2015 Request for Proposals for Long-Term Developmental and Existing Capacity and Energy Resources (the "RFP")

Questions and Answers

Updated as of 12/09/2015

NOTE: THE ORIGINAL RESPONSES TO QUESTIONS 1-75 BELOW WERE DEVELOPED PRIOR TO THE DATE THAT FINAL RFP DOCUMENTS WERE ISSUED (SEPTEMBER 29, 2015). THE RESPONSES HAVE BEEN MODIFIED TO CONFORM TO THE FINAL RFP DOCUMENTS AND TO INCORPORATE OTHER CHANGES. RESPONSES THAT INCLUDE CHANGES DEEMED MATERIAL ARE INDICATED BY THE NOTATION "[REVISED]" IMMEDIATELY PRIOR TO THE RESPONSE. RESPONSES WITHOUT "[REVISED]" HAVE BEEN DETERMINED NOT TO INCLUDE MATERIAL CHANGES FOR PURPOSES OF THE RESPONSE.

TWO CHANGES ARE COMMON TO MANY RESPONSES. ON OCTOBER 1, 2015, THE ENTERGY GULF STATES LOUISIANA, L.L.C. ("EGSL")-ENTERGY LOUISIANA, LLC BUSINESS COMBINATION (THE "BUSINESS COMBINATION") CLOSED. (FOR INFORMATION ON THE BUSINESS COMBINATION, PLEASE SEE LOUISIANA PUBLIC SERVICE COMMISSION ORDER NO. U-33244-A.) AS PART OF THE CLOSING, THE COMBINED COMPANY ASSUMED THE NAME ENTERGY LOUISIANA, LLC ("ELL") AND SUCCEEDED TO THE RIGHTS AND OBLIGATIONS OF ENTERGY LOUISIANA, LLC AND EGSL. FOR PURPOSES OF THE RESPONSES TO QUESTIONS 1-75, THIS CHANGE HAS BEEN DETERMINED NOT TO BE MATERIAL. ACCORDINGLY, A RESPONSE UPDATED TO REFLECT THE CLOSING OF THE BUSINESS COMBINATION HAS NOT BEEN DESIGNATED AS "[REVISED]" UNLESS OTHER ASPECTS OF THE RESPONSE INCLUDED ONE OR MORE MATERIAL CHANGES TO THE ORIGINAL RESPONSE. THE SECOND FREQUENT CHANGE INVOLVED DELETION OF REFERENCES IN THE INITIAL RESPONSE TO DRAFT RFP DOCUMENTS. THIS CHANGE, TOO, WAS CONSIDERED IMMATERIAL FOR PURPOSES OF THE RESPONSE.

Q-1 Section 1.2 In reference to the EGSL and ELL business combination, do you foresee any effects that the business combination might have on the WOTAB RFP? In terms of other Entergy organizational changes, what effect, if any, will the changes in the System Agreement have on the WOTAB RFP?

A-1 Neither the Business Combination nor any anticipated changes in the System Agreement are expected to have any material effect on the RFP.

Q-2 Section 1.8 Who are Entergy Competitive Affiliates and what type of resources does this preclude?

A-2 Entergy Competitive Affiliates are those affiliates of Entergy Corporation that are not Entergy Services, Inc., Entergy Operations, Inc., any of the Entergy Operating Companies, or System Energy Resources, Inc. The exclusion of Entergy Competitive Affiliates from the RFP precludes the participation in the RFP of any generation resource that would be developed or owned by an Entergy Competitive Affiliate.

Q-3 Section 1.9 Commercially-Proven CCGT Technology – Will proving the technology include providing an example of the construction and successful operation of at least one of the proposed CCGT units? Why are the General Electric 7HA and the Mitsubishi JAC technologies deemed not commercially proven?

A-3 The Viability Assessment Team will review and assess the combined cycle gas turbine ("CCGT") generation technology of a resource offered into the RFP, including the maturity of the technology. Factors considered in the assessment of less mature technology may include, without limitation, the number of units with that particular technology in commercial service in the CCGT configuration proposed, the hours of operation achieved by those units, and relevant performance data. The General Electric "7HA" and Mitsubishi "JAC" CCGT technologies are early next-generation technologies that, based on a review of those factors, were determined to be commercially unproven for the RFP and are explicitly identified as such in the RFP.

Q-4 Section 2.2.1. Page 9 "Special Considerations will be taken into account in the evaluation of proposals". Will the extent to which a bidder takes exception to one or more specific RFP terms effect the rating of his proposal?

A-4 It could, depending on the terms of the Special Considerations. As described in Section 2.2.1 of the Main Body, Special Considerations, such as those in which a bidder makes

widespread, wholesale, or fundamental changes to material terms or conditions set forth in the applicable Term Sheet, may affect a proposal's rating and could result in its elimination from consideration.

Q-5 Section 2.2.2. Page 12 Liability Transfer Could you please provide an update on your understanding of the proposed FASB action (ASC 840) concerning the potential of classification of Toll or PPAs as leases which could cause them to be recognized as long-term liabilities on the books of the Companies? Could you also please provide an update on the status of FASB ASC 810 concerning variable interest entities?

A-5 [REVISED – 12/4/2015] On November 11, 2015, the Financial Accounting Standards Board ("FASB") voted to proceed with the new lease accounting standard requiring lessees to record lease assets and long-term liabilities on the balance sheet. The final standard, reflecting the FASB's decisions made throughout deliberation of the standard, will be published in early 2016. The new lease accounting standard will be effective for Entergy Corporation and its subsidiaries, including ELL, in 2019, with early adoption permitted.

The Accounting Evaluation Team is not aware of any recent Accounting Standard Update related FASB Accounting Standards Codification ("ASC") 810 that would have an effect on the variable interest entity accounting evaluation of a PPA or tolling agreement proposal in the RFP. As noted in the RFP documentation, each PPA or toll proposal will be reviewed to determine the accounting treatment based on the facts and circumstances of the proposal and the accounting standards effective during the performance period.

Q-6 Durability of Authorization - Please explain this concern and why the risk would remain with the seller?

A-6 The concern with the durability of an authorization in the context of the acquisition of a developmental power plant is that certain regulatory approvals that may be required to consummate the transaction, such as, for purposes of illustration only, clearance of the

transaction under the Hart-Scott-Rodino Antitrust Improvements Act or FERC approval under Section 203 of the Federal Power Act, may be obtained in advance of the closing but expire prior to the closing or require updating in order to remain valid for the closing. Because this issue is likely to factor into the seller's ability to finance a project and the bidder is in a position to structure its proposal to meet the seller's financing needs while mitigating this risk, ESI believes the seller should retain this risk. As discussed in Section 2.2.3 of the Main Body, a bidder's failure to consider and mitigate the potential effects of this risk could affect ESI's evaluation of bidder's acquisition proposal.

Q-7 Explain why PPAs or Tolls with terms of less than 10 years cannot be bid into the RFP. Wouldn't shorter term contracts provide Entergy more flexibility to meet its resource needs in the event that the projected load growth in the WOTAB region does not fully materialize?

A-7 ELL's long-term capacity needs exceed the target capacity range of the RFP. Moreover, regardless of industrial load growth, ELL needs additional base load generating capacity today. Even without additional industrial load growth, ELL is in a net energy purchasing position.

Q-8 Does Entergy intend to employ an independent bid evaluator? If the answer is no, why not?

A-8 No, Entergy does not intend to employ an independent bid evaluator for the RFP. The ESI employees responsible for the evaluation of proposals in the RFP function independently of the self-build commercial team, and the evaluation is overseen by the Independent Monitor for the RFP and the LPSC Staff. Accordingly, there is no need for a third-party bid evaluator in the RFP, nor is one required by the LPSC's Market Based Mechanism Order.

Q-9 Explain the methodology Entergy will use to compare term PPAs against self-build. Will there be a fill-in price following the PPA term, and at what cost?

A-9 The evaluation methods and assumptions for the RFP continue to be developed and have not been finalized. The chosen evaluation process for the RFP will place all proposals on an equivalent basis. To the extent that a PPA term is less than the evaluation period, ESI anticipates that the evaluation process will rely on an assumption regarding the cost of replacement power after the expiration of the PPA delivery term for the balance of the evaluation period.

Bidders may offer an option for ELL to purchase power under a proposed PPA or toll beyond the initial delivery term specified in the proposal. In order for the pricing terms of the extension option to be considered as an alternative to the cost of replacement power for the portion of the evaluation period in which power would be available to ELL under the extension option, the terms of the option, including pricing and the extension delivery term, must be firm, unconditional, and unambiguous; the option must be for the sale of power from the same generation resource and meet the other supply requirements of the RFP; the option must be viable; and the option must be exercisable exclusively by ELL in its sole and absolute discretion. Any deadline for ELL to exercise the extension option must be no earlier than three years prior to the expiration of the base delivery term. In addition, the pricing under an extension option must be readily determinable at the time of bid submission and evaluation. Bidders are cautioned that ESI is not soliciting - and will not accept - PPA or toll proposals with base delivery terms that are longer than 20 years and inclusion of an extension option in a proposal may or may not have adverse accounting implications for the proposal. It should be noted that inclusion of an extension option in a proposal will not negate the need for an assumption regarding replacement power. To the extent that the evaluation methodology requires the use of replacement power cost for the post-contract termination period, the assumption will be needed regardless of whether the bidder supplies a valid fixed price offer for the post-contract termination period. At the least, ESI will assess the bidder's firm offer for replacement power (i.e., the extension option pricing) relative to ESI's assessment of replacement power.

Q-10 Entergy's draft IRP had indicated a CCGT would be pursued in the Lake Charles area for the 2020-2021 time frame to maintain reliable service, given industrial load growth and anticipated unit deactivations, and recent Entergy reports have indicated that some industrial projects or load are not materializing at the pace initially anticipated. So, why is Entergy now speeding up its RFP process to pursue resources with a 2020 in-service date?

A-10 As noted in the response to Q-7, ELL's long-term resource needs exceed the maximum capacity target sought in the RFP. Those needs are driven not only by load growth but also by unit deactivations. With respect to industrial load growth, although the pace of growth may be lower than originally projected, the level of projected load additions over time remains largely unchanged. As reflected in the draft IRP, the expected timing for the addition of the CCGT resource in the West of the Atchafalaya Basin planning region ("WOTAB") was the 2020/2021 time frame. The delivery term start date or closing date contemplated in the RFP is consistent with that time frame.

Q-11 Has Entergy determined any unit deactivation dates in WOTAB?

A-11 The Entergy Operating Companies routinely evaluate the status of existing facilities. Several of ELL's generating units in WOTAB are under active evaluation for potential future deactivation, although definitive deactivation decisions regarding those units have yet to be made.

Q-12 What is the process that Entergy follows to determine unit deactivation dates, and will LPSC approval be pursued for such deactivations?

A-12 Entergy Operating Company resource plans may include assumptions regarding the deactivation of one or more generating resources. The deactivation assumptions for ELL's generation facilities typically reflect an assessment of the condition of the generating unit(s) under consideration, the forward cost of maintaining the unit(s), and the economic benefits of keeping the unit(s) in service. Deactivations assumptions do not

represent a deactivation schedule. The actual decision to deactivate a unit is based on the determination that the cost of continued operation exceeds the benefit. ELL does not intend to seek specific LPSC approval for unit deactivation decisions.

Q-13 Please explain how Entergy's proposal to add 990 MW of energy and capacity from Union Power Station to EGSL impacts the need to add additional generation proposed in the draft WOTAB RFP.

A-13 ELL's proposed acquisition of 990 MW (summer rating) of long-term capacity from the Union Power Station would satisfy only a portion of ELL's capacity needs and does not affect the resource needs identified in the RFP.

Q-14 Will there be a separate portal for questions and formal comments? If so, how and where should comments be directed? If not, how will they be differentiated?

A-14 ESI will not be utilizing a portal for the RFP. All questions and comments on the RFP documents or regarding the RFP should be emailed to the RFP Administrator and the Independent Monitor for the RFP. Subject to confidentiality-based limitations discussed in the Main Body of the RFP, ELL intends for questions received by the RFP Administrator and/or the Independent Monitor to be answered and posted on the website for the RFP.

Q-15 What is the evaluation period (in number of years) for the RFP economic evaluation?

A-15 The evaluation will consider the effect of potential resource selections on customer costs over an approximately 30-year period.

Q-16 If the economic evaluation period is longer than 20 years, please describe the evaluation of PPA proposals for any evaluation period longer than 20 years; for example, if the evaluation period is 30 years, then how does Entergy handle/treat PPA proposals (which are limited to 20 years) for years 21-30 of the evaluation period?

A-16 The evaluation process for the RFP will be designed to place all proposals on a comparable basis. ESI anticipates that the evaluation process for long-term PPA proposals will rely on an assumption regarding the cost of replacement power after the termination of the PPA for the balance of the economic evaluation period. For additional information, please see the response to Q-9.

Q-17 Instead of Entergy making an assumption regarding the expected price and expected availability of replacement capacity for years 21 -30 of the evaluation, Entergy should allow bidders of PPA proposals to provide a price/offer for years 21-30 that Entergy could use in its evaluation. To be clear, this is not a request for a PPA term longer than 20 years; rather, a way to avoid unnecessary assumptions and avoid bias to PPA proposals. If Entergy chooses not to contract for those years (i.e., 21-30), that's its choice, but Entergy should not claim that it has to make an assumption about the price and availability of future capacity when a bidder is willing to offer to a firm price for those years (especially from a new development resource that will have the same useful life as the self-build). Why does Entergy not allow a bidder the ability to offer a firm price for years 21-30 and use that in its evaluation?

A-17 [REVISED] The RFP will allow bidders to include in their proposals for PPAs and tolls offered into the RFP an option for ELL to purchase power under a proposed PPA or toll beyond the initial delivery term specified in the proposal. Please see the response to Q-9.

While the RFP will allow a properly constructed and proposed extension option to be considered as an alternative to replacement power costs in the evaluation of a resource, ESI fundamentally disagrees with the question's underlying premise that applying a replacement power cost for the post-PPA termination period biases the evaluation against PPAs. The replacement power cost assumption will be based on ESI's point of view regarding replacement power cost. Replacement power cost assumptions have been utilized by Entergy Operating Companies in numerous RFPs for long-term resources and are often employed to address contract term or useful life disparities in proposals submitted into other RFPs.

Q-18 Are ownership proposals, including the self-build, included for the entire (30 year) evaluation period? If so, how is that process (i.e. allowing self-build and acquisition proposals pricing to be included/amortized for the entire 30 years of an evaluation) not a bias toward ownership proposals? If PPAs are limited to 20 years, why not evaluate both PPAs and ownership proposals, including the self-build, over a 20 year period (so both PPA and ownership proposals are evaluated on a consistent basis)?

A-18 The evaluation process will treat all proposals consistently by assessing the cost and benefits to customers over the entire 30-year evaluation period. Ownership proposals will be evaluated for the entire useful life of the resource, if a new build, or the remaining useful life of the resource, if an existing resource. If the evaluation period is greater than the applicable useful life, the evaluation of the resource will include the estimated cost to replace the resource for the balance of the evaluation period. If the evaluation period is less than the applicable useful life, the evaluation of the resource will be limited to the evaluation period. It is anticipated that any new-build resource proposed for the RFP will have a projected useful life of 30 years or more. Like ownership proposals, long-term PPA proposals will be evaluated over the entire 30-year evaluation period. The evaluation will recognize that PPAs terminating prior to the end of the full evaluation period will require replacement. This approach to the evaluation of long-term proposals is reasonable and appropriate, including for reasons discussed in the response to Q-17.

The 30-year evaluation period is based on the useful life of the alternative being market-tested by the RFP, the self-build option, and the acquisition product being solicited. A shorter evaluation period would ignore meaningful customer costs and benefits of the self-build option and acquisition product alternatives. The 20-year evaluation period suggested in the question omits this important consideration. Further, it would not eliminate the need for a replacement power evaluation in the long-term RFP, which appears to be, at least in part, the basis for the question's proposed 20-year evaluation period. Evaluations of PPA or toll proposals with delivery terms of less than 20 years would still need a replacement power component.

As ESI appreciates the question, there may be a concern that the 20-year maximum delivery term limitation on PPA proposals requires bidders to amortize the new-build CCGT project supporting the PPA over a 20-year period. To avoid any misunderstanding on the point, the RFP evaluation is typically not concerned with how bidders choose to amortize their projects or, for that matter, with a bidder's ability to extract additional value from the project after the conclusion of the delivery term.

Q-19 In the current Amite South RFP, Entergy answered similar questions about the evaluation in part with a response of "The evaluation approach used in this RFP has been used in prior RFPs". This may be true (i.e. the use of assumptions about replacement power costs), but this ignores the fact that the previous long-term RFPs market testing self builds, did not limit PPA delivery terms to 20 years; in fact, other recent, long-term, system RFPs issued by Entergy, including both the 2011 Western Region/Texas RFP and the 2012 Baseload RFP, solicited PPA offers up to 30 years (and in the case of the 2012 RFP, Entergy executed a 30 year PPA with an Entergy affiliate). How is it not a bias against PPA proposals for Entergy to 1) limit their delivery term, but then 2) determine an assumed price that Entergy will add to a bidder's proposal for years 21-30 for evaluation purposes, but no such additions are made to acquisition proposals (including the self-build)?

A-19 ESI has determined that PPAs and tolls having base terms longer than 20 years result in unacceptable risks for customers. Contrary to the conclusion drawn by the party propounding the question, this determination does not necessarily disadvantage PPAs or proposals in RFP evaluations. Please see the responses to Q-15 through Q-18.

Q-20 Section 3. SELF-BUILD OPTION – What are the "steps necessary to preserve the Self-Build Option" referred to in the second to last paragraph?

A-20 To maintain the self-build option as a viable alternative to a third-party proposal under negotiation, the self-build commercial team may take reasonable steps to maintain an ability to proceed with the self-build option, if needed, including having periodic

discussions with contractors and vendors, monitoring industry developments and regulatory changes, and monitoring pricing and market data for major equipment, EPC services, and craft labor. The extent and nature of the steps taken to preserve the self-build option will depend on ESI's assessment of progress being made in negotiations on the third-party proposal. To the extent negotiations with the third party fail and the self-build is selected, the ability to achieve a June 1, 2020 in-service date may be impaired.

Q-21 Is the 800-1,000 MW WOTAB RFP intended to meet need only in the EGSL service area, or does it also include need for the ELL service area or any other area? Please explain.

A-21 Please see the response to Q-2. The RFP is intended to address the needs of the newly constituted ELL.

Q-22 Entergy referred to a baseload need during the technical/bidder conference. Please explain what Entergy means by baseload capacity need, as compared to capacity needed to meet load and reserve requirements. Please also identify any standards that Entergy uses to measure baseload capacity need, and the status of ELL and EGSL meeting such standard during each year from 2000-2015. Please also identify the amount of MW of baseload capacity that has existed relative to overall load for ELL and EGSL for each year from 2000-2015.

A-22 Base load capacity refers to capacity that is capable of and can be expected to operate in most hours. A base load resource must have a low incremental cost such that operation of the resource is warranted in most hours. Base load capacity is a form of capacity that helps utilities such as the Entergy Operating Companies meet their load and reserve requirements. Please see the 2015 Integrated Resource Plans ("IRP") for EGSL and ELL (developed prior to the Business Combination closing) for a discussion of supply role needs.

Q-23 Does the RFP allow a third-party to submit a bid utilizing the Nelson site that is already being paid for by ratepayers? If not, why not?

A-23 No, the RFP does not allow a third party to submit a bid utilizing the Nelson site. The RFP provides that third-party proposals identifying an Entergy site, including the Nelson site, as the location for a bidder's proposed generation facility are non-conforming. (See Appendix D of the RFP.) Use of the Nelson or another Entergy site as the project site for a power plant constructed for a third-party owner pursuant to the RFP would require that a third party become a co-owner of the site or obtain control over a portion of the site and possibly acquire other related real property rights from the current Entergy owner. The rationale underlying the RFP's exclusion of acquisition proposals for jointly owned resources (see the response to Q-30) generally supports the RFP's exclusion of jointly owned or controlled Entergy sites.

Q-24 The RFP refers to bidders submitting an "all-in" contract price (page 11). Does that "all-in" cost require the bidder to assume the risk of construction cost overruns and construction failures? Does that same requirement apply to Entergy shareholders for a self-build?

A-24 Yes, the "all-in" cost standard requires the bidder to assume the risk of construction cost overruns and construction failures. No. The investments, expenditures, and actions of the Entergy Operating Companies are subject to extensive oversight and regulation by retail regulators and costs that are properly found to be imprudent may be disallowed.

Q-25 The RFP indicates that bidders have to submit an interconnection application with MISO by November 16, 2015. (page 22) Does this requirement also apply to Entergy for its self-build proposal?

A-25 Yes.

Q-26 Entergy indicated that it will not accept balance sheet risk for a PPA or Tolling resource or Lease accounting (page 12). Please explain and provide examples of what type proposal a bidder would need to submit for a PPA or Tolling Agreement that would meet Entergy requirements for no balance sheet impact.

A-26 The RFP states that ESI will not accept any PPA or tolling agreement proposal in the RFP that will, under the accounting standards existing at the time of the proposal or that will be in effect during the proposal period of performance, result in the recognition of a long-term liability by Entergy, ELL, or any of its Affiliates on its or any of its Affiliates' books. As the accounting for a PPA or tolling agreement proposal will be based on the specific facts of the proposal and will involve consideration of a number of variables, the Accounting Evaluation Team cannot reasonably contemplate and define every set of facts that would cause the proposal to meet this RFP requirement and thus is not in a position to provide the requested information. Each bidder is expected to consult with its accounting representatives and other advisors, consultants, contractors, agents, representatives, and experts as it deems appropriate to determine the accounting treatment for its proposal and the proposal's conformity with the RFP requirements prior to submitting its proposal package. A bidder may request accounting-related information from ESI if and to the extent it requires information from ESI or ELL that is not publicly available and is necessary for the bidder to perform the accounting analyses contemplated by the RFP.

Q-27 Will the Independent Monitor (IM) conduct evaluations of the bids, separate from the Entergy evaluations. If so, please explain what evaluations the IM will conduct. Please also post a copy of the IM "Scope of Work Activities".

A-27 [REVISED] No. Please see the response to Q-8. For a copy of the IM Scope of Work Activities, please see the RFP website (https://spofossil.entergy.com/ENTRFP/SEND/2015ELLEGSLRFP/Documents/IM%20Scope%20of%20Work%20(Website).pdf).

Q-28 Section 1.1 "This RFP seeks from 800 MW to 1000 MW . . . of long-term capacity." What are the advantages of building one large facility versus two or more smaller facilities? Will bids of less than 800 MW or more than 1000 MW be accepted?

A-28 [REVISED] The RFP allows proposals from both existing resources and developmental resources to be offered into the RFP. Proposals for the sale of capacity and energy from existing gas-fired CCGT, combustion turbine ("CT"), and steam turbine ("ST") resources may offer from 250 MW (summer rating) to 1,000 MW (summer rating) for delivery terms of from 10 to 20 years, excluding any extension option (discussed in the responses to Q-9 and Q-17). Proposals for the sale of capacity and energy from developmental CCGT resources may offer from 650 MW (summer rating) to 1,000 MW (summer rating) for delivery terms of from 10 to 20 years (excluding any extension option) or as an acquisition proposal. The RFP seeks up to a total of 1,000 MW of capacity and energy. Given its projected long-term resource needs, ELL reserves the right to take more than 1,000 MW should economic proposals be received in excess of the 1,000 MW target. In establishing the target megawatt levels in the RFP, ESI considered ELL's overall resource needs, as well as its needs in WOTAB. One of the advantages of seeking a single developmental CCGT in this capacity size range is that it provides the opportunity to capture economies of scale offered by proven state-of-the-art CCGT technology. A proposal for an existing or developmental resource that offers capacity outside the applicable size range will be deemed non-conforming and may be disqualified.

Q-29 Section 1.10(ii) Why is the RFP considering only Developmental Resources?

A-29 The question reflects outdated information. Please see the response to Q-28.

Q-30 Section 2.2.3. Page 13 Purchased Assets – Why are jointly owned assets precluded?

A-30 Acquisition proposals that would result in ELL co-owning generation-related assets with the seller or another third party after the closing are precluded from the RFP for several reasons, including, but not limited to, (i) the risks to customers and the purchaser co-

owner associated with such arrangements, (ii) the uncertainties introduced into the proposal selection, contract negotiation, and resource planning process by a proposal for a jointly owned developmental resource, (iii) the potential for disputes and litigation between the purchaser co-owner and the seller/third-party co-owner(s), (iv) the additional time required to negotiate and address in advance the numerous issues that will or may arise out of joint ownership arrangements (e.g., liability allocations, O&M responsibilities, philosophies, and control, budgeting, voting rights, assignment and change in control limitations, expansion/modification rights, insurance, exchanges of market sensitive information, data access, MISO market participant, dispatch, imbalance, billing, settlement, and other MISO matters, environmental limitations, fuel supply, transportation and related risks, asset retirements), (v) potential added cost and complexity in supplying fuel to a single co-owned gas-fired power plant, and (vi) cost recovery risks relating to actions of third parties, vendors, and co-owners.

Q-31 Why is Entergy precluding existing resources from bidding and restricting the bids to developmental resources?

A-31 This question reflects outdated information. Please see the responses to Q-28 and Q-29.

Q-32 Why are multiple site resources precluded from bidding?

A-32 The RFP's parameters were established in order to encourage bidders to develop proposals that will meet the identified need in the most economical manner considering risk. A single resource within the target capacity range enables the economic scale offered by modern CCGT capacity (developmental resources) or CCGT, CT, and ST resources (existing resources). In addition, a proposal with generation resources at multiple sites adds evaluation complexities (e.g., multiple interconnection and deliverability evaluations), gives rise to numerous contractual and MISO-related issues, increases execution risk, and could elevate performance risk.

Q-33 Why does the RFP preclude bids that rely only on a portion of the capacity of a generating unit?

A-33 [REVISED] The RFP provides that bidders may offer to sell to ELL in a PPA or toll less than all of the resource's capacity, but must offer to sell generating capacity in increments of whole integrated generating units, except with respect to qualifying facilities ("QFs") as described below. Subject to the exception applicable to QFs described below, ELL requires the ability to control the dispatch or the offering for dispatch of the capacity purchased under a PPA or toll arising out of the RFP and to obtain capacity credits for the purchased capacity. A general restriction in the RFP that a bidder must sell all of the capacity of a specified integrated generating unit to the purchaser under a PPA or toll is consistent with that requirement. Further, ELL has determined that the absence of such a restriction for a resource in a PPA or toll would be problematic, introduce unnecessary complexities and exposures to the purchaser and its customers, particularly in the MISO marketplace, and ultimately prove more costly to customers. However, the RFP does allow QFs that have base load generating requirements due to existing agreements or, with respect to self-supply, arrangements with the facility's steam and/or power host(s) (and thus dispatchability limitations that are not the result of manufacturer recommendations or requirements) the opportunity to participate in the RFP by offering dispatchability consistent with those requirements. The RFP does not allow acquisition proposals offering less than the entire capacity of the developmental resource. Please see the responses to Q-30 and Q-32 for a discussion of the rationale for precluding acquisition proposals that offer less than the resource's full generation capacity.

Q-34 Why are bids not permitted from facilities with joint ownership?

A-34 The RFP only precludes acquisition proposals that would result in joint ownership between the purchaser(s) and the seller/other third party. Please see the responses to Q-30 for a brief discussion of the rationale underlying the joint ownership limitation and to Q-33.

Q-35 Why is the bidding limited to CCGT technology only, and why are General Electric 7HA and Mitsubishi JAC technologies excluded from consideration?

A-35 This question reflects information that is partly outdated. Developmental resources that may be offered into the RFP are limited to CCGT technology. Existing resources are limited to gas-fired CCGT, CT, and ST technologies. Through the applicable planning processes, ELL determined that CCGT technology represents the best technical and economic alternative for new-build generation and that, for existing resources, CCGT, CT, and ST technologies are best suited to meet ELL's long-term resource needs. As discussed in the response to Q-3, ELL concluded that the General Electric 7HA and Mitsubishi JAC technologies are not commercially proven, and until such commercial experience exists, ELL does not believe it is appropriate to subject customers to the risk of unproven technology.

Q-36 What was the basis for establishing 7,000 Btu/kWh as the maximum allowable heat rate?

A-36 The RFP's solicitation of new-build resources powered by modern commercially-proven CCGT technology and ELL's understanding of and experience with the heat rates of such technologies in the marketplace formed the basis for the 7,000 Btu/kWh (HHV, full load, without duct-firing) heat rate maximum specified in the RFP for new-build resources. There is no maximum allowable heat rate for existing resources offered into the RFP.

Q-37 Identify and explain the extent of currently available transmission import capacity into the LA portion of WOTAB and into the Lake Charles area. In the context of this discussion, explain why the RFP bidding is proposed to be restricted only to resources in the WOTAB region and preferably to resources in the Lake Charles area.

A-37 This question reflects information that is partly outdated. Existing resources that may be offered into the RFP are limited to resources located in MISO-South. Developmental resources are limited to resources that would be located in the Louisiana portion of

WOTAB. The locational requirement for developmental resources in the RFP is not driven primarily by limits on the ability to transmit power into the Lake Charles area or the Louisiana portion of WOTAB. Rather, the developmental resource locational requirement is driven by several factors, including that (i) locating generation close to load concentrations can improve long-term economics and the Louisiana portion of WOTAB, particularly the Lake Charles area, is a load-concentrated area and (ii) industrial load concentrations, such as those in the Lake Charles area, require reactive power, which is more efficiently served by a generator proximate to industrial loads.

Q-38 Please discuss the projected resource need per MISO OMS analysis in Load Resource Zone 9 and explain how these projections impact the timeline of Entergy's RFP and the amount of capacity solicited in the RFP.

A-38 This question and several others appear to be based on an incorrect premise that MISO is responsible for long-term resource planning. With respect to the Entergy Operating Companies, the companies and their retail regulators have responsibility for long-term resource planning, not MISO. The referenced OMS analysis does not affect the timeline or the amount of capacity solicited in the RFP. ELL bases its assessment of present and future capacity conditions in MISO-South on internal analysis relying on a combination of confidential proprietary information and public information, including, but not limited to, information relating to the results of the MISO planning resource auction. Results of ELL's planning processes and assessments continue to indicate a need for long-term generation resources that supports the RFP.

Q-39 Explain the rationale for establishing a minimum size threshold of 800 MW for resource bids. Is Entergy concerned that this size threshold would preclude smaller but efficient resources from bidding into the RFP?

A-39 This question reflects outdated information. Please see the response to Q-28.

Q-40 Does the RFP requirements allow for bids by CHP units that also serve industrial load?

A-40 A proposal supported by a CHP facility would be considered in the RFP if the proposal meets the requirements of the RFP.

Q-41 Does the RFP contemplate any approach to take advantage of existing CHP existing resources already constructed and existing in Louisiana?

A-41 Yes. Please see the responses to Q-28 and Q-40.

Q-42 If it is ultimately determined that Entergy has a need for materially less than 800 MW in the 2020 time frame, will Entergy initiate a new RFP process at such time to evaluate smaller sized resource options, or will Entergy still pursue plans for a full 800 MW unit?

A-42 ELL's long-term resource needs exceed the maximum capacity target (1,000 MW) sought in the RFP. ELL does not foresee a circumstance in which it will not need the capacity targeted by the RFP; however, ELL's planning process includes an ongoing assessment of resource needs and alternatives. To the extent that ELL's resource needs materially change during the RFP, the RFP allows ELL to make appropriate adjustments by taking more or less than the target capacity level. Note, too, that this question reflects outdated information.

Q-43 The Entergy Texas RFP sought limited term products (3-5 years), as well as long term resources. Why is this approach not pursued for Louisiana as well?

A-43 Please see the response to Q-28. The proposal requirements in the 2015 ETI RFP differ from those in the RFP because the supply conditions and identified resource needs of ETI and ELL differ. In Texas, ETI had identified a potential need for limited-term capacity and energy and structured the 2015 ETI RFP to address that need. Unlike in Texas, limited-term generation resources do not address ELL's identified need for long-term generation. As a result, the RFP does not seek limited-term generation.

Q-44 The Entergy Texas RFP sought products from existing resources, as well as developmental resources. Why is this approach not pursued for Louisiana as well?

A-44 This question reflects outdated information. Please see the responses to Q-28 and Q-43.

Q-45 If 800 MW can potentially be obtained at lower cost from multiple smaller resources, why does the RFP limit bids to only large 800-1,000 MW single units rather than exploring potential lower cost options?

A-45 This question reflects outdated information. Please see the response to Q-28.

Q-46 If an existing generator, by adding another Combustion Turbine, brings the facility's total generation above the 800 MW minimum threshold, would this generator meet the requirements of the RFP? If not, would the new Combustion Turbine (i.e. 250 MW) be eligible to bid into the RFP?

A-46 This question reflects information that is partly outdated. Existing generation and developmental resources may not be combined to meet the capacity threshold requirements of the RFP. A proposal offering less than 250 MW of capacity and energy from an existing CCGT, CT, or ST generator in MISO-South into the RFP would be non-conforming. An existing MISO-South CCGT, CT, or ST resource that proposes to add to the facility a new CCGT resource that is less than 650 MW (excluding the capacity of the existing resource) would be non-conforming.

Q-47 Will a generator that serves host load, but has excess net capacity of greater than 800 MW, meet the requirements of the RFP?

A-47 This question reflects information that is partly outdated. The generating resource described in the question would appear to meet the minimum resource capacity requirement for the RFP and would be considered if the other RFP requirements for the proposal for the resource are satisfied.

Q-48 Please explain the reason behind the determination of an 800 MW minimum threshold?

A-48 This question reflects outdated information. Please see the response to Q-28.

Q-49 The MISO Planning Resource Auction for Planning Year 2015/2016 cleared $.10 kW-mo in Zone 9. Expected future auction results and LMP prices are projected to be significantly below the cost of new generation. What makes ESI think the Planning Resource Auction and the LMP will justify the cost to build new generation vs buying/PPA with existing generation?

A-49 This question reflects outdated information. Please see the response to Q-28. The question is based on a faulty premise; the MISO planning resource auction (for capacity) and short-term MISO energy markets do not form a sound basis for long-term portfolio planning. The MISO planning resource auction provides a mechanism to ensure that all load-serving entities in MISO bear a proportionate share of the cost of required capacity for the next MISO planning year. Thus, auction results pertain to the prompt planning year only and do not represent a substitute for long-term planning. Moreover, because of its short-term nature, the MISO planning resource auction does not provide a mechanism that can substitute for long-term capacity within the resource portfolio. Likewise, exclusive reliance on the MISO short-term energy markets does not provide any protection against high energy prices, as is obtained with a generation resource or PPA. With respect to the relative benefits of new generation versus existing generation (either an acquisition or a PPA/Toll), the RFP evaluation is designed to assess which alternatives provide the lower cost and risks associated with each alternative.

Q-50 What specific deliverables is the RFP expecting from developmental proposals for deliverability and interconnection cost estimates?

A-50 [REVISED] The RFP requires proposals for developmental resources and existing resources that have not obtained from MISO, or that MISO has not conditionally granted, the quantities of energy resource interconnection service (ERIS) and network resource

interconnection service (NRIS) required by the RFP ("IS Deficient Existing Resources") to include (i) a complete and accurate copy of the required resource generator interconnection application submitted to MISO by no later than November 16, 2015 in accordance with the RFP and (ii) a copy of either the MISO letter acknowledging and validating the application or, if available, the actual study results related to such application, as well as the associated MISO queue number. Bidders of developmental resources also must provide in their proposal packages the information and materials requested in Appendix C relating to interconnection, deliverability, and transmission. Without limiting the foregoing, proposals for developmental resources and IS Deficient Existing Resources should include interconnection (ERIS) projects and cost estimates and deliverability (NRIS) projects and cost estimates for the resource reflected in the proposal and should break out and provide separately a high-level summary of each of the ERIS projects, the NRIS projects, the ERIS cost estimates, and the NRIS cost estimates. Bidders will have the opportunity to update interconnection and network deliverability-related costs included in their proposals after proposal submission. Updates to proposal package interconnection and network deliverability-related costs must be submitted to the RFP Administrator on or before the deadline for updates (as of the time of this response, January 9, 2016). For additional related information, please also see the response to Q-51.

Q-51 Regarding the MISO transmission study: The MISO feasibility study application only allows one selection of ERIS or NRIS. Would an NRIS study for the total expected output of the proposed resource satisfy the ERIS and NRIS study requirement or is the RFP expecting that bidders have entered into two separate studies with MISO (one for ERIS and another for NRIS) by the proposal due date?

A-51 [REVISED] As between ERIS and NRIS, bidders should select NRIS in the MISO feasibility study application. Bidders of developmental resources and IS Deficient Existing Resources should seek from MISO an amount of NRIS that (i) is sufficient to allow the resource to receive the maximum capacity credits a resource of its capacity size can receive under the MISO rules (for proposals offering the full amount of the resource's capacity) or (ii) can and will be allocated and prioritized such that the NRIS

level associated with the resource's capacity under contract to ELL cannot limit the amount of MISO capacity credits that ELL would receive for any planning period during the delivery term (for proposals offering less than the full amount of the resource's capacity). The quantity of ERIS required by the RFP is equal to the winter capacity rating that corresponds to the required quantity of NRIS described above, and bidders will be required to request such amount of ERIS for developmental resources and IS Deficient Existing Resources in accordance with MISO rules.

Q-52 Regarding the transmission cost estimate: Since feasibility studies from MISO do not produce cost estimates or a scope of work for interconnection of the proposed resource, is it acceptable to the RFP for developmental proposals to provide transmission cost estimates for both interconnection and network resource that are developed by someone other than "MISO"? For example, would a bidder's estimates of the local interconnection (scope and estimate developed by the bidder) and the network resource projects (scope identified by the MISO feasibility study and estimate developed by the bidder) be acceptable?

A-52 The answer to both questions is yes. RFP developmental proposals may include/provide required cost estimates for interconnection and deliverability that are developed directly by the bidder or for the bidder by a third party (whether or not MISO is the "3rd party"). The example provided in Q-52 is consistent with expectations for developmental proposals.

Q-53 Does the "ERIS" term's inclusion into the RFP documentation, imply other proposal deliverable requirements than those addressed by the questions above?

A-53 No, it does not imply other proposal delivery requirements.

Q-54 Appendix B-2 (Toll) Section 30 Force Majeure states, in part, that if Entergy claims a long-term Force Majeure ("FM") for certain periods of time that Entergy "may…terminate the Definitive Agreement…without any liability" (which implies Entergy would no longer make any payments to the Seller). If one of Entergy's company-owned resources, the self-build in Louisiana for example, had the same type of

long-term Force Majeure as is contemplated by this section that would lead to such termination right, please confirm that Entergy would no longer collect from ratepayers any 'costs' associated with that unit, and that any such remaining 'cost' would be borne by Entergy shareholders and not ratepayers. If not, then why are Tolls/PPAs subject to such requirement (i.e., the potential to not receive payments in the event of Buyer's FM event leading to termination by Buyer), but the self-build does not have to worry about such treatment? This is a clear advantage for the self-build.

A-54 The Entergy Operating Companies' long-term PPAs and Tolls routinely include termination rights for extended periods of force majeure. Indeed, it is common in the industry for PPAs and Tolls to include such termination rights and for lenders and owners to accept some force majeure termination risk. ESI is unaware of any PPA or Toll terminated by an Entergy Operating Company over at least the last ten years, including in the periods following Hurricanes Katrina, Gustav, and Ike, on the basis of an extended force majeure. Unlike independent generators, the investments and actions of the Entergy Operating Companies are subject to extensive oversight and regulation by retail regulators, including investments and actions related to force majeure situations. Expenditures and conduct of the Entergy Operating Companies may be reviewed and potentially disallowed if the utility is found to have acted imprudently. ESI disagrees with the comment that a contractual requirement that the seller bear some termination risk for protracted force majeure events is a "clear advantage" for the self-build.

Q-55 Appendix B-2 (Toll) Section 12 Capacity Payment Discount appears to state there is no exception for Force Majeure or other 'Delivery Excuse' such as directives from the Reliability Coordinator. Force Majeure hours and others 'Delivery Excuse' events should be excluded from the availability calculation (perhaps limited to a certain number of hours per year agreed to by Buyer and Seller). If Entergy owned units suffer a FM event or are curtailed by the Reliability Coordinator, does Entergy continue to collect revenues from ratepayers or ask regulators for recovery of those costs for those time periods?

A-55 The actions of each Entergy Operating Company are subject to periodic regulatory review, including actions relating to force majeure or curtailment events affecting a generation resource it owns or has under contract. Any costs determined to have been imprudently incurred may be disallowed from recovery. The effects of force majeure and delivery excuse on payments to the seller under a PPA or Toll, including those referenced in Appendices B-1 and B-2 to the RFP, are consistent with standard Entergy Operating Company long-term power purchase contracting practices.

Q-56 According to the RFP document, bidders are responsible for and must include in their offer price all costs associated with the transmission interconnection and long-term firm network transmission service (even though such costs are only known definitively after the MISO process is completed). Given that results of such studies will not be available prior to the RFPs shortlist milestone, it is hard for any bidder (or the self-build) to have such definitive costs related to meeting the RFP requirements. The RFP and PPA should include a provision that contemplates a threshold (both dollar amount and timing for completion of any required upgrades) that Buyer and Seller would acknowledge are acceptable results (presumably Buyer will perform some estimates of such costs for both self-build and third party proposals in order to shortlist and make a selection). Otherwise, the RFP should be modified to allow Seller to adjust their proposal upon completion of the MISO interconnection process (subject to an agreed upon threshold). If Entergy does not agree with this concept, then please confirm that if the self-build is selected in this RFP, that the value associated with such NRIS costs submitted by the self-build team as part of its proposal (pursuant to section 2.4.6 of the RFP) will be an absolute cap and that Entergy will not ask for recovery of any costs greater than that number during the regulatory approval process, even if the ultimate study result from MISO is a greater number than originally estimated and submitted. Such a statement from Entergy is necessary to put the self-build on equal ground with third party PPA and Toll proposals; if Entergy is able to change the value of that transmission cost after selection and a third party PPA/Toll Bidder is not, then that is a clear bias for the self-build.

A-56 ELL does not agree that the price adjustment concept is necessary for the RFP and will not voluntarily accept an absolute cap or recovery limitation as proposed in the question.

The pricing of proposals in the RFP needs to have sufficient certainty to allow for a conclusive evaluation of the proposals. While, ideally, bidders and the self-build team would have the benefit of definitive MISO interconnection, deliverability, and transmission scopes and pricing at the time of proposal submission or the RFP deadline for submitting updated interconnection, deliverability, and transmission pricing information, the lack of the same does not mean that some form of proposal true-up mechanism is appropriate for the RFP. For example, selections and the in-service date for the selected resource(s), at least for developmental resources, would likely be materially delayed if the adjustment concept were adopted. As provided in the response to Q-50, Bidders will have the opportunity to update interconnection and network deliverability-related costs included in their proposals after proposal submission. Updates to proposal package interconnection and network deliverability-related costs must be submitted to the RFP Administrator on or before the deadline for updates (as of the time of this response, January 9, 2016). Unlike independent generators, the investments and actions of the Entergy Operating Companies are subject to extensive oversight and regulation by retail regulators and costs that are properly found to be imprudent may be disallowed. ESI disagrees with the comments that the statement requested by the question is "necessary" to ensure that third-party proposals and the self-build option are fairly treated.

Q-57 Is the 800-1,000 WOTAB RFP intended to meet need only for Louisiana, in WOTAB?

A-57 This question reflects information that is partly outdated. No. Please see the response to Q-37.

Q-58 The WOTAB RFP is very limited in terms of the resources sought - - to an 800-1,000 MW developmental CCGT project located in WOTAB, near Lake Charles. How does Entergy intend to determine whether or not that particular resource option provides the lowest reasonable cost for ratepayers if Entergy does not also pursue other options, such as from existing generation resources, smaller generation resources, and existing CHP resources?

A-58 This question reflects outdated information. Please see the response to Q-28.

Q-59 If Entergy is contemplating seeking any other resource options for ELL or EGSL in a separate RFP, please identify the status of that RFP and when it will be noticed and issued.

A-59 This question reflects outdated information. Please see the response to Q-28.

Q-60 The WOTAB RFP indicates it is seeking 800-1,000 MW as "incremental to existing plant in WOTAB". (page 7) Does that mean that no unit deactivations are anticipated to support the need for the 800-1,000 MW unit?

A-60 This question reflects information that is partly outdated. The quoted provision was simply an alternative expression of ELL's need for new-build capacity. Please see the 2015 IRPs for EGSL and ELL (developed prior to the Business Combination closing) for a discussion of their resource needs.

Q-61 Does the Louisiana portion of WOTAB have to be served by generation located in the Louisiana portion of WOTAB? Is there a particular import constraint - - if so, how many MW?

A-61 This question reflects information that is partly outdated. No, the Louisiana portion of WOTAB does not currently have to be served by new generation located in the Louisiana portion of WOTAB, although ELL has identified benefits to locating new generation in WOTAB proximate to the load concentration in Lake Charles, Louisiana. The RFP is not driven by energy import constraints into the Louisiana portion of WOTAB. Please see the responses to Q-28, Q-37, and Q-57.

Q-62 Has transmission need/cost been determined that would allow Louisiana WOTAB need to be served from outside of Louisiana WOTAB? If so, please provide the information.

A-62 This question reflects information that is partly outdated. No. Please see the response to Q-61.

Q-63 Will the proposed $187M Lake Charles Transmission project increase capability within WOTAB to obtain service from generation outside of WOTAB? Please explain why or why not.

A-63 The Lake Charles Transmission Project ("LCTP") was submitted to MISO and approved by MISO as a Baseline Reliability Project to maintain conformance with the North American Reliability Corporation (NERC) and SERC Reliability Corporation (SERC) reliability standards and the Entergy Operating Companies' own Local Planning Criteria. Because the project need is reliability-based, ELL has not performed any studies to determine if the LCTP would result in an increase in the import capability in WOTAB. Details concerning the LCTP are available in LPSC Docket No. U-33645.

Q-64 Entergy discussed a future MISO South capacity equilibrium as a reason for wanting to construct new generation. What is the current amount of excess MW of capacity that exists in MISO South, and what is the projected amount of such excess capacity projected to exist each year from 2015 - 2025?

A-64 The following responds to Q-64 through Q-72 (some of which appear to be based on an incorrect premise that MISO is responsible for long-term resource planning; please see the response to Q-38). Results of the MISO planning resource auction for the MISO 2015 – 2016 planning year indicate an excess of 4.1 GW in MISO-South (local resource zones 8 and 9 combined) above the projected MISO peak. Results of the auction can be found at the following link: https://www.misoenergy.org/Library/Repository/Report/Resource%20Adequacy/Auction Results/2015-2016%20PRA%20Results.pdf. Absent new capacity additions, the capacity excess in MISO-South is expected to decline in the coming years with load growth and unit deactivations. Conditions in MISO-South could tighten further in the event that additional capacity is allowed to transfer from MISO-South to MISO-North, which has less excess capacity reserve than MISO-South. ELL has projected capacity needs of about 3.2 GW by 2024. This reflects load growth, PPA terminations, and unit deactivations. Please see the 2015 IRPs for EGSL and ELL (developed prior to the Business Combination closing) for a discussion of the newly constituted ELL's resource

needs. ESI's year-by-year MISO-South capacity position and underlying details constitute highly sensitive commercial information.

Q-65 What is the current amount of excess MW of capacity that exists in MISO Load Resource Zone 9 (including ELL, EGSL, ENO, ETI) and what is the projected amount of such excess capacity projected to exist each year from 2015 - 2025?

A-65 Please see the response to Q-64.

Q-66 Does the amount of excess MW of capacity in MISO South, and Load Resource Zone 9, projected to exist each year from 2015 – 2025, reflect assumed generation construction?

A-66 Please see the response to Q-64.

Q-67 Does the amount of excess MW of capacity in MISO South, and Load Resource Zone 9, projected to exist each year from 2015 – 2025, reflect assumed generation unit deactivations?

A-67 Please see the response to Q-64.

Q-68 What is the amount of MW of new generation construction assumed by MISO for MISO South and for MISO Load Resource Zones 9 for each year from 2015 - 2025?

A-68 Please see the response to Q-64 and, for a discussion of planned resource additions for the newly constituted ELL, the 2015 IRPs for EGSL and ELL (developed prior to the Business Combination closing).

Q-69 What is the amount of MW of generation deactivations assumed by MISO for MISO South and for MISO Load Resource Zones 9 for each year from 2015 - 2025?

A-69 Please see the response to Q-64.

Q-70 What assumptions is MISO using for load growth for MISO South and for new MISO Load Resource Zone 9 for each MISO planning year from 2016-2017 through 2025-2026?

A-70 Please see the response to Q-64.

Q-71 Does the amount of existing generation assumed by MISO for its capacity projections for MISO South and for MISO Load Resource Zone 9 for each year from 2015 - 2025, include QF capacity that is registered as a MISO Market Participant?

A-71 Please see the response to Q-64.

Q-72 Does the amount of existing generation assumed by MISO for its capacity projections for MISO South and for MISO Load Resource Zone 9 for each year from 2015 - 2025, include QF capacity that is not registered as a MISO Market Participant?

A-72 Please see the response to Q-64.

Q-73 Why is the in-service date for the 800-1,000 MW of developmental generation required in 2020, instead of for example 2022, or 2025? Why was 2020 selected?

A-73 This question reflects information that is partly outdated. The 2020 in-service date was selected after considering several factors, including, but not limited to:

a) The magnitude of ELL's long-term capacity needs;
b) The lead-time associated with the deployment of new CCGT capacity and related risks;
c) The need for an orderly deployment of resources over time;
d) The magnitude and timing of projected load growth; and
e) Risks related to being capacity and energy short in the MISO market.

Q-74 The technical/bidders conference held on August 17, 2015 for the WOTAB RFP did not allow verbal presentation or discussion of questions and answers by stakeholders. Why? Have past Entergy bidder/technical conferences on RFPs precluded verbal discussion?

A-74 Recent Entergy Operating Company RFPs, including the RFP, have requested that questions be provided in writing to ESI in advance of the conference date to allow for the orderly processing of questions and the development of more definitive responses and to

help preserve bidder confidentiality. The conferences in those RFPs had a question and answer segment in which various representatives of ESI and the involved Entergy Operating Companies answered written questions that had been submitted prior to or during the conferences. ESI does not agree that the RFP or other recent Operating Company RFP conferences have "precluded" verbal discussion.

Q-75 Please provide any economic or other analyses that Entergy has conducted in reaching any conclusions that only new resources located in the WOTAB region would meet Entergy's planning requirements in consideration of system economics or reactive power needs.

A-75 ELL has not determined that only new resources located in WOTAB would meet planning requirements and thus does not have the requested analysis. ELL notes that a new CCGT resource located in the Louisiana portion of WOTAB is an element of its overall resource plan and the RFP is consistent with the resource plan. Please see the 2015 IRPs for EGSL and ELL (developed prior to the Business Combination closing).

Q-76 The question below references the Main Body of the 2015 ELL/EGSL RFP documents located in the last paragraph of Section 2.2.2 the "and Appendix D for certain other commercial provisions or considerations relevant to PPA or Toll Products." Since none of the requirements in Appendix D are labeled as requirements for PPA's of existing resources, please clarify the PPA requirements in Appendix D for existing resources in which the above sentence in Section 2.2.2 of the main body is referencing. Please let me know if you need more detail.

A-76 A-76 Appendix D of the RFP only applies to developmental resources and would not be relevant to PPA or tolling agreement proposals offered into the RFP that are anchored by existing resources.

Q-77 Main Body, Section 2.2.2, Page 14. - If an existing resource Bidder were to submit a proposal for a 10 year PPA from existing resources, without any provision for extension at Entergy's sole option, specifically what generation assumptions will Entergy make in analyzing the PPA over the 30 year period? Please provide specific generation

assumptions and costs of such generation during years 11 – 30 in sufficient detail such that Bidder can review this in the development of their proposal.

A-77 ESI considers the requested assumptions to be highly sensitive confidential and proprietary information and, accordingly, does not disclose this type of information.

Q-78 Main Body, Section 2.2.2, Page 14. - Please explain with specificity, the penalty, if any, that would be assessed against the Bidder if the Bidder were to propose a 10 year PPA that included provisions for contract extension pursuant to MUTUAL agreement of the parties rather than "exercisable exclusively by the Companies at their sole and absolute discretion".

A-78 No penalty would be assessed against the bidder if it were to propose such a PPA.

Q-79 Main Body, Section 2.2.2, Page 14. - Please clarify, with specificity, the meaning of following language: "Bidders are reminded that the Companies are not soliciting PPA or Toll proposals with base Delivery Terms longer than 20 years and inclusion of an extension option in a proposal may or may not have adverse accounting or other adverse implication for the proposal."

A-79 The language cited above restates the 20-year maximum base delivery term for PPA or Toll proposals offered into the RFP. While a bidder may include an extension option as described in the RFP, inclusion of such an option could affect the accounting analysis of its proposal, including, without limitation, the accounting analysis of whether the proposal would result in a definitive agreement that triggers capital lease or VIE accounting. As stated in Section 6.1.5 of the Main Body, ELL will not enter into a definitive agreement for a PPA or Toll that will or may result in the recognition of a long-term liability on its books, regardless of the accounting standard that yields such result.

Q-80 Main Body, Section 2.2.2. - "ESI will accept for evaluation PPA and Toll proposals that offer less than the entire Capacity of the generation resources … and meet the requirements for participation in this RFP."

"Except for certain PPA proposals for QF resources below, any proposal for a PPA or a Toll submitted into this RFP must offer generating capacity in increments of whole integrated generation units… PPA proposals for QFs that have base load generating requirement due to existing agreement or, with respect to self-supply, arrangements with the Facility's steam and/or power host(s) may limit the dispatchability of the proposed Capacity consistent with those requirements."

Appendix B-1 (Term Sheet PPA) Item 1. - "… (y) with respect to a proposal related to a QF resource, a portion of the nameplate capacity of the Facility after accounting for existing agreements or, with respect to self-supply, arrangements regarding the Facility's steam and/or power host load requirements"

Question: Is a QF resource permitted to offer less than the entire Capacity of generation resources, after taking into consideration their existing agreements and host load requirements, in order to reserve a portion of their available capacity for other purposes (i.e. sales within the MISO market)?

A-80 Yes, in the situation described above, a bidder of a QF resource may offer less than the entire capacity of the QF to reserve a portion of the available capacity for other purposes.

Q-81 If the answer to Question #83 is yes, can a QF who offers less than the entire Capacity of its generation resource, after taking into consideration their existing agreements and host load requirements, offer more or less than increments of whole integrated generating units (i.e. more or partial output from a combustion turbine)?

A-81 ESI understands the above question to be asking whether a bidder may offer QF capacity that is not specifically tied to one or more whole integrated generating units at the facility. With this understanding of the question, yes, a bidder may offer capacity from a QF that is not specifically tied to one or more whole integrated generating units at the facility without the bidder's proposal being eliminated from consideration in the RFP on that basis. To make a proposal with such a capacity offer, a bidder would need to include a Special Consideration in its proposal detailing the characteristics of the QF capacity

being offered (including, without limitation, any operating, offering, dispatch, or other restrictions or limitations and the priority of such capacity relative to the remaining capacity of the generation resource). A proposal taking such a Special Consideration will be evaluated in accordance with the evaluation process set forth in the RFP, including, without limitation, with respect to the economic costs and benefits expected to result from such proposal.

Q-82 Appendix B-1 (Term Sheet PPA) Item 5. – "For resources other than External Resources, the point at which capacity and associated capacity-related benefits will be made available, and energy and other electric products (to the extent capable of being physically delivered) will be delivered, to Buyer will be as specified by Bidder in the applicable proposal."

Question: Will a PPA have to be physically delivered through an Internal Point-to-Point Schedule as defined in the Physical Scheduling BPM, or will Entergy allow financial settlements via Financial Schedules? Can you please clarify how Entergy envisions the scheduling into the MISO market?

A-82 Products provided under any PPA resulting from the RFP will not be physically delivered through an Internal Point-to-Point Schedule as defined in the Physical Scheduling BPM. Financial settlements, such as through financial schedules, will be permitted in instances when ELL is not acting as the market participant under the PPA. As ESI appreciates the question, scheduling into MISO will be determined based on whether the seller or the buyer serves as market participant under the PPA. If the seller is the market participant, financial schedules would be submitted to MISO for deliveries of energy and other electric products under the PPA.

Q-83 Appendix B-1 (Term Sheet PPA) Item 5. - "For existing resources located outside the Load Zone (as defined in the MISO Rules) for ELL's or EGSL's load ("External Resources"), (i) the "Interconnection CP Node" will be the Electric Interconnection Point and (ii) the "Financial Settlement CP Node" will be the CP Node for Buyer's load (EES.ELILD, if ELP or ELL is Buyer, or EES.EGILD, if EGSL is Buyer)"

Can you confirm that the [redacted] is part of the Load Zone and therefore not considered an External Resource?

A-83 Yes, the CP Node referenced above is located in the Load Zone for ELL's load.

Q-84 Appendix B-1 (Term Sheet PPA) Item 15. - "Buyer's rights to the capacity, capacity-related benefits, energy, environmental attributes, and other electric products from the Facility (or, in the event Bidder proposes to allocate to Buyer a Portion of the Facility, the corresponding portion thereof) are exclusive, and Seller may not offer, sell, deliver, or make available for any delivery period during the Delivery Term any of such capacity, capacity-related benefits, energy, environmental attributes, or other electric products for the benefit of any person other than Buyer (whether or not Buyer dispatches the same).

Question: Can you please explain in detail what the intent of this paragraph is? Is Entergy suggesting that if Buyer chooses not to dispatch the energy on any given day, then Seller cannot offer such energy into the MISO market or to third parties? If such is Entergy's intent, can you confirm that in those instances Entergy will pay the Energy Payment as if it had dispatched the energy? If Entergy applies Bidder's ZRCs towards its resource adequacy requirements, and Bidder is not allowed by the PPA to offer into MISO due to Entergy not dispatching the product, then how does Entergy suggest Bidder can meet its must-offer obligation?

A-84 In the event that capacity allocated to Buyer under a PPA resulting from the RFP is not offered into MISO by ELL or pursuant to ELL's direction or agreement and/or MISO does not dispatch such capacity and any product therefrom, (i) Seller will not be permitted to offer, sell, deliver, or make available such capacity or any product therefrom into the MISO market or to third parties and (ii) ELL will not be required to make any payment to the seller as if such capacity or any product therefrom had been dispatched. Under a PPA, the seller will receive a capacity payment in return for ELL's exclusive rights to such capacity and other products. If the resource has a must-offer obligation,

ELL would be required to submit offers, or to direct the market participant for such capacity to submit offers, consistent with such obligation.

Q-85 If Entergy is able to claim ARRs due to the facility in the RFP becoming a Firm Designated Network Resource for EGSL or ELL, and the resource is located in EGSL's or ELL's Load Zone, will the resource share in the revenue and/or loss of any ARRs arising from the PPA agreement? Does the ARR/FTR process only apply to external resources? What would be the process for the Seller to object to Entergy procuring an ARR, if the Seller believed the ARR would have a negative impact on the Seller?

A-85 No, if the resource is located in ELL's Load Zone (which, after the ELL and EGSL business combination, includes what was formerly EGSL's Load Zone), ELL will bear congestion risk and the ARR/FTR revenues and charges allocated to the buyer under the applicable PPA will not be shared with the seller as they would for resources located outside of ELL's Load Zone (where the seller bears congestion risk). The process for the buyer to obtain any ARRs/FTRs arising out of the applicable PPA will be the same regardless of whether a resource is an external resource. No process is envisioned for the seller to object to the buyer's procurement of an ARR, as the seller is expected to refrain from taking any action or position to oppose the buyer's receipt of ARRs/FTRs or exercise of its rights with respect thereto. Please see Item 6 of Appendix B-1 of the RFP for additional information.

Q-86 Will the Seller be required to obtain NRIS up to its nameplate capacity if the Seller only sells a portion of the facility? Will a facility that is only able to obtain NRIS up to 80% of the Dependable Capacity of the facility be disqualified from the RFP? Will this same facility be able to sell the 80% as a portion into the RFP? Will a facility with Host Load only be required to acquire NRIS up to the portion of the facility submitted to the RFP?

A-86 No, a seller that is only selling a portion of the output of a facility will not necessarily have to obtain NRIS up to the facility's nameplate capacity, but, in connection with its proposal, seller will be required to have obtained or to have requested from MISO the Required NRIS Quantity (as defined in the RFP), including by allocating and prioritizing

the quantity of NRIS so that the facility's capacity under contract to buyer does not limit the amount of MISO capacity credits that buyer would receive for any planning period during the delivery term of the PPA. A facility that has obtained NRIS only up to 80% of the capacity to be contracted to buyer will not be disqualified from participation in the RFP, but, in connection with its proposal, the bidder will be required to request from MISO at least the amount of NRIS necessary for the facility to obtain the Required NRIS Quantity. A bidder may offer to sell such 80% of the capacity initially proposed to be contracted to the buyer so long as such offer meets the other requirements of the RFP. For participation in the RFP, a facility with host load will be required to have or to have requested from MISO the Required NRIS Quantity.

Q-87 What valuation assumptions are you making for generators that have short-term bridge agreements? How will a facility with a short-term bridge agreement be evaluated against a facility able to start the PPA by June 1, 2020?

A-87 The valuation assumptions for the RFP continue to be developed and have not been finalized. ESI considers such assumptions to be highly sensitive confidential and proprietary information and, accordingly, does not disclose this type of information. A proposal including a short-term bridge agreement will be evaluated based on the terms of the proposal. In such case, the terms applicable to the bridge agreement as well as the terms of the PPA commencing after such bridge agreement will be evaluated.

Q-88 Throughout the document the following is used: "{Excluding any baseload portion of a QF or ST resource}. Please define "baseload" as it applies to a QF resource?

A-88 The term "baseload" in such context refers to the portion of the capacity under contract to buyer that has a must-run obligation, and, therefore, is not subject to the start-up charges and related start-up provisions. Please see the response to Q-81 for additional information relevant to this question.

Q-89 Please define "from time to time" as it applies to Buyer requesting a test of the Dependable Capacity in Item 10 of Appendix B-1? Will there be limits to the frequency of testing that apply to Buyer requested Dependable Capacity tests?

A-89 "From time to time" means on occasion. There will be no limits on the frequency of such tests, but it is not expected that the buyer will have reason to exercise this right with any frequency given that MISO has its own testing requirements for capacity, that the buyer will bear costs related to such buyer-requested tests, as specified in Item 10, and the customary contract terms for the buyer's long-term power purchase and toll agreements.

Q-90 What is the basis for using 97 degrees and 56% relative humidity for "Dependable Capacity Allocated to Buyer" when MISO requires the GVTC of a facility to be adjusted to ambient conditions on historical MISO peak days?

A-90 Reference conditions of 97 degrees Fahrenheit and 56% relative humidity are used because they are fixed and allow for a consistent standard of adjustment applicable to all proposals as compared to MISO's adjustments, which would not be consistent with respect to all proposals as they fluctuate from year to year and resource location to resource location.

Q-91 For QF facilities, the Host Load may vary over the term of the contract. How does a QF facility adjust the Dependable Capacity to account for Host Load changes over the course of the Term? Will there be a mechanism to adjust Dependable Capacity every year for facilities with Host Load?

A-91 A bidder may adjust the dependable capacity from year to year to account for such variations in host load by including a special consideration in its proposal and proposing different amounts of dependable capacity, as necessary, for each MISO planning year of the delivery term, provided that the proposal otherwise meets the requirements of the RFP. Any varying amounts of dependable capacity must be included in such special consideration and be known at the time of proposal evaluation. The dependable capacity amounts cannot be based on a formula that fails to yield a known amount, or otherwise be indeterminate, at the time of proposal evaluation.

Q-92 How will Entergy evaluate a scenario in which a portion of the 750-1000 MWs requested are procured through a PPA and the balance will result in a smaller self-build? Will economies of scale penalties show up due to the smaller self-build?

A-92 As described in the RFP, the self-build resource will not be sized at less than 650 MW (summer conditions, at full load, including duct-firing). Thus, the envisioned scenario cannot result in a "smaller" self-build resource and no economies of scale penalties due a smaller self-build can materialize. ESI notes that while the RFP seeks up to 1,000 MW of long-term capacity, energy, and related products, ELL expressly reserved the right to select more than the targeted amount.

Q-93 When MISO disqualifies a facility's ability to provide ancillary services due to system reliability/transmission constraints, how does ESI anticipate this will be handled with a PPA in regards to availability requirements?

A-93 The term sheet for PPAs does not contemplate an availability requirement with respect to ancillary services and, accordingly, does not address the situation described in the question. However, the term sheet for PPAs does provide that the buyer will be entitled to all available ancillary services related to the capacity under contract to it.

Q-94 Please clarify the following concept in Appendix B-1 Item 15 under "Operating Restrictions": The language in the proposed PPA appears to suggest that if/when the operating flexibility of a unit becomes greater than the one demarcated by the original PPA Operating Restrictions, then Buyer expects Seller to automatically reduce the Operating Restrictions in the PPA. Furthermore, Buyer also expects Seller to make available to Buyer the additional operational flexibility of the unit. What is not clear is how Buyer will pay for such additional operational flexibility. It is also unclear if the "reduced" Operating Restrictions are expected to remain in place for the remainder of the PPA Term. If Buyer does not expect to pay for the additional operational flexibility, please explain the reasoning behind not paying for more flexibility, if such flexibility is in addition to the original operating parameters included in the original PPA?

A-94 The reductions in the operating restrictions described in Item 15 of Appendix B-1 of the RFP will not require any additional payments from the buyer to the seller because the extent of any flexibility is currently unknown, any such flexibility will result from actions outside the buyer's control, and any such flexibility should be factored into the pricing terms included in bidder's proposal. As further described in the definition of "Operational Requirements" in Item 15 of Appendix B-1, the reduced operating restrictions are expected to remain in effect only so long as (i) they are required by MISO or other applicable balancing authority operational requirements or (ii) the facility is capable of achieving them.

Q-95 Throughout the PPA, the words "dispatch", "dispatched", and "delivered" are used in different contexts and not capitalized (not clearly defined). Please define what constitutes a dispatch, and what constitutes delivery for purposes of calculating the Energy Price and all other components that are used to calculate payments to Seller from Buyer. Please also define "dispatch" and "deliver" as those terms are used to calculate Capacity Payment Discounts.

A-95 In the context of the RFP, "dispatch" generally means the decision to call on a resource to generate energy or other electric products by or for the account of a party, typically the buyer (e.g., based on the buyer's offers or offer instructions into MISO), recognizing that in the MISO markets MISO actually makes the dispatch decisions. The term "delivery" for purposes of the RFP generally refers to the completed act of providing for the buyer's account energy and other electric products to the specified delivery point under the PPA. Please refer to Items 5 and 32 in Appendix B-1 of the RFP for additional information regarding the delivery point and quantities of energy and other electric products that are considered delivered. The terms "dispatch" and "delivery" as used in the calculation of the energy price, capacity payment discounts, and other payments have the same meanings described above. Note that these terms will be defined and described with more specificity in any definitive agreement.

Q-96 Currently Appendix B-1 is written to imply that Buyer will bear no responsibility for RSG costs when a unit is unable to meet its dispatch due to a unit trip, or for any other

reason. Why did Buyer decide not to include a provision in the PPA to pass-back the RSG costs from Seller to Buyer (when RSG costs are incurred)? Given that the self-build option will be subject to all RSG costs, how will Entergy determine the parity between the PPA (which leaves Entergy with no RSG exposure) and the Self-Build option (which leaves Entergy exposed to RSGs)?

A-96 Because the seller will own and have control over and responsibility for operating and maintaining the resource during the term of the PPA, RSG costs are considered a risk that can be mitigated by, and therefore should be borne by, the seller. Under the self-build option or an acquisition, ELL will own and have control over and responsibility for operating and maintaining the resource during its life and would be subject to all RSG costs.

Q-97 Appendix B-1, Item 12 in the definition of ACi please clarify what it means for Dependable Capacity to be taken over the entire hour in the phrase: "…for the avoidance of doubt, means taken over the course of the entire hour i as a whole…"?

A-97 The phrase "taken over the course of the entire hour i as a whole" means that the capacity will be measured based on availability over each whole hour and not a portion thereof.

Q-98 Appendix B-1, Item 19, please clarify the intention of the start-up language in the last paragraph. Is Entergy trying to make sure that they only pay for one successful scheduled Start-up when the unit has a failed start-up attempt (or several failed attempts), followed by a successful start-up? The language appears to suggest that Entergy will be entitled to a "free" start-up for every failed start-up that is attempted before a successful start-up. For example, if after a scheduled start-up instruction the unit has 5 consecutive failed attempts, and eventually completes a successful start-up, Entergy will pay for one successful start-up, and will not be entitled to 4 more free starts in the future.

A-98 The start-up language referenced in the question is designed to ensure that buyer does not pay for another start-up if a unit shuts down other than pursuant to a scheduled shutdown. In the example provided above, assuming that none of the five (5) consecutive failed start-up attempts in the example constituted a "Completed Start" (as defined in Appendix

B-1, Item, 19), buyer would pay for one completed start but would not be entitled to four free starts.

Q-99 Appendix B-1, Section 36, number 5. Does Seller have the right to self-insure to comply with Seller's insurance obligations?

A-99 The seller under a power purchase or tolling agreement may have the right to self-insure the generating resource depending on its credit quality and the terms of the proposal.

Q-100 When will Seller know the outcome of CET's review of Seller's credit? In Appendix F it is mentioned that the CET rating in most cases will be equivalent to the published credit rating (Seller is rated [redacted]). How will Entergy relay the outcome of CET's review (via email, fax, in writing through courier/mail)? Bidder is under the assumption that a PCG [parent company guaranty] issued by Seller will be adequate credit support based on the [redacted] ratings, and [redacted] When will the PCG need to be posted? When will the PCG be returned? What is the dollar amount associated with the PCG?

A-100 The seller should know the general outcome of the Credit Evaluation Team's assessment of its credit quality if and after its proposal is selected for inclusion on the primary or secondary selection list. As the RFP provides, after a proposal's placement on either list, ESI expects to discuss credit requirements associated with the proposal with the bidder of the proposal. Such discussions could include communications via email, fax, courier/mail, telephone, or other means. The credit support required for a contract arising out of the RFP will be a function of the CET's assessment of the credit quality of the seller and other factors bearing on credit risk. A parent guaranty is identified in the RFP as one of several possible forms of credit support for a seller. The acceptability and value of a parent guaranty will vary depending on the credit assessment of the guarantor. In general, a bidder or seller will not be obligated to post credit support in connection with the RFP until the bidder or seller executes a definitive agreement or a letter of intent for the proposed transaction. (The credit support for letters of intent is relatively modest and capped.) An exception may apply for bidders proposing developmental resources that fail to meet the RFP's minimum requirements for those resources, which are described in

Appendix D of the RFP. The terms of the return or expiration of credit support, including timing, will be determined on a case-by-case basis consistent with the credit evaluation process set forth in the RFP. Please see Sections 2.3.4, 6.1.6, 6.2, and Exhibit F of the RFP for additional and more detailed information on the subject of credit.

Q-101 Other than for purposes related to the Right of First Refusal as described in the Term sheet on page B-1-43 in Proposal Term section 44, and in light of guaranteed heat rate curve and in light of Bidder wears risk of all environmental items on related to bidder's facility, and reliability, all ownership risk, operational risk, maintenance and capital risks, performance, credit risk, all gas supply risks, please help us understand the reasoning for the following requested informational items from Appendix C-2.

Sections: 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8 and items in section 4 on pages C-2-3 and C-2-4, items 6.2, 6.3, 6.4, 7.1, 7.2, 7.3.5, 7.3.6, 7.3.9, 7.3.10, 7.3.11, 7.3.12

A-101 ESI does not agree with the lead-in to the question. ESI requests the information solicited in the specific sections identified above so that it may develop or improve its understanding of each existing resource with respect to the environmental, credit, operational, maintenance, and other matters covered by the requests and may identify and assess risks related to the resource and the proposal it supports. While any definitive agreement arising out of the RFP will allocate risk between the parties, the allocation does not mean the buyer is indifferent to the risks allocated to the seller. Further, the allocation may not be as provided in the term sheets.

Q-102 Please clarify and further explain what is meant by "...by MISO Unit heat rate" in section 7.3.1 [of Appendix C-2].

A-102 A period should follow the word “MISO”. “Unit heat rate” was included in error and should be disregarded.

Q-103 Please define "Accredited" unit capacity in Appendix C-2 ,section 7.3.10 as it applies to this RFP.

A-103 The request for “accredited” unit capacity is intended to seek capacity accreditations, if any, for the facility by MISO, NERC, FERC, ISOs, and the like. Accredited unit capacity figures in MISO are expected to be provided in the bidder’s response to the request in Section 7.3.1 and need not be duplicated in the response to Section 7.3.10.

Q-104 Please explain "Historic service hours" in Appendix C-2, section 7.3.9. as it applies to this RFP.

A-104 The request for “historic service hours” is intended to seek the cumulative hours of operation of the generation units at the facility.

Q-105 Does it seem reasonable to give any benefit obtained from the PPA agreement in perpetuity and how does ESI suggest a benefit received in perpetuity be valued? The question refers to Appendix B-1, Section 6, page B-1-5, the highlighted portion of the paragraph below. Does Entergy plan on adding an FTR/ARR benefit into the Self-Build evaluation that will not have an end date? What is the time frame Entergy will use in the Self-Build evaluation for the ARR/FTR benefit? How does Entergy suggest an ARR/FTR in perpetuity be valued for a third party proposal? Does Entergy feel it is common practice to keep benefits received from a PPA agreement after a PPA has been terminated?

Notwithstanding anything to the contrary, and without limiting item 13 below, all allocations of ARRs and, if applicable, FTRs and similar rights by any Balancing Authority(ies) applicable to the Electric Interconnection Point or arising out of the Definitive Agreement that are associated with the capacity, capacity-related benefits, energy, and/or other electric products to be provided under the Definitive Agreement during the Delivery Term, including, for the avoidance of doubt, ARR and FTR allocations based on data, performance, or periods prior to the Delivery Term (or are associated with any transmission service or usage or physical, financial, or other transfer with respect to any of the same), and all FTRs and other entitlements derived therefrom or otherwise related thereto, will exclusively and solely accrue to and be owned by Buyer, including after termination of the Definitive Agreement.

A-105 ESI notes that Q-101 includes questions that the originator supplied after ESI sought to clarify the initial question (the first question in Q-101). ESI's response focuses on the supplemental questions. As indicated in the responses to Q-15 and Q-18, the self-build option will be evaluated over a 30-year life. The evaluation methods and assumptions for the RFP continue to be developed and have not been finalized. The chosen evaluation methods for the RFP, which will be subject to the review of the Independent Monitor, will be designed to place all proposals submitted in the RFP on equivalent footing for purposes of review. At this point, ESI does not anticipate that any value will be associated with or attributed to the availability of auction revenue rights/financial transmission rights for any proposal; however, to the extent that ESI identifies value associated with the availability of ARRs/FTRs, all proposals will be treated equivalently regardless of form. The current MISO rules provide that a load-serving entity (LSE) may retain ARRs beyond the contract term of a PPA that gave rise to those rights. ESI is not in a position to speak to whether it is common practice for LSEs in MISO to retain ARRs and related FTRs after the termination of such a PPA. ELL expects that, for ELL, if such a PPA emerges from the RFP, ELL's post-contract term ARR/FTR decisions with respect to such PPA would be made in a manner consistent with other similar ARR/FTR decisions it must make for other contract resources. Please see the response to Q-85 for additional information.

Q-106 Term Sheet Item 47, Accounting: "Further, if any such risk materializes prior to the inception or during the term of the Definitive Agreement, Seller must promptly notify Buyer and Buyer will have the right, but not the obligation, (i) to require Seller to modify or amend the Definitive Agreement or enter into alternative arrangements as necessary or advisable for Buyer to avoid, minimize or mitigate such risk (in which event the Parties will make such modifications or amendments or enter into such arrangements as expeditiously as practicable) and/or (ii) to terminate the Definitive Agreement upon notice to Seller, with a due to Buyer if the termination is due to the materialization of a risk that, under terms to be negotiated and specified in the Definitive Agreement, constitute an event of default of Seller."

Please describe the nature (whether it be economic or otherwise) and the effect of the "risk" mentioned above arising from a recognition of a long-term liability and an asset by the Buyer from a PPA proposal by a Seller leasing a generation facility. Would the Self-Build Option have the same recognition of a long-term liability and an asset by Buyer?

A-106 The risk to ELL of a PPA arising out of the RFP that may be accounted for as a lease or other long-time liability of ELL (Lease PPA) is predominantly financial or economic in nature. The adverse financial or economic effects include, but are not limited to: 1) increased long-term liabilities on ELL's balance sheet (relative to comparable non-lease PPAs or a comparable buyer-owned generating asset), 2) degraded ELL credit metrics, credit ratings, and risk profiles, and 3) potential increased costs of debt and equity, which are recovered, ultimately, from ELL's customers. A Lease PPA may also weaken ELL's ability to obtain favorable borrowing and financing terms, trigger buyer covenant violations in its financing agreements, and reduce ELL's borrowing capacity and access to capital. A lack of access to capital could, for example, limit ELL's ability to recover from major storms or to make prudent investments in plant that would improve system reliability or operations, lower customer costs, and/or provide other benefits to ELL's customers. Additionally, ELL's current rate recovery mechanisms are not designed to address the impact associated with Lease PPAs, or the added risk of a more highly leveraged capital structure. Because ELL would actually own the generation asset, the self-build resource would not have the same effect on ELL's balance sheet as a Lease PPA. For example, the long-term liabilities recorded on ELL's books for a PPA accounted for as a lease would be expected to be roughly double those recorded for a comparably sized self-build resource, since such a resource would be financed with approximately 50% debt and 50% equity.

Q-107 Given that the accounting certification requested in Item 36.9 requires a Bidder offering a PPA to certify as to ESI's current and future accounting practices, has ESI considered that a Bidder has no basis to render such a certification because it requires a Bidder to have both current and future knowledge and understanding of ESI's accounting practices? Bidders in this RFP can only be reasonably expected to certify their current

accounting treatment. Therefore, if a Bidder can only certify to its current accounting treatment of the Facility backing the PPA, will such certification satisfy the Accounting Assessment Threshold Requirements? If not, please explain in detail Entergy's current accounting practices for 10-year PPAs, and also please include any expectation of future changes in Entergy's accounting practices that may impact the same.

A-107 The proposed term in Item 36.9 of Appendix B-1 (Item 35.9 in Appendix B-2) provides that the seller will deliver to the buyer a knowledge-qualified certification that the definitive agreement does not and will not result in the recognition of a long-term liability by the buyer or any of its affiliates on its or any of its affiliates' books under the accounting standards existing at the time of the certification or under the accounting standards that will be in effect during the term of the definitive agreement. The certification that the bidder is required to submit in the RFP as part of its proposal package is similar. Either certification should be prepared based on accounting standards promulgated by the Financial Accounting Standard Board (FASB), not ELL-specific accounting practices. In preparing the certification, the seller or bidder should consider how the definitive agreement or proposed contract would be accounted for on ELL's financial statements based on the accounting standards in effect at the time of the certification and, if applicable, the accounting standards that will be in effect during the term of the contract (e.g., accounting standards adopted or approved by the FASB at the time of certification but that will take effect only after certification). To the extent that ELL-specific inputs or assumptions are necessary for the bidder to make the certification, the bidder should use indicative values based on publically available information about ELL, such as, for example, information reported to the Securities and Exchange Commission.