



***January 2008
Request For Proposals (RFP)
For
Supply-Side Resources***

Entergy Services, Inc.
January 7, 2008

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The statements contained in this RFP are made subject to the Reservation of Rights set forth in this RFP.

1. GENERAL INFORMATION

1.1. Introduction and Overview

At the direction of the Louisiana Public Service Commission (“LPSC”), but with full reservation of all legal rights, Entergy Services, Inc. (“ESI”) is issuing this January 2008 Request for Proposals for Supply-Side Resources (“January 2008 RFP” or “RFP”) seeking fixed price unit contingent products.¹ Although the LPSC request is directed to Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC, ESI is issuing this RFP on behalf of all Entergy Operating Companies (Entergy Arkansas, Inc., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Texas, Inc., and Entergy New Orleans, Inc.) to solicit proposals for the delivery of electric capacity, energy, and other associated electric products for the purposes of serving the electric requirements of their customers. This January 2008 RFP can be accessed at ESI’s RFP Website: <https://emo-web.no.entergy.com/ENTRFP/index.htm>

ESI invites proposals from all potential suppliers that are capable of meeting the conditions identified in this RFP, including proposals from other electric utilities, marketers, wholesale generators, independent power producers and Qualifying Facilities (“QFs”). ***Entergy competitive affiliates will not be eligible to participate in this RFP, and no self-build or self-supply options are being considered.*** As such, an Independent Monitor will not be utilized, and no bid fees will be required. The LPSC has suspended the Market Based Mechanisms Order² for this RFP. As directed by the LPSC, ESI intends to work with the LPSC Staff and its consultants and will work with the Staffs of other interested regulatory commissions.

ESI may procure up to 500 MW through this January 2008 RFP to the extent such proposals are judged to be feasible and provide economic benefits to customers as determined by ESI.

1.2. Summary Descriptions of Products Sought

ESI is seeking unit contingent capacity, associated energy and other associated electric products from a designated generating unit. The products sought may be from a CCGT or a baseload technology that is capable of running in all hours of the delivery term. The Term Sheet included in this RFP establishes certain key terms and conditions for these products. Bidders are advised to review carefully the Term Sheet. Given the unique structure of the products, some terms and conditions differ from previous RFPs. These terms and conditions apply only to these products and for this RFP. No model contracts will be provided initially; however, ESI intends to utilize EEI-based agreements that are generally similar to those posted in previous RFPs.

A summary of the product descriptions is provided below:

¹ All references to this “RFP” or the “January 2008 RFP” include and incorporate the Appendices to this RFP.

² General Order, Docket No. R-26172 Subdocket A, *In re: Development of Market-Based Mechanisms to Evaluate Proposals to Construct or Acquire Generating Capacity to Meeting Native Load, Supplements the September 20, 1983 General Order*, (February 16, 2004).

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1.2.1. Product Types

One of the following schedules must be bid:

- **7x24** -- Around the clock - must take every day; or, for pricing purposes this product may be split into two components as follows:
 - 7x16 must take, 16 hours per day (HE 0700 CPT to HE 2200 CPT); and
 - 7x8 must take, 8 hours per day (HE 0100 CPT to HE 0600 CPT and HE 2300 to HE 2400 CPT)

(or)

- **5x16** -- On Peak – must take, every weekday except for NERC holidays, sixteen hours per day (HE 0700 CPT to HE 2200 CPT or as scheduled by ESI)

1.2.2. Delivery Term

5 years – January 1, 2009 to December 31, 2013

1.2.3. Pricing

Consistent with the directive of the LPSC, ESI is seeking fixed price proposals for 5x16 and 7x24 products. Pricing for these products will be based on the following price structures and will apply for the entire five year term (bidders will not be allowed to specify pricing on a year by year basis):

- **7x24 Product**, offered as either:
 - Fixed Price, expressed in \$/MWh; or
 - Fixed Heat Rate (“Fixed HR”), expressed in Btu/kWh, plus a Fixed Gas Basis Adder, expressed in \$/mmBtu. The Fixed Gas Basis Adder is the sum of all costs that bidder is adding to the *Gas Price*. In a Fixed Heat Rate proposal, the Fixed Gas Basis Adder will be the bidder’s exclusive compensation for transportation, taxes, and all other costs, except the *Gas Price*, associated with the procurement or delivery of natural gas in connection with a contract resulting from this RFP.

(or)

- **7 x24 Combined Product**, offered as either:
 - 7x16 Fixed Price, expressed in \$/MWh; or
Fixed HR, expressed in Btu/kWh, plus a Fixed Gas Basis Adder, expressed in \$/mmBtu, which will be added to the *Gas Price*; and

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- 7x8 Fixed Price, expressed in \$/MWh; or Fixed HR, expressed in Btu/kWh, plus a Fixed Gas Basis Adder expressed in \$/mmBtu, which will be added to the *Gas Price*
- **5x16 Product**, offered as either
 - Fixed Price, expressed in \$/MWh; or
 - Fixed HR, expressed in Btu/kWh, plus a Fixed Gas Basis Adder expressed in \$/mmBtu, which will be added to the *Gas Price*

Gas Price: The levelized (i.e. single value) NYMEX Henry Hub forward gas price for the 5 year period beginning January 1, 2009 and ending December 31, 2013.

Bidders may submit mutually exclusive proposals for any or all of the products listed above. Bidders must identify a specific generating resource for each product proposed. Proposals for Fixed Price products are preferred because the acquisition of such products is the purpose of the RFP as specified in the directive of the LPSC. The fixed price shall be a single \$/MWh levelized price for the full five-year term, with no separately stated capacity charge. Bidders that submit Fixed Price proposals will be expected to maintain the pricing until the execution and approval of definitive agreements, which will likely not occur until late 2008.

Fixed Heat Rate proposals will initially be evaluated based on the *Gas Price* published for the five year period beginning on February 1, 2008. The Fixed Heat Rate (and associated Fixed Gas Basis Adder, if applicable) shall be applied to the *Gas Price* prevailing on the date following regulatory approval to determine the fixed \$/MWh energy price. **However, it is important to note that due to the uncertainty of the final fixed price of any Fixed Heat Rate products proposed by bidders in this RFP and the high likelihood for changes in the pricing for natural gas between the receipt of proposals in January 2008 and the final execution and approval of any definitive agreements in late 2008, ESI, in its sole discretion and on behalf of the Entergy Operating Companies, reserves the right to reject any Fixed Heat Rate proposals selected for final negotiation due to an increase in the price of natural gas. ESI also reserves the right to terminate a definitive agreement up to the date on which regulatory approval is received in the event that such increases in the price of natural gas occur.**

1.2.4. Quantity

100 MW or greater per proposal (up to approximately 250 MW per proposal) with total amount purchased not to exceed 500 MW.

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1.2.5. Transmission / Delivery Point

Bidders are responsible for securing and paying the costs of all transmission to the Delivery Point. For any generating unit located inside the Entergy Control Area, the Delivery Point shall be the interconnection point with the Entergy Control Area. For any generating unit located outside of the Entergy Control Area, the Delivery Point shall be Into Entergy. ESI will be responsible for securing all transmission from the Delivery Point. Any definitive agreement will be contingent on ESI obtaining long-term transmission service sufficient to qualify the selected resource as a network resource, as determined by the Independent Coordinator of Transmission (“ICT”) and acceptable to ESI in its sole discretion acting on behalf of the purchasing Entergy Operating Company(ies).

2. INSTRUCTIONS TO BIDDERS

2.1. RFP Schedule

The Schedule for this RFP is shown below:

- Solicitation Document posted -- 1/7/08
- Bidder’s Conference Call -- 10:30 a.m. CPT on 1/17/08
- Proposals Due -- no later than 1/28/08
- Preliminary Screening Analysis completed -- on or about 2/08/08
- Review Preliminary Results with Staff – on or about 2/11/08
- Update LPSC on status of RFP -- February 2008 B&E
- Complete Economic Evaluation and select proposals for deliverability evaluation – on or about 3/7/08
- Complete Deliverability Evaluation -- Based on ICT response (2nd Qtr 2008)
- Target Date for Final Selections -- 3rd Qtr 2008
- Complete commercial negotiations and execute definitive agreements -- End of 3rd Qtr 2008
- Obtain regulatory approvals -- 4th Qtr 2008
- Start Date for any definitive agreements -- January 1, 2009

Details regarding the bidder’s conference call will be posted on the ESI RFP website approximately one week prior to the conference call date. Bidders should contact the RFP Administrator (see contact information below) with any questions regarding the RFP process.

Bidders also may contact the LPSC Staff at any time during the RFP process by communicating with Staff counsel Melissa Watson (225-342-9888, Melissa.Watson@LA.GOV) or Staff consultant Matt Kahal (410-992-7500, MKahal@EXETERASSOCIATES.COM). However, to the extent that bidders have technical questions regarding the RFP process itself,

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such questions should be directed to the RFP Administrator to ensure that correct information regarding the RFP process is provided.

2.2. Solicitation Procedures

The proposal must be submitted with the complete name of the party expected to execute any resulting contract with ESI and executed by a person who is duly authorized to bind the bidder to a contract.

The proposal must be received by ESI no later than close of business January 28, 2008 at the address shown below. Faxed submissions are acceptable if followed by originals within four working days.

Entergy Services, Inc.
Attn: RFP Administrator
Parkwood II Bldg., Suite 300
10055 Grogans Mill Road
The Woodlands, TX 77380
Fax: 281-297-3937

Questions may be directed via E-mail to: esirfp@entergy.com

2.3. Proposal Requirements

2.3.1. Threshold Requirements

The proposal must contain clear and complete pricing information as specified in the applicable Term Sheet. The LPSC has provided direction regarding the form and type of products that are to be solicited, and any proposal offering a pricing structure other than specified in the Proposal Submission Form will be rejected as non-conforming.

The proposal must be signed by an officer or other similarly situated representative of the bidder who is duly authorized to sign and submit the proposal.

Each bidder acknowledges that ESI will not negotiate any material terms in the applicable term sheet unless (a) a resource is otherwise attractive but not physically capable of meeting a requirement specified in the term sheet, and (b) the bidder has explained the fact of and basis for this situation in the Special Considerations section of its proposal.

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ESI reserves the right either to (1) reject incomplete, non-conforming or unclear proposals from further consideration, or (2) communicate with bidders to clarify proposal terms or request additional information.

2.3.2. Credit/Collateral Requirements

The specific credit/collateral requirements for bidders are located in Appendix A. It is the responsibility of the bidder and/or credit support provider of the bidder to demonstrate financial security to the satisfaction of ESI. All proposals must specify, in detail, all credit terms expected for the purchaser and the bidder's ability and plans to meet the bidder credit requirements. If a bidder fails to provide specific credit provisions, that proposal will be immediately rejected as non-conforming.

The credit and collateral requirements of the RFP apply only to bidders and are designed to protect the Buyer from the risk of a bidder's non-performance. However, in certain situations, it may be appropriate for the purchaser to provide credit support. Given the fixed price nature of these products, the potential credit support could be significant and could adversely affect the participating Operating Company(ies)'s creditworthiness and, hence, the economics of the proposals. Although the Operating Companies do not anticipate posting collateral, bidders must indicate any expected credit/collateral requirements of the participating Operating Companies as part of their proposal submissions.

2.3.3. Gas Supply Arrangements

Arrangements for gas supply and the associated transportation to be used for the requested product should be firm. Bidders should provide information on the proposed firm supply and transportation arrangements including pipelines, supply sources and type of transportation service and any other relevant information.

2.4. Proposal Evaluation

The proposal evaluation process will be conducted by the Proposal Evaluation Team, which consists of employees of ESI's System Planning and Operations organization and certain employees of ESI that will conduct the credit evaluation of the proposals.

A fundamental economic analyses based on spreadsheet models will be used to perform the economic evaluation of the proposals. The proposals will be ranked from the one offering

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the lowest busbar cost to the highest, on a dollar per megawatt-hour basis (\$/MWh) levelized over the term of the offer using a consistent discount rate across all proposals. The proposals for these products will be compared to the relevant market information available to the ESI Proposal Evaluation Team (i.e., 5x16 and 7x24 Into Entergy products, dispatchable CCGT products which could provide comparable dispatch, etc.). The Proposal Evaluation Team will select the proposal, or proposals, if any, that best meet the supply objectives, result in economic benefit to customers and do not adversely affect the operational requirements of the Entergy System. ESI reserves the right to perform additional analyses of the proposals, including production cost analyses. ESI will consider non-price factors including but not limited to environmental issues; transmission availability and costs; the effect of the addition of an incremental fixed block of energy on the operational requirements and capabilities of the System with respect to the need to maintain a sufficient amount of capability to meet the flexible capability needs imposed by the imbalance service provisions of Entergy's Open Access Transmission Tariff, intra-day and intra-hour changes in retail and wholesale customer loads, and 'puts' of energy from QFs; and, any other factors it determines are appropriate for a complete evaluation of the proposals to ensure that they will provide benefits to the Operating Companies' customers.

2.5. Regulatory Approval

Certain of the capacity and/or energy resources selected as a result of this RFP process may require certification or other approval from the retail regulators of the Entergy Operating Companies, or may require authorization from the FERC under applicable law or regulations. Thus, the definitive agreement(s) with the selected bidder(s) may be conditioned on, and/or provide a termination right with respect to the failure to obtain, any such regulatory approvals.

Bidders will be responsible for having or obtaining and maintaining all necessary permits, licenses, and/or approvals associated with their proposals, other than any necessary regulatory approvals from federal, state, and local agencies that exercise jurisdiction over the Entergy Operating Companies.

3. PROTECTION OF CONFIDENTIAL INFORMATION

ESI will utilize procedures designed to preserve, to the extent practicable, the confidentiality of the bidders' proposals and any confidential information contained in such proposals, including, but not limited to, the identities of bidders and the proposal prices and other terms and conditions of their proposals. These procedures are intended to provide reasonable assurance to bidders that, except as noted below with respect to legal or regulatory requirements, information contained in their proposals will be disclosed only to the relevant members of the Proposal Evaluation Team and select agents and consultants.

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The Proposal Evaluation Team will prepare reports that summarize proposals and the results of analysis. These summary reports will be reviewed by senior advisors and other decision-makers of ESI and the Entergy Operating Companies. In addition, once a proposal has been selected for negotiation, all information relating to such proposal will be provided to the appropriate negotiation team and to appropriate executives and other decision-makers of ESI and the Entergy Operating Companies. All ESI and Entergy Operating Company personnel and other agents and consultants having access to confidential information as described above will be contractually and/or professionally bound to protect the confidentiality of confidential bidder information and to use it for no other purpose besides activities related to the RFP process and resource evaluation processes more generally. ESI and the Entergy Operating Companies, however, disclaim any liability to a bidder for damages of any kind resulting from disclosure of any bidder or proposal information.

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

All information contained in a proposal (a) may be required to be disclosed by ESI or any Entergy Operating Company pursuant to (i) applicable law, rule, or regulation or (ii) any legal proceeding involving ESI or any affiliates; and (b) may be subject to review by one or more of the regulatory commissions having jurisdiction over ESI and/or any of the Entergy Operating Companies, and/or their staffs in connection with regulatory proceedings, or any other Governmental Authority with jurisdiction relating to these matters, and may be subject to legal discovery. By submitting a proposal, the bidder agrees to allow ESI to (a) use any of the information contained in the proposal as information, testimony or evidence in any proceeding before any such regulatory commissions, or in any proceeding before any other governmental authority with jurisdiction relating to these matters; and (b) disclose any of the information contained in the proposal when required to do so as described above; provided, however, that in the event such information is to be so disclosed, ESI will use its reasonable efforts to attempt to obtain from such authority, or other entity to whom such disclosure is being made, approval of a confidentiality agreement or protective order or other mechanism to protect the confidentiality of such information and to limit its dissemination. ESI makes no assurance of the outcome of any such attempt, and advises bidders that some merchants, QFs, and others who have intervened in regulatory proceedings pertaining to potential acquisitions of resources in connection with previous RFPs and in other proceedings in which ESI and/or one or more of the Entergy Operating Companies are involved have sought access to confidential bidder information

4. RESERVATION OF RIGHTS

A bidder's proposal will be deemed accepted only when a definitive agreement has been executed and delivered by ESI (on behalf of the participating Entergy Operating Companies) and

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by the chosen bidder. Although ESI intends to enter into transactions for resources that offer sufficiently attractive economic and/or reliability benefits, it has no obligation to accept any proposal, whether or not the stated price in such proposal is the lowest price offered in the RFP process, and may reject any proposal, in its sole discretion, for any reason.

By participating in the RFP process, each bidder agrees that (a) except to the extent of any representations and warranties contained in a definitive agreement, any and all information furnished by or on behalf of ESI or the Entergy Operating Companies in connection with this RFP is being or will be provided without any representation or warranty, express or implied, as to the accuracy or completeness of such information, and (b) except as otherwise provided in a definitive agreement, neither ESI, the Entergy Operating Companies, nor any of their representatives or advisors shall have any liability to any bidder or its representatives relating to or arising from the use of or reliance upon any such information or any errors or omissions therein.

This RFP does not commit ESI or the Entergy Operating Companies to pay any costs incurred by the bidder in the preparation of a proposal in response to this RFP, or to procure or contract for any products or services. ESI and the Entergy Operating Companies reserve the right to modify or withdraw this RFP, to negotiate with any or all qualified bidders to resolve technical or contractual specifications, or to reject any or all responses and to terminate negotiations at any time. ESI, the Entergy Operating Companies, and their representatives and advisors may, and expressly reserve the right to, at any time and from time to time, without prior notice and without assigning any reason therefor:

- ❖ cancel, modify or withdraw this RFP, reject any and all responses, and terminate negotiations at any time during the RFP process;
- ❖ discuss with any bidder and its advisors the terms of any proposal submitted by the bidder and obtain clarification from any Bidder and its advisors concerning the proposal;
- ❖ consider all proposals to be the property of ESI, subject to the provisions of this RFP relating to confidentiality, and subject to any confidentiality agreement that may be executed in connection with this RFP process, and destroy or archive any information or materials provided in the proposal submission process (currently, ESI intends to retain all proposal information until any related regulatory approval processes to which that information relates have been completed);
- ❖ request from any or all bidders information that is not explicitly detailed in this RFP but which is necessary for evaluation of the proposal;
- ❖ determine which proposals to accept, pursue or reject;

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- ❖ evaluate and consider opportunities to acquire resources offered outside the formal RFP process from parties who are not Entergy competitive affiliates, as such opportunities arise and which are compelling in terms of economic benefit to its rate payers, with the understanding that any decision to commit to these resources would be fully subject to any applicable review and approval by the appropriate regulatory bodies;
- ❖ reject any proposals that are not complete or contain irregularities, or waive irregularities in any proposal that is submitted;
- ❖ reject any proposals determined by ESI to have been made with the intent or effect of creating artificial prices, terms, or conditions;
- ❖ elect to not accept proposals that provide the lowest cost based on the criteria and analyses described in this RFP, if a proposal review identifies issues detrimental to the Entergy Operating Companies or the Entergy System which are not specifically identified in the criteria and analyses described;
- ❖ determine which bidders to allow to participate in the RFP process, including disqualifying a bidder due to a change in the qualifications of the bidder or in the event that ESI determines or believes that the bidder has failed to conform with the requirements of this RFP;
- ❖ invite further submissions of proposals from all eligible RFP participants;
- ❖ modify any of the dates, times or places specified in this RFP;
- ❖ to reject any Fixed Heat Rate proposals selected for final negotiation due to an increase in the price of natural gas;
- ❖ to terminate a definitive agreement up to the date on which regulatory approval is received in the event that such increases in the price of natural gas occur;
- ❖ conduct negotiations with any or all bidders or other persons; or
- ❖ sign one or more definitive agreements with any bidder who submits a proposal or with any other person or entity or enter into no definitive agreements related to this RFP.

If at any time ESI determines that there is a defect in the RFP process or a deviation from the requirements of this RFP, or that collusive or fraudulent bidding has occurred or appears to have occurred, ESI may suspend the RFP process in whole or in part as to any bidder or bidders.

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Under all circumstances, each bidder is responsible for all costs and expenses it incurs in connection with the RFP process. Under no circumstances, including ESI's termination of the RFP process at any time, will ESI or the Entergy Operating Companies be responsible for any costs or expenses of any bidder incurred in connection with the RFP process

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Appendix A

Credit / Collateral Requirements

The bidder or the credit support provider of bidder must be able to demonstrate the financial ability to perform and support its obligations under a definitive agreement executed in response to this RFP to the satisfaction of ESI in its sole and absolute discretion. ESI suggests, in keeping with the LPSC's specific directive that proposals must be supported by credit-worthy entities, that bidder or its credit support provider preferably possess an investment level credit rating from a major rating agency at the time of the proposal. The bidder must be able to provide audited year-end financial statements for all specific entities proposing to contract with ESI, including any credit support providers, within 120 days following the end of each fiscal year. In the event that a bidder's financial condition changes over the term of a definitive agreement, the credit/collateral requirements may be adjusted accordingly. Credit requirements may decline over time due to shorter duration of exposure.

Supplier exposure will be calculated using standard industry practices incorporating outstanding accounts receivable, accounts payable and mark to market valuations, such as those methods described within the EEI Master Power Purchase and Sale Agreement.

As a general rule, credit exposure that may require collateralization will change by approximately \$800,000 for every \$1.00/MWh change in energy price for every year of 100 MW under contract (on a net present value basis.) For example, a five-year, 100 MW, 7x24 PPA and a five-year, 500 MW, 7x24 PPA would require an approximate \$4 million and \$20 million change in collateral support, respectively, for every \$1.00/MWh change in the forward price curve

For any supplier exposure that is either (i) in excess of the allowed bidder's Maximum Uncollateralized Supplier Exposure amount (as defined in Figure 1) or (ii) arises from ESI's belief that the bidder's ability to perform or creditworthiness has become unacceptable, bidder must be able to provide satisfactory performance assurances. Bidder must be willing to grant a present and continuing security interest in any performance assurances or cash equivalent collateral. All potential forms of performance assurance must be detailed in bidder's proposal submission from and must be approved by ESI before entering into a definitive agreement.

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Figure 1
Credit Evaluation – Maximum Uncollateralized Supplier Exposure
for Entergy Operating Companies
Based Upon Evaluated Credit Rating Class
(\$millions)

	Bidder Credit Rating				
	AAA thru AA-	A+ thru A-	BBB+ thru BBB	BBB-	Non- Investment Grade
Upper limit of Maximum Supplier Exposure	Up to 100	Up to 100	Up to 75	Up to 50	Up to 3

Bidder's not having an investment level credit rating might be required to post an Independent Amount.

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Appendix B

Summary of Principal Terms Fixed Price Product

Buyer is seeking proposals from Sellers for the purchase of capacity, energy and all other associated electric products from existing generating units. Given the unique structure of these products, some terms and conditions differ from previous RFPs. These terms and conditions apply only to these products and this RFP.

	<u>Basic Information</u>	<u>Additional Information</u>
Product Description	<p>Unit contingent capacity and energy product from a designated generating unit or facility. This product must be:</p> <p style="padding-left: 40px;">(A) 7x24 – Around the Clock - must take every day; or</p> <p style="padding-left: 80px;">- For pricing purposes may be split into two components</p> <ul style="list-style-type: none"> o 7x16 must take, 16 hours per day (HE 0700 CPT to HE 2200 CPT); and o 7x8 must take, 8 hours per day (HE 0100 CPT to HE 0600 CPT and HE 2300 to HE 2400 CPT) <p style="text-align: center;">(or)</p> <p style="padding-left: 40px;">(B) 5x16 -- On Peak – must take, every weekday, except for NERC holidays, 16 hours per day (HE 0700 CPT to HE 2200 CPT or as scheduled by ESI)</p>	<p>Buyer shall be entitled to the capacity and energy of the generating unit specified in the Proposal Submission Form. In the event that a derate or curtailment of the generating unit results in generation capability below the Capacity Quantity, Buyer shall be entitled to receive all MWs available and shall have priority over all other sales from the generating unit with the exception of the facility's requirements.</p>
Pricing	<p>Pricing for these products will be based on the following price structures and will apply for the entire five year term (bidders will not be allowed to specify pricing on a year by year basis):</p>	<p>Bidders may submit mutually exclusive proposals for any or all of the products listed above; however, bidders will be required to identify a specific generating resource for each product proposed. All bidders are encouraged</p>

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	<u>Basic Information</u>	<u>Additional Information</u>
	<ul style="list-style-type: none"> • 7x24 Product, offered as either: <ul style="list-style-type: none"> ○ Fixed Price, expressed in \$/MWh; or ○ Fixed Heat Rate (“Fixed HR”), expressed in Btu/kWh, plus a Fixed Gas Basis Adder, expressed in \$/mmBtu. The Fixed Gas Basis Adder is the sum of all costs that the bidder is adding to the <i>Gas Price</i>. In a Fixed Heat Rate proposal, the Fixed Gas Basis Adder will be the bidder’s exclusive compensation for transportation, taxes, and all other costs, except the <i>Gas Price</i>, associated with the procurement or delivery of natural gas in connection with a contract resulting from this RFP. <p style="text-align: center;">(or)</p> • 7 x24 Combined Product, offered as either: <ul style="list-style-type: none"> ○ 7x16 <ul style="list-style-type: none"> ▪ Fixed Price, expressed in \$/MWh; or ▪ Fixed HR, expressed in Btu/kWh, plus a Fixed Gas Basis Adder, expressed in \$ per mmBtu, which will be added to the <i>Gas Price</i>; and ○ 7x8 <ul style="list-style-type: none"> ▪ Fixed Price, expressed in \$/MWh; or ▪ Fixed HR, expressed in Btu/kWh, plus a Fixed Gas Basis Adder, expressed in \$/mmBtu, which will be added to the <i>Gas Price</i>. 	<p>to propose Fixed Price proposals since that is the specified purpose of this RFP. The fixed price shall be a single \$/MWh levelized price for the full five-year term, with no separately stated capacity charge.</p> <p>Fixed Heat Rate proposals initially will be evaluated based on the <i>Gas Price</i> published for February 1, 2008. The Fixed Heat Rate (and associated Fixed Basis adder, if applicable) shall be applied to the <i>Gas Price</i> prevailing on the date following regulatory approval to determine the \$/MWh energy price.</p> <p><i>Gas Price</i>: The levelized (i.e. single value) NYMEX Henry Hub forward gas price for the 5 year period beginning January 1, 2009 and ending December 31, 2013.</p>

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	<u>Basic Information</u>	<u>Additional Information</u>
	<ul style="list-style-type: none"> • 5x16 Product, offered as either <ul style="list-style-type: none"> ○ Fixed Price, expressed in \$/MWh, or ○ Fixed HR, expressed in Btu/kWh plus a Fixed Gas Basis Adder expressed in \$/mmBtu, in addition to the <i>Gas Price</i>. 	
Delivery Term	<p>Buyer is seeking full-year proposals for a five (5) year delivery term. Start date for the Delivery Term is January 1, 2009.</p> <p>Any proposed Delivery Term other than such five (5) year Delivery Term will not be considered.</p>	The parties will be under no obligation to renew or extend this transaction.
Capacity Quantity	<p>Buyer is seeking proposals for any Capacity Quantity within the following range:</p> <p>100 to 500 MW, in blocks of up to approximately 250 MW.</p>	The amount must be specified as net capacity and energy at the Delivery Point.

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<p>Availability Requirement</p>	<p>For the 7x24 product, Availability Requirement levels shall be 95% in each month.</p> <p>For the 5x16 product, Availability Requirement levels for each month of the Summer Season (June through August) and Winter Season (December through February) shall be 98%. For each month of the balance of the calendar year, Availability Requirement levels shall be 95%.</p> <p>Except to the extent that the generating unit shall be unavailable or limited due to a Unit Contingency, Planned Maintenance or Force Majeure, Seller shall, regardless of whether the Availability is, for any period, at, above or below the Availability Requirement levels described above, operate the generating unit to provide the Capacity Quantity and associated energy in all hours in which scheduled and dispatched by Buyer.</p> <p>Actual Capacity Availability will be calculated monthly. Payment discount(s) will be 2% for each 1% of shortfall to the required minimum availability level (excluding agreed upon Planned Maintenance hours in approved periods (i.e., during March, April, October, or November) and Equivalent Force Majeure Hours. If, during the Delivery Term, the rolling 12 month Availability for the Actual Capacity Availability shall be less than 85%, Buyer shall have the right to terminate the agreement and calculate damages. Monthly Payments will be adjusted based on the actual Capacity Availability of the generating unit measured on an hourly basis and regardless of whether or not dispatched. The Maximum Actual Capacity Availability in any hour will be the Capacity Quantity. Subject to exceptions identified below, Equivalent Force Majeure</p>	
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	Hours and Equivalent Planned Maintenance Hours are excluded from the calculation of actual Capacity Availability and minimum Availability Requirement level	
Replacement Energy	<p>If the generating unit becomes unavailable, Seller will have the right to re-supply energy from a different source, and Buyer will accept replacement energy, provided all of the following conditions are satisfied:</p> <p>(i) the designated unit is actually unavailable during the period of delivery due to a scheduled maintenance outage or unit contingency, including a unit contingency caused by a Force Majeure event, (ii) the replacement energy will be provided from a source identified to Buyer and is reasonably expected to have a reliability and firmness of delivery as good as or better than the designated unit, (iii) firm transmission service will be available to provide for the delivery and receipt of the replacement energy which shall enable Buyer to redeliver such replacement energy to its customers in a substantially equivalent manner as if such energy had been delivered at the Delivery Point (iv) the replacement energy will be delivered from not more than two (2) different sources in any day, (v) the replacement energy will be delivered in capacity blocks of no less than 50 MW, and (vi) Seller's delivery of replacement energy will otherwise result in Buyer being placed in an as good or better economic and operational position than the position Buyer would be in if the designated unit were available.</p>	Unless otherwise approved by Buyer in the exercise of its sole discretion, Seller shall have no right to provide, and Buyer shall have no obligation to accept, Replacement Energy for more than ninety (90) days in the aggregate in any contract year or for more than three hundred sixty-five (365) days in the aggregate during the Delivery Term.
Planned Maintenance/Maximum Equivalent Planned Maintenance Hours	<p>The maximum number of Equivalent Planned Maintenance Hours excluded from the calculation of actual Capacity Availability is 360 hours per year.</p> <p>Seller is required to offer coordinated maintenance scheduling</p>	ESI recognizes the need for cyclical maintenance, such as a hot gas path inspection, over the delivery Term and is willing to work with the Seller to accommodate such activity. Seller is required to note any such exception to

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	for planned maintenance, subject to Buyer's approval of such schedules. During the Delivery Term, Seller and Buyer shall develop a mutually acceptable schedule for planned maintenance period. Other than for the first fall maintenance period in the first contract year, planned maintenance schedules shall be sent to Buyer on or prior to (a) September 1, for the March/April maintenance period and (b) February 1, for the October/November maintenance period. Changes to planned maintenance schedules require the Parties' mutual agreement. No planned maintenance may be scheduled on the generating unit during any months other than those in the March/April and October/November maintenance periods.	the planned maintenance conditions in the "Special Considerations" section of the proposal submission form.
Maximum Equivalent Force Majeure Hours	The maximum number of Equivalent Force Majeure Hours is 360 hours in a rolling 12 month period.	
Scheduling/Dispatch	For both product schedules (7x24 and 5x16), Buyer shall schedule energy in all applicable hours of the Delivery Period and Seller shall be required to deliver such energy in all applicable hours of the Delivery Period, subject to availability provisions contained herein.	
Imbalance Charges	Seller will be responsible for any and all Imbalance Charges, though such charges resulting directly from Buyer's unexcused failure to receive energy from a generating unit that Buyer scheduled and dispatched are Buyer's responsibility.	
Transmission Service/Interconnection	The transaction will be contingent upon further analysis and verification that the energy purchased hereunder can be reliably delivered to the loads in the Entergy Control area.	
Fuel Supply	Seller shall arrange, procure, supply, transport and deliver fuel for the generating unit during the Delivery Term.	
Conditions and Regulatory	Buyer's obligations under the transaction are contingent upon	Buyer may apply to the governmental

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<p>Approvals</p>	<p>fulfillment of the following conditions prior to the date that is (i) with respect to clauses (a) and (b) below, the day prior to the date for commencement of the delivery period, and (ii) with respect to clause (c) below, 30 days prior to the date on which the Delivery Period commences. Buyer's conditions include (a) Buyer obtaining from certain Governmental Authority(ies) either regulatory approval of the purchase or transaction that Buyer deems acceptable, including approval of full recovery (through base rates and/or the fuel adjustment charge) of all costs associated with the agreement pursuant to a finding that the participation of Buyer is prudent and in the public interest, or such other regulatory treatment that Buyer deems acceptable; (b) Buyer compliance with any other applicable laws and obtaining any other approvals it requires in form and substance satisfactory to it; and (c) Seller obtaining firm transmission service as required for delivery of energy to the Delivery Point. In addition, Buyer's and Seller's obligations will be contingent upon Seller, at least 30 days prior to the date on which the Delivery Period commences, having obtained all approvals Seller must obtain with respect to operation of the facility and performance of its obligations, including any FERC-required approvals. Buyer will have a termination right if the condition described in clause (a) has not been fulfilled prior to the date for commencement of the Delivery Period. In such instance, Buyer may terminate the agreement at any time (x) on or before December 31, 2008, if Buyer has not obtained the regulatory approvals or rate recovery treatment described in clause (a) above on or before December 31, 2008, or (y) within 31 days after the denial of such approvals or treatment, if such approvals are or treatment is denied on or prior to November 30, 2008. Each party must schedule all regulatory and other approvals it must obtain and use reasonable best efforts to</p>	<p>authorities having jurisdiction for approval of the purchase, and/or may request rate recovery of the associated costs based on a finding that Buyer's participation in the transaction is prudent or that recovery of the costs associated with the transaction may be allowed in a particular manner.</p>
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	obtain such approvals.	
Contract Terms and Conditions	ESI will not negotiate any material terms and conditions specified in this Term Sheet unless (i) the generating unit is otherwise attractive but not physically capable of meeting a requirement specified and (ii) Seller explains the specific physical limitations in the Special Considerations section of the proposal submission form. ESI may seek and impose additional requirements and obligations on Seller in connection with its negotiation of the agreement. Seller is responsible for reviewing all terms and conditions specified in this Term Sheet and taking these terms and conditions into consideration in developing its proposal.	
Management Approval	The proposed transaction is subject to review and approval by the Entergy Operating Committee and such other governing bodies of Buyer as shall be necessary. An agreement regarding this proposed transaction will be contingent upon approval of this transaction from both a credit risk and performance risk perspective by the Entergy Corporate Risk office and Board of Directors.	
Credit	Seller will be expected to meet the credit requirements detailed in the RFP and Appendix A, all of which will be more fully developed in the definitive agreement.	
Default Termination Rights	The non-defaulting party will have the right to terminate the agreement upon the occurrence of an event of default by the other party and to calculate termination damages based on the costs, gains or losses incurred by the non-defaulting party in terminating the agreement.	

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