

# **2010 Renewable RFP ESI's Bidders' Conference**

**ENTERGY SERVICES, INC.  
August 18, 2010**

This presentation summarizes certain matters related to ESI's 2010 Renewable Generation Resource Request for Proposals (as it may be amended or modified, the "2010 Renewable RFP"). For the full terms and conditions please review the relevant RFP documents on ESI's website

## Agenda Items

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- **Introductions**
  
- **Entergy Corporation**
  
- **Overview of the 2010 Renewable RFP**
  - Development Basis, Key Objectives and Product Solicitation Overview
  - Credit/Collateral Requirements
  - Representative Schedule and Process Safeguards/Design
  - Proposal Evaluation Process
    - Overall Evaluation Process
    - Economic Evaluation Team (EET)
    - Deliverability Assessment Team (DAT)
    - Viability Analysis Team (VAT)
  
- **Overview of Bidder Registration and Proposal Submission Process and Web Portal Application**
  
- **Q&A Session\***

*\* ESI requests that all questions be submitted in writing so as to allow ESI the ability to provide written responses which will be made accessible to all parties via the RFP website. ESI will respond orally to some questions during the Q&A Session today. However, to the extent that ESI also provides a written response to any question, the written response will be deemed to supersede any information provided orally.*

## Introductions

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- **Entergy Services, Inc.**

- Drew Marsh Vice President, System Planning
- Andrew Owens Director, Regulatory Affairs
- Stuart Barrett Director, Commercial Operations
- Tony Walz Director, Supply Planning & Analysis
- Lee Kellough Director, Power Delivery & Technical Services
- Jon Long Vice President, Asset Development
- Pam Meaux Director, Corporate Risk
- Jimmy Miller Assistant General Counsel – Commercial
- Antonette Harvey Project Manager
- April Phelps RFP Administrator

- **Entergy's Energy Delivery**

- Doug Powell Director, T & D Planning
- Brian Warwick Manager, Transmission Project Development
- Alvin Donaldson Manager, Asset Planning (Distribution)

- **Entergy's Independent Coordinator of Transmission**

- Jody Holland Manager, ICT Planning

# **Renewable Energy and Entergy Services, Inc.**

*Andrew Owens*

## Background on Entergy Corporation

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- Employs  $\approx$  15,000 people
- Fortune 500 company with 2009 revenues of \$10+ billion
- Owns and operates power plants with  $\approx$  30,000 MW of generating capacity
- Second-largest nuclear generation operator in the U.S.
- Six regulated utilities with 2.7 million customers in Arkansas, Louisiana, Mississippi, and Texas
- Operates a system composed of more than 15,500 miles of high-voltage transmission lines and 1,800 transmission substations
- Approximately 1.04 million retail customers in Louisiana (not including New Orleans)



# Demonstrating Corporate Leadership

## Industry Leadership



10<sup>th</sup> on list  
Top Utility



Extraordinary  
Track Record of  
Standout  
Performance Year  
After Year Over  
Past Decade



## Storm Restoration Leadership



Every year  
since inception

### Emergency Awards:

- 2000, 2001, 2003, 2004, 2005, 2006, 2007, 2008, 2009 (Assistance)
- 1999, 2002, 2006, 2009 (Recovery)

## Environmental Leadership



One of Only Two  
U.S. Utilities Named  
to Worldwide Index

Member 2009/10 --Since 2003



-- 2009: Sixth  
Year in a Row



Sustainability Yearbook  
recognizes top 15% in sector  
world-wide

## Corporate Governance Leadership

Corporate  
Governance Quotient

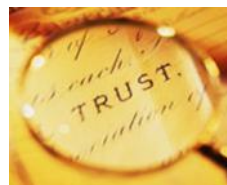


Highest Rating  
(1% of 4,200  
Companies)

Outperformed  
All Utilities &  
100% of S&P 500

GovernanceMetrics  
International  
10.0

--2008: Second  
Year in a Row

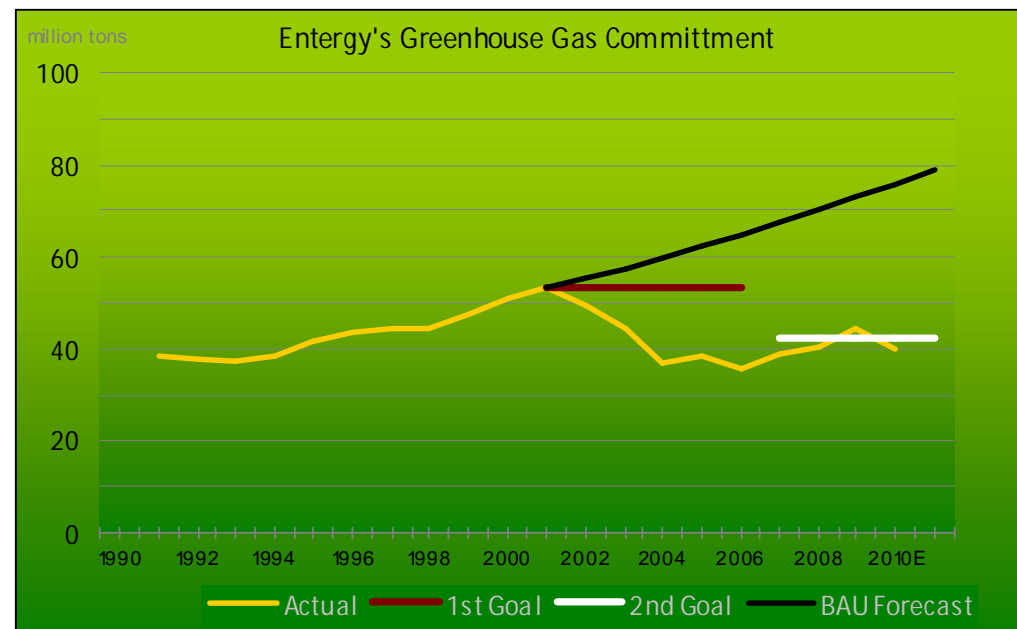


## Striving to be the Cleanest Power Generator in America

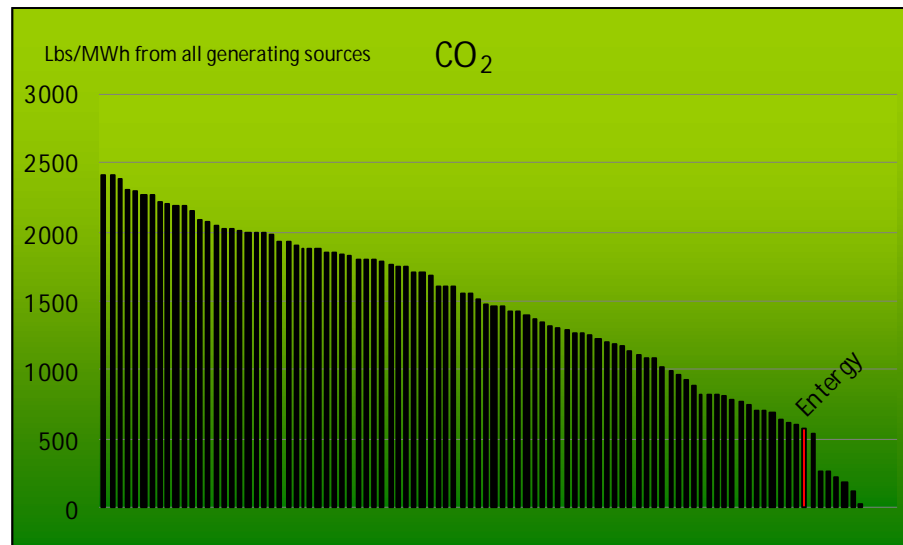
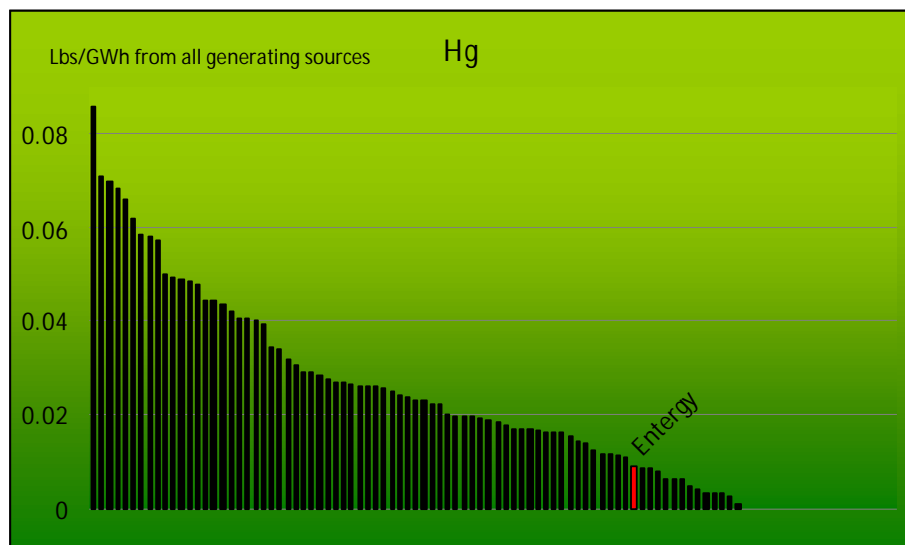
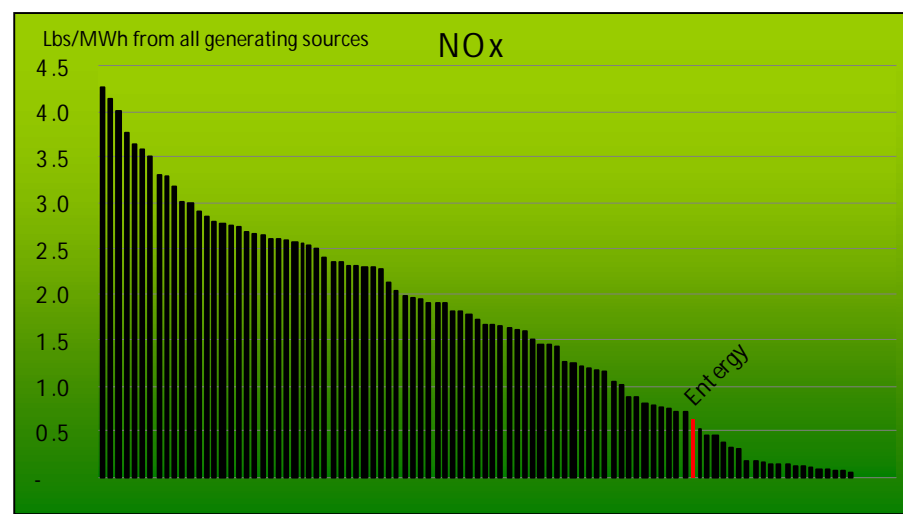
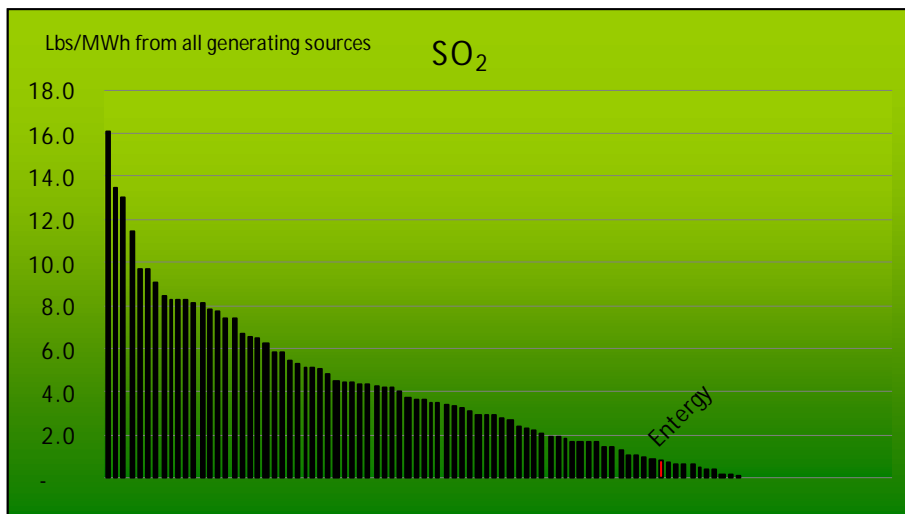
Entergy is the second-cleanest utility generator among the top 10 U.S. generators, due largely to our portfolio of clean nuclear and natural gas generation resources

Entergy aspires to be the cleanest power generator in America by conducting our operations in a manner that minimizes our environmental impact:

- Investing in Clean, Highly Efficient Generating Technologies
  - Purchase natural-gas fired Acadia Unit 2
  - Plans for major upgrade at Grand Gulf Nuclear Station
- Stabilize CO<sub>2</sub> Emissions and green house gases
  - Met voluntary goal to stabilize CO<sub>2</sub> Emissions from 2006 to 2010 at 20% below year 2000 levels



# Benchmarking Air Emissions: 100 Largest Power Producers in the U.S.





# **WELCOME**

**2010 Request for Proposals for Renewable Generation Resources**

***Development Basis, Key Objectives/Overview  
and Product Package Overview***

***Stuart Barrett***

## Development Basis

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- **LPSC Renewable Energy Pilot Program**
  - Reviewed LPSC research findings
  - Reviewed and provided feedback to pilot program development documents
  
- **Market Research**
  - Reviewed Request For Proposals (RFPs) from more than 10 other companies across the United States
  - Engaged an outside consultant regarding RFP parameters found in the renewable energy market
  - Spoke to various potential stakeholders to confirm RFP terms are consistent with the renewable energy market
  
- **Entergy Services, Inc. (ESI) Request for Information (RFI)**
  - Issued RFI in March 2009 to identify cost-competitive renewable energy sources that are or will be available to the Entergy System
  - Responses received in May 2009 included information regarding biomass, wind, solar, geothermal/waste heat, hydro, and landfill gas technologies

## Key Objectives

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- **To procure the lowest reasonable cost, reliable and viable renewable generation resources to meet Entergy's overall goal of portfolio transformation and fuel diversification, as well as the LPSC Renewable Energy Pilot Program**
  - LPSC has ultimate authority to approve/disapprove a utility's request seeking certification and associated cost recovery for a power purchase agreement (PPA)
  
- **To obtain experience with renewable resources that provide reliable and economical electric supply in order to make more informed decisions regarding future planning and procurement efforts**

## Eligible Resources for the RFP

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- **New Generation (as defined by the LPSC)**
- **Resources must be located within the state of Louisiana**
- **Technologies (subject to change/pending LPSC definitions)**
  - Biologically derived methane gas (including landfill gas)
  - Biomass energy
  - Black Liquor
  - Combined Heat and Power (“CHP”) based on non-fossil fueled resources
  - Distributed generation systems based on non-fossil fueled resources
  - Fuel cells
  - Geothermal energy
  - Low impact hydropower
  - Ocean thermal, wave, tidal, hydrokinetic
  - Solar photovoltaic
  - Solar thermal
  - Waste Heat Recovery (“WHR”)
  - Waste-to-energy including Municipal Solid Waste (“MSW”)
  - Wind power
  - Wood and wood waste

## Overview of ESI RFP

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- **Participation**
  - The 2010 Renewable RFP will be on behalf of the following Entergy Operating Companies
    - Entergy Gulf States Louisiana, L.L.C. (“EGSL”)
    - Entergy Louisiana, LLC (“ELL”)
  - No Entergy competitive affiliate or self build, self-supply participation allowed
  
- **Capacity (based on LPSC Renewable Energy Pilot Program)**
  - EGSL/ELL retail share of LPSC maximum of 350 MW nameplate capacity
    - EGSL: approx. 90 MW
    - ELL: approx. 143 MW  
233 MW (approximate)
  
- **Contract term**
  - 10-20 years
  - Delivery term target start date: 2012-2014
  
- **Products Solicited**
  - Baseload product
  - As-Available product

## Baseload Product (*Product Package A*)\*

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- **Products and Technologies**
  - Baseload long-term energy, capacity and ancillary services intended to operate on a 7x24 basis (see product terms for specifics)
  - Technologies expected to submit a proposal for the Baseload product include:
    - CHP based on non-fossil fueled resources
    - WHR
    - Black Liquor
    - Fuel Cells
    - Biomass energy
    - Biologically derived methane gas (including landfill gas)
    - Geothermal energy
    - Ocean thermal, wave, and tidal
    - Other technology that ESI determines to qualify as a baseload Renewable Energy Resource (RER).
  
- **Capacity Quantity**
  - 2MW – 233MW (Capacity at the Delivery Point) (subject to the final capacity allocation by the LPSC)
  - If the delivered capacity is less than 10 MW, Buyer must be allocated the full capacity of the resource

## Baseload Product (*Product Package A*)\*

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- **Pricing**
  - Capacity Price (i.e. Option Premium) (\$/kW-year)
    - Base Option Premium with an Escalator (PPI/CPI) or
    - Fixed Option Premium (specified annually)
  - Energy Price (\$/MWh)
    - Fixed Energy Price (specified annually) or
    - Fixed Heat Rate multiplied by the Fuel Price:
      - Fuel Price Index or
      - Fixed Fuel Price with an Escalator (PPI/CPI)
  - Variable O&M (\$/MWh)
    - Fixed Price (specified annually) or
    - Fixed Base Price with an Escalator (PPI/CPI)
  - Renewable Energy Credit (REC) Price Adder (\$/MWh)
    - *Implementation of REC structure into proposal pricing still under review*
- **Key Product Terms**
  - Seller responsible for firm transmission to Delivery Point
  - Seller responsible for fuel, transportation, and storage
  - Proposals with dispatchability and flexibility encouraged
  - Monthly availability requirement based on resource technology
  - Capacity Payment discount for unavailability
  - Rolling 12-month Availability Requirement tied to a termination right
  - Required Annual Delivery Quantity for REC delivery (established from Monthly Availability Requirement)
  - Seller has no right to offer replacement energy without Buyer approval



## **As-Available (*Product Package B*)\***

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- **Products and Technologies**
  - Intermittent energy and capacity not directly amenable to scheduling or controllable by the resource
  - Technologies expected to submit a proposal for the As-Available product include:
    - Wind
    - Solar
    - Other technologies that ESI determines to qualify as an As-Available RER
  
- **Energy Quantity**
  - Delivered Energy: 2MW – 233MW (subject to the final capacity allocation by the LPSC)
  - Annual Expected and Guaranteed Energy Quantity

## As-Available (*Product Package B*)\*

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- **Pricing (Annually)**

- Summer On-Peak Energy Price (\$/MWh)
  - *June, July, August, and Sept. (excluding NERC Holidays)*
  - *Monday through Friday, hour ending 7-22*
- Non-Summer On-Peak Energy Price (\$/MWh)
  - *January, February, March, April, May, Oct., Nov., and Dec. (excluding NERC Holidays)*
  - *Monday through Friday, hour ending 7-22*
- Off-Peak Energy Price (\$/MWh)
  - *Monday through Friday, hour ending 1-6 and 23-24*
- Renewable Energy Credit (REC) Price Adder (\$/MWh)
  - *Implementation of REC structure into proposal pricing still under review*
  - *Saturday, Sunday and NERC Holidays, hour ending 1-24*

- **Key Product Terms**

- Seller responsible for firm Transmission to Delivery Point
- Energy guarantee and associated provisions must be supported by independently verifiable meteorological data
- 50% energy payment discount for excess energy deliveries over 115% of the Annual Expected Energy Quantity
- Liquidated Damages for deliveries short of Annual Guaranteed Energy Quantity
- Seller has no right to offer replacement energy without Buyer approval
- Buyer has economic curtailment rights limited to 2% of the Annual Expected Energy Quantity
- Forecasting/scheduling requirements

\* This presentation is only a summary of key terms. Bidders are encouraged to carefully review the respective term sheet

## Additional Considerations

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- **Contract Terms and Conditions**
  - ESI will not post Model Contracts
  - ESI will use the term sheets to the RFP as the basis for negotiation
  - Bidders should take the terms and conditions specified in the applicable term sheet into consideration in the pricing of their proposals
    - The RFP allows for special considerations to be submitted for consideration
  
- **Regulatory Approvals**
  - All definitive agreements will be conditioned on Buyer's receipt of regulatory approvals, including, but not limited to, certification and full cost recovery
  - Buyer will have the right to terminate a definitive agreement if it does not receive all of its regulatory approvals on terms and conditions satisfactory to Buyer in its sole and absolute discretion
  
- **Reservation of Rights**
  - ESI reserves the right to modify the objectives, product packages, and/or key terms of this RFP based on LPSC Renewable Energy Pilot Implementation Plan developments and/or ESI business/operational needs
  - Buyer reserves the right to decline any or all resources submitted in the 2010 Renewable RFP
  - Failure of Bidder to meet the threshold requirements of this RFP may result in a proposal being eliminated from further consideration by Buyer

## ***Credit/Collateral Requirements***

***Pam Meaux***

## Credit Requirements and Collateral Timeline

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- **No Bidder will be excluded or prohibited from participating in this RFP on the basis of credit**
- **There are no credit requirements at time of proposal submission or proposal awards**
- **Letter of Credit (“LOC”) at execution of a Letter of Intent (“LOI”) between ESI and Bidder/Seller based on [TBD%] of projected notional value not to exceed \$3 million**
- **During the negotiation of the Definitive Agreement, ESI will determine the required form of the collateral requirements, if any, for the selected proposal. This requirement will be due at execution of a Definitive Agreement, until the Delivery Term Start Date, after which the assessment of the delivery term exposure will apply. Security requirements will be based on, among other things:**
  - Creditworthiness of bidder or guarantor
  - Type and size of agreement
  - Risk level of underlying agreement
  - Size of unsecured credit granted by ESI
- **Acceptable forms of collateral for consideration by ESI may include:**
  - Parental Guaranty, Letters of Credit, Cash, Lien On Asset, or other acceptable solutions suggested by Bidder

## Credit Review

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- **Bidder Credit Rating (or Bidder’s Credit Support Provider’s Credit Rating) will be assigned by the Credit Evaluation Team (“CET”) for all proposals, when proposals are received, based on, among other things:**
  - S&P and Moody’s ratings
  - 10K/10Q/8K evaluation
  - Balance sheet and income statement provided by bidder, if SEC reports not available
  - If financial information is consolidated with other entities, all data related solely to the offering entity extracted and submitted as separate documents by bidder
  
- **Based on Bidder Credit Rating, the CET will determine the Maximum Uncollateralized Supplier Exposure for each Bidder**
  
- **Credit exposures will be evaluated and discussed with Bidders who are selected for the primary and/or secondary award list. At the time that a Bidder is notified of its selection to the primary and/or secondary award list, Bidders will be asked to discuss the appropriate forms of collateralization for their particular proposal(s)**
  - Bidders should prepare to provide information regarding their plan for meeting the credit/collateral requirements specified in the RFP in the special considerations section of the proposal or in the response to diligence questions (if applicable)
  
- **Bidder Credit Rating will have no impact on the selection of proposals for primary/secondary award**

## ***Representative Schedule and Process Safeguards***

***Antonette Harvey***

## Proposed Schedule\*

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<u>Milestone</u>	<u>Date</u>
▪ Issue full set of RFP documents	On or about Sep 29, 2010
▪ Respond and Post Q&A to Website	Through Oct 11, 2010
▪ Bidder Registration	Oct 18 – 21, 2010
▪ Proposal Fees Due	Nov 5, 2010
▪ Non-refundable \$5,000	
▪ Proposal Submission Period	Nov 8 - 11, 2010
▪ Announce Preliminary Shortlist (as necessary)	Mar 2011
▪ Announce Primary/Secondary Awards	Aug 2011
▪ Begin Comprehensive Due Diligence & Negotiations	As early as Aug 2011
▪ Notify Secondary Award List of Proposal Status	Nov 2011 (if applicable)
▪ Execute Definitive Agreement	Dec 2011
▪ Target for Receipt of Regulatory Approvals	4 <sup>th</sup> Quarter 2012
▪ Target Delivery Term Start Date	2012-2014

*\*This schedule is representative only and subject to change. Any schedule changes will be posted to the RFP Website.*



## Process Safeguards and Design

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- **Code of Conduct**
  - Employees of ESI, any Entergy Operating Company, or any Entergy Competitive Affiliate, must adhere to the appropriate Affiliate Rules and Codes of Conduct as applicable
  - Link provided on ESI RFP Website
  
- **FERC 717 (effective November 26, 2008)**
  - In light of amendments to the Standards of Conduct by FERC Order 717, certain employees within Entergy's Energy Delivery (Transmission and Distribution Planning and Transmission Project Development groups) that are non-transmission function employees along with non market function employees from SPO employees will participate with the Deliverability Analysis Team ("DAT") in the Deliverability Evaluation Process
  - As a result, ESI will not use the ICT's economic upgrade study process provided in the Entergy Tariff to perform the transmission deliverability studies, and will instead use the TBU non-transmission function employees that make up the Technical System Planning group to perform the transmission related studies; however, the ICT must approve all requests for transmission service for the RFP proposals that are selected for award

## Process Safeguards and Design (continued)

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- **RFP Process Design and Implementation**
  - The RFP process has been designed to assure fair and impartial treatment of all Bidders
  - ESI personnel involved with the 2010 Renewable RFP evaluation process will be subject to a confidentiality agreement that governs access to and use of confidential information contained in proposals and proposal documents
  - ESI intends to use a comprehensive evaluation team which will be able to communicate openly regarding all aspects of the proposals after an initial redacted screening
  - An RFP Administrative Team will work with Proposal Evaluation Teams to ensure that each team has the information it needs to perform its respective analysis and that all information is evaluated on a collaborative basis to ensure the most viable and economic resources are selected

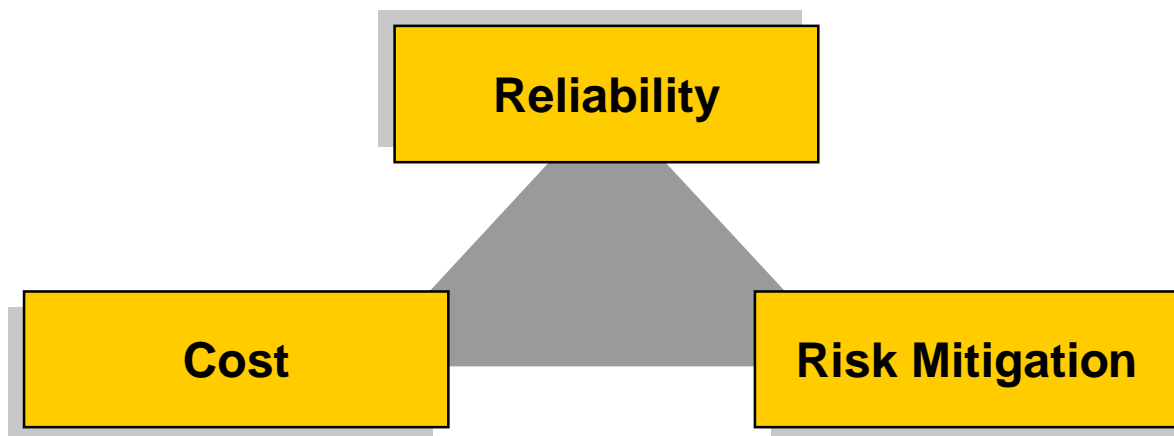
## ***Proposal Evaluation Process***

***Antonette Harvey***

## Proposal Evaluation Process Objective

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- Identify the proposal(s) that achieve the planning objectives of reliability, cost, and risk mitigation in a balanced manner
- The planning objectives are achieved through proposals that, among other things:
  - Result in reasonable System production costs that are recoverable in rates
  - Meet the Entergy System's planning objectives, LPSC Renewable Energy Pilot requirements and RFP requirements
  - Accommodate supply deliverability constraints
- In designing a portfolio of resources to meet customer needs, the Entergy System seeks to balance a set of supply objectives including reliability, cost, and risk mitigation. The overall objective is to meet customer needs reliably at the lowest reasonable cost, taking into account the risk associated with the proposal



## Proposal Evaluation Process Controls

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- **Prior to submitting proposals, Bidders will receive sufficient information to allow it to understand the evaluation factors and general decision criteria. However, ESI's detailed inputs and evaluation scenarios will be considered confidential and highly proprietary and will not be shared with Bidders**
  
- **There are 4 Evaluation Teams who will evaluate proposals**
  - **Economic Evaluation Team (EET)**
  - **Delivery Assessment Team (DAT)**
  - **Viability Assessment Team (VAT)**
  - **Credit Evaluation Team (CET)**

## Proposal Evaluation Process Controls

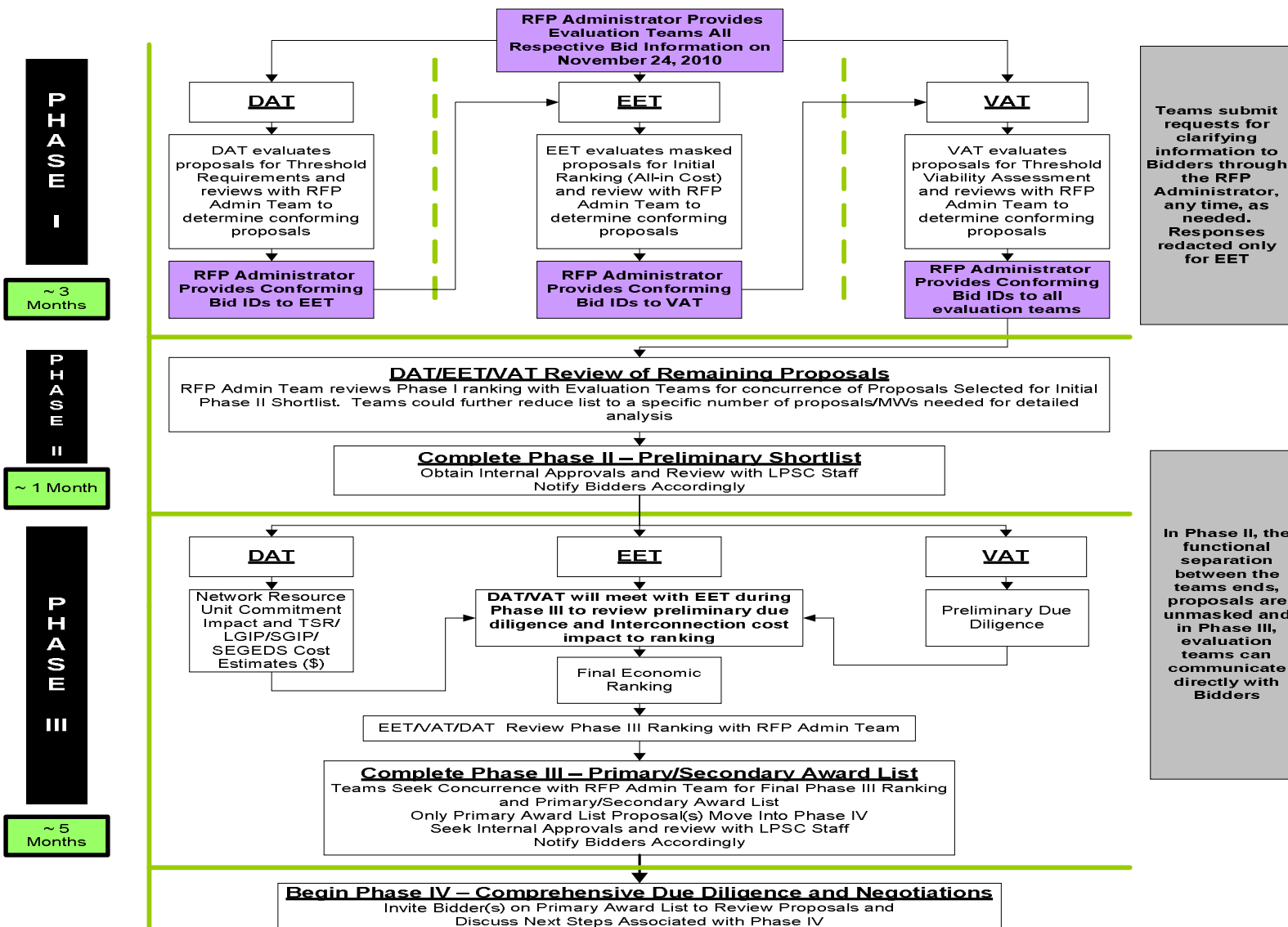
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- **A multi-stage evaluation process (3 Phases) will be used to evaluate proposals**
  - **Phase I – Information received by each Evaluation Team will be limited to information required to determine if proposals meet the RFP minimum threshold requirements**
  - **Phase II –The evaluation process will allow open communication between evaluation teams beginning in Phase II in order to recommend a preliminary shortlist of proposals**
  - **Phase III – The evaluation teams will incorporate additional quantitative and qualitative analysis to develop a final proposal ranking and recommendation for selection**
    - **May include meetings with Bidders for proposal clarification**
- **Comprehensive evaluation process**
  - **Open communication, beginning in Phase II, will ensure the evaluation process properly reflects the economics and operational characteristics of the proposals given the wide variations in renewable resource technologies**
  - **ESI seeks to ensure that the RFP results and the selection of those resources reflect the lowest reasonable cost, reliable alternatives available for customers, and minimizes risk**

# Proposal Evaluation Process Flow

ILLUSTRATIVE

## Renewable RFP Evaluation Process



***Economic Evaluation Team (EET)***

***Tony Walz***





# 2010 Renewable RFP – Proposal Economic Evaluation

ILLUSTRATIVE

- The evaluation will identify proposals that meet the requirements of the LPSC pilot program at the lowest reasonable cost while considering reliability and risk mitigation
  - A proposal may be eliminated based on its economic ranking
- The economic evaluation estimates the full-in economic cost for each proposal, including, but not limited to, the busbar cost of proposals, impact to the Entergy System in terms of operational integration, reliability planning, emissions abatement value and transmission cost
- The evaluation will rely on tools and methods commonly used by the Entergy Operating Companies for long-term planning and resource evaluation including as necessary, but not necessarily limited to, fundamental analysis and production cost modeling
- The evaluation will rely on such additional tools as may be necessary to effectively evaluate proposals relative to the objectives of this RFP, including, but not limited to, qualitative considerations

Baseload Product	As-Available Product
Capacity Payment	All-in energy price
Energy payment	Capacity match-up cost
VOM payment	Flexible capability cost
Imputed debt	
Carbon and other emissions	
Transmission and Distribution cost within Entergy system (RFP evaluation Phase III only)	

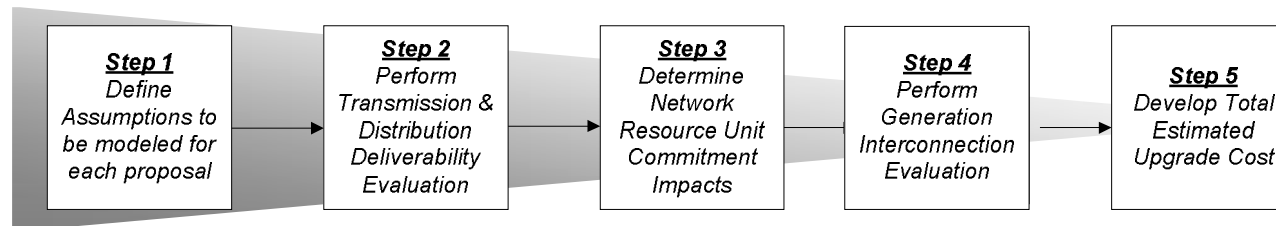
-  Data provided by bidders
-  Entergy utility Point of View (POV)

***Delivery Assessment Team (who DAT)***

***Lee Kellough***

# Proposal Deliverability Evaluation Process

ILLUSTRATIVE



- **Entergy’s Delivery Assessment Team (DAT) will perform the Deliverability Evaluation**
  - DAT will simulate the ICT’s formal System Impact Study process and utilize the Distribution Standard to evaluate the distribution system impact
  - DAT will also simulate the generator interconnection studies similar to the LGIP/SGIP/SEGEDS process
  - All simulations and costs will be used for information purposes only
  - DAT will define the appropriate supply alternatives to be included in the evaluation
- **General Guidelines for the Transmission and Distribution Evaluation Process**
  - All proposals will be studied individually using the phases described above
  - All resources that are selected for award will be submitted in the formal transmission service request queue maintained and administered by the ICT
  - All resources will have to qualify as network resources regardless of the specific location
- **Deliverability Upgrade Costs/Proposed Solution Sets**
  - Any identified upgrades or proposed transmission/distribution interconnection costs will be determined by the DAT
  - DAT will evaluate potential solutions  to eliminate thermal overloads, voltage concerns, short circuit issues and stability situations

# RFP Proposal: Threshold Requirements\* Interconnection/Delivery

ILLUSTRATIVE

- **Bidders must file a complete Large Generator Interconnection Procedures (LGIP), Small Generator Interconnection Procedures (SGIP), or Entergy’s “Connecting Small Electric Generators to the Entergy Distribution System” Standard (SEGEDS) by the required proposal submission date for this RFP.**
  - Bidders must submit their acceptance/acknowledgement letters to the RFP Administrator no later than 45 days following the RFP’s required proposal submission date. Failure to file for the necessary interconnection application will result in a non-conforming proposal and the proposal will be eliminated from further consideration.
  - The following standards are applicable if the resource is interconnecting to the Entergy System. If interconnecting to other utilities’ or third party systems, other standards may apply.
  - ESI prefers an interconnection application be filed as an Energy Resource Interconnection Service (ERIS) during the LGIP process

Applicable Interconnection Standard	Voltage Level	Generator Facility Size	Point of Contact*	Criteria**	Expected Receipt of Acceptance letter (days)
LGIP	69 kV and higher	20 MVA or greater	ICT	\$10k deposit required w/ completed application to SPP/ICT	10
SGIP	69 kV and higher	up to 500 kVA, but less than, 20 MVA	Entergy	\$1k deposit required w/ completed application to Entergy Transmission	10
SEGEDS	less than 69 kV	up to 500 kVA, but less than, 20 MVA	Entergy	\$1k deposit required w/ completed application & checklist to Entergy Distribution	10

Note: All interconnection packages will need to be submitted to the appropriate point of contact and the RFP Administrator. The interconnection process is to be completed independent of the evaluation of the 2010 Renewable Energy RFP. A description of the outline along with the application for each process will be posted on the RFP website by August 25, 2010.

\* The point of contact for the ICT is Jody Holland. The point of contact for Entergy is Mike Gravolet.

\*\*Queue position will be assigned by the point of contact upon receiving completed application.

*\*ESI reserves the right to modify these requirements*

## Deliverability Analysis

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- **Evaluation of Developmental Resources**
  - Deliverability: proposal evaluations will include interconnection cost estimates for resources, along with cost estimates for transmission upgrades required to obtain network resource status
  - ***Interconnection-related information used in the RFP evaluation is not considered a substitute for the information received from the ICT/Energy Delivery using FERC approved procedures***
  - ***Interconnection related information provided to ESI will be used for evaluation purposes only and cannot be used to confirm interconnection service or grant an interconnection request***
  
- **Portfolio Analysis**
  - The EET may provide the DAT with portfolios to conduct transmission and distribution portfolio analysis
    - DAT would then provide each portfolio's total transmission and distribution capability to the EET using the identified proposed solution sets
  - The iteration between the DAT and EET would continue until the desired portfolio is determined
  - The DAT would submit the desired portfolio to the ICT on OASIS in the active transmission reservation queue to obtain confirmation of the network resource status through the System Impact Study process

## Special Considerations for Developmental Resources

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- **Interconnection Considerations**
  - Bidder assumes all electric interconnection risks for the resource, including interconnection costs (including system upgrades necessary to support the interconnection facility); if the resource is interconnected to a third party system, any transmission service necessary to transfer power to the Entergy interface is Bidder's responsibility
  
- **Proposal Pricing**
  - For resources that are not currently interconnected to the transmission or distribution system, ESI requests that Bidders *include* in their proposal pricing any estimates of the cost to interconnect with the transmission or distribution system (see additional detail below)
    - A separate line item will be provided in the pricing section of the proposal for Bidders to provide the interconnection costs on a gross amount and a \$/MWh basis

***Viability Analysis Team (VAT)***

***Jon Long***

## Viability Assessment Overview

ILLUSTRATIVE

- **The Viability Assessment Team (“VAT”) has been established to determine the overall viability of proposals for existing and developmental resources received in response to the RFP**
- **The VAT will consist of Subject Matter Experts from 4 core subject matters critical to a thorough assessment of project viability, including:**
  - Project Status/Plant & Equipment/Operations & Maintenance
  - Environmental
  - Fuel Supply & Transportation
  - Commercial
- **The VAT will be responsible for conducting a review and assessment of the technical, environmental, fuel related, and commercial merits of proposals submitted in response to the RFP**
  - During Phase I and II, the VAT will base its assessment on the response to diligence questions
  - During Phase III, the VAT (and perhaps other teams) will meet directly with Bidders as necessary in order to expand upon the Phase I and II analysis
- **During Phase I, the VAT will evaluate and assess the following based on a fatal flaw review and analysis:**
  - For threshold criteria (to be described in subsequent slides)
  - For developmental resources -- whether each proposal for a developmental resource is capable of meeting the target Commercial Operation Date
  - For existing resources – whether any operational, environmental, fuel-related or commercial fatal flaws exist in a proposal
- **During Phase II, the VAT and EET will collaborate to determine the proposal’s position on cost as well as qualitative assessment ranking to develop a Phase II ranking and preliminary shortlist**
- **During Phase III, the VAT will conduct a more thorough and detailed evaluation and assessment in order to develop a final ranking and recommendation**
  - At the conclusion of the VAT’s Phase III analysis, the final ranking and recommendation will be provided to the EET for further review and incorporation into the economic analysis



# RFP Proposal: Threshold Requirements\*

## Viability

ILLUSTRATIVE

- **Viability**
  - Proposals will be evaluated to identify potential project risks (e.g. performance, permitting, financing, construction, execution, operational, environmental, fuel, legal, commercial, etc.)
    - Buyer will have the discretion to reject projects deemed to reflect unacceptable levels of risk
    - Each Bidder must provide project support and responses to diligence questions sufficient to establish Bidder's ability to meet its estimated commercial operation date for the resource, including a detailed project timeline
    - Preference will be given to projects that utilize a technology with a demonstrated history of reliable commercial operation and are supported by substantive manufacturer and contractor performance warranties and guarantees
  - Experience
    - Bidder or Sponsor Company must have completed at least one commercial power generation project comparable in size to or larger than the project proposed by Bidder or that otherwise meets the requirements of this RFP ("Previous Projects")
      - Preference may be given to Bidders who have completed more than one Previous Project and/or have renewable generation project experience

## RFP Proposal: Threshold Requirements\*

### Viability (continued)

ILLUSTRATIVE

- **Viability**
  - Project Development
    - Bidder must provide evidence that it has translated the project from the screening and planning phase of development that led to a design basis into a project definition of sufficient detail and quality to allow efficient progression of detailed engineering and procurement
    - Bidder must provide evidence that its project cost estimate is based on front-end engineering from a qualified external and/or internal source that supports a +/- 25% cost estimate and at a minimum should account for the following:
      - Mechanical and electrical equipment
      - Instrumentation and controls
      - Piping
      - Misc. buildings and structural steel
      - Site work and foundations
      - Retrofit allowance (if applicable)
      - Sales tax
      - Engineering costs
      - Indirect costs
      - Spare parts
      - Escalation and AFUDC/IDC

## RFP Proposal: Threshold Requirements\*

### Viability (continued)

ILLUSTRATIVE

- **Viability (continued)**
  - Production Profile and Fuel Supply
    - Bidders must provide verifiable profile data to substantiate expected production levels and the adequacy of fuel supply
      - For wind, solar, hydro, or other similar as-available product, Bidder must provide profile data for two years using established data measurement equipment at or near the site of the proposed resource
      - For all other technologies, Bidder must provide a fuel supply or resource assessment
  - Site Control and Permitting
    - Bidders must own, control or have an enforceable option on the site where the resource will be located and on the mineral, wind, or other comparable rights necessary to ensure resource viability
    - Bidder must show that it has completed all necessary permitting due diligence, including identification of all necessary permits
    - Bidder must disclose any reasonably anticipated permitting obstacles and any pending claims, actions or disputes related to permitting activities completed to date
  - Project Structure and Finance
    - Bidder must describe the projected ownership structure pre- and post-commercial operation
    - Bidder must describe the plan for project finance, including how it intends to meet the credit/collateral requirements
    - Bidder must be able to provide evidence of at least one recent successful financing, or that a lender(s) has been engaged in initial discussion to ascertain interest and market conditions
    - Bidder must provide support that the project meets the requirements of the Louisiana Public Service Commission as they relate to eligible resources

***Bidder Registration, Proposal Submission Process and Web  
Portal Overview***

***April Phelps***

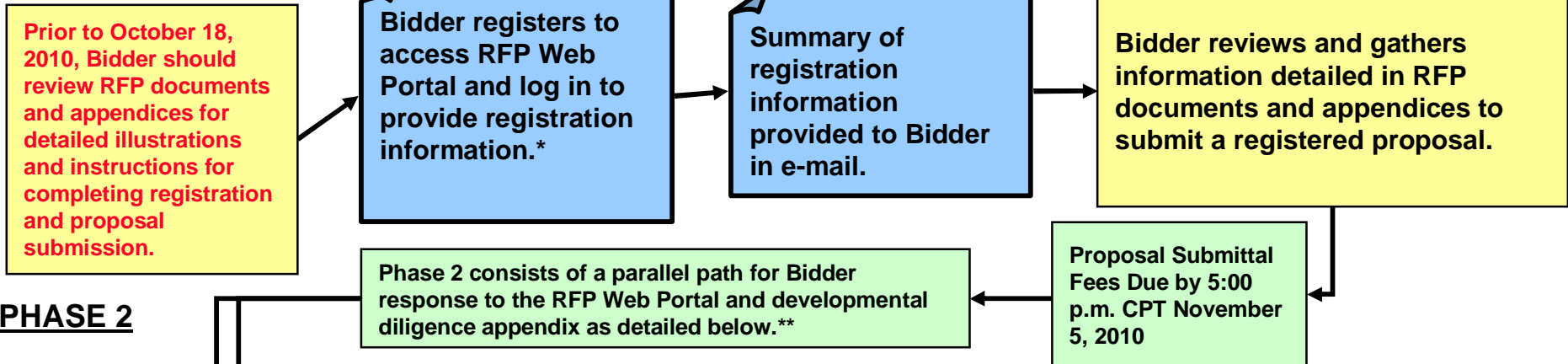
## Bidder Registration & Proposal Submission

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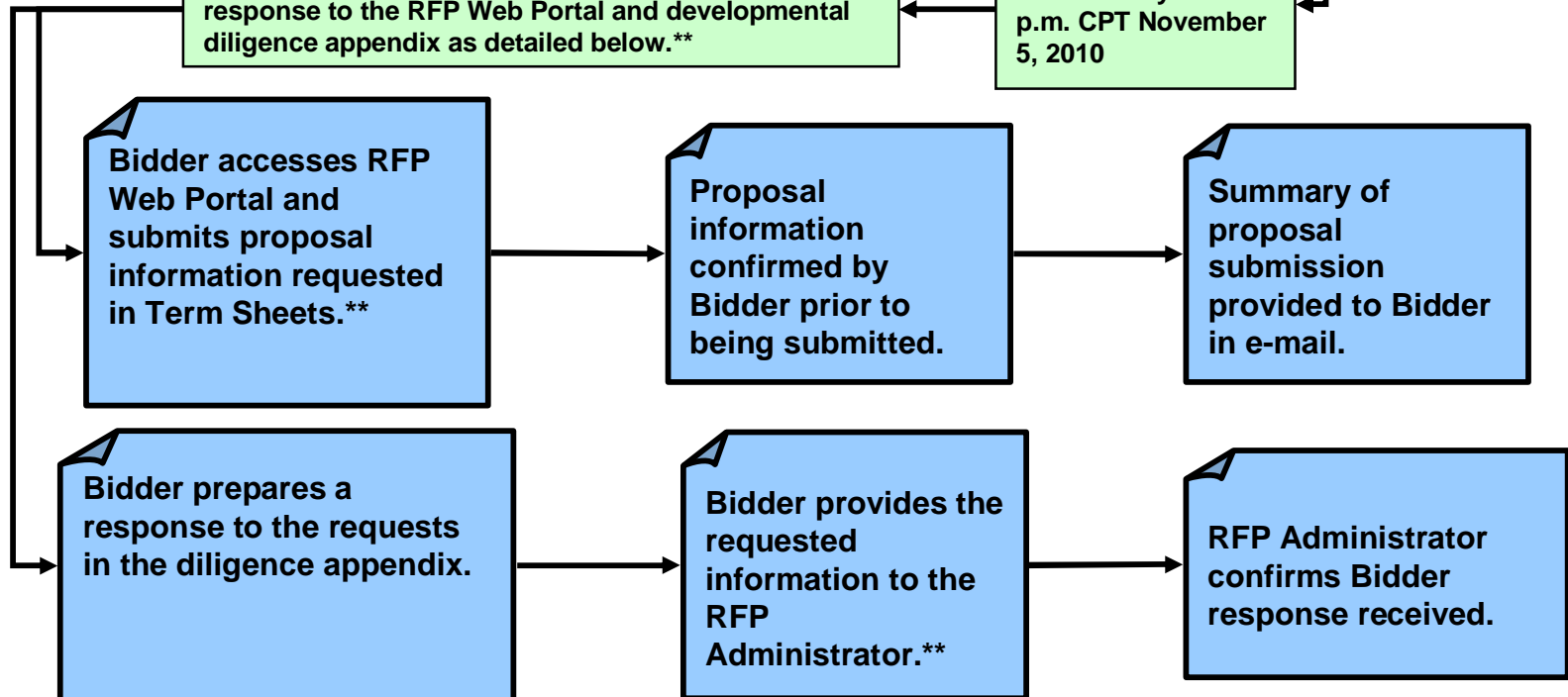
- **For the 2010 Renewable RFP, ESI will utilize a secure, electronic Web Portal**
  - ESI will require all Bidders to utilize the RFP Web Portal to complete the Bidder Registration and Proposal Submission Process
  - The benefits of this process include:
    - Consistent data and formats for required information
    - Elimination of potential transcription errors and reduction of need to interpret information
    - Enhanced security and segregation of data (leading to less human intervention)
    - Improved ability to store and retrieve electronic files (with information removed from view, as appropriate)
    - Pre-formatted reports and pre-determined access to information
  
- **Proposal Submission Fees**
  - Bidders will be charged a \$5,000 Proposal Submittal Fee for each registered proposal
  - Within three (3) Business Days of receiving the executed Bidder Registration Process Signature Page, ESI will invoice Bidder, by Proposal Identification Number, the Proposal Submittal Fee that is due for each registered proposal
  - ***ESI must receive the Proposal Submittal Fee for each registered proposal no later than 5:00 p.m. CPT on November 5, 2010***
  - Failure to submit the Proposal Submittal Fee(s) by this deadline will cause the registered proposal(s) to be rejected as non-conforming and Bidder will not be permitted to complete the Proposal Submission Process for any unpaid, registered proposal(s)
  
- **In addition, an RFP hotline will be available during Bidder Registration and Proposal Submission to answer questions regarding either registration process.**

# Bidder Registration & Proposal Submission

## PHASE 1



## PHASE 2



\* Deadline for Bidder registration is 5:00 p.m. CPT, October 18, 2010. Phase I includes registration of Bidder, as well as, all plants and associated proposals.

\*\* Deadline for submission of all proposals is 5:00 p.m. CPT, November 11, 2010.

## *Web Portal Overview*

## Q&A Session

**ESI requests that Bidders submit all questions in writing to the RFP Administrator at [ESIRENEWABLE@ENTERGY.COM](mailto:ESIRENEWABLE@ENTERGY.COM)**



## Participant Questions and/or Feedback

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- ESI will accept written questions/feedback about the RFP or term sheets from market participants and other interested parties. Questions must be emailed to the RFP Administrator by October 11, 2010 at [esirenewable@entergy.com](mailto:esirenewable@entergy.com).
- In addition, questions received during today's conference will be posted to the ESI RFP website: <https://emo-web.no.entergy.com/ENTRFP/index.htm>