



***DRAFT***

***Appendix G***

***Process For  
Protection Of Proposal Information  
For  
2006  
Request For Proposals (RFP)  
For  
Long-Term  
Supply-Side Resources***

Entergy Services, Inc.

The statements contained in this Appendix are made subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

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~~January 31~~April 17, 2006

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#### **SUMMARY**

This Appendix G describes the process that ESI will follow to ensure that information provided by Bidders in response to this 2006 Long-Term RFP is kept confidential, and is not improperly disclosed to or used by any employee, consultant, or other representative of ESI or any other Entergy affiliate.

Additionally, this Appendix G outlines how ESI has designed its process for evaluating proposals submitted in response to the 2006 Long-Term RFP to achieve the following:

- the objective and impartial treatment of all Bidders, including Entergy Competitive Affiliates and self-build and/or self-supply projects; and
- compliance with all applicable legal and regulatory requirements, including Affiliate Rules and Codes of Conduct requirements.

#### **OVERVIEW**

This Appendix G details the various mechanisms put in place by ESI to protect the confidentiality of information provided by Bidders in the 2006 Long-Term RFP process, and to achieve the additional objectives outlined above, which mechanisms include the following:

1. Use of Independent Monitors;
2. Reliance upon an RFP Administrator;
3. Protocols for Receipt of Bidder Registration Information;
4. Procedures for Receipt of Proposal Information and Protection of Confidentiality;
5. Protocols for the Protection of Market Sensitive Proposal Information; and
6. Affiliate Rules and Codes of Conduct.

#### **1. Use of Independent Monitors**

In order to ensure that this RFP is conducted in a fair and impartial manner, and in keeping with the requirements of the Market-Based Mechanisms Order<sup>1</sup> issued by the LPSC, ESI has retained Ms. Elizabeth Benson of Energy Associates and Dr. David B. Patton of Potomac Economics, both independent consultants, as the Independent Monitors, in order to (1) oversee the design

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<sup>1</sup> General Order, Docket No. R-26172 Subdocket A, *In re: Development of Market-Based Mechanisms to Evaluate Proposals to Construct or Acquire Generating Capacity to Meeting Native Load*, Supplements the September 20, 1983 General Order, dated February 16, 2004.

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and implementation of the 2006 Long-Term RFP solicitation, evaluation, selection, and contract negotiation process to ensure that it will be impartial and objective; and (2) provide an objective, third-party perspective concerning ESI's efforts to ensure that all proposals are treated in a consistent fashion and that no undue preference is provided to any Bidder, including Entergy Competitive Affiliates and self-supply projects. Ms. Benson will serve as the Process IM, and Potomac Economics will serve as the Evaluation IM. The role of each of the Independent Monitors is described in the Scope of Work Activities.<sup>2</sup> The IMs serve specific roles during each of the following phases in the 2006 Long-Term RFP process:

- 1.1 **Overall Design of the RFP** - The 2006 Long-Term RFP process has been developed with the advice and oversight of the Process IM and the Evaluation IM, in an attempt to ensure that the 2006 Long-Term RFP process is designed and implemented in a fair and impartial manner and is consistent with principles associated with a market-based procurement process.
  
- 1.2 **Proposal Review** - All submitted proposals will be reviewed and screened by the Process IM, who will redact certain information from the proposal documents to ensure that information that is needed for review of the proposals is retained without also providing information from the proposals that would identify the Bidders. The Process IM also will oversee the segregation of information from the proposals into confidential reports (*e.g.*, a report containing credit-related information only, a report containing only information necessary for the economic evaluation, and a report containing fuel information), which will then be made available to the applicable evaluation teams, with different teams seeing only those reports that include information they need to see in order to carry out their part of the proposal evaluation. The Process IM may consult with one or more persons within SPO who is not a member of an evaluation team regarding whether proposal information in the "Special Considerations" section may be needed by a particular evaluation team. This information segregation process is designed to protect Bidder confidentiality and ensure impartial evaluation of all proposals by the evaluation teams. While no process can ensure that the identity of the Bidder remains completely anonymous, the intention of this process is to provide the maximum reasonably practicable level of assurance of anonymity in order to maintain a fair and consistent evaluation process. These confidential reports will provide only the information required for the evaluator to perform the specified function, with the name of the Bidder withheld and substituted with a randomly-generated identification number (other than for the credit evaluation process). This process will be completed before any proposal information is provided to the evaluation teams.
  
- 1.3 **Proposal Submission Process** - The Process IM will review information submitted by Bidders to determine whether the proposals meet the threshold requirements (as

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<sup>2</sup> The Scope of Work Activities is posted on the LPSC website and on ESI's RFP Website at <https://emo-web.no.entergy.com/ENTRFP/index.htm>.

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stated in Section 3 of the 2006 Long-Term RFP) and to determine whether additional information is needed. The Process IM will oversee receipt of all proposals during the proposal submission period.

- 1.4 **Proposal Evaluation and Selection Process** - Both the Process IM and the Evaluation IM will monitor the proposal evaluation and selection process to ensure that the 2006 Long-Term RFP process is objective and impartial and to provide an objective, third-party perspective concerning ESI's efforts to ensure that all proposals are treated in a consistent fashion and that no undue preference is provided to any Bidder, including Entergy Competitive Affiliates and self-build and/or self-supply projects. In addition, the Process IM will review the precautions taken to restrict access to information from proposals only to those members of the evaluation teams who need to have such information for evaluation purposes, in an attempt to preserve the confidentiality of such information and to ensure an unbiased proposal evaluation process.
- 1.5 **Oversight of Bidder Contact** – During the period prior to the selection of the Preliminary Shortlists, the Process IM will obtain and review copies of all written communications from ESI's RFP Administrator to Bidders in advance of ESI's issuance of such communications. With respect to contacts conducted pursuant to Section 2.5 of this Appendix G, the RFP Administrator will consult with the Process IM to minimize the dissemination of information that explicitly identifies Bidders to members of the evaluation teams that do not need to know such information.
- 1.6 **Contract Negotiation Process and Due Diligence Process** – After notification of the selection of the Preliminary Shortlists, the Process IM will monitor all negotiations relating to such awarded or shortlisted proposals. The Process IM will participate in all elements of negotiations that involve Entergy Competitive Affiliates and in meetings with the sponsors of any self-build and/or self-supply project to ensure that the process is objective, impartial, and at arms-length. The Process IM also may participate in negotiations with other Bidders as deemed necessary by the Process IM.

## **2. Role of the RFP Administrator**

Consistent with previous RFPs, ESI has a designated "RFP Administrator." Under the supervision of the IMs, the RFP Administrator will serve in a multi-purpose role that includes the following responsibilities:

- 2.1 **Responsibility as Liaison** – The RFP Administrator shall serve as a liaison between all market participants and ESI with regard to 2006 Long-Term RFP-related matters.

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- 2.2 **Responses to Bidder Questions** – The RFP Administrator shall ensure that Bidder questions are addressed, with all questions and answers posted on the 2006 Long-Term RFP Website, subject to provisions relating to confidentiality as discussed in Section 2.5 of the 2006 Long-Term RFP main body.
- 2.3 **Distribution of Proposal Information** - The RFP Administrator shall ensure that proposal information is distributed to appropriate members of the evaluation teams after review and approval by the Process IM.
- 2.4 **Provision of Assistance to Independent Monitors** - The RFP Administrator shall work directly with the IMs with respect to all questions associated with a specific proposal and to assist the IMs in an administrative capacity in support of their efforts to ensure appropriate processes and procedures are being followed.
- 2.5 **Processing of Questions** – In the event that ESI needs to contact a Bidder for purposes of clarifying proposal terms or requesting additional information, ESI will rely on the RFP Administrator to communicate directly with Bidders. The Process IM will obtain and review copies of all written communications to be issued by ESI to Bidders in advance of ESI’s issuance of such communications. Bidders will submit their written responses to the RFP Administrator, who will engage the Process IM in accordance with Section 1.5 above prior to transmitting the information to the appropriate member of the evaluation teams.
- 2.6 **Responsibility for 2006 Long-Term RFP Files** - The RFP Administrator shall ensure that all related 2006 Long-Term RFP files and information are properly organized, stored and secured so as to protect adequately the confidentiality of information in accordance with the processes and procedures described herein.

### **3. Protocols for Receipt of Bidder Registration Information**

All information submitted to ESI through the Bidder registration process will be included in a confidential database accessible only to the IMs and the RFP Administrator, both of whom will review the information received from Bidders and oversee the preparation of reports that transmit some of the information contained in proposals to different members of the RFP evaluation teams, as described below.<sup>3</sup>

Upon completion of the Bidder registration process, the Process IM will prepare a summary report of Bidder Registration Forms received. This summary report will communicate only the

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<sup>3</sup> Certain technical personnel responsible for computer systems and information necessarily will have access to the confidential database. However, this access will be solely for the purpose of providing computer-related technical support.

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following: (1) the actual number of Bidders submitting a Bidder Registration Form; and (2) the number of proposals for each product category. No information regarding the identity of Bidders will be communicated in this summary report.

#### **4. Procedures for Receipt of Proposal Information and Protection of Confidentiality**

A key process objective of the market-based RFP process is to ensure that information provided by Bidders in response to this 2006 Long-Term RFP is kept confidential. ESI has designed procedures that its employees, agents, and consultants will be required to follow in conducting the proposal review process and the proposal evaluation process phases of the 2006 Long-Term RFP. These procedures are designed to preserve, to the extent practicable, the confidentiality of any confidential information contained in Bidders' proposals, including, but not limited to, the identities of Bidders and the proposal prices and other terms and conditions of their proposals. These procedures include use of: (a) electronic submission of proposals; and (b) the creation and use of data reports for the evaluation of each proposal. These reports are based on information provided to ESI in the proposals submitted by Bidders, with identifying information about the Bidder redacted so that different members of the evaluation teams receive only the specific limited information that they need to carry out their evaluations.

These procedures are intended to provide reasonable assurance to Bidders that, except as noted below with respect to legal or regulatory requirements, information contained in their proposals will be disclosed only to the relevant members of the evaluation teams, and select agents and consultants. Also, these procedures are designed so that this information will be disclosed to members of the evaluation teams only to the extent necessary for the sole purpose of resource evaluation and will be disclosed to other agents and consultants only to the extent necessary for them to perform their respective functions in connection with this 2006 Long-Term RFP.

Immediately after the end of the proposal submission period, each proposal package will be reviewed by the Process IM, who will redact certain information from the proposal documents prior to giving any information from the proposals to any member of the evaluation teams. This information redaction process will be accompanied by an automated process that generates separate data reports, with each report being provided only to those members of the evaluation teams who are responsible for evaluating a particular aspect of the proposal response. For example, the Fuel Evaluation Team ("FET") will receive only information on the fuel-related issues, but no non-fuel pricing information. Prior to providing these data reports to members of the evaluation teams, the Process IM will review them to ensure that the data reports contain no information regarding the name, address, telephone number or other pertinent Bidder contact information. This process will be completed before any proposal information is provided to members of the evaluation teams.

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Upon completion of the proposal submission process, the Process IM will prepare a summary report of proposals received. This summary report will communicate only the following: (1) the actual number of Bidders submitting proposals; and (2) the number of proposals submitted for each product category. No information regarding the identity of Bidders will be communicated in this summary report.

ESI has developed reporting software to generate the automated proposal data reports that will contain limited proposal data. There are three distinct proposal data reports:

- (a) a report containing information regarding the operational and economic characteristics of the proposal, which report will be provided to members of the Economic Evaluation Team (“EET”);
- (b) a report containing the proposal information regarding fuel supply issues for each proposal, which report will be provided to members of the FET; and
- (c) a report containing the proposal information for each proposal regarding the location of the Bidder’s facility, which report will be provided to members of the Transmission Analysis Group (“TAG”).

These proposal data reports will provide only the information required by the RFP evaluation teams to perform the specified evaluation function for which each team is responsible. The reports described above will exclude data specifically identifying the Bidder (*e.g.*, Bidder company name, Bidder company address and Bidder company contact information). While no process can ensure that the identity of the Bidder remains completely anonymous, the intention is to provide the maximum reasonably practicable level of assurance of anonymity in order to maintain a fair and consistent evaluation process. As described in the preceding paragraph, the Process IM will review the output of this automated system prior to the distribution of any information to members of the evaluation teams. During proposal evaluation, each proposal will be identified by its unique Proposal ID and/or Plant ID.

The evaluation teams will prepare reports that summarize information from the data reports described above and from the results of analysis of the various proposals. These summary reports will be reviewed by senior advisors and other decision-makers of ESI and the Entergy Operating Companies. In addition, once a proposal has been selected for either the Preliminary CCGT Shortlist or the Preliminary Solid Fuel Shortlist, all information relating to such proposal will be provided to the appropriate negotiation team and to appropriate executives and other decision-makers of ESI and the Entergy Operating Companies. All Entergy personnel and other agents and consultants having access to confidential information as described above will be contractually and/or professionally bound to protect the confidentiality of confidential Bidder information and to use it for no other purpose besides activities related to the 2006 Long-Term RFP process and resource evaluation processes more generally. ESI and the Entergy Operating

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Companies, however, disclaim any liability to a Bidder for damages of any kind resulting from disclosure of any Bidder or proposal information.

Proposals or other information or correspondence submitted in response to this 2006 Long-Term RFP will not be returned to Bidders. At the conclusion of this 2006 Long-Term RFP process (including regulatory review of specific transactions entered into as a result of this 2006 Long-Term RFP), all proposals will be either destroyed or archived by ESI, subject to the procedures described in this section providing for the treatment of such proposals as confidential and subject to any applicable Codes of Conduct.

All information contained in a proposal (a) may be required to be disclosed by ESI or any Entergy Operating Company pursuant to (i) applicable law, rule, or regulation or (ii) any legal proceeding involving ESI or any affiliates; and (b) may be subject to review by one or more of the regulatory commissions having jurisdiction over ESI and/or any of the Entergy Operating Companies, and/or their staffs in connection with regulatory proceedings, or any other Governmental Authority with jurisdiction relating to these matters, and may be subject to legal discovery. By submitting a proposal, the Bidder agrees to allow ESI to (a) use any of the information contained in the proposal as information, testimony or evidence in any proceeding before any such regulatory commissions, or in any proceeding before any other Governmental Authority with jurisdiction relating to these matters; and (b) disclose any of the information contained in the proposal when required to do so as described above; provided, however, that in the event such information is to be so disclosed, ESI will use its reasonable efforts to attempt to obtain from such authority, or other entity to whom such disclosure is being made, approval of a confidentiality agreement or protective order or other mechanism to protect the confidentiality of such information and to limit its dissemination.

ESI makes no assurance of the outcome of any such attempt, and advises Bidders that some merchants and others who have intervened in regulatory proceedings pertaining to potential acquisitions of resources in connection with previous RFPs and in other proceedings in which ESI and/or one or more of the Entergy Operating Companies are involved have sought access to confidential Bidder information.

#### **5. Protocols for the Protection of Market Sensitive Proposal Information**

Because there are numerous departments and personnel in the ESI organization involved in the resource planning, asset management/procurement, and operations functions, ESI has implemented specific protocols for the protection of proposal information to limit access to specific market sensitive proposal information provided by Bidders in response to ESI's 2006 Long-Term RFP, which protocols are listed below:

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- 5.1. No proposal information will ever be disclosed to any Entergy Competitive Affiliates, except to the extent that such information is made public.
- 5.2. No proposal information will ever be disclosed to members of the Self-Build Commercial Team, except to the extent that such information is made public.
- 5.3. Prior to the selection of the proposals to the Preliminary Shortlists, no member of the RFP evaluation teams shall provide any proposal information to any person within ESI who is not otherwise a part of the RFP evaluation teams, other than the information that may be provided to senior advisors and decision makers of ESI and the Entergy Operating Companies in the summary reports provided for in Section 4, above.
- 5.4. No proposal information shall be provided to any member of the RFP evaluation teams prior to the expiration of the proposal submission deadline or before review and approval by the Process IM.
- 5.5. All files created in connection with the 2006 Long-Term RFP process shall be available only to the approved personnel. Approved personnel will include only the IMs, the RFP Administrator, and those members of the RFP evaluation teams with designated access to specific information.
- 5.6. ESI management is responsible for communicating to the members of the RFP evaluation teams the importance of compliance with these protocols, both at the outset of the 2006 Long-Term RFP process and on a continuing basis.
- 5.7. ESI personnel involved with the 2006 Long-Term RFP process will sign a confidentiality agreement (referenced in Section 4, above) that governs access to and uses of information contained in proposals and proposal documents.

## **6. Affiliate Rules and Codes of Conduct**

All employees of ESI, any Entergy Operating Company, or any Entergy Competitive Affiliate, currently must adhere to the following Affiliate Rules and Codes of Conduct as applicable:

- 6.1. Entergy Corporation Standards of Conduct
  - 6.1.1. Entergy Corporation Standards of Conduct regarding the relationship between Entergy Corporation's regulated and nonregulated subsidiaries
- 6.2. Codes of Conduct: Entergy Operating Company specific
  - 6.2.1. Electric Affiliate Transaction Rules (Affiliate Rules) of the Arkansas Public Service Commission

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- 6.2.2. Council for the City of New Orleans Code of Conduct for Entergy New Orleans, Inc.
  - 6.2.3. October, 1992 Settlement Agreement between Entergy and the Arkansas Public Service Commission
  - 6.2.4. Appendix 3 to the Louisiana Public Service Commission's May 3, 1993 Order No. U-19904
  - 6.2.5. March 26, 1998 Settlement Agreement between Entergy and the Council for the City of New Orleans
  - 6.2.6. April 10, 1998 Settlement Agreement between Entergy and the Mississippi Public Service Commission
  - 6.2.7. October 19, 2000 Gas Settlement Agreement between the Council for the City of New Orleans and Entergy New Orleans, Inc.
- 6.3. Codes of Conduct: Between Affiliated Power Marketers and the Entergy Operating Companies
- 6.3.1. EKT LP Code of Conduct
  - 6.3.2. ENF Standards of Conduct
  - 6.3.3. ENGC Standards of Conduct
  - 6.3.4. ENIP 2 Code of Conduct
  - 6.3.5. ENIP 3 Standards of Conduct
  - 6.3.6. Entergy Nuclear Vermont Yankee, LLC Code of Conduct
  - 6.3.7. Entergy Solutions Supply Code of Conduct
  - 6.3.8. Entergy Power Ventures, L.P. Code of Conduct
  - 6.3.9. EWO Marketing Code of Conduct
  - 6.3.10. Koch Energy Trading Code of Conduct
  - 6.3.11. Llano Estacado Wind, LP Generic Code of Conduct
  - 6.3.12. Northern Iowa Windpower Code of Conduct
  - 6.3.13. Warren Power Code of Conduct
- 6.4. Standards of Conduct: Between Transmission and any Wholesale Merchant Function Group
- 6.4.1. FERC Transmission Standards of Conduct

A link to these Affiliate Rules and Codes of Conduct is posted on the RFP Website.

## **7. Code of Conduct for Self-Build Commercial Team**

~~ESI and other~~ Designated personnel responsible for developing the detailed construction cost estimates and fully defined project scope and performance data for the Little Gypsy Unit 3 repowering self-build option (the "Self-Build Commercial Team") will adhere to the provisions of an Acknowledgement of Confidentiality ~~or other similarly styled document~~, which will

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require, among other provisions, that the ~~self-build commercial team~~ Self-Build Commercial Team refrain from participation in the RFP Evaluation process ~~for Solid Fuel resources~~.

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