

February 07, 2020

**Notice of Intent to Issue a Request for Proposals
2020 Entergy Texas, Inc. CCGT RFP**

Entergy Services, LLC (“ESL”) hereby provides notice to interested parties that it intends to issue a Request for Proposals for Combined-Cycle Gas Turbine (“CCGT”) Capacity and Energy Resources (the “RFP”) on behalf of Entergy Texas, Inc. (“ETI”). The RFP will include the market-test of a self-build option. ESL expects to issue the RFP in April 2020. RFP documents will be posted to ESL’s website for the RFP, <https://spofossil.energy.com/ENTRFP/SEND/2020ETICCGTRFP/> ESL plans on holding a Bidders Conference in March 2020. 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 August 2020.

ETI forecasts an ongoing long-term need for capacity and energy in the ETI planning region known as the “Eastern Region” (“Region¹”). A map showing the current boundaries of the Region (“Region Map”) can be seen in the draft Minimum Requirements for Developmental Resources document (“Minimum Requirements”) posted with this notice and is discussed in more detail below. ETI plans to initiate the RFP as part of a process to identify viable CCGT capacity and energy generation resources that would help ETI meet its long-term capacity and energy requirements beginning in 2026. 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:

- maintaining reliability and operational flexibility in the Region;
- serving existing and potential new ETI customers at the lowest reasonable cost;
- reducing dependence on and optimizing resource timing with the anticipated deactivation of existing generation within the Region;
- maintaining 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 RFP is anticipated to target a minimum of 1,000 MW (summer rating²) up to a maximum of 1,200 MW (summer rating) of capacity, energy, and related products from a single integrated new-build or existing CCGT generation resource. To be eligible to participate in the RFP, the resource would need to be located in the Region (See “Region Map”).

¹ For purposes of this RFP, the “Eastern Region” is the portion of Texas encompassing an area from the Texas/Louisiana state border on the East, the Gulf of Mexico on the South, the ETI planning region known as the “Western Region” on the West, and the Southwest Power Pool (“SPP”) on the North. A map showing the Region is provided in the Minimum Requirements Document referenced above and is also available on the 2020 ETI RFP Website.

²In this notice, “summer rating” refers to the resource capacity rating at summer conditions (93° Fahrenheit and 57% relative humidity).

The resource sought by the RFP will be required to be powered by commercially proven CCGT technology with automatic generation control. The resource would be required to have a quantity of energy resource interconnection service (“ERIS”) and network resource interconnection service (“NRIS”) that meets the threshold for ERIS and NRIS set forth in the Minimum Requirements. Operating parameters for any new-build resource will include a maximum net heat rate of 7,000 Btu/kWh (HHV) at full output without supplemental duct-firing (if included as part of the facility) in summer conditions (see footnote 2 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.

Bidders in the 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 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 would be no earlier than June 1, 2025 and no later than June 1, 2026, and the guaranteed closing date of an acquisition arising out of the RFP would be no earlier than May 31, 2025 and no later than May 31, 2026. ETI will not enter into a PPA, Toll or any related agreement pursuant to this RFP that will or may result in the recognition of a long-term liability on the books of ETI (or any of its Affiliates), whether the long-term liability is due to lease accounting, the accounting for a variable interest entity (“VIE”) or derivatives, or any other applicable accounting standard.

The RFP will contain criteria to ensure that, at the time of proposal submission, a resource is in a stage of development appropriate for evaluation in the RFP. The criteria include requirements that the resource satisfies, among other things, basic development criteria for resources offered into the RFP, as detailed in the draft Minimum Requirements posted on the RFP website concurrently with this Notice. The Minimum Requirements will apply to certain long lead-time items and other items requiring the involvement of or documentation from MISO, transmission owners, or other third parties. Potential bidders of developmental resources in the RFP are strongly encouraged to review the Minimum Requirements as soon as reasonably practicable.

As part of the RFP, ESL will evaluate a 1,000-1,200 MW (summer rating) self-build option at ETI’s “Sabine” site in the vicinity of Orange, Texas. The self-build option will be considered and evaluated as an alternative to proposals submitted in the RFP. Additional details regarding the location, scope, and design of the self-build option will be included in the RFP.

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.

ESL has engaged Mr. Wayne Oliver of Merrimack Energy Group Inc. to serve as the Independent Monitor (“IM”) for the RFP. Both ESL and Mr. Oliver encourage open communication between the IM and market participants as needed. Mr. Oliver can be reached via email at waynejoliver26@gmail.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 ESL expects to issue the RFP, neither ESL 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 that could result from or arise out of this notice.