

2016 Request for Proposals for Long-Term Renewable Generation Resources for Entergy New Orleans, Inc.

Questions and Answers

As of 10/4/2016

Q-1. In reference to 2016 ENOI Renewables RFP, I intend to propose an Offshore ARCS/OTEC plant that is outlined in attachment (Value Prop OTEC). It is intended that the unit is located in deep water, LA and developed with participation of an experienced deep water operator (oil & gas) but as a standalone project. As you would note, the ocean is a solar cell with a temperature gradient from top to bottom that could be converted to useable 'work.' All the technologies used in ARCS/OTEC are already present in other applications in LA. I would appreciate your preliminary review and would like to know if Entergy would be amenable to application of the proposed technologies.

A-1. The 2016 ENOI Renewables RFP is seeking commercially-proven run-of-river hydroelectric, solar photovoltaic, and onshore wind resources. The proposed technology is out of scope and, accordingly, is ineligible for participation in this RFP.

Q-2. Does ENOI have a reliability need in Amite South beginning in June 2018, or is ENOI projected to have in any year prior to 2030, and will renewable resources meet such (if any) reliability need?

A-2. Per Section 2.1 of the Main Body of the RFP, the RFP's primary objective is to request competitive proposals for renewable resources that could help Entergy New Orleans meet its integrated resource planning needs and increase the depth and breadth of generation supply within its generation resource portfolio. Addressing the reliability of the Amite South region is not a primary objective of the RFP.

Q-3. What specific need does ENOI have in Amite South that could only be met by renewable resources?

A-3. Please see response A-2.

Q-4. Assuming ENOI has a need for 20 MW of generation, why couldn't this need be met by existing CCGT generation in Amite South?

A-4. Please see response A-2.

Q-5. How will the costs of the bids received from renewable resources be compared with costs from other available resources (including CCGT) so that ENOI can ensure that these renewable resources provide the lowest reasonable cost resources per the MBM Order?

A-5. Since Entergy New Orleans is not under the jurisdiction of the Louisiana Public Service Commission (LPSC), the LPSC's "MBM Order" (the General Order of the LPSC in Docket No. R-26172, Sub Docket C (as amended)) does not apply to the RFP.

Q-6. What renewable availability profile is being used to compare the costs of solar, wind and other intermittent resources to each other and also to typical CCGT resources in order to account for the intermittent availability of each resource and to conduct a cost comparison?

A-6. The economic evaluation will consider the production profile of the proposed resource. As of the date of this response, Entergy New Orleans' production profile for each renewable technology is in development. The economic evaluation may also use Bidder-provided profile data submitted in connection with its proposal. The methodology for determining production profile will be locked down and provided to the Independent Monitor for the RFP before proposal submission. In the evaluations conducted in the RFP, Entergy New Orleans does not expect to compare proposals for renewable resources offered in the RFP to typical combined-cycle gas turbine generation resources. Please see response A-2 for the RFP's purpose.

Q-7. Does ENOI have a need for reactive power or voltage support in its service territory now or over the next 20 years? If so, 1) how many MW of generation and 2) what types of generation (all-inclusive including CCGT, CT, renewables) could service that need?

A-7. Please see response A-2 for the RFP's purpose.

Q-8. What assumptions will be made to compare a 10-yr or 20-yr PPA for renewable resources to the cost of new CCGT generation (with assumed life of 30 yrs)?

A-8. In the evaluations conducted in the RFP, Entergy New Orleans does not expect to compare proposals for renewable resources offered in the RFP to typical combined-cycle gas turbine generation resources. Please see response A-2 for the RFP's purpose.

Q-9. Will ENOI compare a transmission solution for its "need" in its service territory to the costs of the generation that results from this RFP?

A-9. Please see response A-2 for the RFP's purpose.

Q-10. Will Entergy NO consider expansion MW from an existing facility? i.e. An existing 80 MW facility near the NO load zone would add 20 MW and deliver the power to your service territory.

A-10. If a bidder offered a resource that consisted of the described incremental 20 MW of capacity, that resource would be considered a developmental resource and would be eligible to

participate in the RFP, subject to the RFP's other terms, including, without limitation, Section 2.2.2, PPA Specifics, and Section 2.2.3, Acquisitions, of the Main Body.

Q-11. Realizing that a developer may have a project (standalone or phased) that is suitable for both the ELL 2016 RFP and the ENOI 2016 RFP, and given that the deadline for submissions in the ENOI 2016 RFP is prior to the announcement of the short list for the ELL 2016 RFP, which is expected in December 2016, will ENOI accept project submissions that are dependent on the outcome of the ELL RFP? Or would ENOI consider pushing the date for submissions out until after the announcement of the ELL shortlist in December?

A-11. Proposals submitted into the ENOI Renewables RFP that are contingent upon the outcome of another RFP are non-conforming and would be subject to elimination on that basis. Whether such a proposal would be eliminated at an early stage of the ENOI Renewables RFP may depend on several factors, including, without limitation, the total number of proposals received in the RFP and whether the proposal represents a compelling offer relative to other proposals. As of the date of this response, the period for the submission of third party proposals into the ENOI Renewables RFP is October 3-6, 2016. Entergy New Orleans does not expect to change the proposal submission period, although it reserves the right to do so.

Q-12. The RFP states: "ENOI generally prefers, in order of preference, resources located in the ENOI Load Zone, then in LRZ 9, then in MISO South, then MISO, then outside of MISO" However, we could not find an indication of how this preference will be taken into account in the proposal evaluation, i.e. will a resource inside the ENOI Load Zone be given extra points even if it is not necessarily cost competitive with a resource outside the ENOI Load Zone?

A-12. The preferences listed are general and without specific evaluation criteria in and of themselves. The proposal evaluations in the RFP are designed to consider costs, benefits, and risks of each proposal, including those based on the location of the proposed resource. Entergy New Orleans will assess proposals to determine which proposal(s) best meet its resource planning objectives and needs at the lowest reasonable cost, taking into account, without limitation, reliability, risk, risk mitigation, and other factors that Entergy New Orleans deems relevant to the assessment.

Q-13. Does ENOI have a preference regarding interconnecting at a transmission or a distribution level? In other words does ENOI favor one over the other?

A-13. The draft RFP requires that resources located outside of the Entergy New Orleans Load Zone deliver energy to MISO at a transmission voltage level. The draft RFP also requires that resources requiring more than ten (10) MW of interconnection service or located in certain parts of the Entergy New Orleans Load Zone interconnect at a transmission voltage level. In addition, under the terms of the current RFP documents, "Aggregated Solar PV Resources" must interconnect at a distribution level. Beyond those requirements, all else being equal, Entergy New Orleans generally prefers interconnection at a transmission voltage level. As with the locational preferences (discussed in response A-12), however, the preference is general and without specific evaluation criteria in and of itself.

Q-14. Can you tell me who the appropriate person at ENOI would be to discuss distribution level interconnection and to help us understand the available infrastructure around a given site?

A-14. Yes. Per section 7.4 of the Main Body, “Bidders should submit all questions, communications, or other correspondence regarding interconnections for distribution voltage level service or a related matter to the RFP Administrator. [Entergy Services] requests that such questions, communication, or correspondence be provided in writing.”

Q-15. Is there a scoring criteria available to assist us in determining the competitiveness of our project?

A-15. Entergy New Orleans will utilize various criteria in the evaluation of proposals submitted in the RFP, including a scorecard in the viability assessment. For general guidance on the criteria, please see the terms of the RFP, including Sections 2 and 6 of the main body. The details of the evaluation criteria will not be made available to bidders.

Q-16. Is there a preference from Entergy for a fixed price vs. escalating PPA? We would obviously have a lower starting PPA price if it escalates, however, it is hard to determine which is the better pricing structure without inputs from ENOI.

A-16. Entergy New Orleans has no preference for either form of PPA pricing.

Q-17. I would like to clarify the desired settlement in the ENOI RFP for transmission-level resources connected in MISO South, LRZ 9. The RFP appears to ask that the project output be settled at the ENOI Load Node, regardless of where the project is physically located. It is certainly possible to effect this settlement using MISO’s Financial Schedule mechanism or a bilateral invoicing process. In that case, the seller is taking the risk of basis and congestion between the project and ENOI’s load. All of this is certainly possible and can be priced from the resources we are planning to offer. However, the language in Section 2.4.1 in the last paragraph of the Transmission Level Resource section seems to require that a project settling at ENOI’s Load Node also assign to the buyer all the benefits of any congestion hedging activities that could be used to mitigate the basis between the busbar and ENOI’s Load Node (ARRs, FTRs, etc). In this way it seems that ENOI is not taking any risk associated with basis, and is also asking for the upside of any basis mitigation undertaken by the Seller. This seems like a windfall for ENOI, unless we misunderstand. In addition, the language appears to ask the seller to qualify the project for NITS (which it would be anyway by virtue of being a Network Resource via NRIS) even though the financial settlement would obviate the need for NITS.

Could you please clarify what kind of settlement ENOI would like from a project in LRZ 9? [REDACTED] is willing to offer a busbar settlement from our NRIS resource (which would allow ENOI to mitigate basis using its own NITS) or a financially settled product at the ENOI Load Node using the Financial Schedule, but in the latter case we feel that the benefits of any risk mitigation strategies should remain with the party taking the risk.

A-17. The RFP provides, and Entergy New Orleans expects, that (i) financial settlement of transactions under any PPA arising out of the RFP regarding a resource interconnected at a transmission level will occur at Entergy New Orleans’ load node (EES.NOPLD) and (ii) that any ARR/FTR allocations and entitlements with respect to the resource will be accrued to and owned by Entergy New Orleans. Failure to offer the ENOI load node settlement price would be a basis

for elimination. If a bidder offers an alternative energy price with a different settlement location as a special consideration, that pricing may or may not be evaluated depending on the number of proposals received and whether the alternative pricing represents a compelling offer relative to other proposals. Bidders considering whether to propose one or more Special Considerations are strongly encouraged to review Section 2.2.1 of the Main Body of the RFP.

Q-18. Will ENOI execute a Confidentiality Agreement prior to submission of bids, or must the Bidder solely rely on Appendix G and Section 7.5 of the Main Body?

A-18. Bidders are not required and ENOI does not intend to sign a Confidentiality Agreement related to the RFP prior to resource selection. The Confidentiality Agreement posted on the ENOI Renewables RFP Website is expected to be executed by those Bidders, if any, whose proposals in the RFP have been selected for contract negotiations with ENOI. The Confidentiality Agreement is made available in advance to Bidders and others on the website in order to expedite execution of the Confidentiality Agreement after resource selections. The RFP is designed to protect a Bidder's confidential information provided to ENOI or its representatives over the course of the RFP. Please see Appendix G of the RFP for more information on these protective measures.