

April 30, 2015

**Notice of Intent to Issue a Request for Proposals
2015 Entergy Texas, Inc. RFP**

Entergy Services, Inc. (“ESI”) hereby provides notice to interested parties that it intends to issue a Request for Proposals for (1) Long-Term Combined-Cycle Gas Turbine Developmental Capacity and Energy Resources and (2) Limited-Term Capacity and Energy Resources (the “RFP”) on behalf of Entergy Texas, Inc. (“ETI”). In this notice, the portion of the RFP addressing long-term combined-cycle natural gas turbine (“CCGT”) developmental (i.e., new-build) capacity and energy resources is sometimes referred to as the “Long-Term RFP” and the portion of the RFP addressing limited-term capacity and energy resources is sometimes referred to as the “Limited-Term RFP.” The Long-Term RFP will include the market-test of a self-build option. ESI expects to issue the RFP in June 2015. RFP documents will be posted to ESI’s website for the RFP, <https://spofossil.entergy.com/ENTRFP/SEND/2015ETIRFP/Index.htm>. ESI plans on holding a Bidders Conference in late May 2015. Interested participants should monitor the RFP website for information about the Bidders Conference, including the date, time, and location. Proposals responsive to the RFP may be due as early as October 2015.

Long-Term RFP

ETI forecasts an ongoing long-term need for capacity, energy, and local voltage support in the “Western Region” of ETI’s service area. A map showing the current boundaries of the Western Region (“Western Region Map”) can be seen in the draft Minimum Requirements for Developmental Resources document (“Minimum Requirements”) that will be available on the RFP website approximately one week from the date of this notice and is discussed in more detail below. ETI plans to initiate the Long-Term RFP as part of a process to identify viable new-build CCGT capacity and energy generation resources that would help ETI meet its long-term capacity, energy, and local voltage support requirements beginning in 2021. The addition of the targeted resource to ETI’s portfolio would enable ETI to satisfy several important long-term planning objectives, including, but not limited to:

- increasing load-serving capability within the Western Region;
- maintaining reliability within a sub-area of the Western Region and compliance with NERC transmission planning standards;
- serving ETI load, particularly load in the Western Region, at the lowest reasonable cost;
- reducing dependence on existing generation within the Western Region;
- enhancing power restoration capabilities after major storms or transmission service disruptions; and
- satisfying long-term resource adequacy requirements in the Midcontinent Independent System Operator, Inc. (“MISO”) market.

The Long-Term RFP is anticipated to target a minimum of 800 MW (summer rating¹) up to a maximum of 1,000 MW (summer rating) of capacity, energy, and related products from a single integrated new-build CCGT generation resource. To be eligible to participate in the Long-Term RFP, the new-build resource would need to be located in the Western Region. Based on analyses from the Entergy Transmission Planning group, new generation interconnected at the Lewis Creek, Ponderosa, Jacinto, or Porter substation is projected to be part of a least-cost, long-term solution to address ETI's combined local voltage stability and overall capacity and energy needs. The locations of the Lewis Creek, Ponderosa, Jacinto, and Porter substations will be shown or described on page 2 of the Western Region Map. ESI expects that, all else being equal, a new generation resource directly interconnected to one of those four substations would have lower total transmission upgrade costs to meet local voltage stability transmission planning criteria than if directly interconnected to another substation in the Western Region.

The resource sought by the Long-Term RFP will be required to be powered by commercially proven CCGT technology with automatic generation control. Operating parameters for the resource will include a maximum net heat rate of 7,000 Btu/kWh (HHV) at full output without supplemental duct-firing in summer conditions (see footnote 1 on page 1) and the ability to operate in baseload and load-following roles consistent with MISO operating requirements for units expected to provide ancillary services. The resource would be required to have a quantity of energy resource interconnection service ("ERIS") sufficient for the resource to be fully deliverable and a quantity of network resource interconnection service ("NRIS") sufficient to allow the resource to receive the maximum capacity credits a resource of its capacity size could receive under applicable MISO rules.

Bidders in the Long-Term RFP will be permitted to submit proposals for power purchase agreements ("PPAs"), tolling agreements ("Tolls"), and asset acquisitions, excluding acquisition resources that would be jointly owned or would reasonably require a joint ownership and operation agreement or similar agreement. The delivery term for a PPA or a Toll arising out of the Long-Term RFP would be a minimum of ten (10) years and a maximum of twenty (20) years. The guaranteed start date for any such PPA or Toll or the guaranteed closing date of an acquisition arising out of the Long-Term RFP would be on or before June 1, 2021. Bidders will be required to provide to ETI capacity credits from the resource for the entire MISO planning period in effect on the guaranteed start date of any such PPA or Toll or the guaranteed closing date of any such acquisition. (Under current MISO rules, a MISO planning period runs from June 1 of a given year through May 31 of the following year.) ETI will not accept the risk of any transfer to its books of any debt or long-term liability associated with a PPA or Toll arising out of the Long-Term RFP (via, for example, capital lease, "variable interest entity," or other accounting treatment).

The Long-Term RFP will contain criteria to ensure that, at the time of proposal submission, a new-build resource is in a stage of development appropriate for evaluation in the Long-Term RFP. The criteria include requirements that the resource satisfies, among other

¹In this notice, "summer rating" refers to the resource capacity rating at summer conditions (97° Fahrenheit and 56% relative humidity).

things, basic development criteria for resources offered into the Long-Term RFP, as detailed in the draft Minimum Requirements to be posted on the RFP website. The Minimum Requirements will apply to certain long lead-time items and items requiring the involvement of or documentation from MISO, transmission owners, or other third parties. Potential bidders in the Long-Term RFP are strongly encouraged to review the Minimum Requirements as soon as reasonably practicable.

As part of the Long-Term RFP, ESI will evaluate an 800-1,000 MW (summer rating) self-build option at ETI's "Lewis Creek" site in Willis, Texas. The self-build option will be considered and evaluated as an alternative to proposals submitted in the Long-Term RFP. Additional details regarding the location, scope, and design of the self-build option will be included in the Long-Term RFP.

Limited-Term RFP

In addition to the supply and voltage support needs expected to be addressed by the Long-Term RFP, ETI forecasts other potential short-term generation needs for its customers. As a result, the RFP is also expected to target, through the Limited-Term RFP, other capacity and energy resources that would allow ETI to satisfy important planning objectives, such as, without limitation, serving ETI's load at the lowest reasonable cost and planning for ETI's pending exit from the Entergy System Agreement.

ESI expects to seek in the Limited-Term RFP up to a maximum of 700 MW of limited-term capacity and energy from eligible resources. Eligible resources will consist of resources located within the MISO South footprint that are capable of operating in a baseload, load-following, or peaking role. Demand-side management, distributed generation, energy efficiency, and intermittent resources will be ineligible to participate in the Limited-Term RFP. Qualifying developmental resources will be allowed to participate and will be subject to criteria to ensure that, at the time of proposal submission, they are sufficiently developed to merit consideration and evaluation in the Limited-Term RFP. The preliminary criteria are detailed in the draft Minimum Requirements to be posted on the RFP website.

Bidders in the Limited-Term RFP will be permitted to submit proposals for PPAs and Tolls. "System sale" PPA or Toll proposals and acquisition proposals are not contemplated and would be ineligible for consideration. No proposal for less than 150 MW of capacity and energy from a single integrated resource would be allowed. The delivery term for a PPA or Toll arising out of the Limited-Term RFP will be three (3) to five (5) years. The proposed start of the delivery term will be on or after June 1, 2017, but no later than June 1, 2021, and will be required to occur on a June 1 (or, if MISO changes its planning rules, on the first day of an applicable MISO planning period for purposes of providing capacity credits to meet MISO resource adequacy requirements).

The resource is expected to be required to have a quantity of ERIS sufficient for the maximum capability of the resource. The amount of NRIS for the resource must either be sufficient to allow the resource to receive the maximum capacity credits a resource of its capacity size could receive under applicable MISO rules or be allocated and prioritized such that

the NRIS level associated with the resource capacity under contract to ETI cannot limit the number of MISO capacity credits that ETI receives for any planning period during the applicable delivery term. In addition, the contracted capacity from the resource would be required to have obtained the maximum MISO capacity credits for the entire MISO planning period in effect on the guaranteed start date for any PPA or Toll arising out of the Limited-Term RFP. As with the Long-Term RFP, ETI will not accept the risk that any debt or long-term liability related to any limited-term PPA or Toll may be transferred to its books.

With respect to the RFP as a whole, competitive affiliates of ETI will not be permitted to participate in the RFP. Interconnection and deliverability costs and risks may be an important part of the evaluation of RFP proposals. Bidders should be prepared to develop and provide detailed information about the interconnection and deliverability costs and risks associated with their proposals.

ESI has engaged Mr. Wayne Oliver of Merrimack Energy Group Inc. to serve as the Independent Monitor (“IM”) for the RFP. Both ESI and Mr. Oliver encourage open communication between the IM and market participants as needed. Mr. Oliver can be reached via email at waynejoliver@aol.com.

Questions about this notice or the RFP should be directed to the administrator of the RFP at etirfp@entergy.com and to Mr. Oliver at his specified email address. All dates and time periods referenced in this notice are subject to change. This notice is intended in part to give bidders interested in participating in the RFP advance notice of the RFP. While ESI expects to issue the RFP, by publishing this notice, neither ESI nor ETI is assuming, and each expressly disclaims, any obligation or commitment to issue the RFP or any other obligation or liability of any kind of ESI or ETI that could result from or arise out of this notice.