



Entergy Services, Inc.
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Mark D. Kleehammer
Vice-President
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Via Electronic Mail and U.S. Mail

Ms. Eve Kahao Gonzalez
Executive Secretary and General Counsel
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70812

Re: Entergy Services, Inc.'s Upcoming Request for Proposal for Renewable Generation Resources

Dear Secretary Gonzalez,

We are writing to you regarding an upcoming Request For Proposals ("RFP") for renewable generation resources that Entergy Services, Inc. ("ESI") plans to issue later this year during the 3rd quarter. Entergy Gulf States Louisiana, L.L.C. ("EGSL") and Entergy Louisiana, LLC ("ELL") (collectively, the "Companies") plan to participate in this RFP. Because of the nature of renewable generation, which spans multiple technologies with diverse characteristics and with some technologies still under development, the Companies are seeking a formal waiver of one provision of the Commission's Market Based Mechanisms ("MBM") Order¹ and to notify the Commission of ESI's intention with regard to the evaluation process that will be employed for proposals received in response to the renewable RFP. Further, through this letter, the Companies are hereby notifying the Commission of their intention to participate in the RFP, as required by Paragraph 14 of the MBM Order.

As a preliminary matter, it should be noted that the Commission already has recognized that the MBM Order may need to be modified when applied to RFPs for renewable resources. Ordering Paragraph 17 provides "Nothing in this Rule is intended to inhibit or restrict the utility from acquiring renewable resources through its RFP as a separate product using separate evaluation criteria." Additionally, MBM Ordering Paragraph 3 provides that "[t]he market-based mechanism shall be a Request for Proposal ("RFP") competitive solicitation process. The utility may propose an alternative market-based mechanism or procedure if it can demonstrate that circumstances indicate that a formal RFP would not be in the public interest."

¹ Docket No. R-26172, Sub Docket C. *In re: Possible suspension of, or amendments to, the Commission's General Order dated November 3, 2006 (Market Based Mechanisms Order) to make the process more efficient and to consider allowing the use of on-line auctions for competitive procurement.* (as amended October 29, 2008). The Companies note that the resulting proposals from the proposed RFP may be exempt from the MBM process because many are expected to be below the 50 MW threshold provided for under the Order. See Ordering Paragraph 2. Some proposals may exceed that level, however, so the Companies are seeking a formal waiver of certain provisions of the MBM Order.



The Companies seek a waiver from the requirement, reflected in Ordering Paragraphs (8)(k) and 14, that a draft, or “informational,” RFP be issued prior to the issuance of a final RFP. This exemption is sought in order to allow the Companies to expedite the RFP process, to the extent practicable. The Commission has indicated a strong interest in moving forward with renewable resources, and the issuance of a draft RFP will delay the process by 60 days or more because of the mandatory time delay prescribed by the MBM Order (Ordering Paragraph 14) between the issuance of the draft and final RFP.

In addition to avoiding delay, the draft RFP should be eliminated because it is not needed. ESI plans to conduct a technical conference in the third quarter of 2010 with potential participants before issuing the final RFP by September 30, 2010. This will allow ESI to obtain input from the market that can be used to develop the RFP, which is the principal purpose of the draft RFP. In this regard, ESI also notes that it conducted a Request for Information in 2009 for the purpose of understanding the potential market for and characteristics of renewable resources, and the Companies have participated extensively with potential developers of renewable resources in the Commission’s ongoing rulemaking in Docket No. R-28271, Subdocket B, relating to the development of a renewable portfolio standard. All of this information is available to ESI for the development of a final RFP, without the need to issue a draft RFP and the mandatory delay that it brings to the process. The LPSC Staff will, as always, be provided with an opportunity to review and comment on the RFP documents and invited to participate in the technical conference.

Second, although not requiring a formal waiver, the Companies wish to make the Commission aware that ESI will require more latitude and open communication processes in the evaluation of proposals for renewable resources than has been employed in the evaluation of proposals for conventional technologies. This is because the unique and varied technologies of renewable resources require the ability to understand issues such as the security of fuel supply and operational characteristics in order to understand and evaluate the comparative economics of different technologies. Additional subject matter experts will be needed to evaluate non-traditional technologies that are immature and, in some cases, untested as utility-scale projects.

In RFPs for conventional technologies, ESI typically has divided the evaluation process into discreet components and has created separate teams to evaluate proposal economics; fuel supply; transmission deliverability; viability (that is, the developmental and operational status of resources that are proposed); and credit. Each team receives only that information needed to perform its particular analysis. The teams communicate through written data reports and discussions that are overseen by an Independent Monitor.

In the RFP for renewable resources, ESI envisions using a comprehensive evaluation team (with the possible exception of the credit evaluation) that will be able to communicate openly regarding all aspects of the proposals. This is critical to ensure that the evaluation process properly reflects the economics and operational characteristics of the proposals given the wide variations in renewable resource technologies. Additionally, this will help ensure that the

RFP results in the selection of those resources that reflect the lowest reasonable cost and reliable alternatives available for customers.

The Companies note that Entergy competitive affiliates will not be allowed to participate in the renewable RFP nor will the Companies market test any self-build or self-supply alternatives, which should provide a level of assurance to the Commission and participants that the Companies' only interest in a more open evaluation process is to ensure the selection of the lowest reasonable cost resources. Further, the LPSC Staff will retain its traditional supervisory role for the RFP, thus providing further assurance that the RFP will be conducted in a fair and impartial manner.

Paragraph 14 of the MBM Order requires that utilities provide the Commission with at least 30 days, and preferably 60 days, advance notice of their intent to conduct an RFP prior to submitting the draft RFP. The Companies are providing the required notice through this letter. This notice is being provided at least 90 days in advance of the date that the Companies expect to issue the RFP. Because the Companies are seeking a waiver of the requirement to issue a draft RFP, they wish to provide the maximum level of notice practicable in order that the Commission may take the steps needed to arrange for Staff oversight of the RFP.

The Companies respectfully request that the LPSC consider the proposed changes to the RFP process described in this letter and grant the waivers, as needed, to the MBM Order that will permit the Companies to move forward with a timely and well-structured RFP for renewable resources. We would be happy to discuss these changes with you in more detail and to address this request at an upcoming Business & Executive Meeting, if that is what you deem to be appropriate. Further, the Companies request that the Commission accept this letter as notice of their intent to participate in the RFP and publish notice of the RFP in its Official Bulletin.

Sincerely,



Mark D. Klehammer

cc: Chairman Lambert C. Boissiere, III (via U.S. mail)
Vice Chairman James M. Field (via U.S. mail)
Commissioner Eric F. Skrmetta (via U.S. mail)
Commissioner Foster L. Campbell (via U.S. mail)
Commissioner Clyde C. Holloway (via U.S. mail)
Executive Assistants to Commissioners (via electronic mail)
Brandon Frey (via electronic mail and U.S. mail)
Melanie Verzwylvelt (via electronic mail and U.S. mail)
Phil Hayet, J. Kennedy & Associates, Inc. (via electronic mail and U.S. mail)