



August 14, 2006

To: Solid Fuel Candidate Proposal Bidders

RE: ESI 2006 Long-Term RFP Process Update

This letter communicates a change to the proposal evaluation timeline outlined in ESI's 2006 Request for Proposals for Long-Term Supply-Side Resources ("2006 Long-Term RFP" or "RFP") dated April 17, 2006.

At the July B&E meeting, the LPSC expressed a desire to expedite the RFP proposal selection process. In an effort to respond to this request, ESI, in consultation with the LPSC Staff and Independent Monitors, has decided to begin the more detailed evaluation of Candidate Proposals sooner than the time contemplated in the RFP. ESI hopes that by beginning this process now, ESI will better be able to identify the most economically attractive and viable proposals for inclusion on the Preliminary Solid Fuel Shortlist and, ultimately, expedite the final awarding of RFP proposals.

The RFP currently contemplates that a detailed evaluation will be performed after the Preliminary Solid Fuel Shortlist has been selected. Section 3 of the RFP states: *"Stage 1 of the Solid Fuel proposal evaluation process will result in a Preliminary Solid Fuel Shortlist. Following selection of the Preliminary Solid Fuel Shortlist, the evaluation will move into preliminary due diligence (Stage 2), during which Bidders included on the Preliminary Solid Fuel Shortlist will have the opportunity to provide best and final offers..., and ESI will perform a more detailed economic evaluation."* However, rather than waiting to begin the detailed evaluation until after the Preliminary Solid Fuel Shortlist has been identified, ESI will begin the more detailed evaluation on all Candidate Proposals.

To begin the more detailed evaluation, ESI will issue a set of clarifying questions, which will seek more detailed information regarding certain aspects of the Solid Fuel Candidate Proposals. The responses to these questions will be used to help develop the Preliminary Solid Fuel Shortlist. ESI anticipates issuing the set of clarifying questions within the next week or so. To the extent necessary, ESI, under the supervision of the Process and Evaluation Independent Monitors, will conduct follow-up conference calls with the Solid Fuel Candidate Proposal Bidders regarding the responses to the clarifying questions.

It is important to note that ESI is not changing the methodology that will be used to perform the detailed economic evaluation, but only the timing regarding when this evaluation will begin. The “Stage 2” evaluation still will be conducted as described in section 2.2 of Appendix E-1: *“The EET will use the Planning & Risk (PROSYM) production cost tool in Stage 2 to determine net system benefit relating to each proposal when added to the Entergy System. The Stage 2 economic analysis will be supplemented with other tools, such as detailed fuel evaluations from the FET, as described in Sections 3.1 and 3.2 below, and other criteria assessments, in order to identify the proposal or proposals that best meet the System’s supply objectives.”*

ESI will use the results of the detailed evaluation in conjunction with the results of the System Impact Studies from TBU or the Detailed Transmission Evaluation performed by the TAG, if applicable, in order to select the most viable and economic proposals for inclusion on the Preliminary Solid Fuel Shortlist.

For clarification, Bidders are not being requested to provide Preliminary Due Diligence information or “best and final offers” at this time. As provided for in the RFP, Bidders will be notified of their inclusion on the Preliminary Solid Fuel Shortlist on or about October 13, 2006. As set forth in section 2.1 of the RFP, Bidders notified that they have been selected for the Preliminary Solid Fuel Shortlist will be required to provide the information listed in the Solid Fuel Preliminary Due Diligence List (see Appendix I-2) and will have the opportunity to submit best and final proposals.

If you have questions regarding this process, please communicate with the Process Independent Monitor, Ms. Elizabeth Benson, whose telephone number is (703)-641-7948 and electronic mail address is erbens@aol.com. Thank you for your continued participation in the 2006 Long-Term RFP.

Sincerely,

Laura Berryman
ESI RFP Administrator