIEW

- **Draft Minimum Requirements for Developmental Resources are posted on the 2015 WOTAB RFP Website**
- **ESI has included proposed Term Sheets in RFP documentation**
 - PPA (Appendix B-1), Toll (B-2), Acquisition Agreement (B-3)
 - Current posted Term Sheets (along with other RFP documents) are in draft form
 - Comments are encouraged
 - Comments are due by August 28, 2015
 - Term Sheets are expected to form the basis of any definitive agreement with 3rd party Bidder
 - Important for Bidders to familiarize themselves with the Term Sheets before preparing/submitting proposals
 - ESI will not post model contracts, but will provide draft definitive agreements and related contracts/documents in negotiations
- **In proposals, Bidders may identify “special exceptions” to RFP terms/Term Sheets**
 - ESI is under no obligation to agree to any exception
 - Significant requested changes or reservations could affect viability scores or eligibility
- **For PPAs and Tolls, ESI will have the right to determine which party is the Market Participant**
 - If ESI is not the Market Participant, ESI will require access to the MISO portal or access to all necessary operational, transactional, settlement, and other data and information to exercise its rights and discharge its obligations in MISO with respect to the transaction

GENERAL COMMERCIAL TERMS FOR PPAs AND TOLLS

Term

- 10 - 20 years beginning on or before June 1, 2020

Guaranteed COD

- Delay damages
- Capacity re-sizing or buy-downs
- Termination rights for extended delays
- Multi-prong test for COD
- Performance assurance requirements

Capacity

- Dependable capacity – net MW at reference conditions
- UCAP rating – “unforced capacity” accredited by MISO for dependable capacity (allocated to Buyer, if necessary)
 - Basis for monthly capacity payment to Seller
- Seasonally-shaped payments
- Buyer has exclusive rights to contract capacity

Availability Requirements

- 98% (summer and winter months)
- 96% (shoulder months)
- Rolling 12-Month Availability Requirement– 85% (Buyer termination right if less)

GENERAL COMMERCIAL TERMS FOR PPAS AND TOLLS (CONT.)

Capacity Payment Discounts

- Based on availability of Dependable Capacity
- 2% discount for each 1% shortfall to monthly availability requirement
- 1% discount for each 1% shortfall due solely to force majeure

Imbalances

- Transaction, scheduling, imbalance, revenue sufficiency, integration, etc. charges, disallowances, penalties, and costs will be Seller's responsibility
- Imbalances caused by Buyer will be Buyer's responsibility

Heat Rates

- Guaranteed heat rates expected to be consistent with the actual heat rates of the resource

Buyer Conditions Precedent

- Include:
 - Regulatory approvals and consents
 - MISO requirements
 - Fuel supply and transportation (Toll)
 - Network deliverability
 - Transfer of capacity credits

COMMERCIAL TERMS – PRICING COMPONENTS FOR PPAs AND TOLLS

Pricing Component	PPA	Toll
Capacity Rate (\$/kW-year)	(i) Fixed (for term or defined annually); or (ii) Base Rate + CPI/PPI escalation (up or down)	(i) Fixed (for term or defined annually); or (ii) Base Rate + CPI/PPI escalation (up or down)
Floating Energy Price (Guaranteed Heat Rate * Fuel Index + Fuel Adder)	Guaranteed Heat Rate (MMBtu): Bidder-provided Fuel Index: Henry Hub Fuel Adder (\$/MWh): Fixed or Bidder-provided formula	N/A
Variable O&M (\$/MWh)	(i) Fixed (for term or defined annually); or (ii) Base Rate + CPI/PPI escalation (up or down)	(i) Fixed (for term or defined annually); or (ii) Base Rate + CPI/PPI escalation (up or down)
Start Charge (\$/Start)	(i) Fixed (for term or defined annually); or (ii) Base Rate + CPI/PPI escalation (up or down)	(i) Fixed (for term or defined annually); or (ii) Base Rate + CPI/PPI escalation (up or down)
Start Fuel	Gas price (\$/MMBtu) * Start Fuel Amount (MMBtu)	N/A

COMMERCIAL HIGHLIGHTS FOR ACQUISITIONS

- **Asset purchase, not stock, acquisitions**
- **No liabilities assumed by Buyer for the period prior to the effective closing date**
- **Closing scheduled to occur before June 1, 2020**
- **Facility performance testing and consequences**
- **Hart Scott Rodino and Federal Power Act Section 203 approval timing (if applicable)**

NOTE ON COMMERCIAL TERMS

- **This presentation does not cover certain commercial terms that may be important to bidders**
- **Commercial terms included in the draft RFP documents or addressed in this presentation are preliminary and subject to change**
- **Final RFP documents, which will include definitive RFP commercial terms, are scheduled to be issued on September 28, 2015**

INTERCONNECTION/DELIVERABILITY

(DANIEL BORATKO)

ELECTRIC INTERCONNECTION/DELIVERABILITY

- **Bidder/Seller will be responsible for and bear all the costs associated with the electric interconnection and deliverability of the proposed resource**
- **Resource must have a quantity of ERIS sufficient for the maximum generating capability of the resource and a quantity of NRIS sufficient to allow the resource to receive the maximum capacity credits a resource of its capacity size can receive under MISO rules**
- **Bidders must have submitted a complete generator interconnection request for the proposed resource under the MISO Generator Interconnection process by no later than November 16, 2015**
 - Bidders should submit the interconnection application requesting NRIS service for the facility
 - Resources must remain in the interconnection queue until the resource is eliminated or interconnection service is obtained
- **Interconnection and deliverability cost estimates must be accounted for in Bidder's pricing**
 - Bidders must separately identify each of the estimated interconnection and deliverability-related costs included in their proposals to obtain (1) ERIS and (2) NRIS

RFP EVALUATION

EVALUATION OVERVIEW

(APRIL PHELPS)

EVALUATION OVERVIEW

- **The RFP evaluation will seek to identify a proposal that meets the Companies' needs and the RFP requirements at a reasonable cost, taking into account reliability, risk mitigation, and other relevant factors**
- **Five RFP Proposal Evaluation Teams will evaluate proposals**
 - Economic Evaluation Team (EET)
 - Deliverability Assessment Team (DAT)
 - Viability Assessment Team (VAT)
 - Accounting Evaluation Team (AET)
 - Credit Evaluation Team (CET)
- **Proposals will be reviewed and assessed for the following:**
 - Economics (Net Supply Cost)
 - Production Cost (Aurora)
 - Transmission/Delivery
 - Viability
 - Accounting Treatment
 - Credit and Collateral Requirements
- **Process designed to be fair, impartial, and consistently applied**

SELECTION PROCESS OVERVIEW

- **Primary Selection List**
 - A Bidder with a proposal on the primary selection list may be required to enter into a letter of intent (“LOI”) to proceed to a definitive agreement
 - Due diligence/finalization and execution of definitive agreement generally would follow execution of the LOI
 - Inclusion on the primary selection list is not acceptance of a proposal or related contract terms
 - There is no requirement for ESI to place any of the proposals on the primary selection list

- **Secondary Selection List**
 - A Bidder with a proposal on the secondary selection list may be invited to negotiate the terms of a conditional LOI and/or definitive agreement or may simply be advised of proposal status
 - A Bidder on the secondary selection list would execute a definitive agreement only if a Bidder on the primary selection list is removed from list
 - Bidders must hold open offer for three months after notification of secondary selection

ECONOMIC EVALUATION TEAM

(MARK SEAMAN)

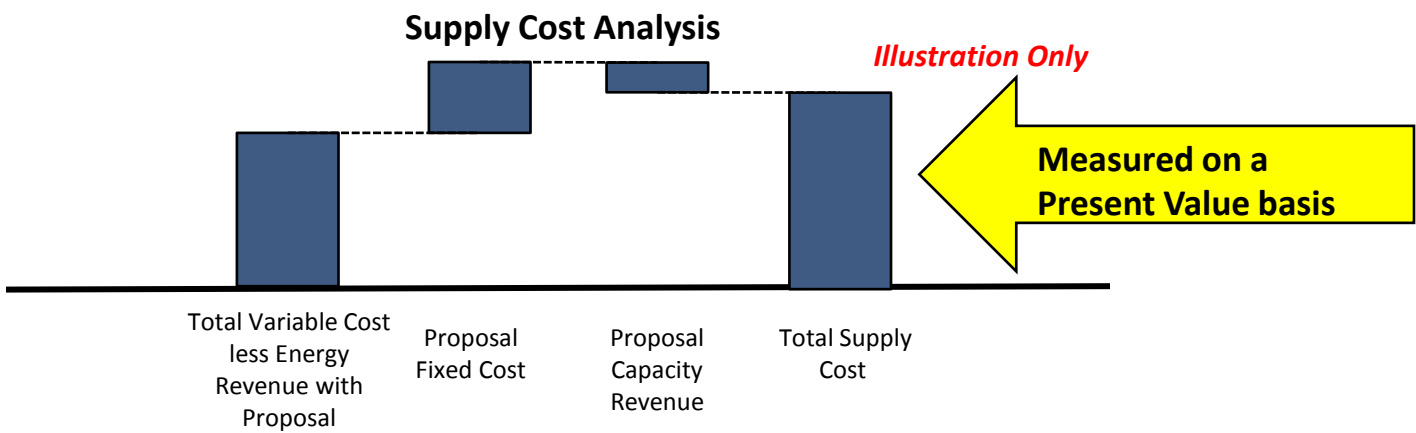
INTRODUCTION

- **The Economic Evaluation Team will conduct an economic evaluation of proposals submitted in the RFP to identify the proposal that economically meets the Companies' supply needs, considering risk**

- **The economic evaluation will**
 - Identify a proposal (if any) that meets the needs and requirements of the Companies, as described in the RFP, at the lowest reasonable cost, considering risk
 - Utilize tools and methods commonly used by Entergy Operating Companies for long-term planning and resource evaluation, including, but not limited to:
 - Supply Cost analysis with results from Aurora production cost modeling
 - Commitment Cost calculation
 - Others as needed
 - Involve additional tools as appropriate to effectively evaluate proposals relative to the objectives of the RFP, including, but not limited to, qualitative considerations

SUPPLY COST ANALYSIS

- Economics will be assessed from the customers’ perspective and will consider all relevant costs
- Economics will be evaluated on a present value of total supply cost basis
- The measurement of total supply cost will rely on projections of total variable cost and energy revenue from the Aurora production cost model, coupled with an assessment of each proposal’s fixed costs and capacity revenue, to determine the total supply cost with the addition of the proposal to Entergy’s generation portfolio



CONSIDERATION OF RISK

- **The economic evaluation will consider that projections of total supply cost are uncertain and that proposals may involve greater or lesser levels of risk**
- **In order to assess risk, the economic evaluation may rely on various metrics and comparisons, as needed, including, but not limited to:**
 - Sensitivity analyses
 - The relative variability in total supply costs across sensitivities
 - The level of fixed cost commitment
 - The relative uncertainty of fuel savings compared to fixed cost commitment
 - The projected time to break-even (i.e., how quickly projected savings equal fixed cost)

DELIVERABILITY ASSESSMENT TEAM

(DANIEL BORATKO)

DELIVERABILITY ASSESSMENT

- **The objective of the deliverability assessment is to assess transmission/deliverability considerations associated with a proposal offered in the RFP**
- **Threshold considerations include, but are not limited to:**
 - Resource location: Verification that the resource is located in the Louisiana portion of WOTAB
 - Electric interconnection: Verification that the interconnection application has been submitted as required by the RFP
 - Network deliverability: Verification that the resource will be eligible for designation as a network resource as required by the RFP
- **Deliverability assessment will evaluate the transmission upgrades and costs associated with each proposed resource:**
 - ERIS: Assess the sufficiency of Bidder's ERIS upgrades and cost estimates included in the proposal to obtain ERIS
 - NRIS: Review the upgrades and cost estimates included in the proposal to obtain NRIS
 - Reliability: Evaluate the proposal's ability to meet the Entergy Transmission Planning Reliability standards and determine any necessary upgrades and cost estimates to satisfy these standards
 - Consolidated Upgrades: Determine the incremental upgrades needed to satisfy reliability standards in conjunction with Bidder's identified upgrades for obtaining ERIS and NRIS
 - Short-Circuit/Dynamic Stability: In addition, a short-circuit analysis and/or a dynamic stability evaluation, if applicable, may also be performed for proposals

VIABILITY ASSESSMENT TEAM

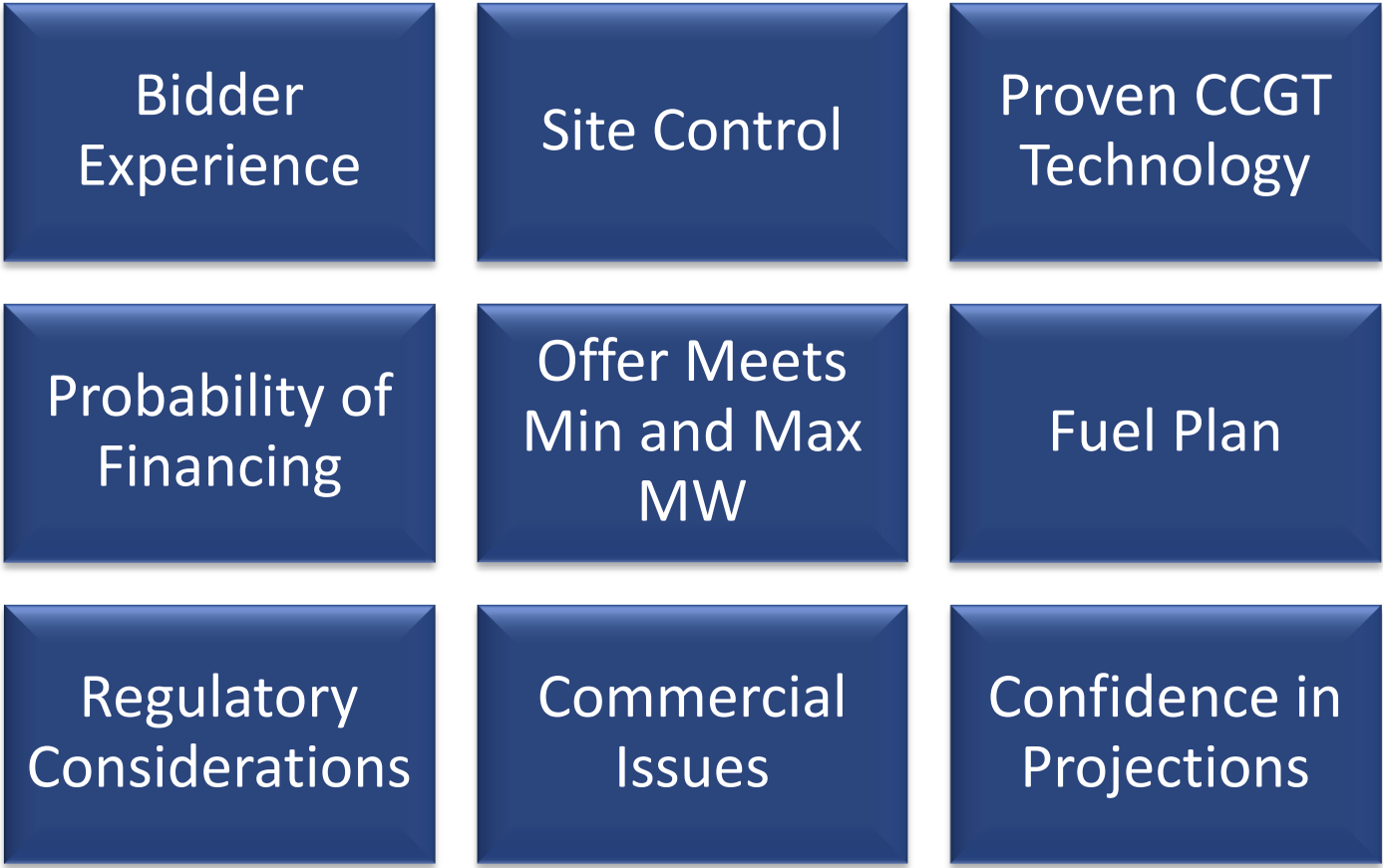
(JOHN ZURITA)

VIABILITY ASSESSMENT

- **In general, the viability assessment will consist of a review and assessment of the non-price attributes of the resources and corresponding proposals submitted in response to the RFP**
- **A self-assessment form that Bidders will be required to complete will be posted on the 2015 WOTAB RFP Website**
- **The VAT will consist of subject matter experts from at least five core areas critical to a thorough assessment of project viability, including, without limitation:**
 - Plant & Equipment/Operations & Maintenance
 - Environmental
 - Fuel Supply & Transportation
 - Commercial
 - Long-Term Planning
- **The viability assessment will:**
 - Confirm Bidder's project self-assessment
 - Evaluate compliance with the minimum requirements and threshold criteria specified in the RFP
 - Evaluate proposals based on a list of key attributes associated with each of the focus areas identified for the viability assessment
 - Advise the EET regarding any resource deficiencies so that appropriate steps can be taken to address the deficiencies in the economic evaluation, as necessary
 - Provide a final viability ranking and recommendation
- **The VAT will confirm to each of the other evaluation teams that a Bidder's proposal meets the minimum requirements and threshold criteria (or notify them of discrepancies)**

VIABILITY ASSESSMENT

- The VAT’s role includes evaluating elements of the proposals not assessed by the EET, DAT, CET, or AET, such as:



ACCOUNTING EVALUATION TEAM

(THOMAS KIDD)

ACCOUNTING EVALUATION

- **The Accounting Evaluation Team will determine the accounting treatment for each PPA/Toll proposal**
 - The Accounting Evaluation Team’s review areas will include, but are not limited to:
 - Whether the proposal contains a lease, and if so, whether the lease is capital or operating (ASC 840 analysis)
 - Whether the legal entity owning the asset is a variable interest entity (VIE), and if so, who will consolidate the VIE throughout the term of the agreement (ASC 810 analysis)
 - Whether the contract is, or includes a derivative, and if so, the appropriate accounting for the derivative (ASC 815 analysis)
 - Other accounting impacts from the proposal
- **The current RFP requirements for each PPA/Toll proposal include, among other things:**
 - The Companies will not accept the risk of on-balance sheet accounting
 - With proposal submission, Bidder will provide the Companies a certification affirming that the proposal does not result in on-balance sheet accounting for the Companies or any of their affiliates
 - Bidder will make available all information required to verify and/or independently determine the accounting treatment associated with a proposal
 - Bidder must promptly communicate any event or circumstance that triggers on-balance sheet accounting by the Companies or their affiliates

The Companies will not accept the risk of any transfer to their books of any long-term liability associated with a PPA or Toll arising out of the RFP

CREDIT EVALUATION TEAM

(LAURA HAMNER)

CREDIT EVALUATION

- **The Credit Evaluation Team evaluates Bidder's credit and other credit-related matters**
- **Generally, no Bidder will be excluded or prohibited from participating in the RFP on the basis of credit**
- **No credit postings will be required of Bidder prior to execution of an LOI with that Bidder**
 - Exception: Bidders failing to meet the minimum developmental requirements may be required to post collateral (up to \$5 million) to continue to participate in the RFP
- **\$2 million letter of credit (L/C) will be required with any LOI signed between ESI and Bidder/Seller**
 - May be higher (up to \$5 million extra) if Bidder still has not met all minimum developmental requirements
 - A form L/C is attached to the credit appendix (Appendix F to the RFP)

CREDIT EVALUATION

- **CET/ESI will determine the required amount(s) and form of collateral during any negotiation of a definitive agreement**
 - Security requirements will be based on, among other things:
 - Creditworthiness of bidder or guarantor
 - Entergy credit exposure
 - Construction phase
 - Operation phase
 - Contract tenor and type
 - Other contract/proposal terms
 - Financial environment
- **Acceptable forms of collateral may include:**
 - Parental guaranty, L/C, cash, asset lien, escrow, a credit solution suggested by Bidder/Seller and acceptable to ESI, or any combination of the foregoing

CREDIT EVALUATION

- **The CET will assign a Bidder credit rating (or Bidder's credit support provider's credit rating) for all proposals, based on, among other things, evaluations of:**
 - S&P and Moody's ratings
 - 10-K/10-Q/8-K filings
 - If SEC reports are unavailable, two years of audited financial statements provided by Bidder
 - Financial statements include balance sheet, income statement, and cash flow statement
 - If financial information is consolidated with other entities, all data related solely to the offering entity will be extracted and submitted as separate documents by Bidder
 - Credit-related diligence materials provided by Bidder
- **Bidder credit rating/exposure will be discussed with any Bidder on the primary or secondary selection list**
 - Bidders on either list will be invited to discuss Seller's proposed credit rating and the type of credit support Seller will provide to meet the RFP's credit support requirements
- **Bidder's credit rating will have no effect on selection of proposals for the primary or secondary selection list**
- **Proposals placed on either selection list are, under certain circumstances, subject to elimination following the RFP and during commercial negotiations on the basis of credit**

BREAK

Q&A SESSION

ESI requests that Bidders submit all questions regarding this presentation, in writing, to the RFP Administrator at esirfp@entergy.com

Q&A FOLLOW-UP

- Questions received during today's Bidders Conference will be posted to the 2015 WOTAB RFP Website: <https://spofossil.energys.com/ENTRFP/SEND/2015WOTABRFP/Index.htm>
- ESI will accept written questions/feedback about the RFP from market participants and other interested parties
- Comments on the draft RFP documents must be emailed to the RFP Administrator by August 28, 2015
- Questions and other comments pertaining to the RFP must be communicated to the RFP Administrator at esirfp@energys.com or to the Independent Monitor at waynejoliver@aol.com