

Summer 2009 Long-Term RFP

ESI's Bidders' Conference

ENTERGY SERVICES, INC.

August 6, 2009

This presentation summarizes certain matters related to ESI's Summer 2009 Long-Term Request for Proposals (as it may be amended or modified, the "Summer 2009 RFP").

Agenda Items

- **Introductions**

- **Overview of the Summer 2009 RFP**
 - Key Objectives of the RFP
 - Independent Monitor and Process Safeguards
 - Previous RFP Update
 - Representative Schedule
 - Product Solicitation Overview
 - Credit/Collateral Requirements
 - Special Considerations for CCGT Developmental Resources
 - Resource Needs
 - Proposal Evaluation Process
 - Bidder Registration and Proposal Submission Processes

- **Independent Monitor Presentation – Potomac Economics**

- **LPSC Staff Remarks**

- **Lunch**

- **Q&A Session***

- **Overview of Bidder Registration and Proposal Submission Process**

** 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

- **Entergy Services, Inc.**

- Patrick Cicio Director, Supply Procurement & Asset Management
- Charles DeGeorge Manager, Supply Planning & Analysis
- Lee Kellough Manager, Asset Management & Planning
- Andrew O'Brien Manager, Supply Procurement
- Seth Cureington Wholesale Executive, Supply Procurement
- John Wengler Chief Risk Officer
- Antonette Harvey Sr. Analyst, Supply Procurement
- Vicki Spitznagle RFP Administrator

- **Entergy Technical System Planning**

- Doug Powell Director, Technical System Planning
- Joseph Payne Manager, Transmission Planning

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

- Jody Holland Manager, ICT Planning

- **Independent Monitor**

- Robert Sinclair Vice President, Potomac Economics

Overview of the Summer 2009 RFP

Key Objectives of the RFP

Summer 2009 RFP – Key Objectives

- **The primary objective of this RFP is to solicit competitive proposals to provide Entergy Operating Companies with flexible and cost-effective load-following generating resources to meet customers' needs in a reliable and economical manner**

- **This RFP seeks incremental baseload, load-following, and peaking resources over a long-term delivery horizon with sufficient flexibility to meet the resource needs as follows:**
 - Up to 1,000 MW of load-following combined-cycle (“CCGT”), combustion turbine (“CT”) and/or solid fuel resources needed to meeting the reliability needs of the Entergy Operating Companies starting June 1, 2011
 - A CCGT resource up to 550 MW for the Amite South (“AMS”) planning region starting no later than June 1, 2015

- **Although ESI anticipates selecting a mix of resources from among all product categories, proposals that provide flexible capability are qualitatively preferred**
 - Flexible capacity is generating capability whose output can be increased and/or decreased in response to the Entergy System requirements
 - Among the products solicited in this RFP, the following are best suited to provide flexible capability:
 - Long-Term Tolling PPA – Load-Following CCGT/Peaking MUCPAs (especially if resource equipped with AGC)
 - Ownership Acquisitions

- **The optimum portfolio resource mix (*i.e.*, the proportion of needs supplied by each product type) that actually will be procured from this Summer 2009 RFP will depend upon the relative prices and other characteristics of the various proposals offered by Bidders in response to this RFP**

Summer 2009 RFP – Participant Process Highlights

- **The final RFP will be issued on or about September 24, 2009**
- **Prior to that, ESI will accept written feedback from market participants and other interested parties on the draft RFP**
 - Comments must be provided to the RFP Administrator by August 20, 2009
- **Consistent with previous RFPs, questions received during today's conference will be posted to the ESI RFP website:**
 - <https://emo-web.no.entergy.com/ENTRFP/index.htm>
- **ESI will require all Bidders to utilize the RFP Web Portal to complete the Bidder Registration and Proposal Submission Processes**
 - RFP hotline will be available during registration and proposal submission process

Summer 2009 RFP – Participating Entergy Operating Companies / Eligible RFP Participants

- **The Summer 2009 RFP will be on behalf of all the Entergy Operating Companies**
 - Entergy Arkansas, Inc. (“EAI”)
 - Entergy Gulf States Louisiana, L.L.C. (“EGSL”)
 - Entergy Louisiana, LLC (“ELL”)
 - Entergy Mississippi, Inc. (“EMI”)
 - Entergy New Orleans, Inc. (“ENOI”)
 - Entergy Texas, Inc. (“ETI”)

- **Potential RFP Participants**
 - Electric Utilities
 - Marketers
 - Wholesale Generators
 - Independent Power Producers
 - Qualifying Facilities
 - » QF considerations

- **Entergy Competitive Affiliates will be allowed to submit proposals in response to the Summer 2009 RFP**

- **A CCGT self-build proposal for the AMS region is anticipated in response to the RFP**

***Independent Monitor and
RFP Process Safeguards***

Summer 2009 RFP Process Safeguards – Role of Independent Monitor

- **ESI has retained Potomac Economics, an independent consulting firm, to act as Independent Monitor to assist in the development of the RFP solicitation, evaluation and selection process in support of ESI's efforts to ensure that the RFP and its evaluation process will be objective and impartial**
- **The Independent Monitor has monitored the design of the RFP, and will also monitor the conduct of the solicitation, evaluation, selection and contract negotiation processes to provide an objective third-party perspective in support of 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 to the self-build option**
- **The specific role of the IM retained for the Summer 2009 RFP is described in the Scope of Work Activities of the Independent Monitor, which is posted on the RFP Website**

Summer 2009 RFP Process Safeguards – Additional Protocol

- **Code of Conduct**
 - All 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 and further outlined in the RFP
 - Link provided on ESI RFP Website

- **Additional protocols**
 - Each RFP Proposal Evaluation Team is made up of designated personnel. Team composition is overseen by the IM
 - ESI personnel involved with the Summer 2009 RFP evaluation process will adhere to the provisions of a confidentiality acknowledgement that governs access to and uses of information contained in proposals and proposal documents
 - The Self-Build Commercial Team is segregated from the RFP proposal evaluation process and is governed by a confidentiality acknowledgement that strictly limits communication with and access to the RFP Proposal Evaluation Team

- **RFP Process Design and Implementation**
 - The RFP process has been designed to assure fair and impartial treatment of all Bidders
 - Bidder identification is masked and proposal information is redacted to remove any information that might identify the Bidder

Previous RFP Update

Summary of Contracts Resulting From Previous RFPs

RFP	Short- term 3rd Party	Limited- term Affiliate	Limited-term 3rd Party	Long-term Affiliate	Long-term 3rd Party	Total
Fall 2002	0 MW	185-206 MW Note 1	231 MW	101-121 MW Note 2	718 MW	1,235- 1,276 MW
January 2003 Supplemental	222 MW	n/a	n/a	n/a	n/a	222 MW
Spring 2003	n/a	0 MW	381 MW	Note 3	0 MW	381 MW
Fall 2003	n/a	0 MW	390 MW	n/a	n/a	390 MW
Fall 2004	n/a	n/a	1,250 MW	n/a	n/a	1,250 MW
2006 Long-Term	n/a	n/a	n/a	538 MW Note 4	789 MW	1,327 MW
Fall 2006	n/a	0 MW	780 MW	n/a	n/a	780 MW
January 2008 RFP (Note 5)	n/a	n/a	0	n/a	n/a	0
2008 Western Region RFP	n/a	n/a	300	n/a	n/a	300
Summer 2008 (Note 6)	n/a	n/a	200	n/a	n/a	200
January 2009 Western Region	n/a	n/a	n/a	TBD	TBD	TBD
Total	222 MW	185-206 MW	3,532 MW	639 - 659 MW	1,507 MW	6,085-6,126 MW

Note 1: Includes a conditional option to increase the Capacity up to the upper bound of the range.

Note 2: The contracted Capacity will increase from 101 MW to 121 MW in 2010.

Note 3: It should be noted that this table does not reflect the River Bend 30% life-of-unit power purchase agreements totaling approximately 300 MW between Entergy Gulf States, Inc. ("EGS") and Entergy Louisiana, Inc. ("ELI") and between EGS and Entergy New Orleans, Inc. ("ENO") related to EGS's unregulated portion of the River Bend nuclear station which portion was formerly owned by Cajun Electric Power Cooperative, Inc. or the Entergy Arkansas Inc. ("EAI") wholesale baseload capacity life-of-unit power purchase agreements totaling approximately 220 MW between EAI and ELI and between EAI and ENO related to a portion of EAI's coal and nuclear baseload resources (which were not included in retail rates) executed in 2003. That capacity was identified and selected outside of the RFP process, but was market-tested in the Spring 2003 RFP, as a result of which the propriety of the selection of those resources was confirmed.

Note 4: Little Gypsy 3

Note 5: At the direction of the Louisiana Public Service Commission ("LPSC"), but with full reservation of all legal rights, ESI issued the January 2008 RFP for Supply-Side Resources seeking fixed price unit contingent products. Although the LPSC request was directed to Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC, ESI issued the RFP on behalf of all Entergy Operating Companies.

Note 6: On October 15, 2008 and in response to the US financial crisis ESI on behalf of the Entergy Operating Companies terminated all long-term procurement efforts, including the long-term portion of the Summer 2008 RFP.

Representative Schedule

Summer 2009 RFP – Representative Schedule

- The following represents the target RFP schedule*:

<u>Milestone</u>	<u>Date</u>
➤ Issue Final RFP	On or about Sep 24, 2009
➤ Respond and Post Q&A to Website	Through Oct 30, 2009
➤ Bidder Registration	Nov 2 – 5, 2009
➤ Proposal Fees Due	Nov 12, 2009
➤ Proposal Submission Period	Nov 16 - 19, 2009
➤ Announce Preliminary Shortlist (as necessary)	Feb 15, 2010
➤ Announce Primary/Secondary Awards	May 2010
➤ Begin Comprehensive Due Diligence & Negotiations	As early as May 2010
➤ Notify Secondary Award List of Proposal Status	Aug 2010
➤ Execute Definitive Agreement	4 th Quarter 2010
➤ Target for Receipt of Regulatory Approvals (Bridge Agmt.)	2 nd Quarter 2011
➤ Target for Receipt of Regulatory Approvals (Long-Term PPA/Acquisition)	4Q 2011 - 1Q 2012
➤ Delivery Term Start Date (CCGT developmental)	Jun 2015

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

Product Solicitation Overview

Summer 2009 RFP – Product Solicitation Overview

- **In this RFP, ESI is seeking long-term resources as follows:**
 - Purchase Power Agreements
 - Products are structured with delivery terms of ten (10) up to and including Life-of-Unit
 - Preference for minimum 20 year delivery term
 - Ownership Acquisitions
 - Interim arrangements for capacity and energy while Buyer conducts due diligence and seeks regulatory approvals is contemplated in the respective term sheet

- **Technology**
 - AMS portion of solicitation limited to CCGT technology (existing or developmental)
 - Remaining System need can be met through a combination CCGT, CT and solid fuel resources

- **Product highlights**
 - All pricing terms open for bid with escalation components and extension options
 - Term Sheets have been provided and will form basis for negotiations
 - Information requested during due diligence consistent with previous long-term RFPs

- **The Delivery Term Start Date for existing resources is June 1, 2011**

- **The Delivery Term Start Date for CCGT developmental resources is June 1, 2015**

Summer 2009 RFP – Product Solicitation Overview

- ESI is soliciting the following range of products in this RFP

- **Baseload Product (*Product Package A*)**
- **Long-Term Tolling PPA – Load-Following CCGT (*Product Package B*)**
- **Low Heat Rate MUCCO (*Product Package C*)**
- **Peaking MUCPA (*Product Package D*)**
- **Ownership Acquisition (*Product Package E*)**

Summer 2009 RFP – Baseload Product (*Product Package A*)*



<u>Long-Term</u>	
Delivery Term Start Date	<ul style="list-style-type: none"> ▪- June 1, 2011
Key Product Terms	<ul style="list-style-type: none"> ▪- Unit contingent capacity, energy, and Other Associated Electric Products ▪- CCGT or solid fuel technology expected to run in all hours of the Delivery Term subject to availability ▪- 98% availability in Summer/Winter season for CCGT resource – 95% for balance of calendar year ▪- 90% availability in each month of Delivery Term for solid fuel resource ▪- 2% Capacity Payment discount for 1% availability shortfall ▪- 85% Rolling 12-month Availability Requirement with termination right ▪- Equivalent Planned Maintenance and Force Majeure Hours capped ▪- Seller has ability to offer replacement energy; Buyer may accept or reject ▪- QFs do not retain right to put to the host utility
Capacity Quantity	<ul style="list-style-type: none"> ▪- 100MW – 300MW ▪- 50 MW – 100 MW will be considered only for full output of facility
Pricing	<ul style="list-style-type: none"> ▪- Option Premium proposed by Seller (\$/kW-year) <ul style="list-style-type: none"> (i) Base Option Premium w/Escalator (PPI/CPI); or (ii) Option Premium specified annually ▪- Energy Payment proposed by Seller (\$/MWh) <ul style="list-style-type: none"> (i) Guaranteed Energy Price (specified annually) (ii) Fixed Heat Rate multiplied by the Fuel Price ▪- Variable O&M proposed by Seller (\$/MWh)
Fuel	<ul style="list-style-type: none"> ▪- Seller provides fuel

*Bidders are encouraged to carefully review the respective term sheet found in Appendix C of the RFP

Summer 2009 RFP – Long-Term Tolling PPA (*Product Package B*)*

<u>Long-Term</u>	
Delivery Term Start Date	<ul style="list-style-type: none"> ▪- Existing CCGT resources located outside of AMS – 6/1/2011 ▪- CCGT developmental resources planned for AMS – 6/1/2015
Key Product Terms	<ul style="list-style-type: none"> ▪- Unit contingent capacity, energy, and Other Associated Electric Products ▪- Tolling agreement with no minimum annual energy dispatch requirements ▪- 8 hour min run time if dispatched; max of 1 start per unit per day; 4 hour maximum between shutdown/start-up ▪- CCGT technology with Heat Rate Guarantee (+/- 3% bandwidth) ▪- Availability Requirement is 98% in Summer (Jun-Aug) and Winter (Dec-Feb); 95% for balance of calendar year ▪- 2% Capacity Payment discount for 1% availability shortfall ▪- 85% Rolling 12-month Availability Requirement with termination right ▪- Equivalent Planned Maintenance and Force Majeure Hours capped ▪- Revenue quality fuel and electric meters required for partial unit tolls ▪- Seller does not have ability to offer replacement energy
Capacity Quantity	<ul style="list-style-type: none"> ▪- One entire 1x1 or 2x1 CCGT train totaling approximately 250 to 550 MW
Pricing	<ul style="list-style-type: none"> ▪- Option Premium proposed by Seller (\$/kW-year) <ul style="list-style-type: none"> (i) Base Option Premium w/Escalator (PPI/CPI); or (ii) Option Premium defined annually ▪- Variable O&M (\$/MWh) <ul style="list-style-type: none"> (i) Proposed by Seller ▪- Fixed Start-up Payment (\$ per CT per Start) <ul style="list-style-type: none"> (i) Proposed by Seller
Fuel	<ul style="list-style-type: none"> ▪- Buyer provides fuel

*Bidders are encouraged to carefully review the respective term sheet found in Appendix C of the RFP

Summer 2009 RFP – Low Heat Rate MUCCO (Product Package C)*

<u>Long-Term</u>	
Delivery Term Start Date	<ul style="list-style-type: none"> ▪ - June 1, 2011
Key Product Terms	<ul style="list-style-type: none"> ▪ - Unit contingent capacity, energy, and Other Associated Electric Products ▪ - Day-ahead and intra-day Call Option with no minimum annual energy dispatch requirements ▪ - Seller retains right to sell on non-firm, interruptible basis if Buyer does not exercise its Call Option ▪ - Availability Requirement is 98% in Summer (Jun-Aug) and Winter (Dec-Feb); 95% for balance of calendar year ▪ - 2% Capacity Payment discount for 1% availability shortfall ▪ - 85% Rolling 12-month Availability Requirement with termination right ▪ - Equivalent Planned Maintenance and Force Majeure Hours capped ▪ - Can be combined with a Baseload Product ▪ - QFs do not retain right to put to the host utility
Capacity Quantity	<ul style="list-style-type: none"> ▪ - 100 – 300 MW ▪ - 50 MW – 100 MW will be considered only for full output of facility
Pricing	<ul style="list-style-type: none"> ▪ - Option Premium proposed by Seller (\$/kW-year) <ul style="list-style-type: none"> (i) Base Option Premium w/Escalator (PPI/CPI); or (ii) Option Premium defined annually ▪ - Variable O&M (\$/MWh) <ul style="list-style-type: none"> (i) Proposed by Seller ▪ - Fixed Start-up Payment (\$ per MW per Start) <ul style="list-style-type: none"> (i) Proposed by Seller ▪ - Energy payment based on Fixed Heat Rate proposed by Seller; <ul style="list-style-type: none"> (i) _____ Btu/kWh (HHV) for an 8 – 11 hour schedule (ii) _____ Btu/kWh (HHV) for a 12 – 15 hour schedule (iii) _____ Btu/kWh (HHV) for a 16 hour or longer schedule; and multiplied by the Gas Price
Fuel	<ul style="list-style-type: none"> ▪ - Seller provides fuel

*Bidders are encouraged to carefully review the respective term sheet found in Appendix C of the RFP

Summer 2009 RFP – Peaking MUCPA (*Product Package D*)*

<u>Long-Term</u>	
Delivery Term Start Date	<ul style="list-style-type: none"> ▪- June 1, 2011
Key Product Terms	<ul style="list-style-type: none"> ▪- Unit contingent capacity, energy, and Other Associated Electric Products ▪- Tolling agreement with no minimum annual energy dispatch requirements ▪- 4 hour min run time if dispatched; max of 2 starts per unit per day; 2 hour maximum between shutdown/start-up ▪- CT technology with Heat Rate Guarantee (+/- 3% bandwidth) ▪- Availability Requirement is 99% in Summer (Jun-Aug) and Winter (Dec-Feb); 96% for balance of calendar year ▪- 20% Capacity Payment discount for 1% availability shortfall ▪- 90% Rolling 12-month Availability Requirement with termination right ▪- Equivalent Planned Maintenance and Force Majeure Hours capped ▪- Revenue quality fuel and electric meters required for partial unit tolls ▪- Seller does not have ability to offer replacement energy
Capacity Quantity	<ul style="list-style-type: none"> ▪- Full Capacity of the specified CT generating unit
Pricing	<ul style="list-style-type: none"> ▪- Option Premium proposed by Seller (\$/kW-year) <ul style="list-style-type: none"> (i) Base Option Premium w/Escalator (PPI/CPI); or (ii) Option Premium defined annually ▪- Variable O&M (\$/MWh) <ul style="list-style-type: none"> (i) Proposed by Seller ▪- Fixed Start-up Payment (\$ per CT per Start) <ul style="list-style-type: none"> (i) Proposed by Seller
Fuel	<ul style="list-style-type: none"> ▪- Buyer provides fuel

*Bidders are encouraged to carefully review the respective term sheet found in Appendix C of the RFP

Summer 2009 RFP – Ownership Acquisition (*Product Package E*)*

<u>Acquisition</u>	
Delivery Term Start Date	<ul style="list-style-type: none"> ▪- Target start date for any interim arrangement for capacity and energy pending regulatory approvals: - Existing CCGT, CT and solid fuel – 6/1/2011 ▪- Target start date for CCGT developmental resource for AMS – 6/1/2015
Key Product Terms	<ul style="list-style-type: none"> ▪- Buyer seeking outright acquisition of a simple-cycle CT, combined-cycle gas turbine (CCGT), or baseload solid fuel generating unit ▪- Key asset attributes include AGC, high turn-down ratio, flexible fuel supply, and locational benefit
Capacity Quantity	<ul style="list-style-type: none"> ▪- Entire CT generating unit(s); or ▪- Entire 1x1 or 2x1 CCGT train totaling approximately 250 to 550 MW; or ▪- Entire baseload solid fuel generating unit or portion of unit
Pricing	<ul style="list-style-type: none"> ▪- Pricing shall be based on a single fixed payment ▪- For resources located outside of the Entergy Control Area, Bidders are instructed to include the total estimated costs of any transmission upgrades and tariff rates charged to deliver energy from the proposed resource to the Entergy Control Area
Fuel	<ul style="list-style-type: none"> ▪ Resources with sufficient fuel supply flexibility are sought

*Bidders are encouraged to carefully review the respective term sheet found in Appendix C of the RFP

Summer 2009 RFP – Environmental Change in Law*

	<u>Long-Term</u>	
Baseload Product	<p>If Bidder intends to submit a proposal regarding Environmental Change in Law costs, ESI requires Bidders specify the following:</p> <p>(i) Amount of the deductible (amount for Seller’s account before Buyer obligated to share in costs) on a per occurrence or aggregate basis</p> <p>(ii) Whether there will be a “dead zone” (i.e. a period after start of delivery term in which no Environmental Change in Law costs will be borne by Buyer)</p> <p>(iii) Fixed percentage share to be borne by Buyer (or other pro rata basis for sharing such costs based on energy takes)</p> <p>(iv) Minimum notice to Buyer required prior to any Buyer sharing of Environmental CIL costs</p> <p>(v) Any other material term</p>	<p>If Bidder intends to submit a proposal regarding Environmental Change in Law costs for Buyer to share in Environmental Change in Law capital costs, ESI requires Bidder specify the following in addition to the specification required under a limited-term proposal:</p> <p>(i) Amount/percentage increase in Buyer’s costs that would trigger termination right</p> <p>(ii) Seller’s proposed discount or finance rate for purposes of calculating Buyer’s payment obligation for capital items and term of amortization</p>
Long-Term Tolling PPA – Load-Following CCGT		
Low Heat Rate MUCCO		
Peaking MUCPA		

*Bidders are encouraged to carefully review the respective term sheet found in Appendix C of the RFP

Summer 2009 RFP – Additional Key Considerations

- **Regulatory Approvals**
 - All definitive agreements shall be conditioned upon receipt of regulatory approvals, including the recovery of the cost of the resource, acceptable to ESI in its sole discretion
 - Buyer retains termination right if regulatory approval including full cost recovery not received

- **Contract Terms and Conditions**
 - ESI does not intend to post Model Contracts
 - ESI intends to utilize the term sheets in Appendix C to the RFP as the basis for negotiation
 - Any additional provisions or special considerations have been provided in the applicable term sheets
 - The term sheets are expected to serve as the basis for final contract negotiations and execution without any material changes
 - Bidders should take the terms and conditions specified in the applicable term sheet into consideration in the pricing of their proposals

Credit/Collateral Requirements

Summer 2009 RFP – Development of Credit Requirements

- **No Bidder will be excluded or prohibited from participating in this RFP on the basis of credit**
- **Historically, market participants have requested flexibility in meeting collateral requirements**
- **As in previous RFPs, ESI has agreed to consider alternate forms of collateral including liens on assets and taking into consideration a portion of the Bidder's exposure to Buyer as incurred in the proposal**

Summer 2009 RFP – Credit Requirements

- **None at time of proposal submission**
- **None at time of proposal awards**
- **\$2MM Letter of Credit (“LOC”) at execution of a Letter of Intent (“LOI”) between ESI and Bidder/Seller**
- **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
- **The table below provides the pre-commercial and operational collateral requirements for each product category**
 - Regardless of the uncollateralized exposure afforded a Bidder (see Appendix F), upon execution of a Definitive Agreement, all counterparties will be expected to post a minimum amount of collateral until the Delivery Term Start Date, after which the assessment of the delivery term exposure will apply

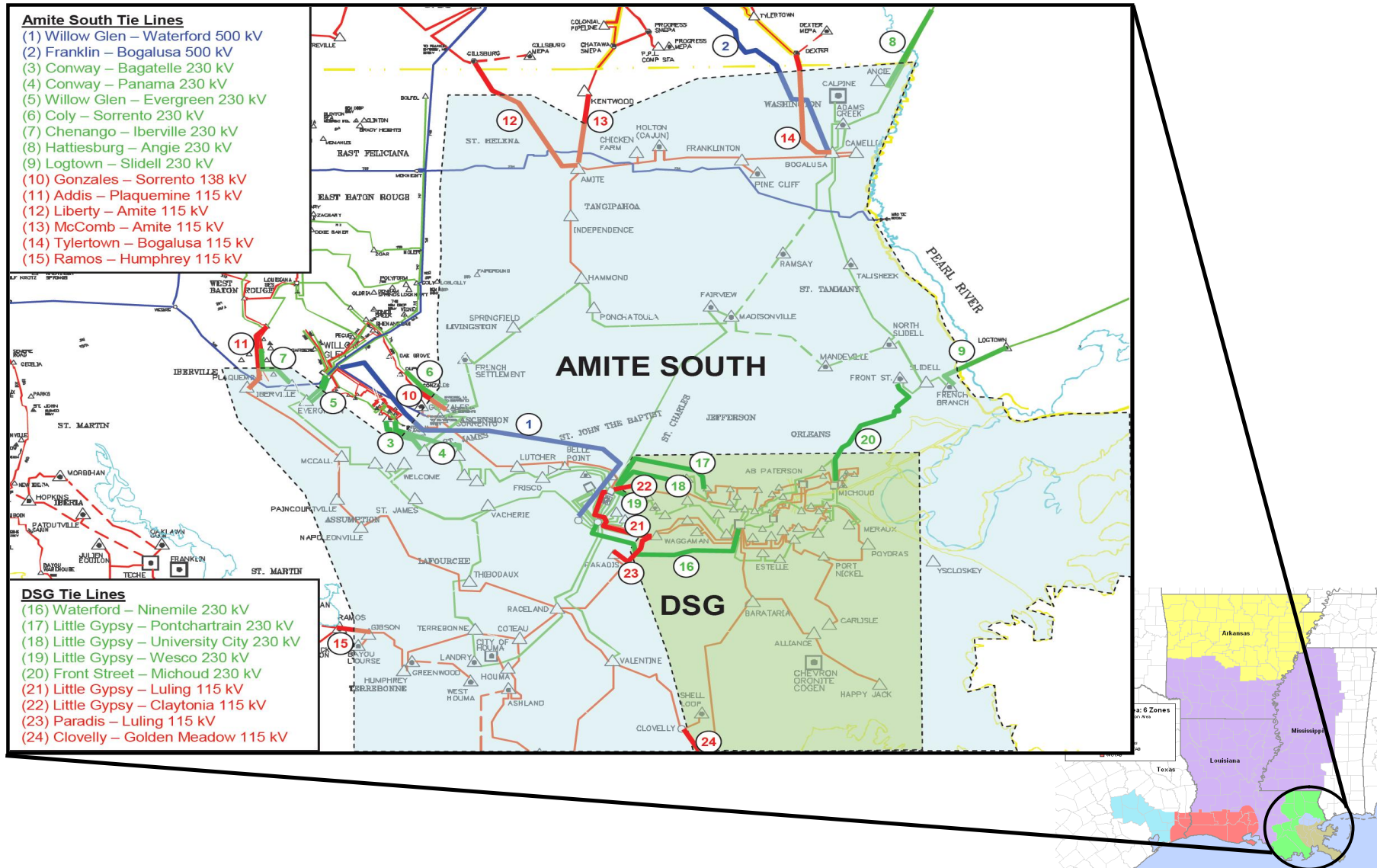
Long-Term Product Types	Project Development Security/Milestones (CCGT developmental resources only)	\$2,000,000 LOC Due Upon Execution of LOI	Performance Collateral Requirements	Additional Collateral Obligations For All Acquisitions	Potential Forms of Collateralization
Baseload Product (CCGT and Solid Fuel); Long-Term Tolling PPA – Load-Following CCGT; Low Heat Rate MUCCO (CCGT); Peaking MUCPA (CT)	Pre-Commercial Period Security/Milestones will be negotiated during the Definitive Agreement. Milestones may include, without limitation: <ul style="list-style-type: none"> •Execution of Project EPC Contract(s) •Receipt of critical permits (e.g., air) •Receipt of binding financing commitments for the project •Delivery of major components to the Facility site (e.g. combustion turbines) •Completion of gas and power interconnection facilities and other major components/systems/facilities •Target Commercial Operation Date 	Upon execution of an LOI, each Bidder must provide a \$2,000,000 standby letter of credit.	Solid Fuel: Twenty million dollars (\$20,000,000) per 100 MW contracted for. CCGT: Ten million dollars (\$10,000,000) per 100 MW contracted for. CT: Five million dollars (\$5,000,000) per 100 MW contracted for.		<ul style="list-style-type: none"> •Parental Guaranty •Letter of Credit
Ownership Acquisition Baseload – Solid Fuel (existing assets only); and Ownership Acquisition – Load Following CCGT; and Ownership Acquisition Simply-Cycle CT (existing assets only)			No performance collateral required for existing projects. For development-based projects, Bidder should describe with specificity its proposed collateral or security postings throughout the development phase (including amounts or means of determining the amounts, type(s), and other relevant information), interim development milestones, consequences for failing to meet an interim milestone, delay damages, final deadline for achieving commercial operation, and Buyer lien and step-in rights.	For all acquisitions (Existing or proposed CCGT, or existing CT and solid fuel), Bidder will also have post closing indemnity obligations. Additional credit support may be required to secure such indemnity obligations.	<ul style="list-style-type: none"> •Cash •Lien on asset •Other acceptable solutions suggested by Bidder

Summer 2009 RFP – Credit Review and Collateral Timeline

- **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 they are received**
- **Based on Bidder Credit Rating, the CET will determine the Maximum Uncollateralized Supplier Exposure for each Bidder**
 - It is possible that a Bidder could offer multiple proposals that in the aggregate exceed the Maximum Uncollateralized Supplier Exposure established by the CET. Consequently, in the evaluation of the awarded proposals, the Maximum Uncollateralized Supplier Exposure will apply to the combined aggregate exposures of all proposals submitted by a 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 Appendix F of the RFP in the special considerations section of the proposal or in the response to Appendix H (if applicable)
- **Bidder Credit Rating will have no impact on the selection of proposals for primary/secondary award**
- **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**

***Special Considerations for
CCGT Developmental Resources***

Summer 2009 RFP – CCGT Developmental Resource Eligibility



Summer 2009 RFP – Special Considerations for CCGT Developmental Resources

- **Bidders should be aware that, for CCGT developmental resources, ESI will require that certain criteria and/or standards be met as more thoroughly described herein in the main RFP document, and the applicable product package term sheet located in Appendix C**
 - CCGT developmental resources planned to be located within AMS may only participate through the Long-Term Tolling PPA – Load-Following CCGT (Product Package A) or Ownership Acquisition (Product Package E)

- **Transmission Considerations**
 - The Bidder/Seller assumes all risks with regard to transmission interconnection with the Entergy System, including but not limited to, the cost of interconnection, the treatment of any associated transmission service credits, and any charges associated with reliability requirements
 - For resources not currently interconnected with the Entergy System, ESI requests that Bidders *exclude* from their proposal pricing any estimates of the cost to interconnect with the Entergy System
 - To the extent a Bidder/Seller has already been provided an estimate of interconnection costs by Entergy's Independent Coordinator of Transmission ("ICT"), ESI encourages Bidders to exclude those costs from their proposal pricing, and instead submit that information as a special consideration to the proposal
 - **To be eligible to participate in the RFP**, Bidders who intend to submit a proposal(s) originating from a CCGT developmental resource not currently interconnected with the Entergy System must complete all of the following by November 19, 2009 (deadline for proposal submission):
 - Initiate the Large Generator Interconnection Procedures ("LGIP") by submitting an interconnection application to the ICT
 - Receive confirmation of a valid interconnection request from the ICT
 - Provide the RFP Administrator with the completed LGIP package as part of the response to Appendix H to the RFP
 - All generating resources are responsible for complying with Entergy's Open Access Transmission Tariff ("OATT") administered pursuant to FERC Order No. 2003-A's Standard Large Generator Interconnection Agreement and Standard Large Generator Interconnection Procedures
 - ***The transmission related information used in the RFP evaluation is not considered a substitute for the information received from the ICT utilizing the FERC approved procedures***
 - ***The transmission related information provided to ESI will be used for evaluation purposes only and cannot be used to confirm transmission service or grant an interconnection request***

Summer 2009 RFP – Special Considerations for CCGT Developmental Resources

Operational, Performance and Design Features for a CCGT Developmental Resource

▪ Fuel Supply Considerations

- The Entergy System requires generating units to provide a range of operational functions and “flexible capacity” to maintain the operational flexibility needed to meet the ever-changing demands of the Entergy System, as more thoroughly described in slide 14 above and in section 1.5.2 of the main RFP document
- Fuel supply is a critical component of a resource’s ability to provide flexible capability, which will require ESI to seek clarification on a number of fuel supply and transportation related criteria, including, but not limited to:
 - » planned and/or existing pipeline interconnections;
 - » type and sources of supply as well as points of receipt;
 - » type of service (e.g. firm, interruptible, ratable, instantaneous);
 - » ability/obligation of interconnected pipelines to provide adequate pipeline pressure to serve the generating unit(s) over the full operational output range;
 - » pipeline market zone applicable for the delivery point into the generating facility;
 - » information regarding existing/planned supply and/or transportation agreements currently in place;
 - » number of pipes to be directly connected to the facility; and
 - » plans for dual or alternative fuel capability.

▪ Plant & Equipment Design Basis Considerations

- In order to support the System’s requirement for load-following and flexible capability, ESI prefers that all proposals for CCGT developmental resources submit a proposal that includes the following design features:
 - » Evaporative cooling or inlet chilling on combustion turbine;
 - » Duct burners for supplemental firing of HRSG;
 - » Two (2) x 100% boiler feed pumps on each HRSG*;
 - » Auxiliary boiler or independent auxiliary steam supply*;
 - » Two (2) x 100% or three (3) x 50% condensate pumps*;
 - » Two (2) 100% air compressors*;
 - » Vacuum pumps for condenser air evacuation*; **and**
 - » Demineralized water system capacity sufficient to support cyclic operation*.

* An asterisk indicates that the design feature is preferred, and potentially an economic option for retrofit, on an existing CCGT resource.

Summer 2009 RFP – Special Considerations for CCGT Developmental Resources

- **The transmission, operational and performance-related criteria described above are key components of a resource’s ability to meet the requirements for products solicited in this RFP and will therefore be part of the quantitative and qualitative evaluation of proposals submitted in response to this RFP**

- **Treatment of Development Risk in the Evaluation Process**
 - ESI recognizes that the status of developmental resources submitted in response to the RFP are likely to differ, and, as a result, the precision of proposed pricing parameters will also likely vary
 - During the evaluation process, the RFP Evaluation Team will consider how much of this price and cost uncertainty will be borne by ESI versus the Bidder/Seller based on the details of the respective proposal under consideration. Although greater precision in costs and other characteristics is preferred, uncertainty on these factors will not necessarily disqualify a proposal from further consideration

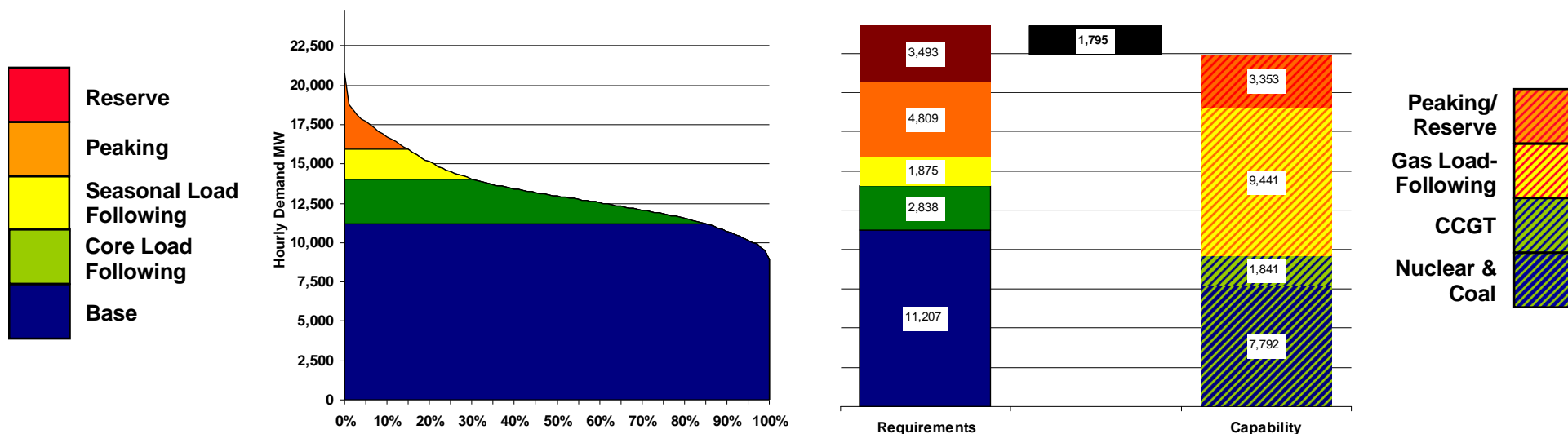
Entergy System Resource Needs

Summer 2009 RFP – Resource Needs & Supply Objectives

The supply needs of the Operating Companies are described by the following six basic resource supply objectives:

- Reliability – The Entergy System should maintain adequate resources to meet customer peak demands with adequate reliability.
- Base Load Production Costs – The Entergy System should have low-cost base load resources to serve base load requirements, which are defined as the firm load level that is expected to be exceeded for at least 85% of all hours per year.
- Flexible Capability and Load-Following Production Costs – The Entergy System should have efficient, dispatchable, load-following resources to serve the time-varying load shape levels that are above the base load supply requirement. Further the Entergy System should have sufficient flexible capability to respond to factors such as load volatility caused by changes in weather or by inherent characteristics of industrial operations, the need for meeting energy imbalances caused by independent power producers interconnected to the Entergy System, and the need to absorb energy that may be put to the Entergy System by cogenerators.
- Generation Portfolio Enhancement – The Entergy System should have a generation portfolio that is more efficient than the current fleet and avoids an over-reliance on aging resources.
- Price Stability Risk Mitigation – The Entergy System should mitigate the exposure to price volatility associated with uncertainties in fuel and purchased power costs.
- Supply Diversity Risk Mitigation – The Entergy System should mitigate the exposure to major supply disruptions that could occur from specific risks such as outages at a single generation facility.

Summer 2009 RFP – Entergy System Long-term Resource Requirements and Capability for 2011



	Base Load	Core LF	Seasonal LF	Peaking	Reserve	DSM	Total
Capability	7,792	1,841	9,441	3,353		0	22,427
Requirements	11,207	2,838	1,875	4,809	3,493		24,222
Difference	(3,415)	(997)	7,566	(1,456)	(3,493)	0	(1,795)

Supply role requirements are intended as general guidelines for portfolio planning purposes without consideration of practical operational requirements. In assessing the portfolio relative to these guidelines, each unit has been assigned within a specific supply role. In actuality, the distinction between supply roles is neither sharp nor static.

Summer 2009 RFP – Flexible Capability Requirements

The Entergy System must commit sufficient dispatchable capacity with adequate fuel supply to ensure ability to respond to changing load levels and Entergy System conditions.

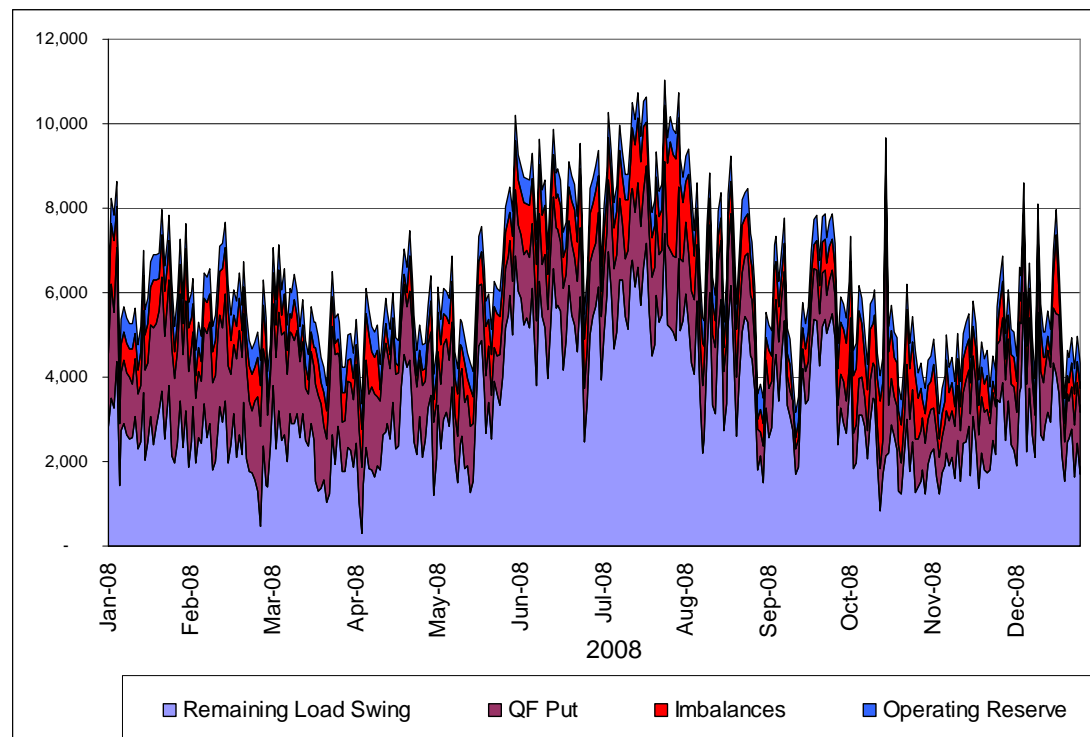
Key Drivers of Flexible Capacity Need

1. Load Swing
2. QF Put
3. Generator Imbalances
4. Operating Reserves

Note

- Remaining Load Swing represents load levels after consideration of block energy purchases that were used to meet System load swing requirements.

Flexible Capacity Requirement



Summer 2009 RFP – SRP Resource Needs (2009-2017)

Megawatts – Capacity in Excess of Requirements (Requirements in Excess of Capacity)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EGSL	168	268	(7)	(537)	(554)	(552)	(564)	(571)	(1,050)	(1,051)
ELL	823	583	117	183	125	41	17	31	50	(59)
ENO	179	161	135	132	125	117	108	105	104	103
ETI	(676)	(1,043)	(1,281)	(1,414)	(1,492)	(1,530)	(1,733)	(1,788)	(2,183)	(2,223)
EMI	423	187	111	(102)	(135)	(215)	(272)	-	-	-
EAI	(244)	57	(37)	(239)	(432)	-	-	-	-	-
ETR System	103	(231)	(1,396)	(2,535)	(2,837)	(2,478)	(2,779)	(2,567)	(3,438)	(3,592)
EAI (stand-alone entity)	(244)	57	(37)	(239)	(432)	(1,451)	(1,491)	(1,557)	(1,594)	(1,634)
EMI (stand-alone entity)	423	187	111	(102)	(135)	(215)	(272)	(772)	(829)	(887)
"System" Changes over time	6-OPCO System					5-OPCO System EAI stand-alone		4-OPCO System EAI stand-alone EMI stand-alone		

Proposal Evaluation Process

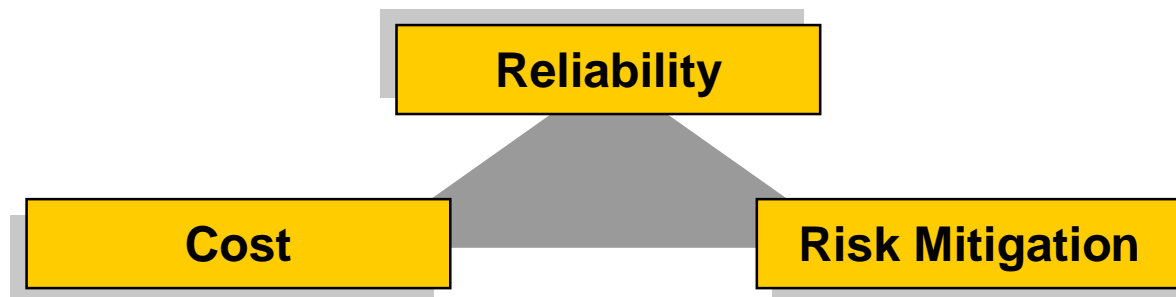
Summer 2009 RFP – Proposal Evaluation Process Objective

The primary purpose of the Summer 2009 RFP proposal evaluation process is to 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:

- Result in lower total System production costs;
- Meet incremental capacity needs;
- Meet the Entergy System's planning objectives;
- Accommodate supply deliverability constraints; and
- Can be controlled by the Entergy System's dispatchers

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. However, determining what is reasonable necessitates consideration of risk.



Summer 2009 RFP – Key Proposal Evaluation Process Improvements

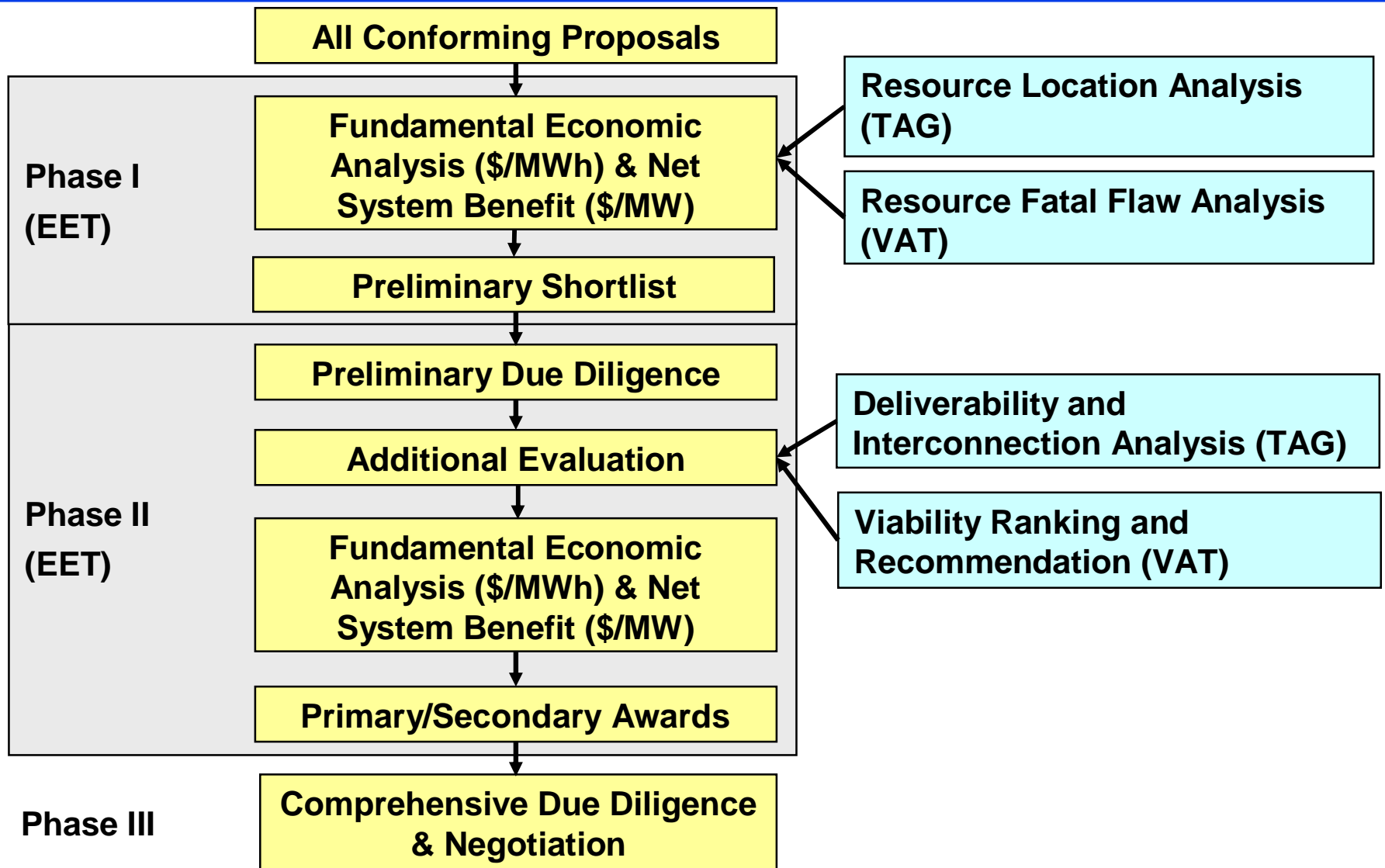
- **As a result of recent FERC action, and as part of an ongoing effort to improve the RFP process, ESI has made certain changes to the evaluation process that have been designed to enhance the evaluation of existing and developmental resources proposed in the RFP**
- **FERC Order 717**
 - On October 16, 2008, the Federal Energy Regulatory Commission issued Order No. 717 (effective November 26, 2008) amending the Standards of Conduct to, among other things, better facilitate long-term integrated resource planning
 - In light of those revisions, certain employees within the Transmission Business Unit (“TBU”) that are non-transmission function employees will participate with the Transmission Analysis Group (“TAG”) in the Deliverability Evaluation Process
 - As a result, ESI will not use the ICT’s economic study process 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
- **Evaluation of Developmental Resources**
 - Deliverability Evaluation
 - The evaluation of the proposals will include an estimate of the interconnection costs for CCGT developmental resources, along with the cost estimates for transmission upgrades required to obtain network resource status
 - Viability Assessment
 - In order to determine the overall viability of proposals for all existing (CCGT, CT, Solid Fuel) and CCGT developmental resources, the Viability Assessment Team (“VAT”) has been established to review and assess the technical, environmental, and commercial merits of each proposal
 - The VAT will provide a qualitative assessment that will inform the final recommendation for selection and award

Summer 2009 RFP – Proposal Evaluation Process Controls

- Prior to submitting proposals, Bidders will receive sufficient information to understand the evaluation factors and general decision criteria. However, detailed inputs and evaluation scenarios will be considered confidential and highly proprietary and will not be shared with Bidders.
- To the extent practical, evaluation models and assumptions will be defined before proposals are received.
- Information received by each Evaluation Team will be limited to information required to perform the evaluation.
- Multi-stage process will be used to evaluate proposals.
- Fundamental Economic Analysis will utilize an Excel based model to estimate the full-in economic cost, on a \$/MWh basis, for each proposal.
- Net System Benefit Analysis will use a production cost model (PROSYM) to estimate the NPV of net production cost effects when each such proposal is incrementally added to the portfolio.
- The results of the Fundamental Economic Analysis and Net System Benefits Analysis will be considered with qualitative assessment to ensure the resources selected meet the planning objectives.

Summer 2009 RFP – Proposal Evaluation Process Flow

ILLUSTRATIVE



Summer 2009 RFP – Proposal Economic Evaluation Process Methodology

Resource	Existing CCGT		Existing Solid Fuel	Existing CT	Developmental CCGT
Start	2011		2011	2011	2015
Location	Non-Amite South		Non-Amite South	Non-Amite South	Amite South
Fixed Cost	\$/kW		\$/kW	\$/kW	\$/kW
Variable Cost	\$/MWh		\$/MWh	\$/MWh	\$/MWh
Transmission Cost	Network Resource	Network Resource + Amite South	Network Resource	Network Resource	Network Resource + Interconnection
Fundamental Analysis	\$/MWh	\$/MWh	\$/MWh	\$/MWh	\$/MWh
Production Cost Savings	\$	\$	\$	N/A	\$
Net System Benefit Analysis	\$/kW	\$/kW	\$/kW	N/A	\$/kW
Qualitative Considerations	Assessment	Assessment	Assessment	Assessment	Assessment

 Addresses System Need

 Addresses Amite South and System Need

Summer 2009 RFP – Proposal Economic Evaluation Methods

Fundamental Economic Analysis

- The fundamental economic analysis will utilize an Excel based spreadsheet model to estimate the full-in economic cost for each proposal, based on a consistent set of operating assumptions such as;
 - Option premium,
 - Fixed O&M,
 - Fuel,
 - Variable O&M,
 - Start charges,
 - Capacity factor,
 - Transmission cost as applicable.
- Result is a full-in cost expressed on a \$/MWh basis levelized over the evaluation period.

Summer 2009 RFP – Proposal Economic Evaluation Methods

Net System Benefit Analysis

- In the Net System Benefit Analysis the primary economic evaluation measure will be a consideration of the net benefit of each proposal on total production cost when included in the supply portfolio.
- Result is a cost (or savings) expressed on a \$/kW basis levelized over the evaluation period.
- The primary tool for economic evaluation in the Net System Benefit analysis will be production cost models (“PROSYM”).
- Production cost modeling will not be applied to peaking products.

Summer 2009 RFP – Proposal Economic Evaluation Methods

Period	Existing CCGT (System)	Existing CCGT (Amite South)	Developmental CCGT (Amite South)
2011-2013	6 Operating Company System	6 Operating Company System	N/A
2014-2043	4 Operating Company System	4 Operating Company System	4 Operating Company System
	EAI	N/A	N/A
	EMI	N/A	N/A

Summer 2009 RFP – Proposal Economic Evaluation

- If following the Net System Benefit Analysis and ranking of individual proposals the Economic Evaluation Team (EET) chooses to consider more than one proposal it will combine the selections into a portfolio. The EET will evaluate the portfolio to determine if the benefits of the portfolio exceed the benefits of the single highest value selection.

- Qualitative analysis may be used to ensure that any proposal or portfolio alternative is supportive of the Entergy System's resource supply objectives and may include consideration of:
 - Operational Requirements
 - Transmission Deliverability
 - Fuel
 - Credit

- The evaluation process will not include a capacity displacement phase.

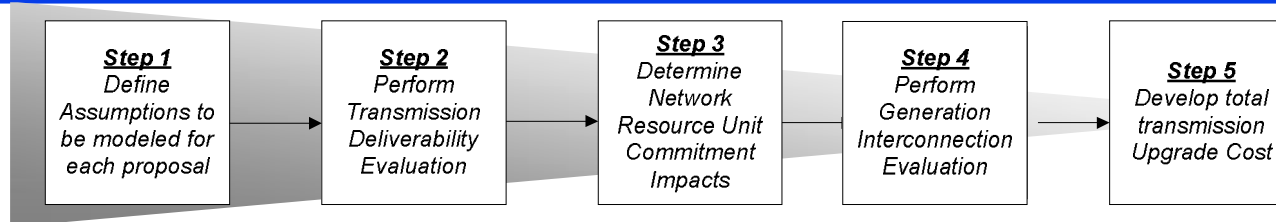
Summer 2009 RFP – Resource Portfolio Design

- **Identify the proposal(s) that achieve the planning objectives of reliability, cost, and risk mitigation in a balanced manner**

- **Portfolios will be constructed first with proposals that provide the potential to produce net savings and contribute to meeting capacity needs and then with proposals that contribute only to meeting capacity needs while considering the diversity of the proposals in the portfolio for factors such as:**
 - Product type
 - Resource dispersion
 - Resource location

- **Address the effects of combinations of individual proposals on total cost and the diminishing variable cost savings that occur as a result of additional resources and resources with lower net benefits being included in the portfolio**

Summer 2009 RFP – Proposal Deliverability Evaluation Process



- **Entergy’s Technical System Planning (TSP) and Transmission Analysis Group (TAG) will perform the Transmission Evaluation**
 - TSP will simulate the formal System Impact Study process performed by the ICT
 - All simulations and costs will be used for information purposes only
 - TAG will define the appropriate supply alternatives to be included in the evaluation
- **General Guidelines for the Transmission Evaluation Process**
 - All proposals will be studied individually using the phases described above
 - The overall evaluation process will be dictated by whether the unit is located inside or outside of the defined Amite South boundaries
 - All shortlisted resources will be submitted in the formal transmission service request queue
 - Any shortlisted resources will have to qualify as network resources regardless of the specific location
- **Transmission Upgrade Costs/Mitigation Strategies**
 - Any identified upgrades or proposed transmission interconnection costs will be determined by TSP
 - TSP and TAG will evaluate delist options

Summer 2009 RFP – Deliverability Analysis for Selected Portfolios

- **The EET will provide TAG and TSP with portfolios to conduct transmission portfolio analysis**
 - TAG and TSP will provide the total transmission capability of each portfolio to the EET using the identified mitigation strategies defined in the “information only” studies.

- **The iteration between TAG, TSP and EET will continue until the desired least cost portfolio is determined**

- **The desired portfolio will be submitted 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**

- **If constraints are identified for the long term products that cannot be mitigated through undesignation or redispatch of network resources, then a Facility Study will be requested**

Summer 2009 RFP – Viability Assessment Overview

- **In order to determine the overall viability of proposals for existing and developmental CCGT, and existing CT and Solid Fuel resources received in response to the RFP, the Viability Assessment Team (“VAT”) has been established**
 - Appendix E-3 describes in detail the process and general criteria under which the VAT will conduct its assessment
- **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, the VAT will base its assessment on the response to Appendix H or I (as applicable)
 - During Phase II, the VAT will meet directly with Bidders as necessary, and under oversight of the IM, in order to expand upon the Phase I analysis as described in Appendix E-3
- **During Phase I, the VAT will evaluate and assess the following based on a fatal flaw review and analysis:**
 - For developmental CCGT resources -- whether each proposal for a developmental resource is capable of meeting the target Commercial Operation Date of June 1, 2015
 - For existing CCGT, CT and Solid Fuel resources – whether any operational, environmental, fuel-related or commercial fatal flaws exist in a proposal
- **During Phase II, 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 II analysis, the final ranking and recommendation will be provided to the EET for further review and incorporation into the economic analysis

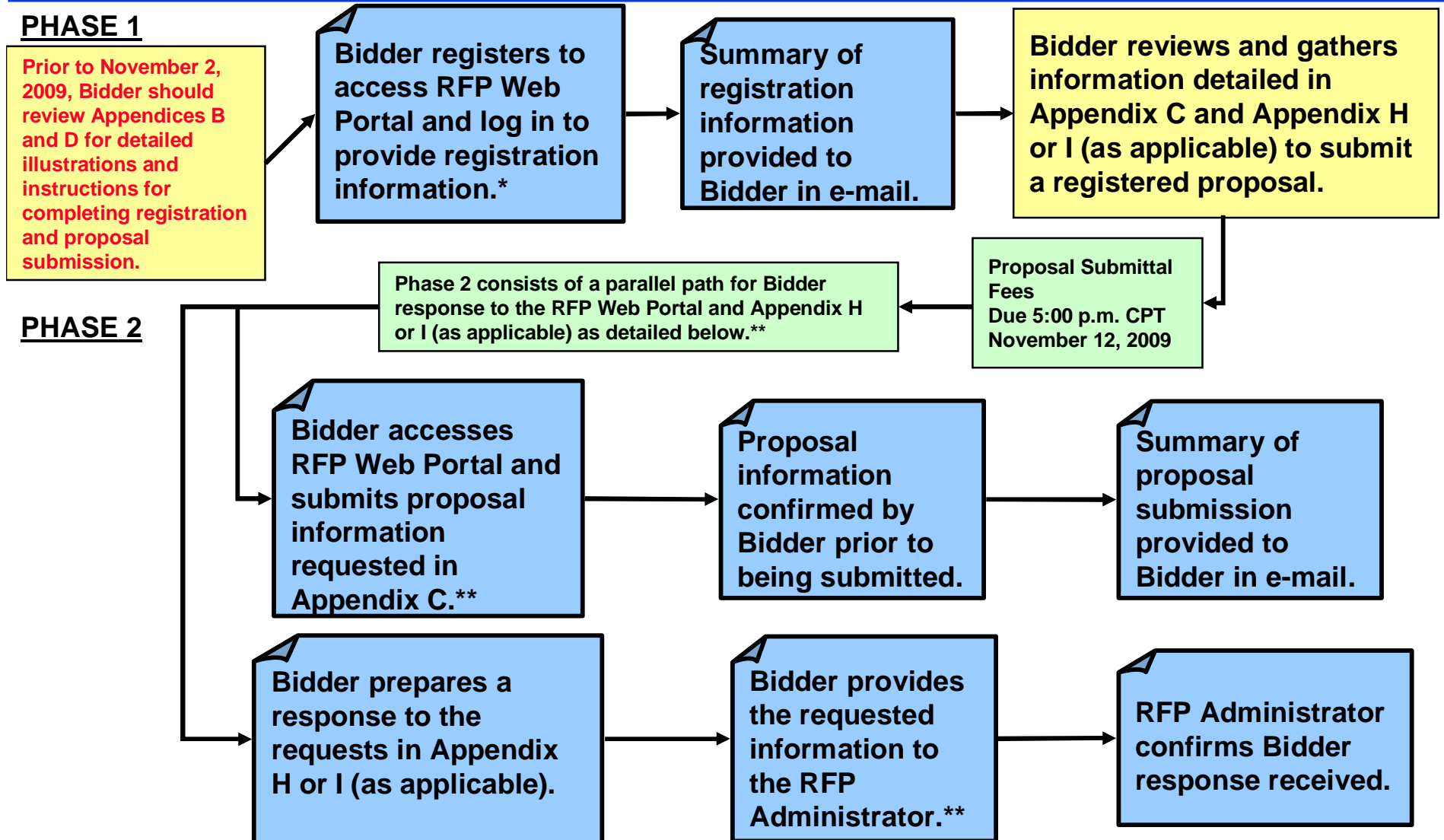
Bidder Registration and Proposal Submission Process

Summer 2009 RFP – Bidder Registration & Proposal Submission

- **Consistent with previous RFPs, ESI intends to utilize an electronic 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 (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

- **For the Summer 2009 RFP, ESI will utilize its secure RFP Web Portal used in previous RFPs**
 - Bidder's will register for the RFP and submit proposals using secure web-based forms via the RFP Web Portal
 - Advantage is that forms have defined fields where applicable that limit the Bidder's entry such that it conforms to the product type
 - Eliminates previous steps in the process
 - Reduces the need for ESI to issue clarifying questions
 - Appendix B to the RFP provides an illustration and overview of the Web Portal

Summer 2009 RFP – Bidder Registration & Proposal Submission



* Deadline for Bidder registration is 5:00 p.m. CPT, November 5, 2009. 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 19, 2009.

Summer 2009 RFP – Proposal Submission Fees

- **Proposal Submission Fees**
 - Within two (2) 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
 - Bidders will be invoiced a \$5,000 Proposal Submittal Fee for each registered proposal
 - Combination products, as detailed in the RFP, will be invoiced \$5,000 per combination
 - ***ESI must receive the Proposal Submittal Fee for each registered proposal no later than 5:00 p.m. CPT on November 12, 2009***
 - 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 shall not be permitted to complete the Proposal Submission Process for such registered proposal(s)

Q&A Session

ESI requests that Bidders submit all questions in writing to the RFP Administrator at ESIRFP1@ENTERGY.COM