



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



Bidders Conference

June 1, 2016

Conference Introduction

❖ Conference Purpose

- To give participants a high-level overview of the 2016 Entergy New Orleans, Inc. Request for Proposals for Long-Term Renewable Generation Resources (RFP) and related processes

❖ Questions

- For Bidders attending in person, questions should be submitted in writing using the paper provided at your tables
- For Bidders attending remotely, please submit all questions to the RFP Administrator through email at esirfp1@entergy.com and waynejoliver@aol.com to ensure that Entergy New Orleans, Inc. (ENOI) has an accurate record of each question posted
- Questions and responses will be posted to the 2016 ENOI Renewables RFP Website: <https://spofossil.entergy.com/ENTRFP/SEND/2016ENOIRenewableRFP/Index.htm>
- To the extent ENOI's posted response differs from the verbal response given during the conference, the written response will control

❖ Administrative

- In the event of an inconsistency between the presentation and the RFP documents, the RFP documents will control
- All phones must be on mute
- Please do NOT place your phone on hold
- Email the RFP Administrator at esirfp1@entergy.com with any technical issues or questions

Agenda

- ❖ **Introductions**
- ❖ **Role of the Independent Monitor**
- ❖ **RFP Overview and Scope Review**
- ❖ **Tentative RFP Schedule, Bidder Registration, and Proposal Submission**
- ❖ **RFP Evaluation Process**
- ❖ **RFP Evaluation Overview**
 - Commercial Terms
 - Interconnection and Deliverability
 - Viability Assessment
 - Economic Evaluation
 - Accounting Evaluation
 - Credit Evaluation
- ❖ **Process Safeguards**
- ❖ **Q&A Session**

Introductions

❖ **Entergy Presenters**

- Seth Cureington
 - Chris Stout
 - David Wilcox
 - Paul Ajayi
 - Christine Chen
 - Thomas Kidd
 - Laura Hamner
- ENOI Resource Planning
RFP Administration Team
Viability Assessment Team (VAT)
Delivery Assessment Team (DAT)
Economic Evaluation Team (EET)
Accounting Evaluation Team (AET)
Credit Evaluation Team (CET)

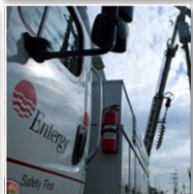
❖ **Independent Monitor**

- Wayne Oliver
- Merrimack Energy Group Inc.



Role of the Independent Monitor

***Wayne Oliver
Merrimack Energy Group Inc.***



Role of the Independent Monitor

- ❖ **Merrimack Energy has served as Independent Monitor (IM) or Independent Evaluator in nearly 70 competitive procurement processes in the US and Canada**
- ❖ **Overall role of the IM is to ensure that the RFP design, solicitation processes, review and evaluation of all bids is undertaken in a fair and objective manner and that all proposals are treated in a consistent fashion**
- ❖ **The IM is involved in all activities and phases of the competitive bidding process including RFP development, proposal solicitation, proposal evaluation and selection, and contract negotiations**
- ❖ **The IM prepares a Final Report on the solicitation process including the IM's analysis of and conclusions associated with the solicitation process.**

Role of the Independent Monitor

- ❖ **The IM will track the utility's conduct of the RFP to ascertain that no undue preference is given to affiliates and their bids, self-build or self supply projects. This includes:**
 - Reviewing the draft RFP and utility evaluation of bids;
 - Monitoring communications with market participants;
 - Monitoring adherence to codes of conduct;
 - Monitoring contract negotiations

- ❖ **The IM shall produce a final RFP evaluation report at the conclusion of the RFP**

RFP Overview and Scope Review

Seth Cureington

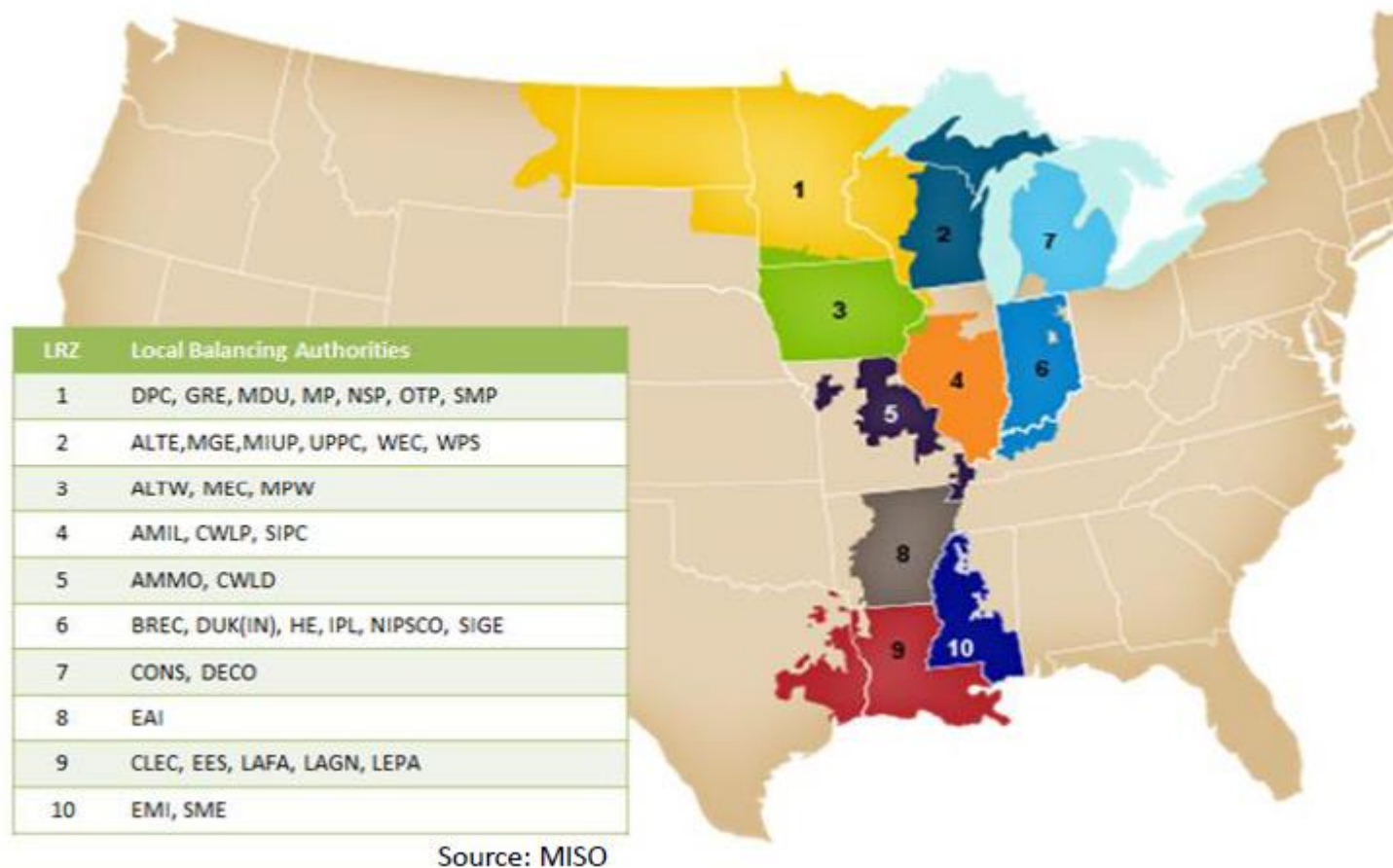


RFP Overview and Basic Elements

- ❖ **The RFP is being issued to solicit renewable capacity, energy, and related products to help meet ENOI's integrated resource planning needs, including, without limitation, increased depth and diversity of its generation resource portfolio**
- ❖ **Eligible RFP participants:**
 - Electric utilities
 - Marketers
 - Wholesale generators
 - Electric Cooperatives
 - Independent power producers
 - Qualifying facilities
- ❖ **A self-build project will be considered and evaluated in the RFP**
- ❖ **Competitive or regulated affiliates of ENOI are not allowed to participate in the RFP**

RFP Overview and Basic Elements

- ❖ **Solicitation is open to resources located inside or outside the MISO footprint**
 - ENOI's load is located inside Local Resource Zone 9 of MISO
 - ENOI prefers resources located inside MISO Local Resource Zone 9



Scope of Key RFP Elements

RFP Eligible Resources¹

- New
- Existing

RFP Eligible Technology

- Run-of-River Hydro (Hydro)
- Solar Photovoltaic (PV)
- Onshore Wind

Capacity and Energy Sought

- RFP Capacity Sought: Up to 20 MW²
- Proposals for Non-Aggregated Resources:
 - Max Capacity per Proposal: 20 MW
 - Min Capacity per Proposal for onshore Wind or Hydro: 5 MW
 - Min Capacity per Proposals for Solar PV: 1 MW
- Proposals for Aggregated Solar PV Resources:
 - Max Capacity per Proposal: 5 MW
 - Min Capacity per Proposal: 1 MW³

¹Behind-the-meter and “net-metering” resources will be ineligible to participate

²ENOI reserves the right to select proposals that reflect a diversified group of renewable technologies and to evaluate proposals accordingly

³No individual site less than 100 kW (AC)

Scope of Key RFP Elements

Physical Location

- **Transmission**
 - Not prescribed, but ENOI generally prefers:
 - Resources located in ENOI Load Zone (Orleans Parish)
 - Then, in LRZ 9
 - Then, in MISO South
 - Then, in MISO
 - Then, outside MISO
- **Distribution**
 - Must be located within the ENOI Load Zone

Deliverability

- Resources outside of the ENOI Load Zone must be physically delivered to a point on the MISO South transmission system and financially delivered to the ENOI Load Zone

Interconnection Size Requirements

- **Transmission Voltage Interconnections:** 1 MW to 20 MW (AC)
- **Distribution Voltage Interconnections:** 100 kW to 10 MW (AC)

Scope of Key RFP Elements

Start Date

- As early as June 1, 2018 but no later than June 1, 2020

Product Categories

- PPA (All Eligible Technologies)
- Acquisition (Solar PV only)

PPA Term

- 10-20 Years

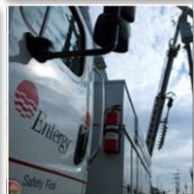
Commercial Terms¹

- PPA: All-in energy only (No Indexing)
- Acquisition: Total \$

¹Bidders will be required to submit proposals that, under current accounting standards or accounting standards expected to be in effect during the contract term, would not result in a transfer of long-term liabilities to ENOI's books

***Tentative RFP Schedule, Bidder Registration,
and Proposal Submission***

Chris Stout



Tentative RFP Schedule

Activity	Target Date*
Bidders Conference	June 1, 2016
Comments to Draft Documents Due	June 22, 2016
Final RFP Documents Issued	July 13, 2016
Bidder Registration Period	August 29 – September 1, 2016
Final Date for Completion and Submission of Required Transmission Interconnection Application to MISO	September 12, 2016
Final Date for Proposal Fee Payment	September 13, 2016
Final Date for Self-Build Proposal Submission	September 30, 2016
Proposal Submission Period	October 3-6, 2016
Primary/Secondary Selection Lists Announced	April 2017
Comprehensive Due Diligence and Negotiations Begin	April 2017
Bidders Remaining on the Secondary Selection List Released from Proposals	July 2017
Execute and Deliver Definitive Agreement(s)	September 2017
Regulatory Approvals Process Complete	September 2018

* RFP Schedule milestone events and dates are subject to change

Bidder Registration & Proposal Submission

- ❖ **Bidder registration and proposal submission will utilize forms and templates posted to the 2016 ENOI RFP Website, including:**
 - Bidder Registration Form
 - Proposal Package
 - Proposal Submission Template
 - A completed VAT Self-Assessment
 - A completed accounting certification
 - Due diligence questionnaire(s)
 - Proposal Submission Agreement

- ❖ **All proposal-related document submissions must be made via courier or e-mail**
 - Original copy of executed Bidder Registration Form
 - Original copy of executed Proposal Submission Agreement
 - Responses to Proposal Submission Template and diligence requests (special delivery rules apply)
 - ENOI will not accept paper copies of electronic proposals

- ❖ **Email will be sent to bidder confirming receipt of documents**

Bidder Registration & Proposal Submission

- ❖ **3rd Party Proposal Submission Fees**
 - \$5,000 for each registered proposal
 - Bidder invoiced within three business days after ENOI's receipt of executed Bidder Registration Form
 - ENOI must receive the Proposal Submission Fee for each registered proposal no later than 5:00 p.m. CPT on September 13, 2016 (current schedule)
 - If Bidder misses the payment deadline for a proposal, Bidder's proposal may not be considered

- ❖ **The RFP requires that the proposal package for the self-build option must be submitted before proposal packages from Bidders** *(no later than 5:00 p.m. CPT on September 30, 2016)*

- ❖ **RFP Hotline**
 - An RFP hotline will be available during bidder registration and proposal submission periods to assist Bidders with technical questions regarding either process

Design Features & Submission of Self-Build Option

- ❖ **Self-Build Option consists of up to 5 MW of Aggregated Solar PV Resources located at suitable sites solely within Orleans Parish, LA**
- ❖ **Select resource design features in addition to previously identified RFP parameters within the Draft Minimum Requirements:**
 - Utilize existing buildings and properties, including customer-owned and ENOI-owned and/or affiliated sites located outside of the downtown network grids
 - Resources will interconnect on ENOI's side of the customer's electric meter at or below 13.2 kV
 - Fixed tilt systems with smart inverter capabilities

RFP Evaluation Process

Chris Stout



RFP Evaluation Process

- ❖ **The evaluation process is designed to be fair, impartial, and consistently applied**
 - Prior to submitting proposals, bidders will receive sufficient information to understand the evaluation factors and general decision criteria
 - Detailed inputs and evaluation scenarios will be considered confidential and proprietary and will not be shared with bidders
 - To the extent practical, evaluation models and assumptions will be defined before proposals are received

- ❖ **Proposals will be reviewed and assessed for the following:**
 - Viability
 - Economics
 - Credit risk
 - Accounting treatment

- ❖ **Assessments will occur in the following stages:**
 - Phase I
 - Initial Threshold Determination
 - Preliminary Shortlist
 - Phase II

Redaction & Initial Threshold Determination

Redaction

- ❖ **The purpose of the Redaction Process is to ensure that:**
 - Evaluation Teams receive information relevant to their respective areas
 - Bidder Name is redacted from the information provided to the Economic Evaluation Team (EET)
 - Bid price information is removed from the information provided to the Viability Assessment Team (VAT) (other than specified price approved by the Independent Monitor that is needed for the VAT assessment)
- ❖ **The RFP Administration Team will open and redact all proposals**

Initial Threshold Determination

- ❖ **Initial threshold reviews and determinations will occur early in the proposal review process**
- ❖ **The purpose of this determination is to identify proposals that meet certain minimum threshold requirements for participation in the RFP. Proposals that do not meet threshold requirements will be subject to elimination.**
- ❖ **Threshold requirements include, but are not limited to, those concerning:**
 - Eligible Participants
 - Eligible Technology
 - Minimum and Maximum Capacity Requirements
 - Proposal Pricing
 - PPA Delivery Terms
 - Accounting Certification

Phase I – Screening Analysis

- ❖ **Phase I – Screening Analysis will primarily include evaluations by**
 - Economic Evaluation Team (EET)
 - Viability Assessment Team (VAT)
- ❖ **Other teams are expected to provide limited screening reviews of high-risk metrics**
- ❖ **The purpose of the Phase I evaluation is to identify the most economic proposals and to eliminate:**
 - Less economically promising proposals
 - Proposals determined to be unacceptably high-risk
- ❖ **The remaining proposals (the Preliminary Shortlist) will continue to Phase II**

Phase II – Detailed Analysis

- ❖ **The purpose of the Phase II evaluation is to evaluate the proposals on the Preliminary Shortlist in greater detail and develop final rankings and conclusions**
- ❖ **The output of Phase II will be a Final Report**
- ❖ **The Final Report will be sent to ENOI**
- ❖ **ENOI will make proposal selections, if any**

❖ **Primary Selection List**

- Bidder(s) with a proposal on the Primary Selection List may be required to enter into a letter of intent (LOI) to proceed to a definitive agreement
- Due diligence/finalization and execution of definitive agreement(s) would follow execution of an LOI
- Inclusion on the Primary Selection List is not acceptance of proposal or related contract terms
- No requirement for ENOI to place any proposals on Primary Selection List

❖ **Secondary Selection List**

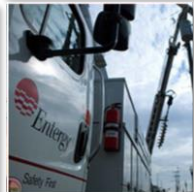
- Bidder(s) with a proposal on the Secondary Selection List may be invited to negotiate the terms of a contingent LOI and/or definitive agreement or may simply be advised of proposal status
- Bidder(s) would proceed to definitive agreement negotiations only if a Bidder(s) on the Primary Selection List is removed from list
- Bidder(s) must hold open offer for three months after notification of selection

RFP Evaluation Overview



Commercial Terms

David Wilcox



Commercial Terms Overview

- ❖ **ENOI does not plan to post model contracts**
- ❖ **Term sheets are generally high level, with key terms highlighted**
 - During the comment and question phases, Bidders are encouraged to submit questions and provide comments on RFP documents, including proposed PPA and Acquisition commercial terms
 - Comment period closes on June 22, 2016 (current schedule)
 - In proposals, Bidders may propose exceptions to terms
 - ENOI is under no obligation to agree to any exception
 - Significant requested changes could affect viability scores or eligibility
- ❖ **ENOI is entitled to all energy, environmental attributes, capacity, capacity-related benefits, and other electric products**

Commercial Terms Overview

Market Participant

- ENOI will have the right to determine whether ENOI or Seller will be the MISO Market Participant (MP)
- In general, Seller should expect to be the MP for the resource
- ENOI, not Seller, likely would be the MP for RFP-resources registered in MISO as a Load Modifying Resource

Guaranteed COD (Developmental Only)

- Delay damages
- Capacity re-sizing or buy-downs
- Termination rights for extended delays

Regulatory Disallowance

- Seller will be required to absorb certain cost recovery risks in any PPA arising out of the RFP (e.g., disallowance of replacement energy costs), excluding certain limited cost recovery risks that remain with ENOI (e.g., disallowance due to active buyer fault)
- In Special Considerations, Bidders may propose alternative allocations of regulatory disallowance risk, within limits

General Commercial Terms for PPAs

Annual Guaranteed and Expected Energy Quantity

- Bidders to propose Annual Guaranteed & Expected Energy Quantities
- Liquidated damages for deliveries below the Annual Guaranteed Energy Quantity
- Termination right for Seller deliveries below 80% for two *consecutive* contract years or below 75% for *any* three contract years of Annual Guaranteed Energy Quantity
- Contract year excess delivery of 115% = 50% energy price discount on excess of Annual Expected Energy Quantity (P50-based)

Accounting

- ENOI will not accept proposals resulting in a transfer of long-term liabilities to ENOI's balance sheet

Imbalances/ Negative Pricing

- In general:
 - Transaction fees, scheduling charges, imbalance costs/charges, revenue sufficiency charges, integration fees, etc. will be Seller's responsibility
 - Imbalances caused solely by ENOI will be ENOI's responsibility
 - ENOI will not accept negative pricing

Commercial Terms – Pricing

- ❖ **Intermittent/Dispatchable Intermittent Resources**
 - PPA - Energy-Only Pricing (\$/MWh):
 - Fixed (for term or defined annually)
 - No indexing
 - Acquisition – Total \$

- ❖ **Proposal pricing should take into account all relevant costs and credits**
 - Proposal prices are expected to include ALL interconnection and deliverability/transmission-related costs, including, without limitation:
 - Interconnection costs
 - Resources interconnected directly to the MISO transmission system must have or obtain Network Resource Interconnection Service (“NRIS”) necessary for PPA deliveries to ENOI
 - Deliverability/transmission costs
 - Deliverability/transmission upgrade costs
 - Ongoing deliverability/transmission service costs
 - Costs associated with the financial delivery of the resource to the ENOI Load Zone (e.g., congestion costs and transmission losses)
 - With the exception of certain small distribution-level (<69 kV) resources treated as an offset to ENOI load

- ❖ **Tax and Accounting**
 - PPA - Tax credits, such as investment tax credits and production tax credits, as well as any other eligible credit or incentive, such as bonus depreciation, should be factored into PPA proposal pricing
 - Acquisition - Proposal pricing should **not** include tax credits, such as an investment tax credit, as well as any other eligible credit or incentive, including bonus depreciation

- ❖ **Proposals cannot be contingent on actual interconnection costs, transmission costs, congestion costs, tax credits, or any other bidder cost or credit**

Commercial Terms – Acquisition

- ❖ **Asset purchase, not equity**
- ❖ **Solar PV facilities only, located within ENOI Load Zone**
- ❖ **Facility performance testing and consequences**
- ❖ **Subject to regulatory review and approval**
- ❖ **Hart Scott Rodino and Federal Power Act Section 203 approval timing**

Note on Commercial Terms

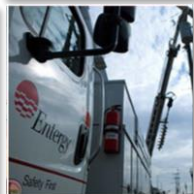
- ❖ **Several conditions precedent will apply for ENOI, including conditions related to:**
 - Regulatory approvals and consents
 - MISO requirements
 - Transfer of renewable credits, capacity credits, etc.

Additional Considerations for Developmental Resources

- ❖ **ENOI has established a list of minimum requirements that Bidders must satisfy in order for Bidders to be assured that a proposal offering a developmental resource will be considered in the RFP**
- ❖ **A list of the minimum requirements was posted with the draft RFP documents on May 6, 2016. The minimum requirements address several areas of project development for a new-build resource, including:**
 - Project overview
 - Bidder experience
 - Project development
 - Project location
 - Site control
 - Energy source and waste disposal plans
 - Environmental assessment & permitting
 - Electric interconnection/deliverability/transmission
 - Water source
 - Project structure & finance
- ❖ **Bidders of developmental resources will be required to submit detailed information supporting the minimum requirements as part of their proposal**
- ❖ **Bidders with proposals failing to meet the minimum requirements may be required to post credit (discussed later) or may be eliminated from consideration**

Interconnection & Deliverability

Paul Ajayi



Transmission Interconnection & Deliverability

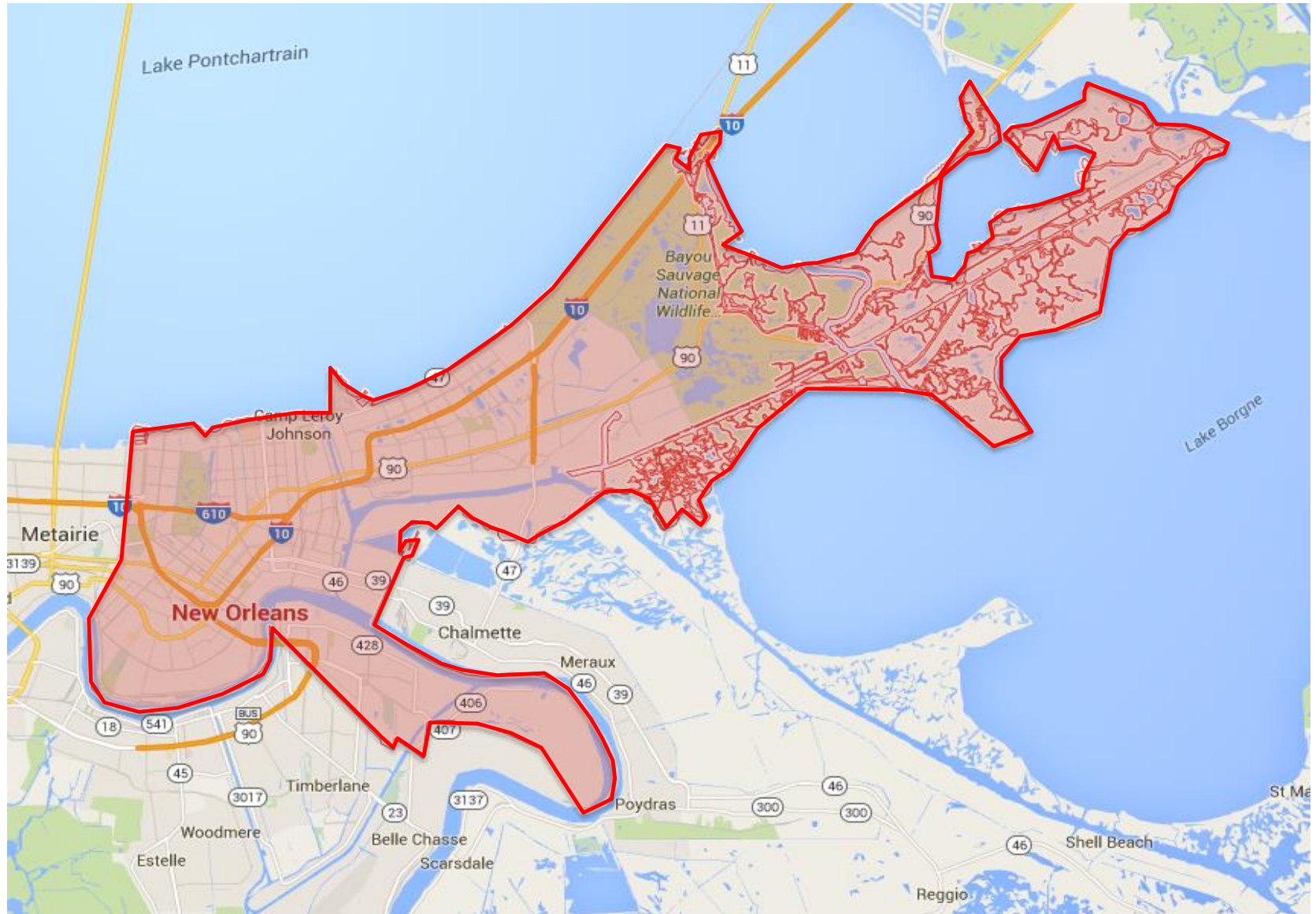
- ❖ **Bidder/Seller will be responsible for the costs associated with the electric interconnection of the facility**
 - These costs should be included in Bidder's proposed pricing
 - PPAs and Acquisitions requiring interconnection service need to separately identify the estimated interconnection costs
 - A proposal that omits these costs or takes "special exception" to this requirement will be considered non-conforming and may be rejected on that basis

- ❖ **Interconnection requirements and deliverability**
 - Developmental resources directly interconnecting to the MISO transmission system
 - Bidders must have submitted a complete generator interconnection request for the proposed resource under the MISO generator Interconnection process no later than September 12, 2016
 - Developmental resources located outside MISO
 - Bidders must provide a complete copy of the applications to the outside ISO/RTO/BA for interconnection service and firm transmission service to a point within MISO South
 - Resources must remain in the interconnection queue until the resource is eliminated from the RFP or interconnection service is obtained

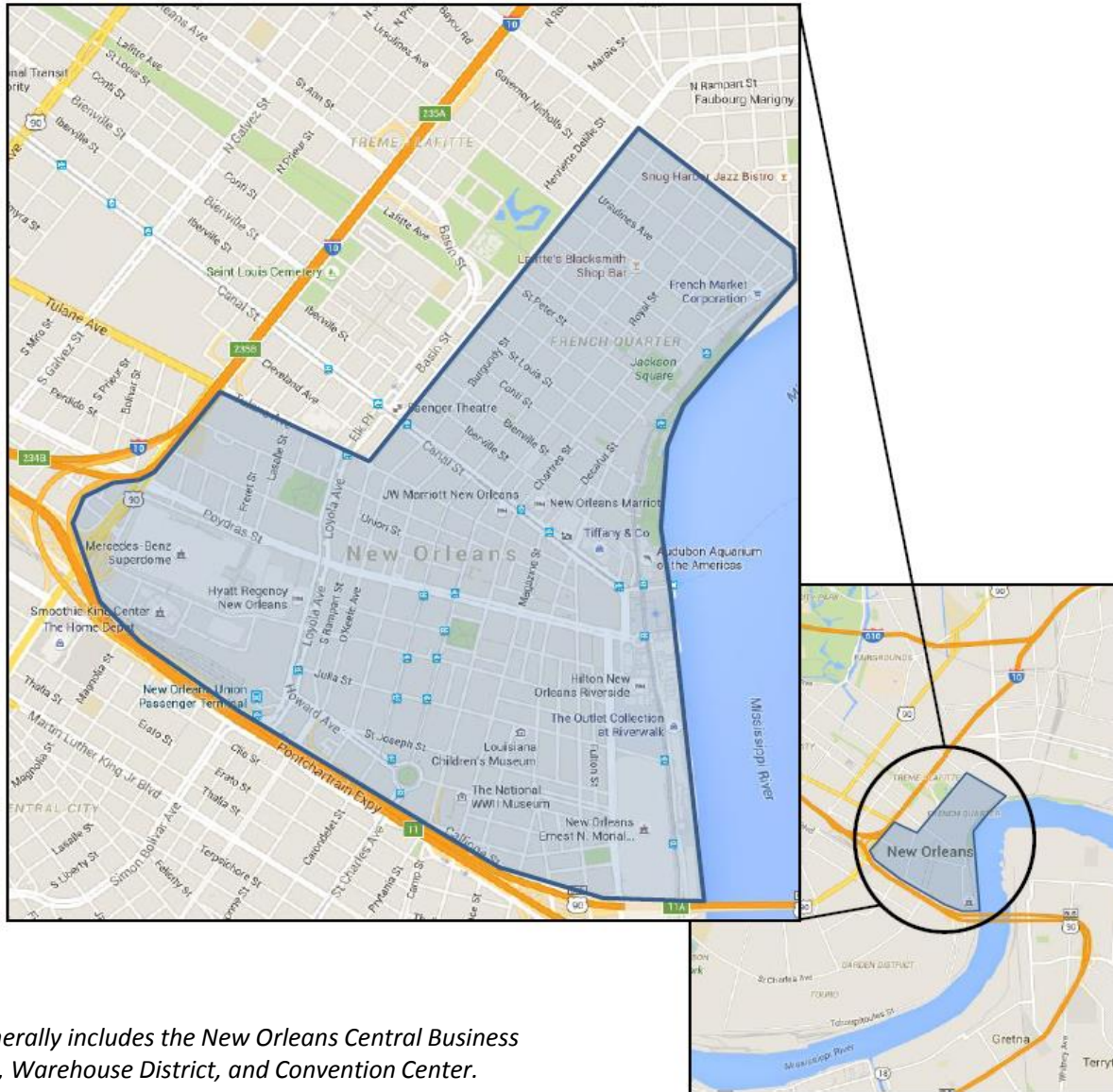
Distribution Interconnection & Deliverability

- ❖ **Appendix H of the RFP describes the distribution interconnection process in detail**
- ❖ **There are three potential study phases:**
 - Feasibility Study
 - System Impact Study
 - Facilities Study
 - Requirements for each study are contingent on resource size and interconnection complexities of the requirements for interconnection
- ❖ **Resources proposing interconnection to the distribution system may, but are not required to, initiate an interconnection study prior to selections unless otherwise instructed to do so by ENOI**
 - Proposals for resources that interconnect to the ENOI electric grid “behind the meter” and proposals contemplating “net metering” billing arrangements will not be considered in the RFP
 - Resources generally may not be offered into the RFP as a distribution-level resource without the resource meeting MISO’s eligibility requirements for Load Modifying Resources
- ❖ **As with transmission interconnected resources, Bidder/Seller will be responsible for and bear all the costs associated with the electric interconnection of the facility to ENOI’s network**
 - These costs should be included in Bidder’s proposed pricing
 - PPAs and Acquisitions requiring interconnection service need to separately identify the estimated interconnection costs
 - A proposal that omits these costs or takes “special exception” to this requirement will be considered non-conforming and may be rejected on that basis
 - Depending on the size and location of the proposed resource, a designated feeder may be required to ensure continued reliability of the distribution system

Distribution Interconnection



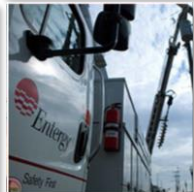
Distribution Interconnection Limitations



Interconnection limitation generally includes the New Orleans Central Business District (CBD), French Quarter, Warehouse District, and Convention Center.

Viability Assessment

David Wilcox



Viability Assessment

- ❖ **The VAT includes subject matter experts from the following focus areas:**
 - Commercial
 - Renewable Technology
 - Plant & Equipment/O&M
 - Environmental & Permitting
 - Deliverability/Transmission
 - Others as needed

- ❖ **The VAT's key objectives are to:**
 - Review responses provided in due diligence questionnaires, proposal templates, and clarifying questions (if applicable)
 - Assess the viability of the resources and corresponding proposals bid into in the RFP
 - Confirm that the operational characteristics and costs provided by Bidders are reasonable and credible

- ❖ **Two-phased analysis**
 - Phase I: Evaluate and provide minimum threshold compliance results and conduct high-level risk analysis
 - Phase II: Perform additional due diligence using Phase II scorecards and, if necessary, provide Bidders with clarifying questions

Viability Assessment

- ❖ The VAT's role includes evaluating elements of the proposals not assessed by the EET, CET, and AET
- ❖ Some of these elements are shown below:

Bidder
Experience

Site Control

Proven
Technology

Commercial
Issues

MW Delivery /
Interconnection

Permitting

Probability of
Financing

Regulatory
Considerations

Confidence in
Projections

Viability Assessment – Phase I

- ❖ **Phase I will include an initial VAT assessment that reviews whether, among other things:**
 - Proposal is for an eligible technology by an eligible participant from an eligible resource
 - Proposal offer meets the RFP's MW, delivery term and timing requirements
 - Proposed resource is free of fatal flaws and unacceptable operating or permitting restrictions
 - For transmission interconnected resources:
 - Existing resources - The required type and quantity of electric interconnection exists
 - Developmental resources - The appropriate generator interconnect agreement has been submitted and accepted by the appropriate organization as valid
 - The site of the proposed resource satisfies the locational requirements of the RFP
 - Proposals for developmental resources meet the RFP's minimum requirements (Appendix D)

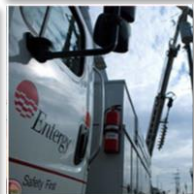
- ❖ **Phase I will also include a review of the proposals for significant high-level risks or RFP nonconformities**

Viability Assessment – Phase II

- ❖ **During Phase II, the VAT will provide a more detailed evaluation, which will include:**
 - Confirming the Bidder information provided is reasonable and credible, including:
 - Operating parameters
 - Deliverability
 - Project timeline
 - Permit feasibility
 - Determining the effect of a proposed interconnection on system reliability, power quality, and related costs
 - Evaluating a list of specified categories to develop a final viability score and risk analysis
 - Category scores will be calculated for each proposal using a “1-4-7-10” scale
 - Weighted sum of each category’s score will be totaled to determine the VAT’s overall quantitative score for each proposal

Economic Evaluation

Christine Chen



- ❖ **The Economic Evaluation Team (EET) will conduct an economic evaluation of proposals submitted in the RFP**
- ❖ **The economic evaluation will:**
 - Utilize tools and methods commonly used by ENOI for long-term planning and resource evaluation, including, but not limited to, net benefit analysis (Excel & Aurora)
 - Involve additional tools for the evaluation as needed (e.g., qualitative analysis)
 - Consider risks associated with market conditions (e.g., fuel prices and carbon compliance costs) across a range of potential outcomes. Additional scenario and/or sensitivity analyses may be performed as needed
- ❖ **Economics will be assessed from the ENOI customers' perspective**
- ❖ **The economic evaluation will measure the net benefit provided by each proposal**

Phase I Preliminary Shortlist

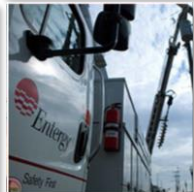
- The purpose of this phase of the evaluation will be to identify the most economic proposals for Preliminary Shortlist consideration
- Proposal cost will be the primary driver in Phase I economic evaluation
- A net benefit analysis based on spreadsheet models will be conducted in this phase. The net benefit of a proposal will be determined by subtracting the total fixed costs and variable costs from the projected capacity and energy revenues

Phase II Detailed Evaluation

- The purpose of the Phase II economic evaluation will be to evaluate the Shortlist proposals in greater detail
- In addition to the net benefit analysis method used in Phase I, the Phase II economic evaluation may utilize a production cost model (Aurora) to assess the effect of each proposal on total ENOI supply cost if needed
- The results of the production cost modeling may be coupled with an assessment of each proposal's fixed costs and capacity revenue to determine the net benefit of the proposal
- Sensitivity analysis will be conducted to evaluate risks associated with imputed debt, market conditions, and others as needed

Accounting Evaluation

Thomas Kidd



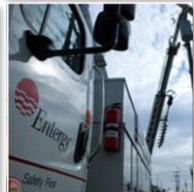
Accounting Evaluation

- ❖ **The Accounting Evaluation Team will access potential accounting effects of PPA proposals, including, but not limited to:**
 - Whether the proposed PPA contains a lease and, if so, whether the lease would result in the recognition of any long-term liability for ENOI or its affiliates under the rules in effect during the term of the proposal (ASC 840/ASC 842 analysis)
 - Whether the legal entity owning the proposed generating asset is a variable interest entity (“VIE”) and, if so, who will consolidate the VIE throughout the term of the agreement (ASC 810 analysis)
 - Whether the proposed PPA is or includes a derivative and, if so, the appropriate accounting for the derivative (ASC 815 analysis)
 - Other accounting impacts from the proposal
- ❖ **The Accounting RFP requirements include:**
 - ENOI will not accept proposals that would result in the recognition of a long-term liability for ENOI or its affiliates (“on-balance sheet accounting”)
 - Bidder will certify that it has determined that, to the best of its knowledge, the proposed PPA will not result in on-balance sheet accounting for ENOI or its affiliates and provide similar certifications periodically if the parties enter into a PPA
 - Bidder will be required to make available all information required to verify and/or independently determine the accounting treatment associated with a proposal

ENOI will not accept the risk of any transfer to its books of any long-term liability associated with a PPA arising out of the RFP

Credit Evaluation

Laura Hamner



Credit Evaluation

- ❖ **The Credit Evaluation Team (CET) will:**
 - Evaluate Bidder creditworthiness
 - Help determine amount and type of credit support required
 - Assess other credit-related matters as needed
- ❖ **In general, a Bidder will not be prohibited from participating in the RFP on the basis of credit**
- ❖ **If Bidder offers a developmental resource that fails to meet the “minimum requirements,” Bidder may be required to post collateral (up to \$5 million) for its proposal to continue in the RFP**
- ❖ **\$2 million letter of credit will be required with LOI execution between ENOI and Bidder/Seller**
- ❖ **Letter of Credit form will be attached to the credit appendix (a draft is available on the RFP website)**

Credit Evaluation

- ❖ **Credit assessment of Bidder/Credit Support Provider with public information**
 - The CET will assign a credit rating based on, among other things, evaluations of:
 - Standard & Poor's and Moody's credit ratings, when available
 - 10-K/10-Q/8-K filings

- ❖ **Credit assessment of Bidder/Credit Support Provider with private information**
 - The CET utilizes an internal model to assess a credit rating based on the Bidder's/Credit Support Providers financial metrics and business risks
 - Request two years of audited financial statements from Bidder or Credit Support Provider
 - Financial statements include balance sheet, income statement, cash flow statement, notes, and auditor's opinion
 - If financial information is consolidated with other entities, all data related solely to the offering entity will be extracted and submitted as separate documents by Bidder
 - Credit-related diligence materials provided by Bidder

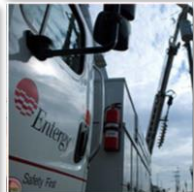
Credit Evaluation

- ❖ **The CET/ENOI will determine the required credit support amount and form of collateral during negotiation of any definitive agreement**
 - Security requirements will be based on, among other things:
 - Creditworthiness of bidder or guarantor
 - ENOI and Entergy Corp. (consolidated) credit exposure
 - Contract tenor and type
 - Other contract/proposal terms
 - Financial environment

- ❖ **Acceptable forms of collateral may include:**
 - Parental guaranty
 - Letter of Credit from a bank acceptable to the CET/ENOI
 - Cash collateral
 - Lien on the project or other assets
 - Other forms of credit support suggested by Bidder and acceptable to the CET/ENOI
 - Combinations of the foregoing

Process Safeguards

Chris Stout



Process Safeguards

❖ **RFP Process Design and Implementation**

- RFP process has been designed to assure fair and impartial treatment of all Bidders

❖ **Additional Protocols**

- Each Evaluation Team is made up of designated personnel
- Involved personnel will adhere to the provisions of a confidentiality acknowledgement that governs access to and use of proposal information and materials
- Additional protocols will be specified in the RFP documentation

❖ **RFP Administration Team**

- The RFP Administration Team will have access to all proposal information submitted into the RFP for evaluation
- No RFP Administration Team member is on any of the Evaluation Teams
- Clarifying questions to a Bidder from any Evaluation Team will be communicated in writing and directed to the RFP Administrator, who will route the questions to Bidder and provide Bidder's response to the requesting Evaluation Team
- All communications from a potential Bidder regarding a possible distribution-level resource to be offered into the RFP should be made in writing and directed exclusively to the RFP Administrator

Process Safeguards-Continued

❖ Code of Conduct

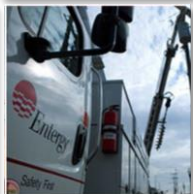
- All employees of ESI, any Entergy Operating Company, or any Entergy Competitive Affiliate must adhere to the applicable Affiliate Rules and Codes of Conduct
- Link provided on the 2016 ENOI Renewables RFP website:
http://www.entergy.com/about_entergy/affiliate.aspx

❖ Stakeholder Participation

- RFPs are publicly posted on ESI's RFP website and are publicized to encourage robust market participation
- Bidders Conference
- Potential Bidders have opportunities to ask questions about the RFP and seek clarification on the RFP process

Q&A Session

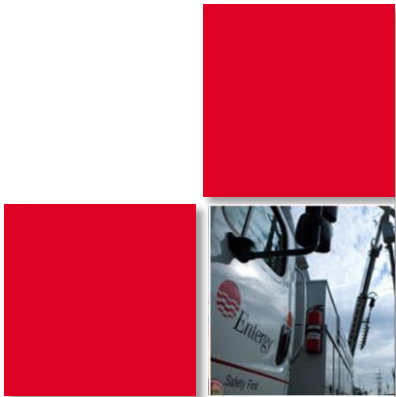
ENOI requests that Bidders submit all questions in writing to the RFP Administrator at ESIRFP1@ENTERGY.COM



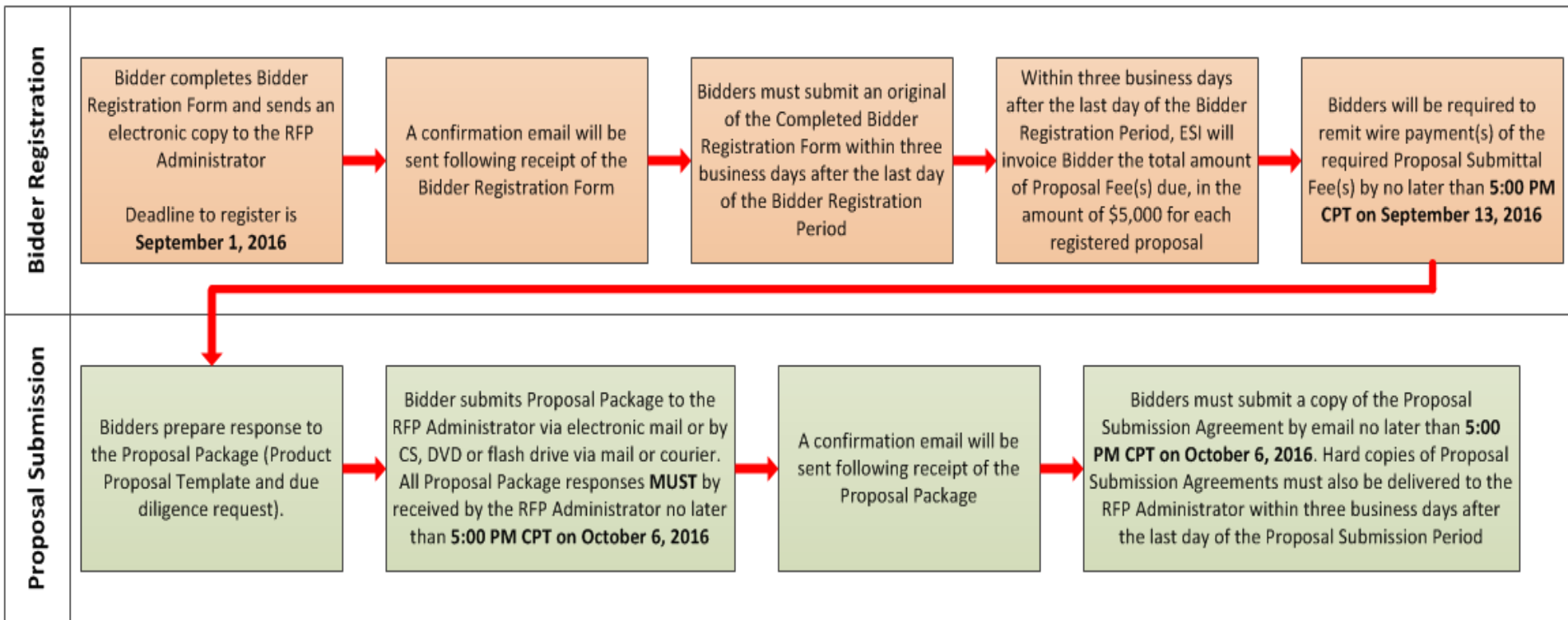
Q&A Session (continued)

- ❖ Questions received during today's conference will be posted to the RFP Website:
<https://spofossil.energy.com/ENTRFP/SEND/2016ENOIRenewableRFP/Index.htm>
- ❖ ENOI will accept written questions/feedback about the RFP from market participants and other interested parties
- ❖ Questions and other comments pertaining to the RFP must be communicated to the RFP Administrator at esirfp1@energy.com or to the Independent Monitor at waynejoliver@aol.com

Appendix



Bidder Registration & Proposal Submission



Acronyms

AC	Alternating Current	LMR	Load Modifying Resource
AET	Accounting Evaluation Team	LOI	Letter of Intent
ASC	Accounting Standards Codification	LRZ	Local Resource Zone
CCNO	Council for the City of New Orleans	MISO	Midwest Independent System Operator
CET	Credit Evaluation Team	MP	Market Participant
DAT	Delivery Assessment Team	MW	Megawatt
DC	Direct Current	MWh	Megawatt Hour
EET	Economic Evaluation Team	NRIS	Network Resource Interconnection Service
ENOI	Entergy New Orleans, Inc.	O&M	Operations and Maintenance
ESI	Entergy Services, Inc.	PPA	Power Purchase Agreement
IM	Independent Monitor	PTC	Production Tax Credit
ISO	Independent System Operator	PV	Photovoltaic
ITC	Investment Tax Credit	RFP	Request for Proposals
kW	Kilowatt	VAT	Viability Assessment Team
LD	Liquidated Damages	VIE	Variable Interest Entity