

# 2010 Request for Proposals (RFP) for Long-Term Renewable Generation Resources

## Questions and Answers

*Updated as of 01/12/11*

1. Will the RFP require the RER to be a "new" resource and will ESI base its determination as to what constitutes a "new" resource on the LPSC's Implementation Plan?

Eligible resources will be defined by the Commission in the Commission-approved Implementation Plan.

2. Are biomass plants completely ineligible in an "As Available Product" role? And if not, can one biomass facility bid in to both the "As Available" and "Capacity" RFP's?

The as available product is intended to be used by generators that provide energy only on an intermittent basis and from a resource whose output can be difficult or impossible to control or accurately predict in advance. While biomass plants are not ineligible to serve as an as-available resource, ESI encourages bidders to designate plants that can provide firm capacity as a baseload resource. Bidders are reminded that the Entergy system incurs costs with as available resources that it does not incur with baseload resources. The economic evaluation of as available proposals will add a capacity value match-up cost and a flexible capability cost on top of the all-in energy price proposed by the bidder to reflect those additional costs.

3. Are the terms "Option Premium" and "Capacity Payment" used synonymously in the document? If not, what is the difference, since both terms are used?

### REVISED

The capacity rate (formerly "Option Premium") (expressed in \$/kW-year) is a component of the capacity payment (expressed in \$). In essence, the "capacity rate" is the price of each kW of dependable capacity (please see the response to question 4 below) that the seller has committed to provide to the buyer under the PPA and the "capacity payment" is the monthly payment to the seller for providing that capacity.

4. What is the definition of "Dependable" Capacity?

### REVISED

"Dependable Capacity" refers to the level of capacity from the generating resource that the seller contractually commits to provide to the buyer for the capacity rate price. The dependable capacity establishes the basis for the capacity payment.

5. Does ESI base its availability requirement and capacity payment (option premium) upon monthly deliveries in its other long term power purchase contracts?

Yes.

6. In conducting a periodic capacity test, what happens contractually if the tested capacity is higher or lower than the contracted amount?

Generally, if the tested capacity is lower than the then-current dependable capacity, the dependable capacity will be reduced to an amount equal to the tested capacity level. If the tested capacity is higher than the then-current dependable capacity, the dependable capacity will be increased to an amount equal to the tested capacity level or the initial dependable capacity set forth in the PPA, whichever is less.

7. Once utility elects to purchase REC's, how much notice must it give and is the election permanent for the life of the contract?

**REVISED**

Consistent with Section 4.1 of the LPSC-approved Renewable Energy Pilot Program Implementation Plan dated October 11, 2010 and subsequent revisions, any and all current or future RECs and other environmental attributes associated with the capacity of the RER allocated to the buyer or the generation of energy from such capacity will solely accrue to and be owned by the buyer. The buyer will not be required to pay any amount for such environmental attributes. All consideration for environmental attributes associated with the capacity of the RER will be included in the capacity rate (if applicable) and energy price and if applicable, the variable O&M rate.

8. The bidder is being asked to certify that its use of primary and secondary fuels will result in 100% of generation producing REC's. We need to know who we can turn to, as a certifying agency for REC's, ahead of the bid deadline, that can rule on our individual circumstance?

ESI is unaware of any certifying body in Louisiana. The only guideline at this time is the LPSC Renewable Energy Pilot Program and Implementation Plan.

9. Does the LPSC's General Order No. R-27281, Subdocket B, requiring the RFP as part of the approved Pilot, satisfy the requirement that there be the "implementation of a law" before a REC Price Adder is paid by ESI?

**REVISED**

There is no longer a REC Price Adder. Please refer to the response in question #7.

10. Because ESI is only paying a REC Price Adder (under certain circumstances), why does the RFP grant ESI the rights to the "other environmental attributes" (including GHG benefits) associated with the power purchased?

Please refer to the response to question #7. ESI desires to receive all of the "other environmental attributes" associated with the power it purchases under the PPA. Any value that a bidder places on non-REC environmental attributes should be included in the proposal price.

11. Why is there a monthly requirement for REC shortfalls (Pg 27) when every RPS implemented across the US to date has only an annual true up for the utility?

The reference to "monthly" was erroneous. The intended term was "annually." The correction will be made in the appropriate line of the term sheet found in Appendix C, Product A.

12. If you must purchase shortfalls in energy, capacity and ancillary services from another RER and supply them to the utility, why is this not a cure for an availability default? If the services purchased have nothing to do with REC's, why must they be from another RER?

If the buyer and seller have reached an agreement allowing the seller to substitute capacity, energy and ancillary services from another resource for a period of time, then, subject to the terms of that agreement, the substitute capacity would be considered dependable capacity for purposes of capacity availability calculations for that period of time. It is not the intent of the RFP to allow a bidder to supply capacity, energy or other products and services from a resource that does not qualify as a renewable resource.

13. If the contract can be cancelled for unavailability due to a Force Majeure event (Pg 24), what is then the purpose of Force Majeure in the first place?

The purpose of force majeure is to excuse a party from its obligations to perform as specified in the applicable contract for a specified period of time. The seller should review the applicable term sheets and factor the risk of force majeure preventing delivery or receipt of dependable capacity into its proposal.

14. Why will the RER be considered unavailable for purposes of the calculation of Monthly Availability to the extent it is unavailable as a result of Force Majeure?

Please see the response to question 13.

15. Will the buyer accept a proposal with differing Force Majeure terms (from what is outlined in the draft RFP)? Or will that simply result in ESI rejecting the proposal as non-conforming?

In its proposal submission, a bidder may take exception to the proposed force majeure terms in the "Special Considerations" section of the RFP. Submission of an exception to the force majeure terms does not mean that ESI will accept the exception. The bidder should identify whether a special consideration on the terms proposed is a prerequisite to its agreement to enter into a PPA.

16. If the project is in ESI's service territory, and the first point of interconnection is with ESI, does the whole section on delivery/transmission/tagging go away?

No. While the buyer will be responsible for securing network transmission service for the dependable capacity in the circumstance described in the question, other "delivery/transmission/tagging" provisions will (*e.g.*, interconnection provisions) or may (*e.g.*, "tagging") apply. For instance, the tagging provisions will apply in the event all of the capacity and energy of the resource is not committed exclusively to the buyer.

17. In the event of a transmission curtailment by the utility, does the Option Premium payment continue?

These responses are qualified in their entirety by reference to ESI's Renewable Generation Resource RFP, including the Reservation of Rights set forth in the RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

ESI assumes that the term "utility" refers specifically to the Entergy electric utilities participating in the RFP, Entergy Louisiana and Entergy Gulf States Louisiana. Subject to the terms of the proposal submitted by the seller, in general, the capacity payment paid to the seller will not be affected by a transmission curtailment within the Entergy electrical system.

18. As the end of the contract approaches, can the LOC requirement and the "full replacement cost" insurance requirement be reduced?

The buyer is willing to reduce the level of these requirements as the PPA nears expiration. Specific reductions would be subject to negotiation between the buyer and seller.

19. Under Audit Rights (Pg 41), will the Bidder have access to the utility metering data for purposes of verifying payments?

Yes, although the access will be limited to the meter data specific to the renewable energy resource.

20. Why does the RFP for power purchase provide a ROFR to ESI to purchase the RER? (Do power sales agreements where ESI is the Bidder provide similar ROFR rights to the buyer?)

The buyer desires this right for a variety of commercial and operational reasons, including, among others, system stability, system planning, and risk management. ESI is not typically a "bidder" in RFPs.

21. Appendix G (Due Diligence for Renewable Energy Resources) requests information confidential to the Bidder (ex., project capital costs, contract pricing terms, etc.). It also indicates that "Failure to submit a response will result in increased risk of a Bidders proposal being rejected as non-conforming." Will the refusal of a Bidder to provide confidential information result in ESI rejecting the proposal as non-conforming?

**REVISED**

Among other things, the information requested in Appendix D [formerly Appendix G] provides the basis for ESI to (i) determine whether the project is viable and able to meet the bidder's stated commercial operation date and other RFP requirements and (ii) evaluate the risks associated with the project. Confidential information received by ESI from a bidder will be kept confidential in accordance with the provisions of the RFP. The refusal of a bidder to supply information material to its bid could result in ESI rejecting the proposal as non-conforming.

22. When and how will the "RFP Glossary" be released?

The Glossary of terms will be released on or before the posting of the full set of RFP documents.

23. Can the buyer supply additional details on acceptable levels of credit and acceptable levels of insurance for the RER?

**REVISED**

Credit requirements can be found in the currently posted Appendix E.

24. For people who are putting together from a project viability perspective, what is ESI's stance on the term of the PPA?

The RFP allows for PPA terms of 10-20 years, assuming the final LPSC Renewable Energy Pilot Program and Implementation Plan permits such terms.

25. Would the buyer allow alternations to scheduled maintenance demands made in the RFP—based on limitations and seasonal requirements of plants? Also—are there any circumstances where ESI would accept less than one year notice on major outages?

Please refer to the "Planned Maintenance" section of the term sheets. In the "Special Considerations" section of the term sheets, a bidder can provide proposals for the treatment of planned maintenance that deviate from the requirements of the RFP. Submission of such a proposal or option does not mean that ESI will agree to the proposal or option or modify the terms expressed in the "Planned Maintenance" section of the term sheets. The bidder should identify whether a special consideration on the terms proposed is a prerequisite to its agreement to enter into a PPA.

26. Will ESI provide some preliminary indications on interconnection costs and requirements after applications for studies have been made so that potential respondents can include those costs into the economic modeling prior to submission of proposals?

ESI will be unable to provide any preliminary indication of interconnection costs due to the required time to perform an interconnection study

27. When you say construction of projects in the RFP component must be between 2012 and 2014, would that include the years 2012 and 2014? This is could a project be completed by December 21, 2014?

Yes, to both questions.

28. Will ESI provide a more simplified interconnection request process for projects smaller than 10MW to allow these smaller projects more ability to bid into the process?

Bidders of projects smaller than 10 MW will be required to follow the generation interconnection processes outlined in Part 2 of the Required Proposal Submission Information portion of Appendix C for both the baseload and as available products.

29. Some information being requested in the RFP is considered confidential by the respondent. How will confidentiality be handled through the RFP process?

During ESI's initial screening of bids (known as Phase I), bidder identity will be separated from the bidder's economic pricing. During later stages of review, the various ESI teams assessing bids will have access to all bidder information. At all times, ESI personnel will be operating under confidentiality agreements to protect bidder information. Additionally, a bidder's confidential information provided to ESI will NOT be shared with outside or third parties. (There may be possible exceptions if ESI is ordered by the LPSC or other any other regulatory agency or court of competent jurisdiction to produce information. Under those circumstances, ESI would, to the greatest extent possible, produce such information under a protective order.)

These responses are qualified in their entirety by reference to ESI's Renewable Generation Resource RFP, including the Reservation of Rights set forth in the RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

30. What is the status of the implementation of a law requiring ESI to achieve a percentage of its annual electric power sales to end-use customers utilizing energy from RERs or RECs?

Currently there is no legislation at the federal, state, or local level and no LPSC rule imposing these requirements on ESI.

31. Does ESI specifically accept waste heat recovery generation as one of the RERs qualifying for this RFP?

Resources eligible to participate in this RFP are as defined by the LPSC in the Commission-approved Implementation Plan.

32. When is it expected that an RPS will become legally applicable to Entergy with the inclusion of an RER requirement?

Please see the response to question 30.

33. How are Renewable Energy Credits going to be handled in the RFP evaluation? Are RECs based upon net generation of the generating facility, gross generation of the generating facility, energy delivered into the grid and sold to ESI, and does this also account for energy that may be used to serve customer loads separate from the generating facility?

Please see the response to question 7. The RECs are associated with renewable capacity and energy delivered to the buyer at the delivery point.

34. Will RECs be handled separate from energy, or does it have to be bundled?

Please see the response to question 33.

35. Will there be a short list issued in the RFP process that allows respondents to know if they are being considered further?

Yes, ESI will develop a shortlist after an initial review and ranking of proposals.

36. Does Entergy plan on issuing any future renewable RFPs?

ESI cannot confirm at this time.

37. How will ESI handle wheeling from a third party's transmission system to deliver power to an interconnection point on ESI's grid?

The seller has exclusive responsibility for procuring the necessary transmission for and delivering energy to the specified delivery point on Entergy transmission system.

38. What is the difference between the as available contract and the Baseload Product? I understand that the base load would need a back up Natural Gas system or another Bio Mass system, but what is the Premium difference between the 2? It is like building a second system?

**REVISED**

The as available product is intended to be used by generators that provide energy only on an intermittent basis and from a resource whose output can be difficult or impossible to control or accurately predict in advance. The baseload product is meant for resources that have a dependable source of fuel and can meet the availability requirements as described in the term sheets included in Appendix C of the RFP. There is no capacity rate pricing, and thus no capacity payments will be made, for the as available product.

39. Is there a Penalty for signing a base load contract and not delivering 100 % of the time?

**REVISED**

The capacity payment payable to each seller of baseload energy will be subject to a reduction (a "capacity payment discount") in the event the seller does not meet the applicable guaranteed contractual requirement for monthly availability of the dependable capacity from the resource (the "monthly availability requirement"). ESI is requiring that bidders specify the monthly availability requirement in their proposals. ESI has determined the capacity payment discount that will apply in the event a seller fails to meet its monthly availability requirement. The discount is a two percent reduction in the capacity payment for each percent that the seller falls below the monthly availability requirement, but will be capped so that the capacity payment can never turn negative. In addition, the buyer will have the ability to terminate the PPA if the rolling 12-month availability of the dependable capacity ever falls below the rolling 12-month availability requirement of 85%. Finally, the seller will be subject to possible liquidated damages in the event it fails to deliver the guaranteed amount of RECs over the course of a year. (For more detailed information, please see Appendix C to the RFP, Product Package A.)

40. What is Entergy's level of commitment to act on a renewable generation project(s)? i.e. What assurance does a bidder have that Energy is serious about moving forward?

ESI is developing the 2010 Renewable RFP to comply with an LPSC General Order issued July 21, 2010 and subsequent revisions in order to seek up to approximately 233 MW of qualifying renewable resources. ESI, on behalf of the affected Entergy Operating Companies, is fully committed to enter into power purchase agreements with successful bids that arise from the RFP.

41. Can you please explain how you want to treat potential REC value in the pricing bid?

Please see the response to question 7.

42. Will any "as available" product be awarded fully unit contingent contracts, or will there be liquidated damages associated with every contract type?

Yes, there will be the potential for the seller to incur liquidated damages under every as available contract.

43. Under "baseload products, key product terms" [from the Bidder's Conference Presentation] ...where would the replacement RECs come from or would the penalty for REC non-delivery be based on a dollar figure? I am curious as to how that might work since we are not really establishing a tradable REC component under the pilot program.

The seller would be required to compensate the buyer either with replacement RECS or liquidated damages. Please review the final term sheets for further information.

44. Regarding Product Package B [As-Available] Energy Quantities, does the RFP (or will ESI) set any thresholds for minimum guaranteed Energy Quantity, whether as a stipulated quantity or as a percentage of the Annual Expected Quantity?

**REVISED**

Yes, Product Package B provides that the annual guaranteed energy quantity should be no less than the 90% probability case. (The annual expected energy quantity should be the 50% probability case.) Bidders will be required to specify the minimum guaranteed and the expected amount of energy deliveries in their proposals consistent with these RFP terms.

45. Please elaborate upon "Entergy System's planning objectives" and how it will impact proposal selection.

In designing a portfolio of resources to meet customer needs, the Entergy system seeks to balance a set of supply objectives, including reliability, cost, and risk mitigation. The overall objective is to meet customer needs reliably at the lowest reasonable cost, taking into account the risk associated with the proposal.

46. Will the \$30 REC value established in the research component [of the LPSC Renewable Energy Pilot Program] factor into how the RECS will be valued under the RFP agreements? Will the pricing be based as an all-in bundled product, or will there be separate values for both the MWH's and the REC's?

No, the \$30 REC value under the research pilot is not factored into the RFP. The RFP pricing requires an all-in-bundled product

47. If a project type creates offsets as well as eligible renewable electricity, how would ESI handle that particular commodity? Would ESI be interested in purchasing the offsets as well?

The RFP is structured such that the bidder is agreeing to provide to the buyer all environmental attributes associated with energy delivered from the renewable resource, including offsets. Please see the response to question 7.

48. Will ESI refund the \$5,000 fee for proposals that fail to qualify during the initial screening?

The \$5,000 fee will be non-refundable. ESI will endeavor to express clearly in the RFP the screening criteria for all proposals.

49. Regarding the proposal economic evaluation, will ESI consider forward gas price expectations in evaluating economics of renewables that intrinsically offer a low transaction cost hedge against natural gas price increases?

Yes, implications of gas price uncertainty on the relative economics of renewable resources will be considered.



50. Does ESI plan to pursue any co-firing projects at any of its existing solid fuel-fired facilities?

ESI continues to investigate opportunities to improve its environmental footprint, including, but not limited to, assessing co-firing projects at the existing solid fuel-fired facilities. At this point, ESI has no plan to co-fire at any facility.

51. Would in-house power generation experience at an industrial facility be considered evidence of "putting" power to the grid?

Yes.

52. Will the bid deadlines be extended?

**REVISED**

A representative RFP schedule is attached as Appendix F to the RFP, which is available on the RFP website.

53. Will a bidder be able to take advantage of state or federal tax incentives? i.e. jobs creation, R&D tax credit, etc. If yes, should it be considered in the financing portion of the bid?

The bidder must determine its own ability to take advantage of any available state or federal incentives and structure its proposal accordingly.

54. Regarding Slides 35 and 36 [of the Bidder's Conference Presentation] "all resources will have to qualify as Network Resources "and "ESI prefers interconnection application be filed as an Energy Resource...", is this a contradiction? Please explain Network vs. Energy resource.

No, it is not a contradiction. For interconnections within the Entergy system, ESI is asking each bidder to request in its interconnection application performance of an Energy Resource Interconnection Study (ERIS) instead of a Network Resource Interconnection Study (NRIS). The ERIS results will indicate only the requirements for the resource to interconnect to the grid, while the NRIS results will include any upgrades required for the resource to receive the necessary transmission service. For transmission within the Entergy system, ESI will be responsible for seeking and securing firm network transmission service for the resource. If and after the firm network transmission service has been obtained, the resource will be considered a "network" resource for as long as it has network transmission service.

55. Why is WHR listed as "Baseload"? Since the quantity and quality of the heat is determined by another primary process, it seems to be "as-available."

Please see the response to question 2. It is the bidder's decision to choose the appropriate product package for the resource's technology and expected energy production profile.

56. Can you publish a list of attendees?

Yes, a list of attendees is posted to the RFP website.

57. Are CHP and Distributed Generation Systems with natural gas as the sole or partial fuel resource being considered?

Please refer to the most current LPSC Staff's Implementation Plan for potential eligible resources and the final Commission-approved Implementation Plan for the definitive listing of eligible resources.

58. The current state of the Pilot Program allows only in-state resources. Based upon these recent developments, if the Pilot were to allow respondent's to bid out-of-state wind resources, would ESI have an interest in receiving such bids? Would out-of-state bids allow ESI a better opportunity to evaluate the total renewables landscape available to rate payers?

ELL and EGSL will abide by the requirements of the final LPSC Pilot Program and final Implementation Plan, including those on this particular issue.

59. LPSC's R-28271 Sub B refers to a maximum allowable price for the research/standard offer tariff component equal to avoided cost plus \$30/MWH. Please confirm that this pricing limit is not applicable to pricing for the RFP component?

The Standard Offer Tariff established pricing methodology is not applicable to the RFP component of the LPSC Pilot Program.

60. Please clarify acceptable waste heat recovery as compared with CHP. Is industrial waste heat recovery acceptable if fossil fuels are utilized in upstream processes?

Please see the response to question 57.

61. Solar farms in rural parishes near main transmission lines. What is Entergy LA stand on solar farms/agricultural land?

ESI takes no position on land use as it relates to renewable resources.

62. With capacity factors for wind in Louisiana being very low, is ESI willing to accept wind generated energy, located within the state, at a very high price – generally very low capacity factors translate to very high energy prices. If not, would ESI accept wind energy (with high capacity factors) from out of the state (and within the SPP territory)?

Please see the response to question 58.

63. Will there be an "intent to bid" process prior to the Bidder Registration (Oct. 18-21)? It would be helpful for sub-suppliers to understand who is bidding as they may have technology components to aid in the overall solution/proposal.

No, there will be no such process for this RFP, nor will ESI share the identity of bidders with sub-suppliers.

64. Please explain the purpose of the REC adder in the bid. If we just bid the price for the power (capacity and energy) and the other attributes, it is up to ESI to determine or capture value of RECs when and if available?

Please see the response to question 7.

65. Can there be exceptions to requirements in the RFP to provide certain data if it involves competitively sensitive information, such as plant design that is newly developed, or internal corporate financial structure or proforma?

Information submitted in this RFP will be retained as confidential and will only be used in accordance with resource evaluations associated with this RFP. Therefore, all data/information requested in our diligence requests will be used to validate that a resource is viable and capable of meeting the stated commercial operation date. Failure to provide such information could result in a proposal's elimination from consideration and/or affect the proposal's ranking from a risk perspective.

66. What is the proposal due date?

Please see the response to question 52.

67. Does the RFP have a solar carve-out?

No.

68. Can the resource be located in Texas and delivered to ESI at a delivery point in Texas? Why is it restricted to Louisiana only?

Please see the response to question 58.

69. Is this RFP only for renewable energy projects/technologies that have previously been placed in service and have accumulated significant operational hours or are there opportunities for projects/technologies in this RFP that would serve as the first installation of a commercial application?

ESI is requesting proposals representing technologies that have been commercially proven on a utility scale. Preference will also be given to technologies with a demonstrated history of reliable operation.

70. Must a project have fully completed the permitting and licensing for consideration or will projects under permitting and licensing be considered, so long as timelines are identified?

ESI is aware that all permitting for a renewable energy project may not be finalized when the bidder submits its proposal. For those projects, ESI expects that the bidder will outline all permitting activities in its project timeline/schedule to support the guaranteed commercial operation date specified in its proposal.

71. Hydro-Gen, LLC has designed, patented, and tested, a surface deployed water flow turbine system for power capture. Hydro-Gen does not choose to get into the power production business. The aim (intent) is to manufacture and sell to a producer, a multiple barge mounted turbine system. The barges (licensed vessels) would be towed to a site, anchored, turbine lowered, and power produced. Site selection and grid connection are the responsibility of the purchasing utility. Would ESI be interested in this circumstance?

Not in relation to this RFP. The LPSC's draft Implementation Plan does not allow utility self-build projects.

72. Section 4.4.1 – requirement that 17,520 of measured resource data. Is this a requirement at the site or can it be nearby, such as utilizing TMY data?

ESI prefers site-specific data, especially for wind resources. If data is supplied for nearby locations, it is the bidder's responsibility to justify how this data is applicable to the location of the proposed resource. The evaluation teams will determine the credibility of the data.

73. If developer/EPC contractor has the capability in-house to forecast resource [profile data], is a 3<sup>rd</sup> party still required? Specifically as this relates to solar?

The evaluation teams will determine the credibility of any data (including profile data) provided by any source.

74. In which areas of the state do you expect grid interconnection and transmission to be a barrier to develop new renewable capacity?

The bidder must determine the appropriate location for any resource it proposes to bid into the RFP.

75. Can you please elaborate specifically on the costs associated with interconnection/feasibility studies that ESI will charge, especially with consideration to small (~ 2-5 MW) generators?

The interconnection process involves three separate studies: a Feasibility Study, a System Impact Study and a Facility Study. Deposits for each study are \$10,000, \$50,000, and \$50,000, respectively. Cost of the studies will depend on the complexity of the interconnection. For moderately complex interconnections, the cost of the studies is expected to be close to the deposit amounts. The seller will be responsible for actual study costs. Upon completion of each study, the seller will be invoiced (either billed or a credit issued) for the difference between actual costs and the deposit.

76. Will ESI consider a fixed price over 10-20 years as an alternative to a monthly floating price based on a premium over avoided cost?

This question may reflect a misunderstanding between the Standard Offer Program, which features a fixed \$30/MWh premium above avoided cost, and the RFP, which allows bidders to submit fixed pricing. For the RFP, bidders can submit a fixed price or pricing tied to an index.

77. If a project has different bids (due to differing pricing/construction), does the bidder pay for each proposal configuration a separate bid fee?

A \$5,000 fee is charged for each proposal from the same party acting as a bidder. To further clarify, each proposal submitted from the same party but with differing components will be considered its own proposal and analyzed separately.

78. Can you give us a range of \$/kWh to make a product economic in the RFP?

No, ESI cannot provide the requested guidance. The bidder must determine the appropriate pricing for its proposal. The RFP is seeking competitive bids and does not include a minimum, maximum or expected \$/kWh price for the products offered in proposals.

79. In the proposed schedule, what is the difference between an award and the negotiation process? How are proposals short-listed/reduced in the RFP?

In the proposed schedule, ESI will complete an initial evaluation of each proposal and notify bidders if their proposal has been selected for the short list. Short-listed proposals will undergo additional evaluation and diligence screening before a final selection list is developed. Bidders on that list will meet with ESI to negotiate and finalize the terms of the definitive agreement.

80. Would a tax equity investment by an IOU define a project as "self-build" for that IOU?

Although this situation is not addressed by the current versions of the LPSC Renewable Energy Pilot Program and LPSC Staff's Implementation Plan, ESI believes that a tax equity investment by an IOU likely would define the applicable project as "self build" for purposes of the RFP.

81. Will contracts allow for changes of the "Guaranteed Commercial Operation Date", deemed necessary due to federal or state legislation and/or policy that would create a required change in plant operation? (Such as the EPA Boiler MACT rule, currently under consideration.)

**REVISED**

A seller will be afforded schedule relief under the PPA for force majeure events that prevent the seller from realizing the guaranteed commercial operation date, subject to the PPA's caps on force majeure extensions of the guaranteed commercial operation date and the seller's compliance with other terms applicable to claims of force majeure. Events not meeting the criteria for force majeure provide no basis for schedule relief.

82. Will ESI allow for modification of pricing on proposals once interconnection studies have been completed if those interconnection costs are different than those used by respondents in their proposals?

Bidders will be permitted to provide an update to the interconnection costs and any transmission upgrade costs related to obtaining point-to-point transmission service up to, but no later than, 90 days past the proposal submission deadline for the RFP. There is no guarantee that interconnection studies will be complete within this 90-day period. Bidders may choose to work with a 3rd party consultant or expert to develop and/or refine their interconnection cost estimates.

83. Please address grid interconnection and transmission service requirements and any issues expected going forward.

**REVISED**

In general, bidders will be responsible for interconnection costs, the cost of interconnecting the RER to the grid. Please refer to the response to question 82 for information.

These responses are qualified in their entirety by reference to ESI's Renewable Generation Resource RFP, including the Reservation of Rights set forth in the RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

	Applicable Interconnection Standard	Voltage Level	Generator Facility Size	Point of Contact*	Criteria**	Expected Receipt of Acknowledgement Letter (days)	Expected Receipt of Acceptance Letter (days)
Entergy	LGIP	69 kV and higher	20 MVA or greater	ICT	\$10k deposit required with completed application to SPP/ICT	5	10
	SGIP	Any	greater than 2 MVA, but less than 20 MVA	Entergy	\$1k deposit required with completed application to Entergy Transmission	3	10
Non-Entergy	Bidder must follow other applicable standards						

Note: All interconnection packages will need to be submitted to the appropriate point of contact and the RFP Administrator. The interconnection process is to be completed independent of the evaluation of the 2010 Renewable Energy RFP. A description of each interconnection standard along with the application for each process will be posted on the RFP website.

Interconnection Service Charges are those one-time charges that recover costs for facilities changes required to safely and reliability interconnect a generator to either the transmission or distribution system. Transmission and Distribution Service Charges are those monthly charges necessary to move power from a generator to load.

Transmission and Distribution Service Charges for a generator interconnected directly to Entergy Operating Companies and selling their output to the Entergy Operating Companies are provided for under Entergy Operating Companies' service agreement. Charges for a generator's interconnection service are the responsibility of the generator.

\*The point of contact for the ICT is Antoine Lucas. The point of contact for Entergy Energy Delivery Business Unit is Michael Gravolet.

\*\*Queue position will be assigned by the point of contact upon receiving completed application.

In general, bidders will also be responsible for securing, at its own expense, the necessary firm point-to-point transmission service if the RER interconnects to a balancing authority area outside of an Entergy balancing authority. If the resource is located inside the Entergy balancing authority area and interconnected at a distribution level voltage, the bidder must secure, at its own expense, any applicable service to the delivery point on the Entergy transmission system. ESI will be responsible for securing network transmission service within the Entergy balancing authority area.

84. I have a Generator that produces 4400 Kw per hour, but have an onsite demand of 1200 KW that may not always be needed. Do I set my baseline Biomass power for sale to you at 3200 KW? Will you buy the rest at the same contract price if it is not needed onsite or do I set the baseline at 4400 and take a penalty for the onsite power I use?

ESI cannot provide advice as it relates to the strategy of your proposal. Based on the product packages currently available, the following alternatives may be considered (assuming no applicable line loss):

- Bid in a baseload proposal for between 3.2 MW and 4.4 MW, or
- Bid in an as-available proposal for between 2 MW and 4.4MW, or
- Bid in a baseload proposal for between 2 and 2.4MW and an as-available proposal between 2.4 and 2MW, as applicable. Both proposals would be evaluated separately. There is no guarantee that both proposals would be selected, although it is possible that ESI would combine the two different proposals for the purposes of negotiating a single PPA contract with a selected bidder.

85. Just to clarify, will any exceptions to the RFP be made for resources located outside of the state of Louisiana? Specifically, if transmission is secured such that power can be delivered to EGSL or ELL, would a project be considered?

Please see the response to question 58.

86. What is meant by "Primary/Secondary Awards", and "Secondary Award List"?"

“Primary/Secondary Selections” will be made following Phase III of the bid evaluation period. The Primary and Secondary Selection lists consist of bidders whose proposals have not been rejected for future consideration. Bidders on the Primary Selection List will be contacted and requested to negotiate and execute a definitive agreement. Bidders on the Secondary Selection List, if any, may be offered the opportunity to negotiate and execute a definitive agreement if a bidder on the Primary Selection List and ESI fails to reach a definitive PPA.

87. Is my understanding correct that to be eligible to offer, a prospective offer is ineligible, unless he or she owns or controls a site in Louisiana, upon which a generating facility can be built. I believe the minimum size is 2MW and the maximum 30MW.

a) Is my understanding of the prequal correct?

**REVISED**

Bidders must demonstrate that they own, control or have a legal, enforceable option on the site where the resource will be located and on the mineral, wind, or other comparable rights necessary to ensure resource viability. Per the LPSC-approved Pilot Program Implementation Plan, resources may be located within Louisiana or may be located out-of-state. As noted above, the requirements for a resource to be an eligible resource are listed in the final LPSC-issued General Order.

b) Is my understanding of sizing correct?

No, while the minimum size is 2 MW at the delivery point for purposes of the RFP, there is no maximum size limit.

88. In preparation for the pending RFP we are initialing a SPP Screening Study for firm transmission to Entergy for your RFP and therefore request a sync point or points to be used for the study. Could you assist with this exercise?

ESI cannot provide guidance as to the “sync” point at which a bidder proposes to tie to the Entergy grid. The official “sink” that can be used for Entergy Network Service is “ENTEMO.”

89. We are looking at constructing a 15MW co-gen facility in LA which is connected to a 34.5kV line which is part of another utility's system.

I am interested in understanding 1) the cost related to interconnection studies necessary to provide an RFP conforming bid [i.e. is it just the \$1k for the deposit or an additional \$10k to do a feasibility study, system impact study, Facility study, etc...] and 2) how any upgrade costs / costs to get the power output to a connection point with Entergy's system will be viewed from a price competition standpoint

Please see the response to question 83. The proposal price must include the cost of interconnection and point-to-point transmission service, including upgrades. These costs will be evaluated by the Economic Evaluation Team (EET).

90. Is waste gas produced from a manufacturing process that involves fossil fuels permissible for the Pilot Program?

Please see the response to question 1.

91. We are planning to participate in ESI's 2010 Renewable RFP once it comes out in November but I had a question on whether we could offer the energy and RECs at the project node or whether it would definitely have to be delivered into Entergy Louisiana. We have the ability to get transmission but the thought is that SPP and Deliver Assessment Team might have a better understanding regarding the appropriate transmission path.

ESI cannot provide guidance regarding the transmission path.

92. If the \$5000 bid fee was refundable, this would attract more bids, thus creating a more competitive environment with more bids for the LPSC to choose from. Entergy should not be allowed to charge a fee in any amount that is non-refundable if a bid is not selected. We would like to know exactly what services are included in the prescribed fee of \$5000.

The bidder fee is used to help offset costs incurred in the development and administration of the 2010 Renewable RFP for renewable resources and the evaluation of proposals.

93. Entergy has imposed a minimum system size which is unreasonable for distributed energy systems.

For purposes of the RFP, the minimum system size is as defined by the LPSC's approved Renewable Energy Pilot Program Implementation Plan. Note that the minimum for the Standard Offer Program is 25 kW.

94. The time period allotted for submittals is not a sufficient period of time to secure contracts and provide requested information to Entergy. The Nov 8<sup>th</sup> deadline should be extended at least until December 31<sup>st</sup>. It is the opinion of interested parties that bids may be selected at anytime once the bidding process has started however, the bidding process need not end until the Commission's target capacity has been reached.

**REVISED**

The revised RFP timeline is posted on the RFP website. ESI utilizes a comprehensive evaluation process to ensure all proposals are treated fairly and impartially. Submission deadlines are established to allow for comparative evaluations to begin and thus we cannot keep the bidding process open thereafter.

95. Is it possible for a bidder to respond to both Entergy Louisiana and Entergy Gulf States via one response?

Yes, proposals will be received and evaluated by ESI on behalf of Entergy Louisiana and Entergy Gulf States Louisiana. Proposals may be allocated to either or both of the operating companies after the Primary Selection List has been announced.



96. Restrict the use of a Guaranteed Commercial operation – Entergy should include terms that would provide flexibility to power providers if the project reaches commercial operation prior to the projected date or is delayed due to factors outside the provider's control. Entergy's documents require a project to come online within a 90 day window.

**REVISED**

ESI has modified the term sheets to allow for a 120-day window. Bidders will have the ability to define the guaranteed commercial date (and thus the 120-day window) in their proposals and will have other risk mitigation measures to manage the risk. For additional information concerning delays beyond the bidder's guaranteed commercial operation date, please see to the responses to questions 81 and 102 and the final term sheets.

97. Availability Requirement – Entergy should account for force majeure events. ESI's conventional RFP allows for exclusion of equivalent force majeure hours to the availability requirement.

ESI accounts for force majeure events in the term sheets. Other Entergy RFPs have used a maximum number of "allowed" force majeure hours within a year and hours above this maximum resulted in a 2% for 1% availability discount applied. For the 2010 Renewable RFP, ELL and EGSL do not provide for any "allowed" force majeure hours, but instead lower the discount to 1% for each 1% of unavailability due to a qualifying force majeure event.

98. Capacity payments – Entergy should still make capacity payments when the unit is available but the utility curtails delivery. I believe Entergy already agreed to this change.

Please see the response to question 17.

99. Test requirements – Entergy should not have burdensome testing requirements.

ESI considers bi-annual capacity testing reasonable in light of the various technologies eligible for this RFP. The term sheets indicate that Entergy Louisiana and Entergy Gulf States Louisiana may elect to waive any test they determine to be unnecessary. Bidders can propose an exception to the planned outages provision in the "Special Considerations" section of its proposal.

100. Annual planned maintenance – Entergy should allow a bigger window of time when the units can be scheduled out on maintenance.

**REVISED**

The annual planned maintenance section of the 2010 Renewable RFP is consistent with prior ESI RFPs. Under the term sheets, planned outages may be scheduled to occur in the March and April and October and November timeframes. For additional information regarding planned maintenance, please see the response to question 25.

101. Force Majeure – Entergy should allow changes in law to be considered a force majeure item.

**REVISED**

ESI has deleted “change in law” from the list of express exclusions to force majeure.

102. Commercial Operation Date - Bidder objects to charging liquidated damages for the delayed completion of a project. Also, any liquidated damages Entergy charges should be reasonable, and should not compensate for energy not delivered over the life of a proposed project.

Bidders are free to take exception to the “delay liquidated damages” provisions of the term sheets in the “Special Considerations” section of their Proposal Submission Agreement. ESI believes these and the other liquidated damages provisions included in the term sheets are reasonable and appropriate for the RFP. ESI notes that a requirement for the seller to pay the buyer liquidated damages if the project fails to achieve commercial operation by the agreed in-service date is standard in PPAs for developmental resources (*i.e.*, generation facilities not yet constructed). Delays in project completion beyond the contractually specified date expose the buyer to potential market risk, insecurity of supply, system instability and other serious commercial risks. Liquidated damages are a useful and customary tool to manage these risks. Sellers typically mitigate their delay liquidate damages risk to the buyer through delay liquidated damage provisions in the engineering, procurement, and construction contract with their project contractor and by committing to realistic or conservative guaranteed commercial operation dates in their PPAs.

**START OF NEW QUESTIONS POSTED SINCE NOVEMBER 15, 2010 :**

103. In its response to Questions 1 and 31, Entergy indicates that information will be provided by the LPSC in the Commission-approved Implementation Plan. Has such plan been issued? If yes, please provide a reference. If no, when will it be issued?

Yes. LPSC General Order Docket No. R-28271, which provides the LPSC-approved Implementation Plan, was issued in November and subsequently revised on December 9, 2010. The revised General Order is available on ESI's Renewable RFP Website under the LPSC Reference tab at the top of the page.

104. The RFP has an option of using either the PPI or CPI index for pricing. Please confirm that the CPI index is the complete CPI and not the core CPI, which is the CPI less fuel and food.

As currently defined in the Appendix A Glossary, “CPI” means the Consumer Price Index for All Urban Consumers; US City Average; All Items: Not Seasonally Adjusted (base index year 1982-1984 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics from time to time.

105. If a respondent submits two proposals from the same project (e.g. a 100 MW and 200 MW alternatives), would this be considered two separate proposals thereby incurring a proposal submittal fee of \$10,000?

a) Would Entergy entertain a lower charge for a second proposal sourcing from the same project?

Yes, the proposal options described above would be considered two separate proposals and each proposal would require payment of \$5,000.

106. How is RER certification achieved under the LPSC's renewable energy pilot Program?

The Certification process is described generally in the LPSC's revised General Order adopting the Implementation Plan (see pages 8 and 9 of the Plan), but is formally governed by the Commission's 1983 General Order, as amended. After ESI has selected proposals, and final agreements have been negotiated and signed between the buyer and seller, those agreements will be submitted to the LPSC for certification as part of a formal proceeding. As noted in the approved Implementation Plan, a hearing will be held for each proposed resource and interested stakeholders may present their support for or opposition to certification, including whether the resource meets the definition of "renewable" as promulgated by the LPSC. The Plan notes that "...The Commission will have the ultimate authority to approve or disapprove any new renewable resource seeking certification." (Plan at page 9.)

107. As a follow up to Question # 40, assuming that Entergy receives sufficient proposals that in the aggregate exceed 233 MW RER, will Entergy be out of compliance with LPSC General Order issued July 21, 2010 if it does not accept proposals that in aggregate total 233 MW RER? If no, why not? Without necessarily stating what they are, will Entergy apply selection criteria that may result in Entergy accepting proposals that in aggregate total less than 233 MW RER and cutoff any other proposals?

Per the LPSC's July 2010 General Order implementing the Pilot Program, ESI is seeking up to 233 MW of RER from this RFP on behalf of EGSL and ELL. Notwithstanding this objective, ESI reserves the right to reject any and all proposed resources. Selected resources will be required, at minimum, to meet all threshold requirements, as described in the RFP. Other factors that will affect the decision to accept or reject proposals will include, but are not necessarily limited to, relative economics, viability, reliability, technology risk, operating risk, deliverability or any other factor that may ultimately affect the cost borne by the customers of EGSL and ELL. Note that in part to further the Commission's objectives in the LPSC's Pilot Program and approved Implementation Plan, ESI may select proposals for the Primary Selection List or Secondary Selection List that reflect a diversified group of technologies. In addition, final awards will depend upon full approval by the LPSC.

108. Can you please clarify the definition of "Renewable Energy Credits" and "Environmental Attributes" as used in the As-Available Product Term Sheet

As currently defined in the Appendix A Glossary, a "Renewable Energy Credit" means any and all renewable energy credits, renewable energy or green certificates, green tags and other fuel, emissions, air quality or other environmental characteristics, credits, benefits, reductions, offsets and allowances arising out of any applicable law or out of any voluntary rules, guidelines or programs, including any such applicable law or voluntary rule, guideline or programs relating to any avoided, reduced, displaced or off-set emissions of sulfur dioxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), carbon monoxide (CO), mercury (Hg), soot, particulates, carbon dioxide (CO<sub>2</sub>) and any other greenhouse gas (GHG) or pollutant that is now or may in the future be regulated under applicable laws or any voluntary rules, guidelines or programs.

Additionally, "Environmental Attributes" is defined in Appendix A Glossary as all current or future RECs and all other current or future environmental attributes associated with the Capacity of the RER contracted to Buyer or the generation of energy from such Capacity, including any environmental attributes related to the avoidance of the emission of any gas (including carbon dioxide and other greenhouse gases), chemical or other substance into the environment.

109. Does Entergy have any criteria that could limit the mix of baseload and as-available capacity making up its accepted RERs under this RFP? If so what are the criteria?

ESI does not have any specific criteria that would limit the mix of baseload and as-available capacity making up its accepted RERs under this RFP. All proposals will be evaluated on a fair and impartial basis for the relative economics, deliverability, project/resource viability of the proposals, and related credit risks.

110. When will the Web Portal be opened for exercising such as viewing the Help sections and the Values in the drop down windows, etc? Is it is requested that Entergy make all information associated with completing the registration and submittal steps on the Web Portal available as soon as possible.

The information that will be solicited via the Web Portal during Bidder Registration and Proposal Submission are described in the beginning section of both term sheets. Appendix B also provides bidder instructions with regards to this process. Prior to Bidder Registration, ESI will provide a visual overview of the Web Portal. This information will be posted to ESI's Renewable RFP Website when available.

111. To what extent must Registration be completed by 1/13? Can registered proposals be edited or deleted during the period between 1/13 and final submittal by 2/3?

Please see Appendix B for detailed instructions regarding Bidder Registration and Proposal Submission. By 5:00 p.m. CPT on January 13, 2011, bidders must register their bidding company, the proposed resource(s) of the bidder, and the number/product type of proposals the bidder intends to offer. Bidders will have between 8:00 a.m. CPT January 31, 2011, and 5:00 p.m. CPT on February 3, 2011, to provide the details of the proposal.

112. The Entergy milestone outline indicates that the execution of a Definitive Agreement is March 2012. Entergy's existing milestone schedule is very likely to prevent wind development respondents from receiving commitments for wind turbine generator slots, BOP and most importantly financing. Furthermore, the Milestone schedule almost certainly prevents RERs from qualifying for federal Production Tax Credits which expire 12/31/2012, which are passed on to Entergy in the form of a lower PPA price. In order for Entergy to receive the lowest priced renewable energy proposals, we suggest Entergy shorten the targeted date for executing a Definitive Agreement from March 2012 to June 2011.

ESI appreciates the issue and your interest in utilizing all avenues available to provide a competitive proposal; however, due to the nature of the detailed evaluation process, ESI is unable to complete the comparative review of all proposals solicited in this RFP and execute on selected resources by the requested June 2011 date.

113. Include in the RFP language that would limit indexation for CPI and PPI with the exception baseload woody biomass plants for which indexation can include a combination of diesel, woody biomass stumpage or chips, PPI, and CPI.

The general purpose of allowing bidders to index proposals to broad CPI or PPI indices is to reflect normal inflation during the term of the contract. Based on consultation with LPSC Staff, it is ESI's understanding that providing an exception for woody biomass to specify a subset of CPI or PPI tied to a commodity such as diesel, wood, etc., would circumvent the LPSC's decision to prohibit fuel indices to be used in a renewable RFP (see page 5 of General Order No. 11-12-10 (R-28271-A Subdocket B) (Corrected) dated December 9, 2010, approving the Renewable Energy Pilot Program Implementation Plan, which was decided at the LPSC's October 2010 Business & Executive Meeting).

114. Potential bidder indicates that the following provision of the Draft Term Sheets posted in November 2010 will create a significant issue for renewable energy development firms and the Louisiana Public Service commission by greatly increasing the renewable power energy price and unfairly allocating risks to renewable development efforts:

a) Baseload Product Package: Energy Price – the Energy Price included an option for energy pricing to be based on a fuel index to be specified by the Bidder. Energy pricing must be a fixed energy price per year or Bidders may escalate a fixed price annually based on CPI or PPI changes.

b) Credit Support – In addition, ESI intends to require the Bidder to provide, at the time of execution of a Letter of Intent, credit support to buyer in the amount of 1% of the projected

In response to question "a" above, please see the response to question # 113. In response to question "b" above, ESI has lowered the Letter of Credit required at the time of the execution of the Letter of Intent to 0.5% of the projected notional value of the PPA, up to a \$2M cap.

Please see Appendix E for further clarification of the credit/collateral requirements of this 2010 Renewable RFP.

115. Does the company have a certain percentage or goal of total energy set aside for solar or renewable energy?

Please see the responses to questions 67, 107, and 109.

116. How and where do we submit our bid fees?

After the bidder completes Bidder Registration between 8:00 a.m. CPT January 10, 2011, and 5:00 p.m. CPT January 13, 2011, the RFP Administrator will email the registered bidder with detailed instructions to submit a wire payment of the applicable proposal fee. See Appendix B for more information regarding this process.

117. Is a CLECO point of interconnection for an RER considered a Delivery Point in this RFP?

A point of interconnection with CLECO is not a considered a Delivery Point on the Entergy Transmission System. The CLECO/EES interface is considered a delivery point. Please review Appendix C of the RFP and Section 2.7 of the RFP Main Body for requirements to obtain Off-System Transmission Service.

118. Is there a description or map of the eligible service area?

Per the LPSC General Order No. 11-12-10 (R-28271-A Subdocket B) (Corrected) dated December 9, 2010, there is no resource location requirement for this RFP. However, there are resource delivery requirements as detailed in the RFP documents posted to the RFP Website. For example, resources located outside of the Entergy System must be deliverable to the Entergy System.

119. Appendix C Product Package B, As Available Product, requires that the energy quantity is supported by a resource assessment report prepared by a reputable third-party independent engineering firm. 1) Can the firm that prepares the report be the follow-on detailed engineering firm? 2) Is there also a similar requirement for the Appendix C Product Package A, Baseload Product?

1) The typical as-available RER is dependent on a variable source of energy (such as wind or solar). By resource assessment report, ESI is referring to a report that analyzes that variable source of energy for the RER to support the associated expected and guaranteed energy quantities. Consequently, ESI expects the report to be provided by a third-party independent engineering firm that has significant experience providing variable energy resource assessment services for the particular type of renewable energy project (such as GL Garrad Hassan for wind or solar or DNV Global Energy Concepts for wind). The typical detailed

engineering firm does not provide these services; however, if the bidder's detailed engineering firm is independent and qualified in ESI's opinion to do variable energy resource assessment, a report from such firm backing up the bidder's expected and guaranteed energy quantities would be acceptable.

2) There is no similar requirement for the baseload product because baseload RERs are expected to deliver a constant amount of energy around the clock. These RERs would typically not be dependent on a variable source of energy. Instead, they would typically have a constant or predictable source of energy that would enable them to meet their around-the-clock energy delivery requirements. For this reason, a resource assessment report analyzing the variability of the RER's source of energy is not applicable to (and, as a result, not required for) baseload RERs.

120. Regarding RERs that interconnect outside the Entergy control area, but within the Southwest Power Pool:

a) If Entergy's joins the SPP as a network customer, will Entergy desire to acquire SPP network transmission service and move the Delivery Point to the RER's SPP interconnection location?

The decision regarding appropriate transmission service will be made at the time any decision to join an RTO is determined. If grandfather options are available, that will likely be the preferred option for existing network resources. In any case, for purposes of any definitive agreement entered into pursuant to this RFP, ESI does not intend to modify the cost or risk allocation reflected in the term sheets issued as part of this RFP (e.g., the seller would still be responsible for the cost of transmission into the Entergy Transmission System and take the risk of curtailments or other conditions relating to that transmission). As a result, ESI does not intend to move the Delivery Point, unless it can be done to the mutual advantage of the parties without affecting the cost or risk allocation.

b) If so, does Entergy plan to acquire the SPP point-to-point transmission service owned by the respondent, then convert such service to SPP's network service?

Please see the response to part (a) above.

121. (Page C-B-2, 2nd paragraph) The provision for a one year, two year and three year minimum energy requirement is more burdensome than the financial industry is accustomed to accepting for wind energy RERs. It is our recommendation that Entergy employ a 3-year rolling average that uses 85% of the Annual Expected Energy Quantity for wind energy RERs. This approach is commonly used for most wind energy PPAs by utilities.

In the final As-Available term sheet, ESI eliminated the termination right based on under-deliveries of energy during a rolling twelve month period. ESI believes that termination

rights based on under-deliveries for any two consecutive contract years or any three cumulative contract years are reasonable and appropriate for this RFP. Bidders are asked to propose in their Proposal Submission Form the level of under-delivery at which each of these termination rights will apply. Bidders are free to propose the levels they believe are appropriate for their particular RER.

a) Will the minimum energy requirement be calculated on only a full-year basis, or upon energy deliveries within each annual season specified by Entergy (Summer On-Peak, Non-Summer On-Peak, Off-Peak)?

For purposes of the annual guaranteed energy quantity, energy deliveries will be calculated on a full contract year basis (with appropriate adjustment for any short contract year that may result from early termination).

b) Is the 115% threshold mentioned on Page C-B-15 applicable to only annual deliveries, or is it measured across each seasonal delivery period that occurs within each annual delivery period?

Like the annual guaranteed energy quantity, the 115% threshold will be calculated on a full contract year basis (with appropriate adjustment for any short contract year that may result from early termination). The associated discount will be applied to a total number of MWh equal to the excess energy deliveries during such full contract year over the 115% threshold; however, for this purpose, the discounted MWh will be deemed to be spread across the on-peak/off-peak pricing groups pro rata according to the number of MWh actually delivered during the applicable contract year in each such pricing group.

122. (Page C-B-2, next to last paragraph) For new RERs, Entergy specifies that the Delivery Term shall start at the later of the COD or the Expected COD. Would Entergy be willing to entertain a idea of a "COD window" whereby the Delivery Term can start upon the RER reaching COD, provided the RER's actual COD is within 60 days of the Expected COD, whether before or after the Expected COD? As it stands now, this requirement may be difficult for developers who are attempting to coordinate and build multiple wind projects prior to the expiration of the Federal Production Tax Credit on 12/31/2012.

ESI has stated in this RFP that it would consider proposals to purchase energy delivered after the commercial operation date, but prior to the expected commercial operation date, so bidders are free to make such proposals. In addition, in the final term sheets for this RFP, the permitted gap between the expected commercial operation date and the commercial operation date was increased from 90 days to 120 days. A bidder could achieve 30 days of the proposed 60-day "COD window" simply by moving its expected commercial operation date 30 days earlier and still preserve the 90-day gap between the expected commercial operation date and the commercial operation date that was in the initial drafts of the RFP term sheets.



123. (Page C-B-2, next to last paragraph) For wind projects, the Commercial Operations Date is an IRS trigger for calculating Production Tax Credits. The COD can be claimed on a turbine by turbine basis, or on a project basis. For the sake of tax treatment simplicity most wind developers claim commercial operations when the last wind turbine reaches commercial operations. If construction of a wind based RER extends through the PTC expiration date of 12/31/2012, the developer would be forced to claim a COD of 12/31/2012 on the portion of wind turbines that have reached commercial operations. How does Entergy plan to treat the Delivery Term requirement for such event?

A project's "placement in service" date for federal income tax purposes (*i.e.*, for purposes of the PTC) will be determined by the applicable tax laws and is independent from the project's commercial operation date determined by the terms of any definitive agreement entered into pursuant to this RFP. Accordingly, provided the bidder meets the placement in service requirements for federal income tax purposes, the bidder could place in service completed wind turbines at the end of 2012 for PTC purposes without having any impact on any definitive agreement entered into pursuant to this RFP. The commercial operation date (and commencement of the delivery term) under any such definitive agreement will still occur when the requirements of the definitive agreement have been met (even if certain of the seller's wind turbines have an earlier placement in service date for PTC purposes).

124. (Page C-B-6, last paragraph) For RERs that will interconnect outside the Entergy system, are respondent's required to break out the interconnection and network upgrade costs? This requirement seems mute since such network upgrades would be occurring on a non-Entergy transmission system.

Yes, all bidders are required to break out interconnection and transmission and distribution costs. ESI requires this breakout for use in the evaluation process.

125. (Page C-B-14 "Annual Guaranteed Energy Quantity") The Annual Guaranteed Energy Quantity description does not seem to allow for energy not delivered, resulting of Force Majeure events, to be exempt from the AGEQ calculation and the \$25 per MWH penalty. Without such Force Majeure exemption, the lending and tax-equity community may refuse to inject the needed funds to develop the RER. Shouldn't energy not delivered as a result of Force Majeure events be excluded from the AGEQ calculation?

In the final as-available term sheet, ESI has explicitly provided for reduction of the annual guaranteed energy quantity for each MWh that would have been, but was not, delivered to the buyer from the RER due solely to a transmission curtailment occurring beyond the delivery point within the Entergy Transmission System (except if attributable to the seller) or to a force majeure. ESI has provided for the same relief with respect to the required annual delivery quantity in the final baseload term sheet.

126. (Page C-B-20 "Buyer Right to Curtail") Under paragraph (2) Entergy reserves the right to curtail up to 2% of the RERs output without financial penalty. Under this construct,

each Seller will need to increase their proposal price in order to capture the likelihood that Entergy will exercise such right. This in turn results in higher energy prices to Entergy's rate payer. Several observations:

- a) No consideration is provided to the Seller for the loss of Production Tax Credits and the implications this has to the tax-equity investor. This is a poison pill that will likely scuttle any chance for tax-equity financing of the RER.

Given the availability of the investment tax credit/cash grant to many RERs, ESI believes that not providing compensation for the loss of PTCs in the event of curtailment is reasonable and appropriate for this RFP. Bidders that have RERs that are dependent on the PTC are free to take exception to this provision in the "Special Considerations" section of their Proposal Submission Form.

- b) Under (2)(ii)(A) Entergy includes a provision that assigns to the Seller the responsibility of reselling Entergy's curtailed energy under a "commercially reasonable effort" clause. This provision is almost impossible to apply to intermittent resources such as wind energy where electronic tagging of the RERs energy cannot be known ahead of time.

As the question points out, the obligation is only a "commercially reasonable efforts" obligation. If making such sales is impossible despite the use of commercially reasonable efforts, then the seller will not be required to make such sales. Depending on where such RERs are interconnected (and, for RERs interconnected to the Entergy Transmission System, whether Entergy joins an RTO), many as-available RERs will be able to make such sales in to imbalance or other real-time markets. In addition, other types of sales may be possible depending on the length and circumstances of curtailment.

- i. It does not appear that Entergy has considered the implications such requirement will have on Entergy's resource stack and scheduling requirements if the RER is pseudo-tied into Entergy's SCADA system.

ESI does not necessarily contemplate that RERs interconnected outside the Entergy Transmission System would be pseudo-tied into the Entergy Transmission System; however, ESI would consider such an arrangement if it can be done to the mutual advantage of the parties without affecting the cost or risk allocation reflected in the term sheets issued as part of this RFP (*e.g.*, the seller would still be responsible for the cost of transmission into the Entergy Transmission System and take the risk of curtailments or other conditions relating to that transmission). In any event, as noted above, to the extent that resales are impossible for RERs that are untagged within the Entergy Transmission System or pseudo-tied to the Entergy Transmission System despite the use of commercially reasonable efforts, then the seller will not be required to make such sales.

- ii. Has Entergy given thought as to how it will develop an audit for such energy provision, for purposes of proving the Seller's potential resell price?

The appropriate audit mechanic will depend on the circumstances under which such resales can be made. For example, to the extent that sales to imbalance or other real-time markets are possible, published indices will be available for purposes of audit. In any case, the fact that an obligation may be difficult to audit does not affect whether such obligation is appropriate.

127. We recommend that Entergy delete the 2% curtailment provision altogether and replace it with a provision that allows Entergy the right to curtail the RERs energy output. In such event, Entergy should pay the Seller the price of the curtailed energy plus the value of lost PTCs grossed up for taxes. This value is much easier to quantify, gives Entergy real-time decision making flexibility, does not scare away the tax-equity investor, and allows the respondent to provide Entergy a cheaper energy price proposal.

In the final RFP term sheets, ESI has eliminated the 2% curtailment allowance; however, ESI continues to encourage bidders to offer the buyer enhanced dispatch and/or curtailment flexibility. Please see the response to question 126 with respect to the amount payable by the buyer in the event of curtailment. For the reasons stated in its response to such question, ESI believes that such amount is reasonable and appropriate for this RFP.

128. (Page C-B-26 "Force Majeure") Under subsection (n) the curtailment of electric transmission is not considered a Force Majeure event if the Seller is the claiming party.

a) For out-of-state RERs, this provision seems onerous since Entergy requires respondents to obtain firm transmission rights to the Entergy interface. Additionally, Entergy states that it will acquire network transmission service on its own system to deliver energy from the Delivery Point to its load.

In the final RFP term sheets, ESI has eliminated the exclusion of electric transmission curtailment as force majeure for the seller and has allowed either party to claim a transmission curtailment as force majeure to the extent that the transmission curtailment meets the requirements of the definition of force majeure, the party claiming force majeure has contracted for firm transmission and the transmission provider, if it were a party to the definitive agreement, would be able to claim force majeure for its failure to provide transmission service. In addition, as noted in the response to question 125, ESI has provided for reduction of the annual guaranteed energy quantity for each MWh that would have been, but was not, delivered to the buyer from the RER due solely to a transmission curtailment occurring beyond the delivery point within the Entergy Transmission System (except if attributable to the seller) and have provided for the same relief with respect to the required annual delivery quantity in the final baseload term sheet. Finally, for the baseload product, equivalent hours in which energy is not delivered from the RER to the delivery point due solely to a transmission curtailment occurring beyond the delivery point within the Entergy Transmission System will be excluded from the calculation of monthly availability (to the extent not attributable to the seller).

b) Equipment failures and natural disasters, which Entergy classifies as Force Majeure events, are very real causes of firm transmission curtailment. Why are Sellers not allowed to claim such Force Majeure events if the result is the curtailment of firm transmission service?

As noted in the response to part (a) above, in the final RFP term sheets, ESI has allowed either party to claim a transmission curtailment as force majeure to the extent that the transmission curtailment meets the requirements of the definition of force majeure, the party claiming force majeure has contracted for firm transmission and the transmission provider, if it were a party to the definitive agreement, would be able to claim force majeure for its failure to provide transmission service. Note, however, that equipment failures that are not the direct or proximate result of acts of God (*e.g.*, floods, earthquakes, hurricanes, tornadoes, and lightning) or certain other events are expressly excluded from force majeure. ESI believes that this approach is customary and appropriate for this RFP.

c) Why does Entergy reserve for itself the right to claim the curtailment of electric transmission as a Force Majeure event but does not provide equal treatment to the Seller?

Please see ESI's responses to parts (a) and (b) above. In the final RFP term sheets, ESI has eliminated the exclusion of electric transmission curtailment as force majeure for the seller and has allowed both parties to claim curtailment of electric transmission as force majeure, subject to the same conditions.

129. (Page C-B-1) The existing language states that Bidders shall state the Annual Expected Energy Quantity and an Annual Guaranteed Energy Quantity however, no specific values are outlined. In order to put all respondents on equal footing during Entergy's evaluation process, we recommend that the Annual Expected Energy Quantity be specified as the value of energy production that is expected to be produced by the facility at a 50:50 probability level. This is known as the P50 value. We recommend the Annual Guaranteed Energy Quantity then be stated as 75% of the P50 value, which is a common metric used by utilities.

The final as-available term sheet clarifies that the annual expected energy quantity should be the 50% probability case. In addition, ESI has required that the annual guaranteed energy quantity be no less than the 90% probability case. ESI did not require the annual guaranteed energy quantity to be a specific percentage of the annual expected energy quantity as suggested because the appropriate percentage for each RER will be different, depending on the profile of the variable energy resource for the particular RER. For example, a wind project at a site with fairly constant winds may be able to offer a higher percentage than a site with more volatile winds. Further, ESI would like to provide the flexibility for bidders to guarantee the highest percentage of the annual expected energy quantity that they can.

130. (Page C-B-2 2nd paragraph) Entergy reserves the "right to terminate the Definitive Agreement" in the event the Seller does not deliver either the 12, 24 or 36 month

minimum Energy Quantity. This provision will not be acceptable by the financing community and will likely result in failure to secure financing. Intermittent energy projects must have greater flexibility than conventional projects as the project cannot control the wind. An alternative to the termination provision would be to incorporate Liquidated Damages penalties in the event the Minimum Rolling Average is not achieved.

Please see the response to question 121.

131. (Page C-B-2) Entergy requires the Guaranteed Commercial Operations Date to be no later than 90 days from the Expected Commercial Operations Date. We believe a better solution, that is acceptable to the financing community, would be to allow 270 or 360 days but with Liquidated Damages for delays. This longer period is normally a requirement sought by financiers as it allows sufficient time in the event (non-Force Majeure) long lead equipment is involved and needs to be re-procured during construction.

Please see the response to question 122. In the final term sheets for this RFP, ESI has increased the permitted gap between the expected commercial operation date and the commercial operation date from 90 days to 120 days. ESI believes that this period is reasonable and appropriate for this RFP.

132. Regarding RERs that are located outside the Entergy control area, does Entergy plan to pseudo tie the energy output of such RER into the Entergy SCADA system?

Please see the response to question 126(b)(i). ESI would consider a pseudo-tie arrangement for RERs interconnected outside the Entergy Transmission System, but only if it can be done to the mutual advantage of the parties without affecting the cost or risk allocation reflected in the term sheets issued as part of this RFP (*e.g.*, the seller would still be responsible for the cost of transmission into the Entergy Transmission System and take the risk of curtailments or other conditions relating to that transmission).

133. (Page C-B-7 last paragraph) Entergy requires all costs of transmission service to transfer energy from the RER to the Entergy interface to be borne by the Seller. We understand Entergy's desire to receive a delivered energy price and it is understandable that Entergy is not willing to shoulder congestion risk across a neighboring transmission system. However, increases in the tariff prices of transmission service are beyond the control of the respondents and are the sole decision of the utility. We suggest Sellers be allowed to pass-through the increase in transmission tariff prices and any attendant losses. (This would seem to be comparable treatment as RERs located on the Entergy transmission system, whereby Entergy incurs the impact of increased transmission tariff charges on its own system.)

All RERs are required to deliver power to a delivery point on the Entergy Transmission System. ESI is not in a position to absorb any increase in transmission tariff prices, attendant losses or any other cost of such delivery to the Delivery Point. ESI believes that it is treating all RERs equally in that, in all cases, the RER is responsible for delivery to the Delivery Point and ESI is responsible only for transmission beyond the Delivery Point. ESI believes that this allocation is customary and appropriate for this RFP.

134. (Page C-B-15 "Energy Price") Entergy requires a reduction in the energy price of 50% for any energy that is in excess of 115% of the Annual Expected Energy Quantity.

a) Entergy already proposed to assess penalties for failure to meet the Annual Expected Energy Quantity and/or the Minimum Rolling Average which would doubly penalize the Seller. Because penalties are assessed for underperformance, most likely caused by abnormally low wind, there should be no limitation upon the RER during instances when it can produce additional energy due to above normal wind.

In planning its system, the buyer will be expecting a particular quantity of energy from each RER, so the buyer is prejudiced if the quantity of energy actually delivered by an RER is too low or too high. As a result, the buyer needs to be protected both for cases where the seller does not meet the annual guaranteed energy quantity or delivers in excess of a certain threshold above the annual expected energy quantity. This is not a double penalty in that each remedy (liquidated damages in the case of under-deliveries and an energy price discount in the case of over-deliveries) applies in different circumstances. ESI believes that this approach is reasonable and appropriate for this RFP.

135. (Page C-B-23 "Planned Maintenance") The existing Entergy requirement of communicating Major Planned Maintenance is set at 10% of the nameplate quantity of the RER. While the 10% value seems reasonable for most RERs, wind energy resources tend to perform maintenance on a 'string' of wind turbines at any given time. Because of this practice, wind energy RERs don't typically require an annual major maintenance period of the entire facility. Due to this unique maintenance practice within the wind energy industry, we suggest Entergy consider eliminating this provision or at least raise the limit to 25% for wind energy RERs.

ESI considered the wind market when it established the notice requirement at 10% and believes that the 10% level is consistent with the wind market.

136. (Page C-B-24 "Force Majeure") Regarding the criteria for meeting Force Majeure, we request Entergy to also include: mechanical failure or other breakdown resulting from a systemic failure that impacts a large percentage of the overall facility.

ESI believes that the risk of equipment design and other failure is not force majeure and is the seller's risk, unless it is the direct or proximate result of acts of God (*e.g.*, floods, earthquakes, hurricanes, tornadoes, and lightning) or certain other events specifically

enumerated in the final RFP term sheets. ESI believes that this approach is customary and appropriate for this RFP.

137. (Page C-B-26 last paragraph of "Force Majeure") The existing language suggests that after 365 consecutive days of outage, resulting from a Force Majeure event, either Party may terminate the Definitive Agreement.

a) Long lead equipment such as generation step-up transformers can possess a lead time that exceeds 365 days.

ESI believes that the 365-day standard is consistent with the renewables market.

b) We suggest changing the existing language such that if the Party has delivered a schedule and made reasonable efforts to resolve the issue leading to the Force Majeure claim, then no default occurs.

ESI requires a firm outside date for extended force majeure and believes that the 365-day standard is consistent with the renewables market.

138. (Page C-B-28 paragraph (f)) We recommend changing "Seller has obtained all permits and other authorizations..." to "Seller has obtained all material permits and other authorizations."

ESI has made this change in the final RFP term sheets.

139. (Page C-B-30) Partial COD at the time of the Guaranteed COD is defined by Entergy as 90% of the full nameplate capacity. 75% is a more customary value used for wind energy facilities. We also suggest that full COD can be attained if only 75% of the wind turbine generators are constructed and synchronized with the transmission grid.

ESI considered the wind market when it established the partial COD threshold at 90% and believes that the 90% level is consistent with the wind market. In the final as-available term sheet, ESI added a right for the seller to achieve full COD with only 90% of wind turbines installed if the seller demonstrates to Buyer's reasonable satisfaction that it is not possible to install the full nameplate quantity for the RER by buying down the remainder of the nameplate capacity for \$200,000/MW. ESI believes that this structure is reasonable and appropriate for this RFP. The seller should not have the right to make a decision to re-size the RER if it is possible to install the full nameplate quantity.

140. (Page C-B-30) It is stated that "Seller shall pay to Buyer liquidated damages, for each day after the Guaranteed COD until the COD, in an amount equal to (A) the number of MWs equal to the full nameplate capacity allocated to the Buyer...". This formula penalizes the Seller for the whole facility nameplate quantity instead of the portion of the quantity that did not meet COD.

a) We recommend a change stating "...in an amount equal to (A) the number of MWs equal to the full nameplate quantity of the RER's uncompleted nameplate quantity allocated to the Buyer..."

Until the RER achieves partial COD, the buyer will not be taking power from the RER, so ESI believes it is reasonable and appropriate for the liquidated damages to apply to the entire nameplate quantity of the RER until the buyer achieves partial COD. To the extent the seller can sell the power produced by the RER prior to the partial COD, the seller can use the proceeds of those sales to defray the liquidated damages payable to the buyer.

b) The penalty of \$300/MW per day seems overly punitive. \$100/MW per day is a customary value for wind projects.

ESI considered the wind market when it established the \$300/MW liquidated damage and believes that \$300/MW is supported in the wind market.

c) We ask Entergy to place a cap on the Seller's aggregate financial liability to Entergy for Liquidated Damages, due as a result of delay in meeting the Guaranteed COD, of \$5,000,000 per 100 MW of the full nameplate capacity. Without a reasonable cap, project development of the RER is likely to meet resistance from the finance community.

In the final as-available term sheet, ESI included a cap of \$54,000 per MW, which is equivalent to 180 days of delay.

d) Entergy further requires a payment of \$250,000 per MW for the shortfall of nameplate capacity that is below the contracted nameplate quantity. We believe this penalty is more punitive than industry standards and we suggest the penalty be lowered to \$50,000 per MW. This payment would be in-addition-to the delay damages cap of \$5,000,000 requested in (c) above.

In the final RFP term sheets, ESI reduced this amount to \$200,000 per MW. ESI believes this amount is supported in the wind market. ESI notes that delay liquidated damages and buy-down amounts address two different streams of damages that are suffered by the buyer. The delay liquidated damages relate to damages suffered by the buyer during the delay period, whereas the buy-down amounts relate to damages suffered by the buyer as a result of permanent reduction in nameplate quantity. For this reason, as the question points out, the payment of the buy-down amount would be in addition to the delay liquidated damages.

141. (Page C-B-31 "Right of First Refusal") The Entergy requirement for a Right of First Refusal is not customary to the industry and prevents the Seller from making timely financial decisions that are in the best interest of its investor(s).



a) We respectfully ask Entergy to replace this provision with a Change Of Control provision that requires the Seller to reasonably prove that the assignee of the RER possesses sufficient financial strength to meet the obligations of the Power Purchase Agreement with Entergy. Such provision may also include the requirement for a Security Fund and reimbursement of expenses that Entergy may incur as a result of the Seller's decision to cause a Change of Control of the RER.

ESI believes that a right of first refusal is reasonable and appropriate for this RFP.

142. (Page C-B-36 "Credit Support") The existing language states that the Buyer may consider a monthly true-up of the Annual Guaranteed Energy Quantity. The variability of wind from month to month, season to season, and year to year makes such a provision impractical and overly onerous for an intermittent RER. Entergy has already specified an annual true-up, complete with financial penalties, in the event the Seller fails to deliver, which are acceptable. The monthly true-up provision is not customary for wind projects and would pose hurdles for financing.

In the final as-available term sheet, ESI has eliminated this concept.

143. (Page C-B-36 "Events of Default") The existing language states that an Event of Default of Seller occurs if the COD fails to occur on or before six (6) months after the Guaranteed COD. Multiple items outside the Seller's control, such as long-lead equipment, commission approval, etc. can extend the COD beyond the six (6) month window. We respectfully ask Entergy to extend this provision to a twelve (12) month window.

ESI believes that six (6) months is customary and appropriate for this RFP. In the final RFP term sheets, ESI has clarified that the guaranteed commercial operation date will be extended on a day-for-day basis to the extent that the commercial operation date is delayed as a result of force majeure.

144. (Page C-B-37 "Events of Default") The existing language states that an Event of Default of Seller occurs if the Seller fails to deliver to Buyer energy at the Delivery Point in an amount at or above the 1, 2 and 3 year Minimum Rolling Requirements.

Please see the response to questions 110, 119 and 121.

145. (Page C-B-37 "Events of Default") The existing language states that an Event of Default of Seller occurs if the Seller merges into, consolidates with or sells substantially all of its assets to a less creditworthy third party. We recommend this provision be replaced with a Change Of Control provision as described in #23 above.

In the final RFP term sheets, ESI has deleted this event of default, but has clarified that the other transfer restrictions contemplated by the term sheets apply in the cases of merger, consolidation and sale of all or substantially all of assets.

146. Can you please confirm whether or not this RFP is for generation that will connect directly to Entergy's system

This RFP is for both qualifying resources that are (or will be) connected directly to the Entergy system and those that are not (or will not be). The RERs that are not directly connected to the Entergy system are responsible for procuring the firm service outside of the Energy system necessary to deliver the contracted capacity, energy and other electrical products to the buyer at the delivery point.

147. As a follow up to Entergy's response to Question #6, if an annual capacity test results in a capacity greater than the initial dependable capacity set forth in the PPA, what will be the delivery obligations of the RER relative to such excess capacity, energy and associated RECs and other environmental attributes? For example will there be any limitations to the RER marketing such excess? Will Entergy's entitlement extend to any excess energy, associated RECs and other environmental attributes?

The dependable capacity in a PPA under this RFP can never exceed the amount of dependable capacity specified in the bidder's proposal. For the remaining questions, please see the response to question 149 below.

148. Can the monthly availability requirements be revised during the term of the PPA or are the monthly availability requirements held firm for the full term of the PPA?

The monthly availability requirements for an applicable monthly period (e.g., summer, winter, other) may not vary from year to year.

149. As a follow up to Question #39, if the actual monthly availability exceeds the stated monthly availability requirement for that month can such excess be applied to offset a capacity payment discount occurring in a different month? Is Entergy entitled to the excess energy arising out of the example described above? Is Entergy obligated to take such excess energy and if so, is such energy priced the same as it would be if it were not excess energy as described in the example above?

Sellers are not entitled to "bank" an availability excess from a month and apply that excess to a month in which there is an availability deficiency. For baseload products, the buyer is entitled to receive, but is not obligated to take, excess energy. (Bidders are reminded that the buyer will be evaluating and be responsible for securing long-term transmission for the resource within the Energy transmission system based on the amount of dependable capacity proposed to be sold to the buyer.) The buyer may commit to take, on an as-available or other basis, excess energy from time to time or as specified in the PPA with the seller. Assuming the resource is allocating all of its capacity and energy to Entergy Louisiana or Entergy Gulf

States Louisiana, (i) the other associated electric products, RECs and other environmental attributes corresponding to the excess capacity and energy provided to the buyer will be allocated solely to and be the exclusive property of the buyer and (ii) the seller would not be entitled to sell excess capacity or energy from the resource without the buyer's prior written consent. The terms of the price of excess energy would be negotiated in a definitive agreement. Bidders are free to propose terms of excess energy, including excess energy pricing, in their proposals.

150. If a baseload plant periodically generates energy above the contracted dependable capacity level, what is Entergy's position relative to such excess energy? Does Entergy have criteria for operations above the contracted dependable capacity level?

Please see the response to question 149.

151. Does Entergy have criteria for a baseload plant and how it is to be operated? For example, criteria that relates to such questions as: Is energy production expected to be constant at the contracted dependable capacity? Assuming no AGC, will Entergy want to schedule output below dependable capacity? Will a proposal be penalized if output cannot be scheduled below dependable capacity?

The terms of the baseload term sheet provide that energy production from the RER is expected to be constant at the level of the dependable capacity. ESI has indicated in the terms sheets that dispatch flexibility may have value to ESI. ESI has encouraged bidders to consider building dispatch flexibility into their proposals for baseload products and to specify any accompanying pricing or term adjustments. A proposal will not be "penalized" if output from the facility cannot be scheduled to a level below dependable capacity, but dispatch flexibility offered in a proposal may be evaluated to have a positive value that a proposal lacking dispatch flexibility simply cannot have.

152. As a follow up to Question # 39 and the Basic Information given for "Availability Requirement" in the Summary of Principle Terms for Baseload Product in Appendix C, does the phrase "each \_\_\_ percent ([\_\_\_])% of shortfall" mean each percentage point, e.g. if the month availability requirement is 70% and the actual month availability is 65%, is the shortfall equal to 5%? If not, what is the shortfall in this example? Similarly, is the percent difference between the rolling 12 month availability and the rolling 12 month Availability Requirement measured on a percentage point basis? For example, if the rolling availability requirement is 95% and the actual rolling availability is 89%, is the rolling availability computed to be 6% below the rolling availability requirement for the purpose of determining if the right to terminate has been triggered? If not, what is the percent difference in this example?

The potential bidder's understanding of shortfall determinations is correct. The availability shortfall in the first example is 5% (in absolute terms, not in terms of the percentage difference between 70% and 65%, i.e., 5 divided by 70). The shortfall in the second example is 6% (again, in absolute terms). The buyer's right to terminate would be triggered in the

second example once the rolling 12 month availability for a rolling 12 month period was below 95% at the end of the last month in the rolling 12 month period (assuming the reference to the "rolling availability requirement" in the question is to the rolling 12 month availability requirement).

153. In the Additional Information given for "Failure to Deliver Required Annual Delivery Quantity" in the Summary of Principle Terms for Baseload Product in Appendix C, reference is made to "the weighted average of the Monthly Availability Requirements ..." How is this weighted average computed? With respect to what are the Monthly Availability Requirements weighted?

For a pure baseload product, the weighted average of the Monthly Availability Requirements is determined by adding the Monthly Availability Requirement for each month that is a summer month (June, July and August), the Monthly Availability for each month that is a winter month (December, January and February), and the Monthly Availability for each other month and dividing them by 12. For example, if the Monthly Availability Requirement for the summer months is 98%, the Monthly Availability Requirement for the winter month is 97% and the Monthly Availability Requirement for all other months is 96%, the weighted average of the Monthly Availability Requirement in a year would be (i) the sum of  $(98\% \times 3)$  plus  $(97\% \times 3)$  plus  $(96\% \times 6)$  (ii) divided by 12.

154. Given the varied RER resources, does Entergy have resource specific procedures for performing Dependable Capacity testing? How would a Dependable Capacity test be performed on a WHR resource that is dependent on the host's primary process? Would Entergy consider a procedure proposed by the bidder?

ESI has not developed capacity demonstration testing procedures tailored to each of the many types of eligible resources. ESI expects the procedures would be developed after final selections and would not be overly complicated. ESI's testing procedures for conventional resources, including qualifying facilities with thermal hosts, involves the use of reference conditions. ESI believes that reference conditions would also apply to the testing procedure for a renewable energy resource with a process host. ESI will consider testing procedures proposed by bidders.

155. Are there any restrictions on including used equipment in the electricity generating facility?

No.

**START OF NEW QUESTIONS POSTED SINCE DECEMBER 22, 2010 :**

156. How do we determine the selling price? At Entergy's avoided energy price or our best price or will Entergy pick the lowest price offered?

ESI cannot advise bidders as to how to determine pricing for their proposals.

157. The RFP states that we need to have all necessary permits. Can you provide more detail? I assume permits include environmental and construction permits.

See the response to question 138. ESI assumes the potential bidder is referring to the permit requirements for achieving commercial operation set forth in the term sheets. The required permits would include environmental, construction and any other material permits for the project.

158. Under the Viability Threshold Requirements, the RFP says the "Bidder must provide evidence demonstrating that the proposed RER is an "Eligible Resource." What type of evidence needs to be provided? Will a one-line diagram showing the plant or general specifications for the technology suffice?

In addition to the types of evidence listed in the question, the proposal must provide information supporting the assertion that the facility qualifies as an "Eligible Resource" as defined and detailed in the LPSC General Order. Examples of these requirements include, but are not limited to, complying with the Order's requirements on contract term, facility size, resource option, fuel usage, and age.

159. For any generation located inside the Entergy System, will the RFP evaluation team favor a specific delivery point within the Entergy system?

ESI has not identified any locational preference for resources located inside the Entergy System. The location of a bidder's resource may, however, have implications for ESI's evaluation of the resource. For example, all else being equal, a resource within the Entergy System that requires substantial upgrades to obtain network transmission service will be less economically attractive to the buyer than a resource that has no such requirement.

160. Can more than one e-mail be submitted on our end for communication purposes during the bid process?

ESI requests that each bidder provide, via the RFP web portal, one email address to serve as the primary contact address throughout the RFP. A bidder may request, via email to the RFP Administrator, an additional email address be included in any subsequent email correspondence after the proposal submission process is complete.

161. Concerning the Required Information in the As-Available Product Package, is Entergy asking for the VAR capability of the entire plant or just of the specific technology being used or perhaps both?

ESI is asking bidders to provide the VAR capability of the entire plant.

162. Will Entergy allow the change of turbine type after the RFP bid has been submitted as long as the type of technology and technical capability stays the same (i.e. wind turbine)?

A bidder may change the proposed equipment submitted in the original proposal for comparable, equivalent equipment, but ESI reserves the right to evaluate the substituted equipment as to its operational history and commercial availability. This evaluation may affect ESI's viewpoint on the long-term operability and viability of the proposed facility.

163. Can the bidder reserve a right of prior sale? This may be a clarification of special considerations.

For this particular RFP, yes, a bidder may reserve a right of prior sale in the "Special Considerations" portion of its proposal.

164. After submitting a bid and during the period of evaluation, we do not see any RFP language that prohibits bidders from submitting proposals to other potential buyers. Please confirm.

Please see the response to question 163.

165. It looks to me like some requirements directly challenge the first secured position most likely to be necessary for financing. Can these be subordinated?

ESI is unclear which requirements the prospective bidder is referring to. ESI does not believe the terms set forth in the term sheet would "challenge" or override a lender's first lien rights.

166. In lieu of a ROFR, could the bid use a fixed price option with a term?

The RFP specifically contemplates and the buyer expects to have a right of first refusal (ROFR), for reasons discussed in part in the response to question # 20. A bidder may take exception to the proposed ROFR terms in the "Special Considerations" portion of its proposal. Submission of an exception to the ROFR terms does not mean that ESI will accept the exception. The bidder should identify whether a special consideration on the terms proposed is a prerequisite to its agreement to enter into a PPA.

167. Does Entergy intend to provide its standard confidentiality agreement which would provide for mutual confidentiality and having it signed before developers provide their confidential project information contained in their responses to the RFP? When will this mutual NDA be provided?

ESI has established confidentiality procedures, and any employee who will receive bid data will have signed a confidentiality agreement, pertaining to the use and disclosure of bid information. ESI does not intend to execute separate confidentiality agreements for each proposal. Please refer to the RFP and/or RFP Website for further information regarding the protection of proposal information.

168. Will Entergy provide its typical daily load profile for both Texas and Louisiana as we expect that our wind project's daily load profile will show its periods of peak energy to closely match Entergy's profile and we would like to show that in our submittal?

No, ESI will not provide the requested information. Bidders are free to refer to publicly available information, such as the FERC Form No. 1 of each Entergy operating company, to obtain information about the Entergy system.

169. In addition the need for reimbursement the various studies (feasibility, SIS, facility), is an applicant also required to reimburse costs associated with final negotiation of the interconnection agreement? I am referring mostly to legal fees.

No, absent highly unusual circumstances.

170. Section 2.1. also calls for a "resource assessment report." Is there a defined format or set of requirements for such a report, or are bidders allowed to supply their own format?

There is no defined format. The bidder may provide this report in the format of its choosing.

171. Please clarify the 17520 simulation. The request for "typical" calendar years is unclear because what is a typical year? The long-term 8760 approaches the 12x24 mathematically, because the atmosphere doesn't know the difference between April 11 and April 12. Which would Entergy prefer – a 12x24 table fleshed out with all January days having identical output, or two-year 8760 simulations which are valid for THOSE years only?

For As-Available products, Bidder must provide historical hourly generation profile data for at least two (2) recent years using established data measurement equipment at or near the site of the proposed resource. A template is posted to the RFP Website for Bidders to use in response to this requirement.

172. What is your appetite for solar power in this solicitation? Are you primarily focused toward integration of "baseload" resources for this, even though there is an option for "as available?" Do you currently have any solar energy development within your service territory?

Please see the responses to questions 67 and 109. The economic evaluation of as available proposals will add a capacity value match-up cost and a flexible capability cost on top of the all-in energy price proposed by the bidder to reflect those additional costs. ESI is unable to speak to the current state of solar development within the service territory.

173. Could you confirm if a company may submit multiple projects in 1 proposal or would each project require a separate proposal and fee?

Without further detail as to the proposed projects, ESI assumes that each project would involve different resources or proposal components and, as such, would require a separate proposal and fee.

174. Is there an opportunity to interface with Entergy on a face to face basis either prior to the Bid Submittal date of January 31, 2011 and/or prior to the Preliminary Shortlist announcement of June 2011?

At this time, ESI does not intend to meet with bidders prior to the Preliminary Shortlist announcement of June 2011. Questions regarding the RFP must be directed to ESI through the RFP Administrator, who will coordinate any necessary responses and/or clarification.

175. Would the generator have a signed and executed power purchase agreement with Entergy prior to funding and commissioning all the prescribed studies?

The interconnection process is independent of the negotiation and execution of the PPA.

176. Assuming a contracting party obtains explicit rights from the generating plant owner to submit a proposal into the Entergy RFP on behalf of the generating plant owner, will Entergy consider such a bid compliant for the RFP process even though that party would not be the ultimate owner of the project nor the party executing the PPA to generate the power and deliver it to Entergy?

Yes, the bid will be compliant with the requirements of the RFP in that respect, assuming the contracting party can demonstrate it is authorized to submit the proposal on behalf of the plant owner.

177. The Entergy RFP process has an extremely long duration from the date of proposal submittal until the time of PPA execution, approximately 13-14 months. Following this, there will be another period for Louisiana PUC contract submittal for approval prior to having PPA contracts in full force and effect. Project pricing for generation projects including equipment prices and construction costs are not related to general CPI or PPI indexes but instead to iron and steel indexes and finished goods products which are direct drivers of project costs. In order to account for proposals requiring a validity length of a year and a half before contracts are in full force and effect, can respondents submit pricing which would be linked to these more appropriate indexes?

No. Bidders may take into account the lag between proposal submission and contract execution/project construction in the fixed pricing components of their proposals, but may not index pricing except as expressly provided in the RFP.

178. What indexation or other pricing methods are acceptable to Entergy for respondents to utilize for project pricing and PPA pricing?



The only indexing permitted for RFP proposals is as expressly provided in the RFP.

179. Our response to Appendix D seems to allow for free form as long as all the questions contained in the RFP's Appendix D are answered. Is that a fair assumption?

Yes.

180. Appendix C seems to lead one to believe that some sort of form will be available on the portal for our response during the due date period. Is that a fair assumption or is this also free form?

Yes, the web portal will provide bidders with the questions as described in the front section to both Appendix C packages. The answers to some questions may be limited to numeric responses and/or drop down option lists.

181. Are both the Appendix C and Appendix D response going to be used to determine the "preliminary short list"?

Both will be used in the determination of the short list.

182. The RFP indicates the "preliminary short list" selection will be made blind as to the bidder. How do we write Appendix C and D without identifying ourselves? Our team strength is one of the strongest parts of our proposal.

ESI requests that Bidders prepare their responses to Appendix C using their Bidder IDs rather than their names. The initial screening of proposals for compliance with the RFP requirements will be completed without the bidder's identity being revealed to ESI's Economic Evaluation Team. Prior to the creation of the "preliminary short list," the Delivery Evaluation Team and Viability Assessment Team will be permitted to provide their assessments of the bidders and resource qualifications without restriction as to bidder identity. ESI is aware that many of the information requests in Appendix D require the bidder to disclose or reveal its identity in its response. ESI will redact the bidder's identity as appropriate during the initial screening.

183. Does Entergy prefer distributed resources over transmission interconnected resources?

ESI does not have a preference.

184. In Appendix D Sections 5.3, the RFP asks for our plan for getting the power beyond the delivery point by designating the RER a network resource. It is my understanding that the bidder cannot designate the RER a network resource and that only ESI can do that. If that is correct, then how do we respond to that section of the RFP?

Appendix D Section 5.3 relates to existing network transmission service secured by other network customers on the Entergy System that the bidder/customer is willing to relinquish such network transmission service in the event that ESI enters into a definitive agreement with the bidder. This section describes a transmission reservation that is pre-existing and may need to be released such that the capacity can be reserved by Entergy.

185. My question is concerning large scale solar – we have performed analysis given the solar resources in and around Louisiana. Absent any additional tariffs, it appears solar is simply not competitive in any size or shape. In your project valuation during selection, will you consider additional on-peak value for the energy, and if so, in what time-of-use multiple? For example, in California a factor of about 1.35 is applied to most solar projects as compared to other resources such as wind or biomass.

ESI does not plan to apply a pre-determined factor in the evaluation of different types of RERs. Instead, the anticipated production profile of the specific RER will be used in the various modeling evaluations.

186. Is Entergy interested in solar resources?

Please see the response to question 67.

187. Will Entergy synchronize the LGIP schedule with the LPSC certification schedule since these are nearly 6 to 9 months apart?

No, the LGIP schedule is driven by the Entergy Open Access Transmission Tariff.

188. Does Entergy prefer that a facility be interconnected to Entergy's system vs. outside their system?

ESI does not have a preference.

189. Which LGIP interconnect does Entergy want for the associated LGIA for the RFP, Network resource or Energy resource?

ESI suggests that a resource apply for the Energy Resource Interconnection Study (ERIS) in response to this RFP. See question 54. Entergy network transmission service will be managed through the transmission reservation process.

190. What type of certification is required or expected by Exhibit D Section 7.1.6. Has a site certificate been obtained for the facility/site? If so, please provide a copy of the certificate.

ESI understands that no specific certificate is required by the State of Louisiana to site an electric generation project in Louisiana. The question is included because the RFP is open to

resources located outside of Louisiana and other states may have a requirement that the project owner or operator have such a siting certificate. A bidder must provide the certificate under Section 7.1.6 if its resource is located in a state with such a certification requirement.

191. Relating to Capacity Rate (Appendix C/Product Package A; Page C-A-2), Energy Price (Appendix C/Product Package A; Page C-A-3), and Variable O&M Price (Appendix C/Product Package A; Page C-A-3)—should not the annual change be a multiplication of one plus the percent change in index, rather than just multiplied by the percent change?

The Energy Price and Variable O&M Rate will be based on the index in effect at the applicable time of the energy sale to the buyer under the PPA relative to the original index price for the PPA.

192. If bidder is required to offer excess capacity to Entergy during the life of the contract, what will Entergy pay for excess capacity? Or is this for the bidder to propose? (Appendix C/Product Package A; Page C-A-16; Delivery/Receipt Confirmation)

Please refer to the response to question 149.

193. According to the presentation yesterday, 90 MW is being sought by EGSL and 143 by ELL. Therefore, should our project size be structured so that it is no larger than 143 MW? Or will a project larger than this be thrown out due to its size, or will both EGSL and ELL seek parts of a project that is larger than 143 MW?

ESI will consider resources larger than 90 MW or 143 MW in size. EGSL and ELL would share in capacity and energy from any resource selected that exceeds 90 MW (in the case of EGSL) or 143 MW (in the case of ELL).

194. Can ESI fill its 233 MW with only “as available” product? Does ESI have a target for “baseload” as part of the selection process?

ESI does not have a target specified for either product type.

195. The treasury departments 1603 grant program requires a 5% spend by Dec 31, 2011. Could the definitive agreements deadline be moved from March 2012 to Oct 2011 to allow for the capture of the grant and the benefit it provides to the price of power?

No, ESI is unable to accommodate this request.

196. In section 5.3 of Appendix D, it seems to require the bidder to provide information on the transmission beyond the delivery point for a network resource. As I understand the process, a generator cannot initiate the delivery studies for a network resource (only ESI can). Consequently, how can a bidder respond to Section 5.3?

Please refer to the response to question 184.

197. Financing of a biomass renewable energy facility requires that the fuel cost be passed thru to the PPA partner. Woody waste prices have no correlation to either CPI or PPI. What other types of indices or pass thru of biomass cost would ESI consider?

Please refer to the response to question 113.

198. We are developing a project that would be greater than 20 MW but should be able to connect to an Entergy substation at 13.8 kV. The Entergy substation is fed off the transmission system by 120 kV lines. Are we required to transform our energy to transmission level? Do we file SGIP or LGIP application?

Please refer to the interconnection table for the LGIP/SGIP MW threshold. ESI recommends that a resource greater than 20 MW be interconnected to the transmission system directly.

199. For out of Entergy BA wind projects, does Entergy want to receive the interconnection requests, associated interconnection study reports and LGIA as part of the proposal?

Yes, bidders will be requested to provide an LGIP/SGIP interconnection package and acceptance/acknowledgement letters to demonstrate that the interconnection process has been initiated. If study reports and LGIA are also available, ESI requests that a copy of the reports be submitted to the RFP Administrator.

200. For out of Entergy BA projects, does Entergy want to receive reports of transmission service studies, agreement, etc? What is the minimum requirement? Would the proof of TSR be sufficient to satisfy the proposal requirement? At what time does the seller have to prove they have secured firm transmission arrangements to the Entergy point?

If study reports and agreements are available, Entergy requests that a copy of the reports be submitted to the RFP Administrator. ESI does not require that off-system transmission service be secured during proposal submission. Bidders will have to prove that the firm transmission arrangements have been secured prior to beginning commercial negotiations.

201. If moving wind energy from OG&E to Entergy, does Entergy have specific preferred points of delivery? If so, what are those points?

ESI does not have a specific preferred point of delivery. ESI is only requiring the customer to secure transmission service to the Entergy Transmission System from any interface.

202. What discount rate will Entergy apply when calculating levelized cost of energy over a PPA life?

The weighted average discount rate of EGSL and ELL will be applied.

203. Would Gulf States in Texas be an eligible location?

Yes (on the assumption that "Gulf States in Texas" is intended to mean Entergy Texas, Inc.)

204. If we propose three locations but one total MW and one price, would that be three proposals, necessitating three \$5,000 payments or one proposal?

Yes. Each location could have different proposal merits and, as such, would be considered to give rise to a separate proposal requiring the \$5,000 proposal submission fee.

205. If an RER exists in non-Entergy service area (e.g. CLECO Power), what interconnection (and/or transmission related documentation will need to accompany the bid? (e.g. copy of complete interconnection package, acknowledgement letter, acceptance letter). What are these other applicable standards (as noted in the table on Slide 15 of the Resource Delivery Webcast presentation?

Proposals from RERs not interconnected to the Entergy Transmission System are required to comply with the interconnection requirements and deadlines imposed by other transmission providers. Proposals from any such RER will have to provide the interconnection package and acknowledgement letter during proposal submission and the acceptance letter 45 days following proposal submission in order to be considered conforming.

206. Can I bid a 100MW Wind Project located in Illinois and interconnecting into the Midwest ISO, or do all resources need to be in the state of Louisiana?

Resources inside or outside the state of Louisiana are eligible to participate in this RFP as long as the resource meets the LPSC definition of "new" and "eligible" and the resource is deliverable to the Entergy Transmission System. Please refer to slide 11 of the Resource Delivery Webcast presentation for a visual depiction of the interfaces to the Entergy Transmission System.

207. Will the Resource Delivery Webcast presentation slides be posted to the RFP website?

Yes. The presentation is posted on the RFP website at <https://emo-web.no.energy.com/ENTRFP/Renewable/Docs/RFPDocs/2010RenewableRFPWebcastFinal.pdf>.

208. Is the interconnection fee in addition to proposal fee?

Yes, the interconnection fees are independent of the proposal submission fees.

209. Can an LGIA with another company be submitted as part of the interconnection package in lieu of an LGIA with Entergy?

Yes, an LGIA executed with another company is acceptable (assuming the resource is not or will not be interconnected to Entergy).

210. Does the Entergy transmission system connect with the Midwest ISO?

Yes, the Entergy Transmission System connects with the Midwest ISO via Ameren and AECL.

211. The SGIP associated fees would apply only after project selection by Entergy and acceptance of a PPA - correct?

No. The SGIP is a separate process and separate SGIP fees would apply as provided in the SGIP.

212. If an RER is outside the Entergy service territory, what is the procedure to demonstrate interconnection and transmission?

Bidders must provide an LGIP/SGIP interconnection package and the applicable acknowledgement/acceptance letters to demonstrate that the interconnection process has been initiated or is currently connected.

213. Can a bidder exit the application process without penalty after the facility study?

There is no penalty for exiting the application process at any time, including after the Facility Study; however, the bidder/customer will be responsible for any cost incurred to date.

214. Instead of submitting seasonal pricing can the bidder submit the average price?

No, pricing for as-available energy must be submitted as provided in the as-available term sheet.

215. Does Entergy have a preference for large projects or small Projects? i.e.: 10 - 5 MW applications in different places or one 50MW application?

ESI has no preference.

216. If interconnecting to a transmission system outside Entergy service territory, how is lost energy accounted for?

Please refer to the tariff of the entity providing the interconnection or transmission service.

217. Is the Entergy Transmission System part of SPP?

No, the Entergy System is not currently part of SPP.

218. Would Entergy still pursue this RFP if LPSC were to remove the Pilot Program?

ESI is conducting this RFP on behalf of EGSL and ELL and pursuant to the LPSC's order. ESI is unaware of any possible future LPSC action that would change or end the Pilot Program. ESI will not speculate its actions regarding this hypothetical situation.

219. Will Entergy provide dynamic scheduling services to wind projects outside of Entergy BA?

Please see the response to question 126.

220. Will there be any pricing guidelines or suggestions on how much of a premium over avoided cost that Entergy will entertain?

No, ESI will not provide pricing guidelines for this 2010 Renewable RFP.

221. (Page C-A-5 "VAR Capability:" in Appendix C) Clarify required information. Is this request referring to generator capability or the available net VAR capability at the delivery point?

ESI is requesting VAR capability at the point of interconnection.

222. LGIP application item 3. Is base load service connected as Energy Resource or Network resource?

Please refer to the responses to questions 54 and 189.

223. Will the 233 MW total be evenly distributed among different renewable resource types?

Resource selections likely will not be evenly distributed. ESI will make resource selections based on a variety of factors, as discussed in the RFP.

224. Can a contractor which would be constructing the renewable facility to be interconnected to the Entergy grid submit the interconnection study request on behalf of the ultimate project owner?

Yes, as long as the contractor is acting in its capacity as an authorized agent of the project owner. The contractor would have to submit the agreement establishing its authority to act for and bind the project owner. Note that the contractor's authority to act for the project

owner applies only for the interconnection study. The Interconnection Agreement (LGIA or SGIA) must be entered into and executed directly by the owner of the resource.

225. Regarding a range of cost for interconnection (both SGIP and LGIP), would Mr. Rubique or Mr. Gravolet be able to provide an estimated range of costs for (i) the total cost to an applicant for the full range of studies (required and optional - feasibility, SIS, Facility Study) excluding the pure administrative fees, and (ii) interconnection upgrades (capital costs) payable by the generator for a "typical" or "indicative" small and large generator project.

The interconnection process involves three separate studies: a Feasibility Study, a System Impact Study and a Facility Study. The cost of each study will depend on the complexity of the interconnection. Actual costs of the Feasibility Studies and System Impact Studies tend to fall in line with the deposit requirements specified in the LGIP. Cost estimates for the Facility Studies need to be provided on a project-by-project basis.

Based on a sample of completed LGIP studies, LGIP study costs tend to be in the following ranges:

Feasibility Study	\$5,000	to	\$15,000
System Impact Study	\$40,000	to	\$65,000
Facility Study:	\$25,000	to	\$140,000

Historical data is not available for SGIP studies, but the costs for these studies are expected to in the ranges associated with the LGIP studies.

226. Can Entergy disclose how many participants there were on the Resource Delivery Webcast?

ESI had 139 confirmed participation ports for the Resource Delivery Webcast.

227. For a closely-held, private company that does not have audited financial statements, should the Bidder submit its annual internally-produced financial statements for the past two (2) fiscal Years and the internally produced quarterly statements for the current fiscal year?

ESI prefers audited financial statements and in the event a bidder cannot provide audited financial statements, additional credit support and/or collateral may be required.

228. While participating in the evaluation process, does anything in this RFP prevent bidders from participating in other RFPs?

Bidders are required to notify ESI immediately if a situation occurs that affects a bidder's ability to honor its proposal submitted in this 2010 Renewable RFP. While bidders may



pursue opportunities in other RFPs, any withdrawn bid will forfeit the application fee prior to possible selection for the short list. Additionally, after the short list selection, there is additional security required related to the execution of a Letter of Intent that will be forfeited if the bidder ultimately withdraws during the negotiation toward a final definitive agreement. Please also see the responses to questions 163 and 164.

**START OF NEW QUESTIONS POSTED SINCE JANUARY 11, 2011:**

229. What is the power factor range of the Entergy grid that the generator must maintain?

**For interconnections to Entergy's Transmission system under the SGIA –**

The Interconnection Customer shall design its Small Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless the Transmission Provider has established different requirements that apply to all similarly situated generators in the control area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

**For Interconnections to Entergy's Transmission System under the LGIA –**

Interconnection Customer shall design the Large Generating Facility to maintain a composite power delivery at continuous rated power output at the Point of Interconnection at a power factor within the range of 0.95 leading to 0.95 lagging, unless Transmission Provider has established different requirements that apply to all generators in the Control Area on a comparable basis. The requirements of this paragraph shall not apply to wind generators.

**Standard Interconnection Agreements for Wind Energy and Other Alternative Technologies –**

A wind generating plant shall maintain a power factor within the range of 0.95 leading to 0.95 lagging, measured at the Point of Interconnection as defined in this LGIA, if the Transmission Provider's System Impact Study shows that such a requirement is necessary to ensure safety or reliability. The power factor range standard can be met by using, for example, power electronics designed to supply this level of reactive capability (taking into account any limitations due to voltage level, real power output, etc.) or fixed and switched capacitors if agreed to by the Transmission Provider, or a combination of the two. The Interconnection Customer shall not disable power factor equipment while the wind plant is in operation. Wind plants shall also be able to provide sufficient dynamic voltage support in lieu of the power system stabilizer and automatic voltage regulation at the generator excitation system if the System Impact Study shows this to be required for system safety or reliability.

230. What market, clearing house or exchange does Entergy expect to use for price and settlement of contracts for environmental attributes?

There is no market, clearinghouse or exchange for price and settlement of environmental attributes contracts in Louisiana. It is expected that the seller will be required to deliver a "Green-e"-style or other attestation to the buyer with respect to environmental attributes.

231. Can uncommitted environmental attributes from owner's identical facilities (2) in another state be used to replace environmental attributes that may not be available from this facility?

It is doubtful. Any replacement REC would have to qualify for the same program as the original REC that was not provided. The programs typically are tailored to individual states or markets.

232. In Appendix D Sections 4.5.1 and 4.5.2, reference is made to "capacity credits." What are they are how do we obtain them?

Capacity credits are credits or similar rights or assets that may be granted or provided to generation resources participating in RTO or other markets.

233. As for the annual guaranteed energy delivery, please clarify if this means (1) a long-term mean, (2) for a calendar year, or (3) for any 12-month period regardless of the start month. Also, will force majeure be excluded from the minimum threshold and if so, would lost production during force majeure outages be filled in from wind data or would the minimum threshold be lowered based on pro-rating the hours. Finally, will turbine vendors be able to make up any shortfall in cash if their turbines fail to operate enough to generate the minimum production?

For as available resources, the annual guaranteed energy delivery period starts on the date of commencement of the delivery period and resets on each anniversary thereof. The seller will receive relief for energy deliveries not made due to force majeure, as provided in the as available term sheet (e.g., page C-B-15). In the event of a force majeure preventing deliveries to the delivery point, the guaranteed annual minimum energy delivery requirement will be lowered not on a pro rata basis, but as provided on page C-B-15 of the as-available term sheet. Subject to the terms of the PPA, as between the seller and the buyer under the PPA, the seller will be responsible for any failure to meet the requirements for the commercial operation date or any failure to meet the guaranteed annual minimum energy delivery requirement.

234. Can you provide an explanation of what the purpose of the bidder registration signature page?

The Bidder Registration Signature Page allows ESI to confirm that the bidder has concluded the registration process and is ready to be invoiced its proposal submission fee(s). Additionally, this signature page confirms that bidder has acknowledged its approval to use an electronic signature during proposal submission or that bidder will follow the guidelines to submit a hard copy of the Proposal Submission Agreement for each registered proposal during the proposal submission process.

235. Please confirm the Proposal Submission Agreement is due at the time of bid submittal, not by the registration deadline.

The Proposal Submission Agreement must be provided to the RFP Administrator by the proposal submission deadline of 5:00pm CPT on February 3, 2011.

236. As a result of the Resource Delivery Webcast, we realize that an extensive level of effort is required to complete the concurrent proposal and interconnection submittals for a small generation project. Bidder respectfully requests a 4-week extension of the due date for the submittals.

Thank you for your interest. Unfortunately, ESI is unable to grant the requested extension due to other deadlines which are intertwined with this deadline.

237. A project that combines a compressed air energy storage (CAES) facility with a wind facility may be able to meet baseload power requirements. Such a facility will require some natural gas in operations. In the LPSC order, there is a 'startup fuel' requirement of 5% of total fuel consumption. However, in page C-A-19, Appendix C, Baseload Product it appears to indicate that carbon based balancing power may be used to meet baseload requirements, so long as Entergy receives RECs for that energy. Could you speak to how the LPSC or RFP requirements as noted here may affect the evaluation of our RFP response for a Compressed Air Energy Storage / Wind Farm baseload energy project?

Section 4.1 of the LPSC General Order specifies that up to 5% of non-renewable fuel can be used for various purposes. To the extent the proposed project will exceed the 5% threshold as needed for routine operation; it appears that the LPSC General Order would preclude such an approach. As for the referenced RFP requirements, imbalance power is not intended to be a resource to be drawn on whenever the generator needs energy to make up capacity/energy shortfalls or a source of replacement power (unless approved in advance by the buyer). The PPA will require the seller to schedule power for potential delivery to the buyer based on the availability of the seller's resource to deliver such power. The built-in assumption of the cited term sheet provision is that seller has complied with its PPA scheduling-related duties.

238. We are developing a Compressed Air Energy Storage (CAES) project in the Texas Panhandle. We will be working with a recognized wind developer on this project, but no CAES facilities have been built in the U.S. since 1991. While we will be working with the same turbomachinery supplier who supplied the 1991 facility, neither my company nor the wind developer has a project like this in commercial operation. My question is, does this exclude us from bidding on your RFP? My company feels strongly that coupling a renewable with storage is the most effective way to make renewable fully schedulable and for use as a baseload resource.

The information provided above does not necessarily preclude a bidder from participation. However, without additional detail, ESI is unable to confirm whether the project meets all the requirements of the 2010 Renewable RFP. ESI requests that you review the threshold

requirements as noted in the RFP and understand that the proposal will be evaluated against those requirements.

239. The terms set forth in Appendix C, Product Package A (Baseload product) indicate that pricing must have only the following components: Capacity, Energy and Variable O&M, and that each must be either fixed or indexed to a PPI or CPI. The LPSC General Order and Implementation Plan further states that pricing cannot be indexed to a fuel index. Will you accept proposals which provide for a fuel cost pass-through mechanism? That is, some mechanism whereby a portion of the fuel cost is absorbed directly by Entergy?

ESI is unable to allow for such a mechanism. Please also see the response to question 113.

240. For projects with a COD after the current expiration of the tax credit, should bidders submit pricing both with and without the tax credits? If yes, does that require to \$5k payments?

Proposals that have different start dates and/or pricing components require separate proposals be submitted in the 2010 Renewable RFP to ensure all proposed options are fully evaluated. Therefore, separate proposal fees would apply. Bidders can confirm whether proposals are mutually exclusive in the Special Considerations section of each proposal.

241. Can we bid multiple pricing structures for the same project (e.g. escalation options) within one proposal, or would this need to be in a second proposal?

Please see the response to question 240.

242. Please confirm that RECs do not include RE tax credits like the Federal 30% tax credit?

RECs do not include renewable energy tax credits for purposes of the 2010 Renewable RFP.

243. The RFP states, for as-available capacity, the product can be "fixed for the entire term or defined annually." Does this mean that bidders can specify power prices for each year of the 20 year PPA?

Per the RFP term sheet for the as-available product, the bidder has two (2) options to establish the all-in energy price. With Option 1, the bidder specifies a base price (\$/MWh) for each of the following periods for the first contract year: summer on-peak, non-summer on-peak and off-peak. The bidder may choose to escalate the base price by CPI or PPI to be applied after the first contract year. With Option 2, the bidder specifies a price (\$/MWh) for each of the periods (summer on-peak, non-summer on-peak and off-peak) for each contract year of the contract term.

These responses are qualified in their entirety by reference to ESI's Renewable Generation Resource RFP, including the Reservation of Rights set forth in the RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

244. Please confirm that payment by check instead of wire is acceptable as long as the payment is received by the payment submittal deadline. Please confirm what address check(s) should go to.

If paying by check, please send payment to Entergy, Attn: Miscellaneous Receivables L-AERO-8, 417 Pride Drive, Hammond, LA 70891.