

This redlined copy is being provided for convenience and informational purposes only. If there are any differences between the final RFP documents and any redlined copies thereof, the final RFP documents shall control.



DRAFT
**ANNUAL PRODUCT CALL OPTION
CONFIRMATION AGREEMENT**

This Confirmation Agreement shall confirm the terms agreed to between Entergy Services, Inc. as agent for Entergy Arkansas, Inc., Entergy Gulf States, Inc., Entergy Louisiana, Inc., Entergy Mississippi, Inc. and Entergy New Orleans, Inc. ("Entergy Operating Companies") ("Buyer") and _____ ("Seller") regarding the purchase of a call option on Unit Commitment Service subject to the terms and conditions of the Western Systems Power Pool Agreement dated effective September 1, 2002, as amended ("WSPP Agreement");

Transaction Date:

Buyer: Entergy Services, Inc. as agent
10055 Grogan's Mill Road, Suite 300
The Woodlands, TX 77380
Phone: 800-461-4918
Fax: 281-297-3733

Seller:

Delivery Term: Check one:
 Summer Season: June 1, 2003 – August 31, 2003
 June 1, 2003 – June 30, 2003
 July 1, 2003 – August 31, 2003

Energy Delivery Hours: Monday through Sunday, Hours Ending ("HE") 0700-2200, Central Prevailing Time. Buyer shall have the option, exercisable on a day ahead basis to receive deliveries of energy in 50 MW blocks for the Energy Delivery Hours.

Unit(s): (Specify unit name, number, county/parish and state)

This Model Contract is not an offer or an agreement to purchase or to supply any product or service and is subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

This redlined copy is being provided for convenience and informational purposes only. If there are any differences between the final RFP documents and any redlined copies thereof, the final RFP documents shall control.

Page 2
Confirmation Agreement
Annual Product Call Option

Priority: Provide a detailed description of the priority of the Product sale relative to all other sales and/or commitments from the generating resource, and provide the same information with respect to any future sales or commitments from the generating resource during the Delivery Term.

Delivery Point: (Specify _____) **[For generating resources located within the Entergy Control Area, the Delivery Point shall be the generator bus, and for resources located outside the Entergy Control Area, the Delivery Point shall be specified interface on the Entergy System.]**

Product: Call Option on Unit Commitment Service pursuant to the WSPP Agreement, Schedule B,

Quantity: _____ MW

Option Premium: \$_____/kW month, payable monthly in arrears. Option Premium subject to the Option Premium Discount.

Strike Price: Energy Payment, payable monthly. For all energy received by Buyer in accordance with this transaction, the Energy Payment for such energy for the applicable Month shall be determined in accordance with the following formula:

$$EP_M = \sum_{i=1}^N (MWh_D \cdot MWh_N * HR * GDIP_D)$$

Where:

EP_M = Energy Payment in respect of a Month in dollars

N = Number of hours in applicable Month

~~MWh_D~~ ~~MWh_N~~ = MWh of energy delivered to Buyer at the Delivery Point in each hour, expressed in MWh.

HR = _____ MMBtu/MWh

GDIP_D = Gas Daily Index Price – the gas price published by Platts *Gas Daily* in its “Daily Gas Survey” under the column heading “Midpoint” ~~deliveries of~~ **Gas to flow** at [Henry Hub” or “Houston Ship Channel” (select one)] for the applicable hour, expressed in \$/MMBtu plus/minus basis of \$0.____ and any applicable **sales and use** taxes.

Scheduling: (Notification period as required by Seller not to exceed one Business Day)
Seller shall be responsible for the tagging or for the verification of the accuracy of the tagging of all energy to be delivered.

This ~~draft~~ Model Contract is not an offer or an agreement to purchase or to supply any product or service and is subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

This redlined copy is being provided for convenience and informational purposes only. If there are any differences between the final RFP documents and any redlined copies thereof, the final RFP documents shall control.

Page 3
Confirmation Agreement
Annual Product Call Option

Replacement Energy: The Seller shall have the right, but not the obligation, to offer to re-supply energy from a different generating resource if the Unit(s) becomes unavailable. Buyer, in its sole discretion, has the right to accept or reject the offer to re-supply on a case-by-case basis. Both parties must agree to the terms and conditions for the Replacement Energy before any energy is re-supplied.

Seller shall bear all risk associated with any decision not to procure firm gas supply and firm gas transportation to ensure its ability to deliver to Buyer the energy associated with the Product. In the event Seller does not deliver to Buyer any portion of the Quantity, as the result of Seller's failure to procure firm gas supply or firm gas transportation, Buyer shall have the right, but not the obligation, to obtain replacement energy or to start-up or increase the output of any of Buyer's generating resources in the Entergy System to replace any portion of the Quantity not delivered by Seller, and in such circumstances Seller shall be liable for damages as set forth in Section 21.3(a)(2) of the WSPP Agreement.

Availability Requirement: The Monthly Availability for any month shall not be less than 98.00%. If the Monthly Availability shall have been, in any month, less than 98.00%, the Option Premium payable by Buyer shall be adjusted downward by the Option Premium Discount as calculated in respect of such month as set forth below:

$$\text{OPA_OPD} = \text{OP}_m * 2 * \left(\frac{98.00 - \text{MA}_m}{100} \right)$$

Where:

OPA_OPD = Option Premium Discount

OP_m = Option Premium for the applicable month, expressed in dollars

MA_m = Monthly Availability for the applicable month, expressed in percentage as a decimal

If the Option Premium Discount in respect of any month exceeds the Option Premium for such month, there shall be no Option Premium in respect of such month, and Buyer shall be entitled to no other adjustments as a result of such Availability shortfall.

"Monthly Availability" means with respect to any month, and expressed as a percentage, the average of the hourly Availabilities for such month.

This ~~draft~~ Model Contract is not an offer or an agreement to purchase or to supply any product or service and is subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

This redlined copy is being provided for convenience and informational purposes only. If there are any differences between the final RFP documents and any redlined copies thereof, the final RFP documents shall control.

Page 4
Confirmation Agreement
Annual Product Call Option

"Availability" means, in any hour and expressed as a percentage, the actual available Quantity of the Product divided by the Quantity of the Product specified above minus the Affected Capacity.

"Affected Capacity" means any portion of the Quantity of the Product that is unavailable or limited due to an Uncontrollable Force or planned maintenance.

Availability Notice: Seller shall from time to time furnish to Buyer a written (including electronic) Availability Notice, in a format as required by Buyer, which shall set forth the actual Availability per hour, expressed in MW, of the Product. Seller shall give Buyer prompt notice of any change in the Availability of the Product.

Audit Rights: Until the date six (6) months after the termination of this Confirmation Agreement, Buyer shall have the right, at its expense during normal working hours and upon advance written notice, to examine the records for the Unit(s) specified herein, including but not limited to actual generation records for the Unit(s), and all NERC tags associated with the Unit(s), to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to the provisions of this Confirmation Agreement. This audit information will be kept confidential. If, as a result of any such audit, either party owes the other party any amount payable due to incorrect payments made for energy supplied under this Confirmation Agreement, the owing party shall pay such amount within thirty (30) days after it is notified such amount is due, in accordance with the provisions of the WSPP Agreement. If the parties are unable to agree as to the results of such audit, the amount, if any, shall be paid within thirty (30) days after the parties finally resolve such dispute.

Financial Settlements: ~~For financial settlements of~~

Uncontrollable Force: The definition of "Uncontrollable Force" in Section 10 of the Product described in this Confirmation Agreement, is hereby amended by deleting the following sections of the WSPP Agreement shall apply: Section 9- Payments; Section 21.1- Liability and Damages; Section 22.1- Events of Default; Section 22.2- Remedies for Events of Default; Section 27- Creditworthiness; Section 32.2- Consent to Recording. This provision does not require either party to financially settle a physical transaction. This provision applies only to financial settlements of physical transactions scheduled under this Confirmation Agreement. The provisions set forth below be based, in whole or in part, on (i) Seller's ability to sell the "Other Provisions" Section capacity or associated energy purchased hereunder at a price greater than the price provided hereunder or (ii) failure or breakage of, or damage to, Seller's generating resource or equipment not the direct result of this Confirmation Agreement, when applicable, also govern said financial settlements. acts of God, including but not limited to flood, drought, earthquake, storm, hurricane, tornado or lightning; epidemic; war; riot; civil disturbance; or sabotage."

Transmission: Seller's generating resource must qualify initially and for the entire Delivery Term as a Firm Network Resource under Buyer's OATT (or its successor) **and**

This draft Model Contract is not an offer or an agreement to purchase or to supply any product or service and is subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

This redlined copy is being provided for convenience and informational purposes only. If there are any differences between the final RFP documents and any redlined copies thereof, the final RFP documents shall control.

Page 5

Confirmation Agreement
Annual Product Call Option

Seller shall procure firm transmission service on any other interconnected, coordinated electric utility system required for delivery of energy to the Delivery Point. Buyer will arrange for and pay for Firm Network Service **network transmission service** from the Delivery Point, **provided, however, Buyer may determine and, from time to time during the Delivery Term, change the type and form of network transmission service that it procures in its sole and absolute discretion.** This transaction is contingent upon Seller's generating resource supplying the Capacity **capacity** and Energy **energy** qualifying as a Firm Network Resource for the entire Delivery Term **and such qualification to have occurred at least 30 days prior to the start of the Delivery Term. Buyer may, at its sole and absolute discretion, elect to waive this qualification condition for any period until the start of the Delivery Term. If it is determined that Seller's generating resource does not qualify as a Firm Network Resource, then this Confirmation Agreement will terminate without liability or obligation to either party.**

- Maintenance: No planned maintenance will be scheduled on Seller's generating resource providing the Product during the Delivery Term.
- Obligation to Operate: Seller shall, regardless of whether the Availability shall be, for any period, at, above or below the Availability Requirement, operate the Unit to provide the Quantity in all hours during the Delivery Term.
- Buyer Liability: Entergy Services, Inc. is entering into, and is a party to, this Agreement as agent for the Entergy Operating Companies, and shall have no liability hereunder. The liability of the Entergy Operating Companies hereunder, whether in respect of a default or otherwise, shall be several and not joint.
- Other Provisions:
- ◆ This Confirmation Agreement is governed by the terms and conditions of the WSPP Agreement dated effective September 1, 2002. To the extent the provisions of this Confirmation Agreement conflict with the WSPP Agreement, the provisions of this Confirmation Agreement will control.
 - ◆ This Confirmation Agreement amends Section 9.4 of the WSPP Agreement to provide for payment of undisputed amounts only,
 - ◆ Exhibit A "Netting" shall be deemed in effect for all transactions entered into under this Confirmation Agreement.
 - ◆ This Confirmation Agreement shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to the principles of conflicts of laws.
 - ◆ Buyer shall be entitled to its prorated share of the available output of the Unit, subject to higher priority sales or commitments from the Unit(s), in the event of a curtailment or derating of the energy produced by the Unit(s).

IN WITNESS WHEREOF, the parties hereto have caused this Confirmation Agreement to be executed by their duly authorized representatives on the day and year first above written.

This ~~draft~~ Model Contract is not an offer or an agreement to purchase or to supply any product or service and is subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

This redlined copy is being provided for convenience and informational purposes only. If there are any differences between the final RFP documents and any redlined copies thereof, the final RFP documents shall control.

Page 6

Confirmation Agreement
Annual Product Call Option

Buyer:
ENTERGY SERVICES, INC. AS AGENT

Seller:

This ~~draft~~ Model Contract is not an offer or an agreement to purchase or to supply any product or service and is subject to the Reservation of Rights set forth in the RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

