Summer 2008
Request For Proposals (RFP)
For
Limited-Term and Long-Term
Supply-Side Resources

Style Definition: Heading 2: Indent: Left: 0", Tabs: 0.5", List tab + Not at 0.75"

Deleted: **DRAFT**¶

Entergy Services, Inc.
July 28, 2008

Deleted: June 2

The statements contained in this RFP are made subject to the Reservation of Rights set forth in this RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

TABLE OF CONTENTS

Page

Deleted: June 2

Deleted: - DRAFT

The statements contained in this RFP are made subject to the Reservation of Rights set forth in this RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

Deleted: June 2

Deleted: - DRAFT

APPENDICES

Appendix A	Glossary of Terms
Appendix B	Bidder Registration and Proposal Submission Process
Appendix C	Product Packages
Appendix D	Detailed Instructions for Bidder Registration and Proposal Submission
Appendix E	E-1: Proposal Evaluation Process Description E-2: Deliverability Evaluation Process Description
Appendix F	Credit/Collateral Requirements
Appendix G	Process for Protection of Proposal Information
Appendix H	Description of Strategic Supply Resource Plan and Portfolio Design Considerations
Appendix I	I-1: CCGT/CT Preliminary Due Diligence List I-2: Solid Fuel Preliminary Due Diligence List

Deleted: ¶

Formatted Table

Deleted: June 2

Deleted: - DRAFT

1. GENERAL INFORMATION

1.1. Introduction

Entergy Services, Inc. ("ESI"), acting as agent for one or more of the Entergy Operating Companies,[1] is issuing this Summer 2008 Request for Proposals for Limited-Term and Long-Term Supply-Side Resources ("Summer 2008 RFP", "Summer 2008 Limited-Term and Long-Term RFP" or "RFP")[2] to solicit proposals for the delivery of electric capacity, energy, and Other Associated Electric Products. This RFP represents the tenth RFP in a procurement process that began with the Fall 2002 RFP. This Summer 2008 RFP can be accessed at ESI's RFP Website: https://emo-web.no.entergy.com/ENTRFP/index.htm.

ESI categorizes resources to be acquired through its formal RFP procurement process by product category and by the time horizon for the supply of capacity and/or energy from the resource: (i) limited-term (defined as capacity purchases of one to five years in this RFP) and (ii) long-term power purchase agreements ("PPA") or ownership acquisitions.[3]

ESI has procured resources from proposals that have been submitted in response to each of its recent formal completed RFPs, beginning with the Fall 2002 RFP. Table 1-1 summarizes the amount of capacity for which ESI has contracted on behalf of one or more of the Entergy Operating Companies as a result of these formal RFP solicitations.

1 The "Entergy Operating Companies" are Entergy Arkansas, Inc. ("EAI"), Entergy Gulf States Louisiana, L.L.C. ("EGSL"), Entergy Texas, Inc. ("ETI"), Entergy Louisiana, LLC ("ELL"), Entergy Mississippi, Inc. ("EMI"), and Entergy New Orleans, Inc. ("ENO"). The Entergy Operating Companies provide retail electric service to approximately 2.6 million customers in portions of the states of Arkansas, Louisiana, Mississippi and Texas, through the interconnected, coordinated electric generating and bulk transmission facilities of the Entergy Operating Companies (which facilities are referred to herein collectively as the "Entergy System"). The Entergy Operating Companies own and manage in excess of 22,000 MW of electric generation capacity in order to serve the needs of their customers.

2 All references to this "RFP," the "Summer 2008 RFP," or the "Summer 2008 Limited-Term and Long-Term RFP" include and incorporate the Appendices to this RFP. Appendix A to this RFP contains a glossary of all capitalized terms used in this RFP that are not otherwise defined in this RFP.

Deleted: June 2

Deleted: - DRAFT

3 It should be noted that ESI also continues to procure short-term (*i.e.*, up to one year) resources outside of this formal RFP process to meet the Entergy System's reliability needs including seasonal, monthly, weekly, and hourly purchases.

Table 1-1

RFP	Short- term 3rd Party	Limited- term Affiliate	Limited-term 3rd Party	Long-term Affiliate	Long-term 3rd Party	Total
Fall 2002	0 MW	185-206 MW Note 1	231 MW	101-121 MW Note 2	718 MW	1,235-1,276 MW
January 2003 Supplemental	222 MW	n/a	n/a	n/a	n/a	222 MW
Spring 2003	n/a	0 MW	381 MW	Note 3	0 MW	381 MW
Fall 2003	n/a	0 MW	390 MW	n/a	n/a	390 MW
Fall 2004	n/a	n/a	1,250 MW	n/a	n/a	1,250 MW
2006 Long-Term	n/a	n/a	n/a	538 MW Note 4	789 MW	1,327 MW
Fall 2006	n/a	0 MW	780 MW	n/a	n/a	780 MW
January 2008 RFP (Note 5)	n/a	n/a	TBD	n/a	n/a	TBD
2008 Western Region RFP	n/a	n/a	TBD	n/a	n/a	TBD
Total	222 MW	185-206 MW	3,032 MW	639 - 659 MW	1,507 MW	5,585-5,626 MW

Note 1: Includes a conditional option to increase the Capacity up to the upper bound of the range.

Note 2: The contracted Capacity will increase from 101 MW to 121 MW in 2010.

Note 3: It should be noted that this table does not reflect the River Bend 30% life-of-unit power purchase agreements totaling approximately 300 MW between Entergy Gulf States, Inc. ("EGS") and Entergy Louisiana, Inc. ("ELI") and between EGS and Entergy New Orleans, Inc. ("ENO") related to EGS's unregulated portion of the River Bend nuclear station which portion was formerly owned by Cajun Electric Power Cooperative, Inc. or the Entergy Arkansas Inc. ("EAI") wholesale baseload capacity life-of-unit power purchase agreements totaling approximately 220 MW between EAI and ELI and between EAI and ENO related to a portion of EAI's coal and nuclear baseload resources (which were not included in retail rates) executed in 2003. That capacity was identified and selected outside of the RFP process, but was market-tested in the Spring 2003 RFP, as a result of which the propriety of the selection of those resources was confirmed.

Note 4: Little Gypsy 3

Note 5: At the direction of the Louisiana Public Service Commission ("LPSC"), but with full reservation of all legal rights, ESI issued the January 2008 RFP for Supply-Side Resources seeking fixed price unit contingent products. Although the LPSC request was directed to Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC, ESI issued the RFP on behalf of all Entergy Operating Companies.

As described in more detail in the next section and in Appendix G, ESI has established protocols to ensure that (1) the Summer 2008 RFP process will be impartial and objective, (2) Bidders' commercially sensitive information will be protected, (3) all proposals are treated in a consistent fashion, and (4) no undue preference is given to proposals from any potential Bidder, including Entergy Competitive Affiliates.

Deleted: June 2

Deleted: - DRAFT

1.2. Independent Monitor

In order to ensure that this RFP is conducted in a fair and impartial manner, and in keeping with the requirements of the Market-Based Mechanisms Order[4] issued by the LPSC, ESI has retained Potomac Economics, an independent consulting firm, as the Independent Monitor ("IM"). The role of the IM is defined in the Scope of Work Activities for the Independent Monitor, also posted on the RFP web site.[5] Generally, and without modifying the Scope of Work Activities, the role of the IM will be to (1) oversee the design and implementation of the RFP solicitation, evaluation, selection, and contract negotiation process to ensure that it will be impartial and objective; and (2) provide an objective, third-party perspective concerning ESI's efforts to ensure that all proposals are treated in a consistent fashion and that no undue preference is provided to any Bidder, including Entergy Competitive Affiliates.

Deleted:

Bidders wishing to communicate with the IM may contact Steve Surina at Potomac Economics by email: stevesurina@potomaceconomics.com or phone: (703)-383-0146.

1.3. Overview of the Summer 2008 RFP

Deleted:

The primary objective of this RFP is to solicit competitive proposals to provide the Entergy Operating Companies with flexible and cost-effective generating resources to meet their customers' needs in a reliable and economical manner. This RFP primarily seeks incremental baseload, load-following, and peaking resources that are needed to meet the reliability needs of the Entergy Operating Companies over a limited-term and long-term planning horizon. The level of incremental resources sought in order to meet the reliability needs of the Operating Companies will be based on the identified capacity need set forth in Appendix H.

Deleted: retail

Deleted: , the complete version of which will be posted prior to the Bidders' Conference

In this Summer 2008 RFP, ESI is soliciting proposals from Bidders for limited-term and long-term capacity provided by solid fuel, combined-cycle gas turbine ("CCGT") and/or simple-cycle gas turbine ("CT") generation resources that have been placed in commercial operation at a point prior to the date of this RFP. Assuming competitive proposals are received in response to this RFP, ESI seeks limited-term resources through transactions with wholesale power market participants for products solicited in this RFP, as well as long-term resources acquired either through "bricks-and-mortar" acquisitions (*i.e.*, actual ownership of an existing generating unit) or through long-term PPAs, that provide the Entergy System operational control and commercial

Deleted: currently

---

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

[5] The Scope of Work Activities also will be posted on the LPSC website and is on ESI's RFP Website at https://emo-web.no.entergy.com/ENTRFP/index.htm.

The statements contained in this RFP are made subject to the Reservation of Rights set forth in this RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

Deleted: June 2

Deleted: - DRAFT

flexibility to meet customers' needs in a reliable and economic manner. As provided for in Appendix E-1, ESI prefers resources with a term of ten years or greater to proposals of three or five years in term.

Deleted: retail

In this RFP, ESI seeks to procure a portfolio consisting of a range of limited-term and long-term wholesale power products intended to satisfy multiple supply procurement objectives for 2009 and beyond. It is important to note that the System requires generating units to provide a range of operational functions and "flexible capacity" to maintain the operational flexibility needed to meet the ever-changing demands of the System. Flexible capacity is generating capability whose output can be increased and/or decreased in response to System requirements. It is imperative that the System have sufficient flexible capability to satisfy the applicable System requirements. In order to serve the flexible capability role, a generation resource must be capable of being started on very short notice or must be committed and operating at least at its minimum level and be physically capable of changing its output up or down, at the direction of the System Dispatcher, in response to changes in load. It must also have a source of fuel that is flexible enough to match the flexibility of the generator. The System also requires resources that are used for "regulation" service, which are resources that are equipped with AGC instrumentation and that are used for instantaneous load following. In this RFP, therefore, ESI will prefer, qualitatively, proposals that provide flexible capability over proposals that do not, although ESI anticipates selecting a mix of resources from among all product categories. The products that are best suited to provide flexible capability are the Dispatchable and Peaking MUCPAs, particularly if the resource is able to provide AGC; the Short-Notice Peaking MUCCO; and, ownership acquisitions. Further, the ability of a resource to provide flexible capability will be a key factor in the displacement analysis to be performed as part of the Summer 2008 RFP process.

ESI's supply procurement objectives for 2009 and beyond are described below and in Appendix H. ESI seeks a portfolio consisting of several product types to meet the Operating Companies' limited-term and long-term resource needs. The optimum portfolio resource mix (*i.e.*, the proportion of needs supplied by each product type) that actually will be procured from this Summer 2008 RFP will depend upon the relative prices and other characteristics of the various proposals offered by Bidders in response to this RFP.

Deleted: , the complete version of which will be posted prior to the Bidder's Conference

ESI invites proposals from all potential suppliers who are capable of meeting the conditions identified in this RFP, including proposals from other electric utilities, marketers, wholesale generators, independent power producers, and Qualifying Facilities ("QFs"). However, proposals from QFs will not be provided any form of preference or enjoy any priority of selection in the RFP based solely on their QF status. ESI also will allow proposals from Entergy Competitive Affiliates. No self build or self supply option is being considered in this RFP.

Deleted: June 2

Deleted: - DRAFT

1.3.1 Delivery Term

The System has adopted the Strategic Supply Resource Plan ("SSRP"), which seeks to balance multiple planning objectives, including reliability, production cost, and risk mitigation. As part of the supply strategy, the System seeks to obtain a portfolio that includes a mix of products with varying Delivery Terms, including long-term life-of-unit resources, whether through an acquisition or power purchase agreement, together with limited-term products of one to five year Delivery Terms and short-term products of one year or less. The portfolio approach provides flexibility that enables the System to respond to changing market conditions and dynamic System requirements and limits risk by diversifying contract expiration terms. The strategy has been successful and appropriately balances the System's planning objectives while providing ample opportunity for the wholesale market to participate in the System's portfolio needs over a variety of planning horizons. Because these contracts will help facilitate the System's long-term supply strategy, they are consistent with the planning principles and guidelines embodied in the SSRP.

In this RFP, ESI will solicit both limited-term and long-term proposals for the products listed below. For the limited-term planning horizon, ESI seeks one (1), three (3), and five (5) year proposals from existing resources as discussed below. For the long-term planning horizon, ESI seeks ten (10) year or greater proposals including life-of-unit proposals where Bidders can propose the respective life of the unit upon which the proposal will be based. ESI prefers proposals with a term of ten years or more to proposals with three and five year terms.

1.3.1.1 Limited-Term Solicitation

To meet the System's needs during the limited-term planning horizon, ESI will solicit unit contingent products with a one (1), three (3), or five (5) year delivery term. Proposals must originate from a Solid Fuel, CCGT, or CT generating unit that that has been placed in commercial operation at a point prior to the date of this RFP. The Delivery Term Start Date for any Definitive Agreement(s) based on a one (1) year proposal(s) will be June 1, 2009. The Delivery Term Start Date for any Definitive Agreement(s) based on a three (3) or five (5) year proposal(s) will be June 1, 2010. The products sought under the limited-term solicitation include a Baseload Product (which can be combined with the Low Heat Rate MUCCO product as discussed below), a Dispatchable MUCPA, a Low Heat Rate MUCCO, a Peaking MUCPA, a Peaking MUCCO, and a Short-Notice Peaking MUCCO. Under the limited-term solicitation, certain economic and operational terms will be fixed for these products. Bidders are encouraged to review carefully the respective product package and associated term sheet provided in Appendix C to determine which terms will be fixed.

1.3.1.2 Long-Term Solicitation

To meet the System's needs during the long-term planning horizon, ESI will solicit unit contingent products with a Delivery Term of ten (10) or more years, as well as a longer-term solicitation such as life-of-unit PPAs and/or ownership acquisitions. Proposals must originate

Formatted: Body Text, Indent: First line: 0", Space After: 0 pt
Deleted: proposals
Formatted: Underline
Deleted: 1.3.1.1
Formatted: Underline
Formatted: Underline
Formatted: Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0" + Tab after: 0.5" + Indent at: 0.5"
Deleted: is currently
Deleted: .
Deleted: start date
Deleted: for
Deleted:
Deleted: start date for
Deleted: for
Deleted:), and
Deleted: over
Deleted: delivery period
Deleted: an Hour Ahead
Deleted:
Formatted: Underline
Deleted: 1.3.1.2
Formatted: Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0" + Tab after: 0.5" + Indent at: 0.5"
Formatted: Underline
Formatted: Underline
Deleted: June 2
Deleted: - DRAFT

from a Solid Fuel, CCGT, or CT generating unit that that has been placed in commercial operation at a point prior to the date of this RFP. . Products sought under the long-term solicitation include a Baseload Product (which can be combined with the Low Heat Rate MUCCO product as discussed below), a Dispatchable MUCPA, a Low Heat Rate MUCCO, a Peaking MUCPA, and ownership acquisitions. Under the long-term solicitation, certain economic and operational terms will not be fixed, and will be open for bid per the guidelines of the applicable product package and associated term sheet. Bidders are encouraged to review carefully the respective product package and associated term sheet provided in Appendix C to determine the economic and operational terms that will be open for bid. ESI expects the ten (10) year and greater products, including life-of-unit type agreements, to start June 1, 2010. Ownership acquisitions may be accompanied by an interim agreement for capacity and energy that would not start prior to June 1, 2010.

1.3.2 Solicitation of Fixed Price Products

On January 7, 2008 at the direction of the Louisiana Public Service Commission, but with full reservation of all legal rights, ESI issued the January 2008 RFP for Supply Side Resources seeking fixed price unit contingent products. Although the LPSC request was directed to Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC, ESI issued the RFP on behalf of all Entergy Operating Companies. Products solicited in the January 2008 RFP included a 7x24 Product, a 7x24 Combined Product, and a 5x16 Product. The products were solicited for a 5 year Delivery Term from January 1, 2009 through December 31, 2013. ESI has notified one bidder that its proposal will remain under further consideration but is still subject to credit, operational, and deliverability evaluations before a final selection is made. ESI has notified the remaining bidders that their proposals have been rejected

Given that the LPSC directive also included a requirement that ESI solicit longer term fixed price products, ESI has structured the Baseload Product (Product Package A) offered in the Summer 2008 RFP such that Bidders can offer a 7x24 unit contingent fixed price product such as the product solicited in the January 2008 RFP. ESI is not offering a 7x24 Combined Product or a 5x16 Product in the Summer 2008 RFP and has limited the fixed price products to a 7x24 product.

The Baseload Product (Product Package A) solicited in this RFP offers Bidders two methods for pricing the energy component of their proposal(s). The first method consists of the option to bid a Guaranteed Energy Price, which Bidders will be required to submit as a single fixed value for all one (1), three (3), and five (5) year proposals; or if submitting a proposal with a Delivery Term of ten (10) years or greater including life-of-unit, Bidders will have the option of specifying a value for each year of the Delivery Term. The second method consists of the option to bid a Fixed Heat Rate that would be multiplied by a defined Fuel Price each month as determined by the requirement that Bidder select either the first of the month *Inside FERC Gas Market Report Index* that is tied to the Henry Hub or Houston Ship Channel for CCGT or QF

Deleted: is currently

Deleted: delivery horizon will

Deleted: as within

Deleted: products

Formatted: Underline

Deleted: 1.3.2 Displacement Analysis After first meeting the incremental needs identified in the RFP, ESI will consider

Deleted: ability of a proposal to displace existing generating resources owned by the

Deleted: Only proposals that are able to produce economic benefits in the form of allowing the Entergy Operating Companies to displace the operation of

Deleted: Operating Companies' own generating resources in a manner that will produce cost savings to customers while still affording

Deleted: Entergy System

Deleted: operational flexibility needed to meet its reliability requirements and provide electric service to customers at the lowest reasonable cost will be considered

Deleted: displacement analysis. As noted previously, proposals of at least three years in term that provide flexible capability will be preferred in this analysis. ESI is in

Deleted: process of receiving feedback from the Louisiana Public Service Commission Staff and stakeholders regarding

Deleted: displacement analysis performed in the Fall 2006 Request

Deleted: Proposals

Deleted: June 2

Deleted: - DRAFT

Deleted: Limited-Term Supply Side Resources. Additional information regarding the displacement analysis is expected to be provided in the Final RFP, provided any outstanding issues have been resolved resources, or the PRB-8800 Btu/lb Final Monthly Average OTC Broker Index published in *Platts* for baseload Solid Fuel resources. For the Baseload Product (Product Package A), the Fixed Heat Rate is open for bid for all Delivery Terms offered in this RFP.

1.3.3 Displacement Analysis

After selecting the candidate portfolio, the Economic Evaluation Team (EET) will consider whether opportunities are available to reduce customer cost by adding additional Limited-Term proposals to the portfolio of generating resources including the candidate portfolio. During this displacement analysis, Limited-Term (three and five year term) proposals for Baseload, Dispatchable MUCPA, Low Heat Rate MUCCO, Peaking MUCPA, Peaking MUCCO, and Short-Notice Peaking MUCCO products that were not selected to meet incremental needs will be considered for displacement opportunities provided that such proposals showed the potential to produce net benefits for customers in the evaluation of proposals to meet the System's incremental resource needs. Furthermore, the displacement analysis will consider the possibility of selecting one-year proposals beyond the incremental resource needs. The displacement analysis of one-year proposals will consider only Energy Substitution (as described below) and will be performed on the same schedule as the incremental evaluation of one-year proposals.

Given that the System's incremental resource needs may be met with the proposals selected from the Long-Term and Limited-Term RFP, ESI expects to proceed with due caution in the evaluation and possible selection of displacement resources. There are many uncertainties that may affect the potential benefits identified in the displacement analysis, so ESI intends to use both quantitative and qualitative criteria in evaluating which displacement proposals, if any, to select. ESI reserves the right to limit the number of displacement opportunities considered to address the practical nature of transacting on a number of resources simultaneously.

The displacement analysis will include, but not be limited to, removing certain existing capacity from the pool of existing Entergy System resources and replacing it, for evaluation purposes, with capacity from a not previously accepted proposal. To be eligible for further consideration, a proposal evaluated in this manner should allow the Entergy Operating Companies to displace the capacity and related cost of owned generating resources in a manner that will produce cost savings to customers while still allowing the Entergy System to maintain sufficient operational flexibility to meet its reliability and operating requirements and provide electric service to customers at the lowest reasonable cost. The displacement of existing resources may take place through one or both of the following methods:

Energy Substitution

Using a methodology similar to that used in the underlying RFP evaluation process, the displacement analysis will use production cost modeling to evaluate proposed resources

Deleted: June 2

Deleted: - DRAFT

for their ability to generate energy that can economically substitute for energy generated by the Entergy Operating Companies' existing gas- and oil-fired units and/or economy energy, as described in Appendix E-1, Section 2, ("Energy Substitution"). The energy substitution evaluation will use production cost modeling to assess the potential economic effects of each proposal, or portfolio of proposals, on the Entergy System's total production cost, including the relief or reduction of an RMR requirement, when added incrementally to the Entergy System's total resource mix, which, for purposes of the analysis, is assumed to include the resource selections comprising the Candidate Portfolio. Because the variable production cost savings decline as resources are added to the generating portfolio, there will generally be less potential for a proposal to produce energy savings in the displacement analysis than in the primary economic evaluation described in Appendix E-1.

Capacity Substitution

The displacement analysis will assess the ability of a proposal to economically substitute for the Entergy Operating Companies' existing oil- and gas-fired generating units by allowing existing units to move from an operational role into a non-operational role, including, but not limited to, extended reserve shutdown, inactive reserve, and/or retirement, thereby avoiding or deferring capacity cost that would otherwise be required during the planning horizon ("Capacity Substitution"). The Capacity Substitution analysis will be considered in determining the total benefits that may be achieved for a resource beyond that of Energy Substitution, that is, the Capacity Substitution benefits will be considered in addition to any Energy Substitution benefits that the proposal may provide. In order for a resource to provide a Capacity Substitution benefit, the total cost (Option Premium) net of potential energy savings of the displacement proposal would have to be less than the estimated avoidable forward cost of both capital and O&M for maintaining certain existing generating unit(s) of the Entergy Operating Companies. Depending on the location of a proposed resource, a displacement proposal may be required to fully displace an entire existing System generating unit. However, it may be possible for a displacement proposal of sufficient size to substitute for more than one existing unit or for a combination of displacement proposals to substitute for an existing unit(s).

When the selection of proposals to the Primary Award list is made, the remaining bidders of limited-term proposals (3 and 5 years) will be informed as to whether their proposals qualify for the displacement analysis. A timeline will be posted on the RFP Website for the selection of proposals through the displacement analysis.

With regard to the proposals for one-year products, ESI is planning to perform a production cost analysis on each of the conforming proposals and does not plan to eliminate a proposal that provides significant savings to customers simply because it exceeds the incremental

Deleted: June 2

Deleted: - DRAFT

target for one-year proposals, unless the acceptance of the proposal would create operational problems (for example, the Entergy System has a limited need for off peak block energy). Thus, although a separate displacement analysis will not be performed, the energy displacement will be considered in the evaluation of the one-year proposals.

At this time, ESI does not intend to include long-term proposals that are not selected as incremental resources in the displacement analysis. This decision was made for several reasons. First, ESI intends to provide a preference to long-term resources in the RFP selection. Second, ESI does not believe that it is in the best interest of customers to build out the long-term portfolio through a single RFP. Rather, ESI believes it will provide greater benefits to customers if resources are selected over time. Third, there is a practical limit to the number of long-term transactions in which ESI may engage simultaneously. These limits are driven by considerations of access to capital, the rate effects of funding a large number of long-term resources simultaneously, and ESI's ability to close on multiple long-term transactions given the resources needed to conduct due diligence and negotiate these transactions. Finally, ESI is continuing efforts outside of the Summer 2008 RFP process to meet its long-term needs, such as the possible construction of new nuclear generation. It would not be appropriate to foreclose such efforts by acquiring an excessive number of long-term resources.

1.3.4 QF Participation in the RFP

As in previous RFPs, ESI will promote the full participation of QFs in this RFP and accommodate resources that may have certain baseload generating requirements. This can be accomplished in either of two ways. First, ESI will allow Bidders to propose a linked product, consisting of a combined baseload product (Product Package A) with a must-take requirement and a call-option product (Product Package C) offering dispatch flexibility. The RFP contains specific guidelines regarding how a Bidder may accomplish the linkage of a baseload and call option product, and the applicable Term Sheets set forth the provisions regarding the ability to deliver QF Put. To avoid discriminating against non-QF Bidders, ESI is not limiting the option to link proposals to QFs, although ESI has designed the linking process specifically to accommodate QF needs.

ESI has structured the proposal submittal fees to eliminate the need to submit a separate proposal submittal fee for this type of linked proposal; however, this single proposal submittal fee is available only if the Bidder does not request that the linked proposals also be considered separately.

The second way ESI will promote QF participation in this RFP in the design of its Short-Notice Peaking MUCCO product. As with the linked proposal, to avoid discrimination against non-QF Bidders, Bidders other than QFs may submit proposals for this product. However, the design of the product is intended to fit well with a generating unit that operates in the manner in which most QFs are required to operate, that is, a generator that must maintain its unit on-line the majority of the time and be available to meet changes in its required output level upon short notice.

Based on the election of Seller, the Short-Notice Peaking MUCCO product requires the proposal resource to provide capacity and energy upon either one hour notice ("Hour-Ahead") or less than one hour notice ("Intra-Hour"). This product is described in more detail in Section 1.5.6, below and in the relevant product package. The product will allow the supplier to receive a capacity payment under either intra-day dispatch notice option selected by Seller, yet only under the Hour-Ahead option will Seller still maintain the ability to sell to a third party on a non-firm, interruptible basis.

For QFs offering this Short-Notice Peaking MUCCO product, the QFs will retain the right to deliver QF Put to the host Entergy Operating Company pursuant to the then-existing rights under PURPA and applicable state law and regulation, even though the Operating Companies typically would not agree to continue to accept QF Put associated with dispatchable capacity that an Operating Company has agreed to purchase from a QF. A QF that generates around the clock to satisfy host demand may be in a position to satisfy such a short-notice dispatch request while retaining its ability to otherwise deliver QF Put or to sell any unscheduled energy on a non-firm, interruptible basis.

1.4. Overview of Resource Planning Objectives

The following summarizes key planning considerations that have resulted in the issuance of this RFP and the design of the particular products being requested. Further detail regarding the Entergy Operating Companies' resource planning considerations and objectives may be found in Appendix H.

Deleted: , the complete version of which will be posted prior to the Bidder's Conference

The Entergy Operating Companies' resource planning objectives have identified a need for baseload, load-following, and peaking resources. The supply needs that determine the resource requirements of the Entergy Operating Companies are driven by six basic resource supply objectives: providing reliable power, economically supplying baseload energy, economically supplying load-following energy, enhancing the portfolio through resource additions, limiting exposure to volatility in fuel and purchased power prices, and limiting exposure to other systematic risks such as locational capacity concentration.

In order to meet these planning objectives over the upcoming planning period, ESI will seek to: (1) secure a "balanced and diversified portfolio" of generation resources matched to the load shape needs of both the Entergy System and the Entergy Operating Companies; (2) add resources, such as solid fuel baseload generation, that improve the overall price stability of the Entergy System; and (3) add efficient load-following CCGT and combustion turbine generation to complement and/or replace existing conventional gas generation. The products sought in this RFP, baseload, load-following and peaking resources, are intended to address these objectives.

Deleted: June 2

Deleted: - DRAFT

Appendix H identifies the capacity need by supply role and Operating Company as well as on a System basis. As indicated in Appendix H, the total requirements of the Entergy Operating Companies reflect the need for up to approximately 750 MW of one (1) year proposals to contribute to the satisfaction of anticipated peak period reliability requirements for 2009, and up to approximately 1,500 MW of proposals for three (3) years or greater to contribute to the satisfaction of anticipated peak period reliability requirements for 2010 and beyond. The target of up to 750 MW in 2009 and 1,500 MW in 2010 for anticipated peak period reliability requirements provides ESI with the flexibility to (1) procure such amounts of additional resources through this Summer 2008 RFP if the proposals are sufficiently attractive, (2) procure these amounts of resources in short-term markets (*i.e.*, not through this Summer 2008 RFP) if those resources appear to offer more attractive pricing and/or other characteristics, or (3) wait to acquire capacity through future procurements if the proposals received in response to this Summer 2008 RFP are not sufficiently attractive

Deleted: As noted previously, the anticipated reliability requirements reflected do not account for the opportunity for short-term purchases.

Deleted: .

Further, as described in the Draft RFP, ESI has been in negotiations with two Qualifying Facilities ("QFs") for Definitive Agreements. These negotiations commenced before the issuance of the Draft RFP. One of the Definitive Agreements involves a proposed purchase by Entergy Louisiana, LLC ("ELL") of approximately 500 MW for a term of 10 years. This PPA was identified as a result of an unmet capacity need from the 2006 Request for Proposals for Long-Term Supply Side Resources. ELL has requested approval of this purchase, which request is pending before the Louisiana Public Service Commission. Regulatory approval is expected to be filed shortly for the Definitive Agreement with the second QF. Although ESI is not modifying its target of 750 MW for the one-year proposals, ESI anticipates that the one-year proposals will be selected primarily on the basis of their potential for Energy Substitution because the Entergy's System's short-term reliability need may decrease substantially as a result of the two proposed contracts with QFs, assuming that these contracts receive regulatory approval.

With regard to the 1,500 MW sought for deliveries beginning in 2010, ESI plans to fill this need first with proposals for Long-Term (ten years or greater) resources that allow ESI to meet the Entergy System's supply needs. ESI will then seek to fill any remaining need with an appropriate mix of Limited-Term resources. As discussed more fully in the Displacement Analysis section of this RFP, qualifying Limited-Term resources that are not selected to meet the Entergy System's needs will be considered in the Displacement Analysis.

Although the Entergy Operating Companies desire the addition of baseload, load-following, and peaking resources to their respective portfolios, they are not committing to any minimum amount. Additionally, depending on the attractiveness of the proposals received, ESI may acquire more than the targeted amount of resources as ~~part of this RFP~~.

Deleted: June 2

Deleted: - DRAFT

Deleted: Prior to the issuance of the Draft RFP, ESI received offers from two Qualifying Facilities (non-affiliated). ESI is considering these offers and may enter into definitive agreements if the offers (one or both) reflect economically attractive resources for customers.¶

The proposal price and the resulting benefits to the Entergy System are the key considerations for selecting a potential resource as part of the resource portfolio. While cost minimization is the most important criterion, as discussed previously, resource location, operating flexibility, and other planning objectives and constraints also must be considered in the development of a reasonable supply plan. The ultimate portfolio of resources resulting from this Summer 2008 RFP likely will consist of a range of contract Delivery Terms, product types and unit locations. ESI will select those resources that, as a result of the proposal evaluation process, represent the lowest reasonable cost in meeting the resource planning requirements of the Entergy Operating Companies and their customers, consistent with ESI's planning objectives and constraints. The manner in which proposals will be evaluated based on these factors is described in detail in Appendices E-1 and E-2.

Deleted: retail

1.5. Summary Descriptions of Products Sought and Associated Term Sheets

ESI plans to procure resources to meet its objectives through several types of limited-term and long-term products, as described below, including baseload, load-following, and peaking products. This Summer 2008 RFP includes several products that are similar – although not identical – to the limited-term and long-term products procured in previous RFPs. ESI is focusing the Summer 2008 RFP on product types that can be structured to meet the needs of the Entergy System over both a limited-term and long-term planning horizon.

In this Summer 2008 RFP, ESI, as agent for one or more of the Entergy Operating Companies, is seeking proposals for the following types of products, each of which is described in more detail in the Product Packages included in Appendix C:

- Baseload Product (Product Package A)
- Dispatchable Multiple-Year Unit Capacity Purchase Agreement ("Dispatchable MUCPA") (Product Package B);
- Low Heat Rate Multiple-Year Unit Capacity Call Option ("Low Heat Rate MUCCO") (Product Package C);
- Peaking Multiple-Year Unit Capacity Purchase Agreement ("Peaking MUCPA") (Product Package D);
- Peaking Multiple-Year Unit Capacity Call Option ("Peaking MUCCO") (Product Package E);
- Short-Notice Peaking Multiple-Year Unit Capacity Call Option ("Short-Notice Peaking MUCCO") (Product Package F);
- Ownership Acquisition (Product Package G).

Deleted: June 2

Deleted: - DRAFT

Although these products are similar to products solicited in previous RFPs, each contains some new or modified characteristics. In general, except for Product Packages E, F, and G, each product package offered in this RFP will have separate terms corresponding to the limited-term and long-term delivery horizons respectively. Product Packages E and F are only solicited over the limited-term delivery horizon, while Product Package G is reserved for ownership acquisition proposals. Bidders are advised to review carefully the relevant limited-term or long-term section of each term sheet ("Term Sheet") included in Appendix C to this Summer 2008 RFP for each product for which the Bidder intends to submit a proposal. The Term Sheets establish certain key terms and requirements for each product. Bidders should be aware that ESI expects these key terms and requirements will be a part of the definitive agreements ultimately executed for the proposals, and ESI does not expect to negotiate any of these key terms and requirements for the products *unless* (a) an otherwise economic resource is physically unable to meet, or prevented by substantial and material circumstances from meeting, a requirement specified in the applicable Term Sheet; *and* (b) the Bidder has explained the fact of and basis for this situation in the Special Considerations section of its proposal. Bidders are responsible for reviewing all terms and conditions specified in the relevant Term Sheet and taking these terms and conditions into consideration in developing their proposal(s) in response to this RFP.

Deleted: Package G

ESI is not providing Model Contracts in this RFP. However, ESI plans to use the EEI Master Agreement as the basis for the Model Contracts applicable to the PPA products solicited in this RFP, subject to the specific requirements noted in the Term Sheets, which shall be used to develop the Additional Provisions to the EEI Master Agreement. Bidders that do not wish to agree to the terms of the EEI Master Agreement must identify the specific requirements of the EEI Master Agreement to which the bidder declines to agree and should provide a detailed explanation of the basis for the bidder's position. For ownership acquisition proposals, ESI anticipates negotiating a Purchase and Sale Agreement to facilitate a transaction.

Bidders also are advised that during the Delivery Term of any Transaction involving the purchase of capacity and energy entered into as a result of this RFP, there is a possibility that changes in the wholesale market structure could occur as a result of regulatory actions that may affect the wholesale generation market. A change in the wholesale market structure notwithstanding, ESI will require, as part of the terms required under any such Transaction that its purchase of capacity and energy thereunder will also include any applicable Other Associated Electric Products.

As noted previously, ESI seeks proposals that will provide the Entergy System operational control and flexible capacity to meet customers' needs in a reliable and economical manner.

Deleted: retail

Deleted: June 2

Deleted: - DRAFT

With respect to Product Package A, ESI is soliciting a unit contingent baseload product over the limited- and long-term that originates from either a Solid Fuel or CCGT generating unit that has been placed in commercial operation at a point prior to the date of this RFP.

Deleted: currently

With respect to Product Packages B and D, ESI is soliciting tolling agreements for dispatchable/load-following and peaking resources respectively over the limited-term and long-term, provided the proposed generating unit(s) meets the terms and conditions outlined within the applicable term sheet and has sufficient, flexible fuel supply and separate fuel and electric metering. ESI prefers such tolling agreements be for an entire CCGT or CT generating unit. In the event Bidder is considering submitting a proposal for Buyer to toll less than the full output of a generating unit, the proposal must meet the requirements specified in the applicable term sheet that sufficient revenue quality fuel and electric metering be in place to allow for segregation of fuel input and net electrical output, respectively.

Deleted: Such

Deleted: must

Deleted:

With respect to Product Packages C, E, and F, ESI is soliciting call-option products to meet a range of System needs. Resources offered under these product categories should have scheduling or operational flexibility to respond to changing load requirements, and must be capable of cycling (*i.e.*, start-up and shut-down) on a day-ahead and intra-day basis and operating across a range of utilization and output levels. Intra-hour scheduling capability would be considered to be a benefit for such resources. The resource is expected to dispatch between the unit minimum (typically 30-40% of unit capability) and unit maximum in a timely manner based on short notice changes (with the notice period to be specified in the Definitive Agreement), including hourly swings, start-ups and shutdowns.

With respect to Product Package G, ESI is soliciting proposals for the acquisition of an undivided ownership interest in either a baseload Solid Fuel generating unit, a load-following CCGT generating unit, or a CT generating unit including all ancillary facilities with output to be delivered to a designated Delivery Point on the Entergy System. ESI seeks proposals for 100% of the specified generating unit. Pricing will be based on a single fixed payment that is inclusive of all monetary consideration for the generating unit and all ancillary facilities. The proposed generating unit in this product category must have been placed in commercial operation at a point prior to the date of this RFP. ESI prefers generating units that do not have any restrictions or limitations imposed on them as a result of other generation assets at the site. If a Bidder wishes to submit a portfolio sale consisting of two or more resources, the Bidder should submit a separate proposal for each resource and note any such requirement that the resource be part of such a sale in the Special Considerations section of the Ownership Acquisition product package.

Deleted: ,

Deleted: ,

Deleted: currently be

Deleted: linkage

Although AGC is not required, ESI prefers proposals for resources with the ability to be placed on AGC. AGC is considered to contribute to the load-following and flexible capability of the resource. In addition, the resource must have sufficient fuel supply arrangements in order to meet the dispatch requirements of a CCGT/CT resource. ESI also prefers proposals that include firm natural gas transportation and access to fuel supply backed by storage, as well as flexibility both on an intra-day and day-ahead basis.

Deleted: June 2

Deleted: - DRAFT

<u>Environmental Change in Law</u>

ESI recognizes the potential for an Environmental Change in Law to impose additional costs on Seller in the performance of a power sales contract with Buyer and is willing to consider proposals to transfer certain risks associated with an Environmental Change in Law to Buyer. For three (3) and five (5) year contracts, ESI will consider proposals for Buyer to bear all or a portion of the net incremental, non-capital cost increases Seller reasonably incurs in the generation of power for Buyer due exclusively to Environmental Changes in Law with respect to the Environmental Matters specified in clauses (1) and (2) of the definition thereof (located in Appendix A). Reimbursable costs under clause (2) of the Environmental Matters definition will be limited to the incremental costs of the emissions allowances purchased by Seller to comply with the applicable Environmental Change in Law. ESI makes no commitment and is under no obligation to accept any such proposal or agree to assume any such cost risk. ESI's acceptance of Environmental Change in Law costs for three (3) and five (5)-year contracts will be predicated on, among other things, full regulatory recovery of these costs and a right to terminate the contract or its participation in further sharing of Environmental Change in Law costs in the event the costs exceed an agreed maximum.

For ten (10) year or longer-term contracts, ESI will consider proposals for ESI to share in the risk and reward of Environmental Changes in Law that directly affect the costs Seller incurs in the generation of power for Buyer, but makes no commitment and is under no obligation to accept any such proposal or agree to assume any such cost risk. If Seller proposes to pass through to ESI, without markup, Seller's reasonable, verifiable, net incremental non-capital and/or capital costs or savings that Seller incurs in the generation of power for Buyer due exclusively to an Environmental Change in Law, such proposal will be the subject of negotiation so long as, in ESI's opinion, the proposal is part of a bid that merits further consideration. ESI's acceptance of Environmental Change in Law costs for contracts of ten (10) years or longer will be predicated on, among other things, full regulatory recovery of these costs and a right to terminate the contract or its participation in further sharing of Environmental Change in Law costs in the event the costs exceed an agreed maximum.

If a Bidder is willing to assume the risk of an Environmental Change in Law, the Bidder should specify with particularity in the Special Considerations section of the Proposal Submission Form the risk it is willing to absorb. For example, if a Bidder will shoulder the risk of future CO_2 compliance costs, but not the risk of future NO_x compliance costs, the Bidder should so specify in its bid. When a Bidder elects to bear the full risk of a specific Environmental Change in Law, ESI will reflect such election in its modeling of Bidder's proposal.

Bidders unwilling to assume the full risk of an Environmental Change in Law must provide the following information in the Special Considerations section of the applicable product package: (i) the amount of the deductible (the amount exclusively for Seller's account before Buyer's obligation to share in change in law costs becomes effective), if any, on a per occurrence and/or on an aggregate basis; (ii) the amount or percentage increase in Buyer's costs due to an

Deleted: Given the term of some of the products,

Deleted: that may cause

Deleted: to the

Deleted: that were not included

Deleted: pricing of the proposal. For three and five year

Deleted: increase

Deleted: .

Deleted: threshold.

Deleted: proposals that are

Deleted: years

Deleted: threshold.

Deleted: Bidders must provide the following information in the Special Considerations section of the applicable product package for any proposal regarding Environmental Change in Law costs: (i) the amount of the deductible (the amount exclusively for Seller's account before Buyer's obligation to share in change in law costs becomes effective), if any, on a per occurrence and/or on an aggregate basis; (ii) the amount or percentage increase in Buyer's costs due to an Environmental Change in Law that will trigger

Deleted: Buyer termination right (whether on an aggregate, per occurrence, percent increase in monthly costs, or other basis); (iii) whether there will be a "dead zone" (i.e., a period in which no Environmental Change in Law costs will be borne by Buyer after the start of the delivery term), and if so, the length of the dead zone; (iv) the fixed percentage share of Environmental Change in Law costs to be borne by Buyer or the basis for sharing such costs with Buyer (e.g., pro rata share based on energy takes from the Facility); (v) the minimum notice to Buyer required prior to any Buyer sharing of Environmental Change in Law costs taking effect; (vi) if Seller proposes for Buyer to share in Environmental Change in Law capital costs, Seller's proposed discount or finance rate for purposes of calculating Buyer's payment obligation for capital items and term of amortization (10 year or greater products only); and (vii) any other material term conce ... [1]

Deleted: June 2

Deleted: - DRAFT

Environmental Change in Law (whether on an aggregate, per occurrence, percent increase in monthly costs, or other basis) or other event that will trigger Buyer's right to terminate the contract or its participation in any further sharing of Environmental Change in Law costs; (iii) whether there will be a "dead zone" (i.e., a period in which no Environmental Change in Law costs will be borne by Buyer after the start of the delivery term), and if so, the length of the dead zone; (iv) the fixed percentage share of Environmental Change in Law costs to be borne by Buyer or the basis for sharing such costs with Buyer (e.g., pro rata share based on energy takes from the Facility); (v) the minimum notice to Buyer required prior to any Buyer sharing of Environmental Change in Law costs taking effect; (vi) if Seller proposes for Buyer to share in Environmental Change in Law capital costs, Seller's proposed discount or finance rate for purposes of calculating Buyer's payment obligation for capital items and term of amortization (10 year or greater products only); and (vii) any other material term concerning the proposed cost sharing between Seller and Buyer of Environmental Change in Law costs.

1.5.1. Baseload Product (Product Package A)

The Baseload product consists of a limited-term and/or long-term purchase of unit contingent Capacity, energy and all Other Associated Electric Products from a Solid Fuel or CCGT generating unit on a 7x24 basis with output to be delivered to a designated Delivery Point on the Entergy System. This product may be from a Solid Fuel or CCGT generating unit that is expected to run in all hours of the Delivery Term, subject to the capabilities of the generating unit specified and the availability requirements defined in Product Package A. Seller will provide the fuel supply.

Pricing for this product will be based on (i) an Option Premium, proposed by the Bidder and expressed in $/kW-year (the Option Premium must be a minimum of $12.00/kW-year), (ii) an energy payment based on either a Guaranteed Energy Price expressed in $/MWh ***or*** (x) a Fixed Heat Rate proposed by the Bidder, expressed in Btu/kWh, multiplied by (y) the Fuel Price, expressed in $/MMBtu (defined in the applicable Term Sheet), and (iii) a Variable O&M Payment proposed by the Bidder and expressed in $/MWh.

Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by the Buyer. Bidders should include the costs of transmission services provided by a transmission entity other than the Entergy Independent Coordinator of Transmission ("Third-Party Transmission Services") in their proposed Option Premiums.

This product is being offered over the limited-term and long-term planning horizons. For the limited-term solicitation Bidders may offer a one (1), three (3), or five (5) year Delivery Term. Under the limited-term solicitation, the Delivery Term Start Date for one (1) year

Formatted: Font: Bold

Deleted: Entergy's

Deleted: Business Unit or successor organization

Deleted: June 2

Deleted: - DRAFT

Deleted: can

proposals will be June 1, 2009, and June 1, 2010 for three (3) and five (5) year proposals. For the long-term solicitation, Bidders may offer a Delivery Term of ten (10) years or greater, including the life of a unit. Under the long-term solicitation, the Delivery Term Start Date will be June 1, 2010. ESI is seeking proposals for Capacity of 50 to 500 MW.

In an effort to accommodate QF resources that may have certain baseload-type generating requirements, in this RFP, ESI will allow Bidders to propose a generating resource as a combined baseload product with a must-take requirement and a call-option product offering dispatch flexibility by linking two product categories. The baseload portion should be offered as the Baseload Product (Product Package A), and the remaining portion should be offered as the Low Heat Rate MUCCO (Product Package C). The Bidder will be given the opportunity during registration to specify that the two proposals are linked and required to be procured together. If two proposals are specified to be linked and required to be procured together, they will not be considered separately. If a Bidder wishes to have proposals considered separately as well as linked, it will be necessary to submit additional and separate proposals for each product and to pay a separate proposal submittal fee for each proposal. As described in Appendix E-1, combination proposals will be evaluated on a combined total cost/benefit perspective.

Term Sheet A of Appendix C summarizes the specific requirements for the Baseload product, which are generally described herein. Note that if the specific generating unit becomes unavailable, Seller has the right, but not the obligation, to offer to re-supply energy from another source. Buyer will, in its sole discretion, have the right to accept or reject Seller's offer of re-supply on a case-by-case basis.

1.5.2. Dispatchable Multiple-Year Unit Capacity Purchase Agreement (Dispatchable MUCPA – Product Package B)

The Dispatchable MUCPA product consists of a purchase of unit contingent Capacity, energy and all Other Associated Electric Products from a load-following CCGT generating unit with output to be delivered to a designated Delivery Point on the Entergy System. Buyer must have the ability to Schedule and dispatch energy and all Other Associated Electric Products from a specific CCGT generating unit on a day-ahead and/or intra-day basis with no minimum annual energy dispatch requirements, and also the ability to start-up and shut down the generating unit at Buyer's discretion based on the capabilities of the generating unit specified. Buyer will provide the fuel supply.

Pricing for this product will be based on (i) an Option Premium, proposed by the Bidder and expressed in $/kW-year, (ii) a Variable O&M Payment expressed as $/MWh (pre-set at $1.00/MWh for the limited-term solicitation and proposed by Bidder under the long-term solicitation), and (iii) a Fixed Start-up Payment expressed as $/CT-start (Pre-set at $12,500.00

Deleted: no earlier than

Deleted: ¶

Deleted: the Capacity of the specified CCGT generating unit, which Capacity may be either the full

Deleted: such unit (*e.g.*, one entire 2x1 CCGT train totaling approximately 450 MW

Deleted: 650 MW, or one entire 1x1 CCGT train totaling approximately 250 MW to 400 MW) or a portion thereof. ESI is seeking proposals for at least one entire 1x1 CCGT train totaling approximately 250 MW to 400

Deleted: product

Deleted: June 2

Deleted: - DRAFT

per CT per Start for the limited-term solicitation and proposed by Bidder under the long-term solicitation). Bidder will propose a Guaranteed Heat Rate curve that shall be guaranteed within a bandwidth of plus or minus 3%. Buyer may dispatch the generating unit anywhere between the minimum and maximum operating levels subject to the operating limitations of the generating unit.

Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by the Buyer. Bidders should include costs of any Third-Party Transmission Services in the proposed Option Premium.

This product is being offered over the limited-term and long-term planning horizons. For the limited-term solicitation Bidders may offer a one (1), three (3), or five (5) year Delivery Term. Under the limited-term solicitation, the Delivery Term Start Date for one (1) year proposals will be June 1, 2009, and June 1, 2010 for three (3) and five (5) year proposals. For the long-term solicitation, Bidders may offer a Delivery Term of ten (10) years or greater, including proposals for the life of a unit. The Delivery Term Start Date for long-term proposals will be June 1, 2010.

ESI is seeking proposals for the full Capacity of the specified CCGT generating unit (*e.g.*, one entire 2x1 CCGT train totaling approximately 450 MW to 650 MW, or one entire 1x1 CCGT train totaling approximately 250 MW to 400 MW).

In the event that the proposal is for less than 100% of the output of the generating unit as described above, Bidders submitting proposals for this product must have (1) sufficient revenue-quality fuel metering equipment in place to separate fuel inputs to each generating unit and (2) sufficient revenue-quality electric metering for all net electrical output associated with the generating unit or portion of the facility that is being proposed by the Bidder. If Bidder cannot fully comply with these requirements, Bidder's proposal may be rejected as non-conforming.

Term Sheet B of Appendix C summarizes the specific requirements for this Dispatchable MUCPA product, which are generally described herein.

1.5.3. Low Heat Rate Multiple-Year Unit Capacity Call Option (Low Heat Rate MUCCO – Product Package C)

The Low Heat Rate MUCCO product would provide ESI with unit contingent call option rights to Capacity, energy and all Other Associated Electric Products from a specifically-designated generating unit, and the ability for ESI to pre-schedule energy from the unit for a minimum of eight to sixteen hours (depending upon the Schedule and corresponding Fixed Heat Rate as outlined below) on a day-ahead and intra-day basis. Seller will provide the fuel supply.

Deleted: the

Deleted: no earlier than

Deleted: facility

Deleted: -

Deleted: June 2

Deleted: - DRAFT

Offers for this product must include a proposed Option Premium (expressed in $/kW year) to be specified by Bidder. Other terms for this product include the following pre-established elements, which are not subject to modification by the Bidder:

(i) Under the limited-term solicitation the Variable O&M Payment will be pre-set at $1.00/MWh; however, under the long-term solicitation, Bidder may propose the Variable O&M Payment expressed as $/MWh;

(ii) under the limited-term solicitation, the Fixed Start-Up Payment will be pre-set at $50.00 per MW per Start; however, under the long-term solicitation, Bidder may propose the Fixed Start-Up Payment expressed as $/MW per Start;

(iii) Under the limited-term solicitation, the Heat Rate will be Fixed as follows: (a) 7,500 Btu/kWh for an 8-hour through 11-hour dispatch Schedule, (b) 7,300 Btu/kWh for a 12-hour through 15-hour Schedule, or (c) 7,200 Btu/kWh for a 16-hour or longer Schedule; however, under the long-term solicitation the Bidder will propose a Fixed Heat Rate, which shall be deemed to include all applicable adders, taxes, and start-up fuel payments, for each of the following pre-defined scheduling blocks: (d) 8-hour through 11-hour dispatch Schedule, (e) 12-hour through 15-hour Schedule, (f) 16-hour or longer Schedule; and

(iv) a Gas Price that will be determined based upon next-day or intra-day scheduling notification as detailed in the term sheet.

Bidders should take all pre-established product elements into account in developing and offering the proposed Option Premium.

Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by the Buyer. Bidders should include costs of any Third-Party Transmission Services in their proposed Option Premium.

This product is being offered over the limited-term and long-term planning horizons. For the limited-term solicitation Bidders may offer a one (1), three (3), or five (5) year Delivery Term. Under the limited-term solicitation, the Delivery Term Start Date for one (1) year proposals will be June 1, 2009, and June 1, 2010 for three (3) and five (5) year proposals. For the long-term solicitation, Bidders may offer a Delivery Term of ten (10) years or greater, including the life of a unit. Under the long-term solicitation, the Delivery Term Start Date will be June 1, 2010.

Deleted: for

Deleted: no earlier than

Deleted: June 2

Deleted: - DRAFT

ESI encourages Bidders to offer Contract Quantities of Capacity of between 50 MW and 350 MW, as specified by Bidder, but will consider any amount above 50 MW. [6]

To the extent that ESI does not Schedule or dispatch energy from the specified generating plant for the next day, the Seller would have the ability to sell this energy on a *non-firm, interruptible* basis to other markets or utilize it to serve Seller's own load, subject to Buyer's rights, which include the right to submit a dispatch schedule on a real time basis with four (4) hours prior notice (including start-up time).

To accommodate QF resources that may have certain baseload generating requirements, in this RFP, Bidders may propose a generating resource as a baseload product (including a must-take option) and as a call-option product by combining two product categories. The baseload portion should be offered as the Baseload Product (Product Package A), and the remaining portion should be offered as the Low Heat Rate MUCCO product (Product Package C). The Bidder should specify in the Special Considerations section of the applicable Product Packages that the two proposals are linked and required to be procured together. If two proposals are specified to be linked and required to be procured together, they will not be considered separately. If a Bidder wishes to have proposals considered separately as well as linked, it will be necessary to submit additional and separate proposals for each product and to pay a separate proposal submittal fee for each proposal. As described in Appendix E-1, combination proposals will be evaluated on a combined total cost/benefit perspective.

Term Sheet C of Appendix C summarizes the specific requirements for this Low Heat Rate MUCCO product, which are generally described herein. Note that if the specific generating unit becomes unavailable, Seller has the right, but not the obligation, to offer to re-supply energy from another source. Buyer will, in its sole discretion, have the right to accept or reject Seller's offer of re-supply on a case-by-case basis.

1.5.4. Peaking Multiple-Year Unit Capacity Purchase Agreement (Peaking MUCPA – Product Package D)

The Peaking MUCPA product consists of a purchase of unit contingent Capacity, energy and all Other Associated Electric Products from a peaking CT generating unit with output to be delivered to a designated Delivery Point on the Entergy System. Buyer must have the ability to Schedule and dispatch energy and all Other Associated Electric Products from a specific CT generating unit on a day-ahead and/or intra-day basis with no minimum annual energy dispatch requirements, and also the ability to start-up and shut down the generating unit at Buyer's

Deleted: June 2

Deleted: - DRAFT

[6] If the generating resource's total Capacity is less than 50 MW, but greater or equal to 35 MW, ESI will consider proposals for the resource's total Capacity.

discretion based on the capabilities of the generating unit specified. Buyer will provide the fuel supply.

Pricing for this product will be based on (i) an Option Premium, proposed by the Bidder and expressed in $/kW-year; (ii) under the limited-term solicitation, the Variable O&M Payment will be pre-set at $2.00/MWh; however, under the long-term solicitation Bidder will propose the Variable O&M Payment expressed as $/MWh; and (iii) under the limited-term solicitation, the Fixed Start-up Payment will be pre-set at $12,500 per CT per Start; however, under the long-term solicitation, Bidder will propose the Fixed Start-Up Payment expressed as $/CT per Start. Bidder will propose a Guaranteed Heat Rate curve that shall be guaranteed within a band width of plus or minus 3%. Buyer may dispatch the generating unit anywhere between the minimum and maximum operating levels subject to the operating limitations of the generating unit.

Deleted: MW

Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by the Buyer. Bidders should include costs of any Third-Party Transmission Services in the proposed Option Premium.

This product is being offered over the limited-term and long-term planning horizons. For the limited-term solicitation, Bidders may offer a one (1), three (3), or five (5) year Delivery Term. Under the limited-term solicitation, the Delivery Term Start Date for one (1) year proposals will be June 1, 2009, and June 1, 2010 for three (3) and five (5) year proposals. For the long-term solicitation Bidders may offer a Delivery Term of ten (10) years or greater, including the life of a unit. Under the long-term solicitation, the Delivery Term Start Date will be June 1, 2010. ESI is seeking proposals for the full Capacity of the specified CT generating unit.

Deleted: no earlier than

In the event that the proposal is for less than 100% of the output of the generating unit, Bidders submitting proposals for this product must have (1) sufficient revenue-quality fuel metering equipment in place to separate fuel inputs to each generating unit and (2) sufficient revenue-quality electric metering for all net electrical output associated with the generating unit or portion of the facility that is being proposed by the Bidder. If Bidder cannot fully comply with these requirements, Bidder's proposal may be rejected as non-conforming.

Deleted: facility

Term Sheet D of Appendix C summarizes the specific requirements for this Peaking MUCPA product, which are generally described herein.

Deleted: June 2

Deleted: - DRAFT

1.5.5. Peaking Multiple-Year Unit Capacity Call Option (Peaking MUCCO – Product Package E)

The Peaking MUCCO product would provide ESI with unit-contingent call option rights to Capacity, energy and all Other Associated Electric Products from a specifically designated generating unit and the ability for ESI to pre-schedule energy from the unit for a minimum of four hours on a day-ahead or intra-day basis. Seller will provide the fuel supply.

Offers for this product must include a proposed Option Premium (expressed in $/kW year) to be specified by Bidder. Other terms for this product include the following pre-established elements, which are not subject to modification by the Bidder: (i) Under the limited-term solicitation the Variable O&M Payment will be pre-set at $2.00/MWh; however, under the long-term solicitation Bidder will propose the Variable O&M Payment expressed as $/MWh; (ii) under the limited-term solicitation, the Fixed Start-Up Payment will be pre-set at $75.00 per MW per Start; however, under the long-term solicitation Bidder will propose a Fixed Start-Up Payment expressed as $/MW per Start; (iii) the Fixed Heat Rate will be pre-set at 10,500 Btu/kWh; and (iv) a Gas Price that will be determined based upon next-day or intra-day scheduling notification, as detailed in the Term Sheet. Such Fixed Heat Rate shall be deemed to include all applicable adders, taxes, and start-up fuel payments, and Bidders should take this and all other pre-established product elements into account in developing and offering their proposed Option Premium.

Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by the Buyer. Bidders should include costs of any Third-Party Transmission Services in their proposed Option Premium.

This product is being offered over the limited-term planning horizon only. Bidders may offer a one (1), three (3), or five (5) year Delivery Term. The Delivery Term Start Date for one (1) year proposals will be June 1, 2009, and June 1, 2010 for three (3) and five (5) year proposals. ESI encourages Bidders to offer Contract Quantities of Capacity of between 50 MW and 350 MW, as specified by Bidder, but will consider any amount above 50 MW.[7]

Deleted: 500

To the extent that ESI does not Schedule or dispatch energy from the specified generating plant for the next day, the Seller would have the ability to sell this energy on a *non-firm, interruptible* basis to other markets or utilize it to serve its own load, subject to Buyer's rights which include the right to submit a dispatch schedule on a real time basis with two (2) hours prior notice (including start-up time).

Deleted: June 2

Deleted: - DRAFT

[7] If the generating resource's total Capacity is less than 50 MW, but greater or equal to 35 MW, ESI will consider proposals for the resource's total Capacity.

Term Sheet E of Appendix C summarizes the specific requirements for this Peaking MUCCO product, which are generally described herein. Note that if the specific generating unit becomes unavailable, Seller has the right, but not the obligation, to offer to re-supply energy from another source. Buyer will, in its sole discretion, have the right to accept or reject Seller's offer of re-supply on a case-by-case basis.

1.5.6. Short-Notice Peaking Multiple-Year Unit Capacity Call Option (Short-Notice Peaking MUCCO – Product Package F)

The Short-Notice Peaking product would provide ESI with unit contingent call option rights to Capacity, energy and all Other Associated Electric Products from a specifically designated generating unit and the ability for ESI to pre-schedule energy from the unit for a minimum of two (2) hours on a Short-Notice basis, as specified by Seller. Seller must choose from either an Hour-Ahead or Intra-Hour dispatch option. Seller will provide the fuel supply.

Deleted: -

Under the Hour-Ahead dispatch option, Buyer shall have the right to provide a Daily Energy Dispatch Notice to Seller on a real time basis with no less than a one (1) hour prior notice. Seller will be allowed to sell any undisptached portion of the Contract Capacity on a *non-firm, interruptible* basis to other markets.

Under the Intra-Hour dispatch option, Buyer shall have the right to provide a Daily Energy Dispatch Notice to Seller on a real time basis with no less than the amount of time required by the Transmission provider's approval requirements. Seller will *not* be allowed to sell any undisptached portion of the Contract Capacity basis to other markets.

Offers for this product must include a proposed Option Premium (expressed in \$/kW year) to be specified by Bidder. Other terms for this product include the following pre-established elements, which are not subject to modification by the Bidder: (i) Under the limited-term solicitation the Variable O&M Payment will be pre-set at \$2.00/MWh; however, under the long-term solicitation, Bidder will propose the Variable O&M Payment expressed as \$/MWh; (ii) the Fixed Heat Rate of 12,500 Btu/kWh; and (iii) a Gas Price that will be determined based upon next-day or intra-day scheduling notification. Such Fixed Heat Rate shall be deemed to include all applicable adders, taxes, and start-up fuel payments, and Bidders should take this and all other pre-established product elements into account in developing and offering their proposed Option Premium.

Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by the Buyer. Bidders should include costs of any Third-Party Transmission Services in the proposed Option Premium.

Deleted: June 2

Deleted: - DRAFT

This product is being offered over the limited-term planning horizon only. Bidders may offer a one (1), three (3), or five (5) year Delivery Term. The Delivery Term Start Date for one (1) year proposals will be June 1, 2009, and June 1, 2010 for three (3) and five (5) year proposals. ESI encourages Bidders to offer Contract Quantities of Capacity of between 50 MW and 200 MW, as specified by Bidder, but will consider any amount above 50 MW. [8]

Under the Hour-Ahead option only, to the extent that ESI does not Schedule or dispatch energy from the specified non-QF generating plant for the day, the Seller would have the ability to sell this energy on a *non-firm, interruptible* basis to other markets or utilize it to serve its own load, subject to Buyer's rights which include the right to submit a dispatch schedule on a real time basis with one hour, or less to the extent possible, prior notice (including start-up time).

For QFs offering this Short-Notice Peaking MUCCO product, the QFs will retain the right to deliver QF Put to the host Entergy Operating Company pursuant to the then-existing rights under PURPA and applicable state law and regulation, even though the Operating Companies typically would not agree to continue to accept QF Put associated with dispatchable capacity that an Operating Company has agreed to purchase from a QF. A QF that generates around the clock to satisfy host demand may be in a position to satisfy such a short-notice dispatch request while retaining its ability to otherwise deliver QF Put or to sell any unscheduled energy on a non-firm, interruptible basis.

Term Sheet F of Appendix C summarizes the specific requirements for this Short-Notice Peaking product, which are generally described herein. Note that if the specific generating unit becomes unavailable, Seller has the right, but not the obligation, to offer to re-supply energy from another source. Buyer will, in its sole discretion, have the right to accept or reject Seller's offer of re-supply on a case-by-case basis.

1.5.7. Ownership Acquisition (Product Package G)

This product consists of the acquisition of an undivided ownership interest in either baseload Solid Fuel generating unit, a load-following CCGT generating unit, or a CT generating unit and all ancillary facilities with output to be delivered to a designated Delivery Point on the Entergy System. ESI seeks proposals for 100% of the specified generating unit. Pricing will be based on a single fixed payment that is inclusive of all monetary consideration for the generating unit and all ancillary facilities. The proposed generating unit in this product category must have been placed in commercial operation at a point prior to the date of this RFP. ESI prefers generating units that do not have any restrictions or limitations imposed on them as a result of other generation assets at the site.

Deleted: currently be

Deleted: June 2

Deleted: - DRAFT

[8] If the generating resource's total Capacity is less than 50 MW, but greater or equal to 35 MW, ESI will consider proposals for the resource's total Capacity.

This product is being offered only over the long-term planning horizon. Under the long-term solicitation Bidders can offer an ownership acquisition proposal, however due to regulatory considerations any anticipated closing would not likely occur prior to 2011. Under the long-term solicitation, any interim arrangement based on a Definitive Agreement to take delivery of Capacity, energy, and Other Associated Electric Products from the facility would start no earlier than June 1, 2010. If a Bidder wishes to submit a portfolio sale consisting of two or more resources, the Bidder should submit a separate proposal for each resource and note any such conditions in the Special Considerations section of the product package.

Deleted: the linkage

Term Sheet G of Appendix C summarizes the specific requirements for this product, which are generally described herein.

Deleted: C

1.6. Demand Response Programs/Services, Energy Efficiency, and Renewables

Although ESI is not specifically soliciting demand response, energy efficiency, or renewable products or services in this RFP, ESI is willing to accept information regarding such products and services and will accept indicative proposals, if providers wish to submit them. ESI is evaluating such products and services and the role that they will play in ongoing resource planning as well as their value to customers. While ESI is not committing to any potential arrangements or evaluation considerations regarding demand response, energy efficiency, and renewable products or services, ESI encourages parties providing such products or services to submit technical and operational specifications of such products or services. Bidders will be allowed to submit indicative proposals for demand response, energy efficiency, and renewable resources; however, any such proposal will be evaluated outside of the formal RFP process after the evaluation and selection of resources needed to meet the Entergy System's incremental needs. ESI is unable at this time to capture indicative bids through the RFP Web Portal. Thus, parties wishing to submit indicative proposals and/or information regarding their products or services should send them directly to the RFP Administrator (using the contact information listed in Section 2.5). A Proposal Submission Fee will not be collected for indicative proposals associated with demand response, energy efficiency, and renewable proposals.

Deleted: .

Deleted: Those parties should submit details

Parties should recognize that ESI is not committing to review any such responses on the same timeline as the Summer 2008 RFP but will use this information to assess the potential attributes and benefits of such products and services for possible consideration in future procurement and resource planning efforts, which efforts are expected to include a future solicitation for such products and services.

ESI will maintain the confidentiality of all information and indicative proposals received from providers of demand response, energy efficiency, and renewable resources. However, it should be noted that the evaluation protocols referenced in Appendices E-1, E-2, and G will not

Deleted: June 2

Deleted: - DRAFT

be followed because those resources are not being evaluated within the RFP itself and are not competing against proposals submitted in response to the RFP for the products sought in the RFP. Further, it is expected that the demand response, energy efficiency, and renewable resources involve new technologies and/or alternate types of fuels with which ESI may not be familiar. Thus, ESI believes that a multi-disciplinary evaluation process will allow an appropriate consideration of the merits of such resources and how they may fit within the needs of the Entergy System.

With regard to renewable resources in particular, Bidders also should note that Entergy Gulf States Louisiana, L.L.C. and Entergy Louisiana, LLC participate in a separate RFP process conducted under the direction of the Louisiana Public Service Commission in order to obtain such resources. ESI encourages providers of renewable resources to participate in that process, in addition to any information they may wish to submit in response to this RFP.

1.7. Planning Regions

Deleted: . ¶

For resource planning purposes, the area served by the Entergy Operating Companies is divided into four major planning regions which are determined based on characteristics of the Entergy System including the ability to transfer power between regions as defined by the available transfer capability, the location and amount of load, and the location and amount of generation. The four planning regions are described generally as follows:

- North Arkansas - that certain area of northern Arkansas serviced by one or more of the Entergy Operating Companies and other utilities (generally north of Sheridan, Arkansas);
- WOTAB - the region in southwestern Louisiana and southeastern Texas that is west of the Atchafalaya Basin and that is serviced by one or more of the Entergy Operating Companies and other utilities (generally west of the Baton Rouge, Louisiana metropolitan area, to the westernmost portion of Entergy's service territory in Texas); The westernmost portion of the WOTAB region is the Western Region, which encompasses the westernmost part of ETI's service territory (generally west of the Trinity River) and has unique planning requirements;
- Amite South - the region of Louisiana south of the Amite Substation that is serviced by one or more of the Entergy Operating Companies and other utilities (generally from east of the Baton Rouge, Louisiana metropolitan area to the Mississippi state line and south to the Gulf of Mexico); the Southeast portion of the Amite South region is known as the Downstream of Gypsy (DSG) region and generally encompasses down river of the Little Gypsy plant including metropolitan New

Deleted: June 2

Deleted: - DRAFT

Orleans east to the Mississippi state line and south to the Gulf of Mexico and has unique planning requirements; and

- Central - that certain area of southern Arkansas, northern Louisiana and western Mississippi serviced by one or more of the Entergy Operating Companies and other utilities (generally south of the North Arkansas region and north of the WOTAB and Amite South regions, but includes the Baton Rouge, Louisiana metropolitan area).

In this Summer 2008 RFP, preference will be given to resources located in the Amite South and WOTAB planning regions. Factors influencing this preference include:

- The System seeks to achieve a geographic dispersion of resources with generation located proximate to load.
- The SSRP anticipates the addition of CCGT resources in each planning region to address load-following needs.
- The SSRP anticipates the addition of CT resources to address regional peaking supply needs.
- Recent additions of capacity by ESI have been in the Central region.
- Existing Solid Fuel resources are located primarily in the northern part of the System.

Although regional location will be a consideration, regional location will not exclude any proposal from consideration. The primary factor in the selection of resources will be the relative economic benefit provided by each proposal.

2. RFP SOLICITATION AND PROPOSAL SUBMISSION PROCESS

The Summer 2008 RFP will use a multi-phase process consisting of: (1) Solicitation; (2) Electronic Bidder Registration; (3) Electronic Proposal Submission; (4) Proposal Receipt and Screening; (5) Review and Evaluation; and (6) Notification and Contract Negotiations.

Phases 1, 2, 3 and 4 will be processed electronically via the RFP Website and the RFP Web Portal. Bidders should note that ESI will accept only electronic proposal submissions via the RFP Web Portal. The RFP Web Portal has been designed and implemented to facilitate a web-based proposal submission, receipt, and processing of Bidder proposals to help streamline the RFP process, and to support ESI's efforts to protect the confidentiality of proposal information and ensure that all proposals are consistently, accurately and fairly evaluated by the

Deleted: June 2

Deleted: - DRAFT

RFP Evaluation Team. Appendix D contains information on accessing and utilizing the RFP Web Portal.

This RFP and all appendices and forms will be available on or through the RFP Website. As further described in Appendix D, Bidders will be able to download examples of the required web-based forms for initial review, but ultimately must complete the forms using the web-based RFP Web Portal by the specified deadline.

Each proposal must be signed by an officer (or similarly situated representative) of the Bidder who is authorized to sign and submit the proposal.

If a Bidder wishes to submit a proposal contingent on the results of ESI's 2008 Western Region Limited-Term RFP or another company's request for proposals, the Bidder may do so provided that it indicates such conditions and reasons in the "Special Considerations" section of its electronic Proposal Submission Form.

Phase 5 (Review and Evaluation) is detailed in Appendices E-1, E-2, and F and Phase 6 (Notification of Final Selection and Contract Negotiations) is discussed in Section 6 of this RFP. The schedule for this Summer 2008 RFP is presented below.

Deleted: ¶

2.1. Schedule

This timeline is representative only and is subject to change. ***Other than establishing the date on which bidders will be notified that there proposals are eligible for consideration as displacement resources, this timeline does not apply to the evaluation of proposals of a term of three or more years for displacement opportunities that were not selected to meet incremental resource needs identified in this RFP. A separate evaluation timeline will be established for such proposals and will be posted on the RFP Website.***

Phase 1 — Solicitation

Draft RFP issued	June 2, 2008
LPSC Technical & Bidders' Conference	June 19, 2008
Final RFP issued	On or about July 28, 2008

Deleted: On or about

Phase 2 — Bidder Registration

Bidder Registration Process begins	August 4, 2008 at 8:00 a.m. CPT
Bidder Registration Process completed	August 7, 2008 at 5:00 p.m. CPT

... [2]

Formatted Table

Deleted: June 2

Deleted: - DRAFT

Deadline for payment of Proposal Submittal Fees	August 14, 2008 at 5:00 p.m. CPT

Deleted: 15

Phase 3 — Electronic Proposal Submission

... [3]

Formatted Table

Proposal Submission Process begins	August 18, 2008 at 8:00 a.m. CPT
Deadline for electronic submission of proposals	August 21, 2008 at 5:00 p.m. CPT

Phase 4 — Proposal Receipt and Screening for Conformance

Proposals received and proposal data reports for Proposal Evaluation Team members are reviewed by the Independent Monitor. Proposal data reports subsequently forwarded to Proposal Evaluation Team members.	On or about August 22, 2008

Phase 5 — Review and Evaluation Process*

Evaluation of proposals begins	As early as August 25, 2008 but not prior to completion of the process for reviewing and segregating proposals.
Bidder(s) who submitted long-term proposals will be notified when it will be necessary to submit information required in the preliminary due diligence list	1st Quarter 2009

*ESI reserves the right to develop a preliminary shortlist using the Fundamental Analysis described in Appendix E-1 if needed to help facilitate the selection and analysis of proposals. If a preliminary shortlist is developed, it will be done with the concurrence of the IM and after review by the Staffs of interested regulatory commissions overseeing the RFP process. Bidders whose proposals are selected to the preliminary shortlist will be notified, and ESI will post a timeline for the further analysis of the proposals.

Phase 6 — Notification of Final Selection and Contract Negotiations

Bidders who submitted proposals with a one (1) year delivery term starting June 1, 2009 notified of their inclusion on either the primary award list or notified of elimination from further consideration as an incremental resource	On or about December 1, 2008

Deleted: June 2

Deleted: - DRAFT

The statements contained in this RFP are made subject to the Reservation of Rights set forth in this RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

Initiate contract negotiation(s) with Bidders on primary award list for proposals with a one (1) year delivery term starting June 1, 2009	On or about December 1, 2008
Execute and deliver Definitive Agreements for incremental resources with a one (1) year delivery term	On or about March 2, 2009
Bidders who submitted proposals with a delivery term of three (3) years or longer starting June 1, 2010 notified of their inclusion on either the primary/secondary award lists or notified of elimination from further consideration as an incremental resource	On or about March 2, 2009
Bidders will be notified whether their proposals are eligible to be retained for further review as displacement resources (the timeline for the evaluation of the displacement resources has not been developed and will be posted on the RFP Website)	On or about March 2, 2009
Initiate contract negotiation(s) with Bidders on primary award list for proposals with a delivery term of three (3) years or longer	On or about March 2, 2009
Notify limited-term and long-term secondary award shortlist Bidders of ESI's intent to proceed with negotiations	On or before April 30, 2009
Execute and deliver Definitive Agreement(s) for limited-term incremental resources	3rd Quarter 2009
Execute and deliver Definitive Agreement(s) for long-term incremental resources	3rd Quarter 2009

Deleted: On or about 2nd

Deleted: On or about 2nd

Formatted: Font: 10 pt

Formatted: Indent: Left: 1.5", First line: 0"

ESI will require that all proposals are the Bidder's ***good faith best offer*** for all material terms of the applicable product package. ESI does not intend to contact any Bidder to clarify its proposals, although ESI reserves the right to do so in accordance with Section 2.5. In addition, except under extraordinary circumstances and with the concurrence of the IM, no proposal may be modified, and each proposal must be signed by an officer (or similarly situated representative) of the Bidder who is authorized to sign and submit the proposal. If a Bidder wishes to submit a proposal contingent on a prior sale or commitment (for example, another company's request for proposals), the Bidder may do so provided that it indicates such conditions and reasons in the "Special Considerations" section of its electronic proposal submission form.

Deleted: June 2

Deleted: - DRAFT

2.2. Cancellation, Modification or Withdrawal of the RFP

ESI reserves the right to cancel, modify or withdraw this RFP and to revise the schedule specified above in order to meet its objectives after appropriate consultation with the IM and staffs of regulatory commission(s) participating in overseeing the Summer 2008 RFP process. ESI will endeavor to notify all participants who have completed Bidder Registration of any such cancellations, modifications or schedule changes that are made prior to the applicable deadline for submission of proposals. However, ESI will have no responsibility for failing to do so.

2.3. LPSC Staff Technical Conference and ESI Bidders' Conference

On June 19, 2008, the LPSC Staff hosted a Technical Conference, and immediately following that ESI hosted a Bidders' Conference for the Summer 2008 RFP. These conferences were open to all interested parties for purposes of discussing and clarifying issues relating to the RFP. ESI personnel and the IM were available at the Bidders' Conference to answer specific questions about the Bidder registration process, electronic proposal submission process, evaluation process, technical issues, product terms and conditions and to respond to other pertinent information requests.

Deleted: will host
Deleted: will host
Deleted: are
Deleted: will be

All questions regarding the RFP, whether they arise before, during or after this conference, must be submitted in writing to the RFP Administrator (using the contact information provided in Section 2.5). In order to provide all interested parties with access to information elicited through the submission of questions, ESI intends to provide written responses to all written questions, and to post the questions and answers on the RFP Website. While ESI personnel orally addressed written questions submitted during the conference, the written response may contain information that is different from or in addition to information that was provided orally, and the written response shall be deemed to supersede the oral response. Bidders are encouraged to submit written questions to the RFP Administrator prior to the Bidders' Conference.

Deleted: may
Deleted: has been

LPSC Staff Technical Conference and ESI's Bidders' Conference

Time:	10:00 a.m. CPT (lunch will be provided)
Date:	Thursday June 19, 2008
Place:	Houston Airport Marriott at George Bush Intercontinental 18700 John F. Kennedy Blvd., Houston, TX

Bidders were strongly encouraged to attend the Bidders' Conference, but were not required to attend. ESI has posted on the RFP Website the materials presented at the Bidders'

Deleted: June 2
Deleted: - DRAFT
Deleted: are
Deleted: are
Deleted: will post

Conference. Bidders are advised that those materials cannot be expected to provide or explain all of the information that was provided or explained at the Bidders' Conference.

Deleted: is

By no later than June 13, 2008, Bidders were requested to notify ESI by electronic mail to the RFP Administrator of the names of all of the individuals representing the Bidder who were planning to attend the Bidders' Conference, said notice specifying the company name of the prospective Bidder, as well as names and telephone numbers of all individuals representing the Bidder who were planning to attend the Bidders' Conference.

Deleted: are

Deleted: are

Deleted: are

There may be additional technical conferences hosted by various regulatory commission(s) (or their staffs) participating in overseeing the Summer 2008 RFP process. If any such Technical Conferences are scheduled by those commissions (or their staffs), then the date, time, and location will be posted on the RFP Website.

Beginning June 3, 2008, ESI accepted written feedback from market participants and other interested parties on the Summer 2008 RFP, provided that such comments were provided to the RFP Administrator by no later than July 7, 2008.

Deleted: will accept

Deleted: are

ESI encouraged comments on the Summer 2008 RFP from regulatory agencies, with a goal of obtaining any such comments by no later than July 7, 2008 in order for those comments to be taken into consideration by the time of publication of the final Summer 2008 RFP on or about July 28, 2008. The LPSC Staff submitted comments after the Technical Conference, and ESI is posting a response to these comments. ESI also was informed that the Louisiana Public Service Commission would offer a separate comment process wherein interested parties may express their views directly to LPSC Staff.

Deleted: encourages

Deleted: has been

Deleted: will

2.4. Final Summer 2008 RFP Issuance

ESI will issue the final Summer 2008 RFP after the completion of the Bidders' Conference and upon consideration of written feedback received in a timely fashion (as set forth in the previous paragraphs) from the various market participants, regulatory agencies and other interested parties. After taking into consideration comments from stakeholders and the IM, ESI will reflect any changes in the final Summer 2008 RFP that it, in its sole discretion, determines will enhance or improve the proposed supply procurement process described herein. ESI will post the final Summer 2008 RFP to the RFP Website on or about July 28, 2008.

2.5. Contacts with ESI and RFP Questions

Consistent with previous RFPs, ESI has a designated "RFP Administrator." The multi-purpose role of the RFP Administrator is described in Appendix G. Except as described in the next section with respect to transmission matters and in Appendix D with respect to the RFP

Deleted: June 2

Deleted: - DRAFT

Hotline, all questions and requests and any other inquiries or contact about the RFP must be directed in writing to:

Antonette Harvey
RFP Administrator
Entergy Services, Inc., T-PKWD-3A
10055 Grogans Mill Road
The Woodlands, TX 77380
Email: ESIRFP@ENTERGY.COM
Fax: 281-297-3906

Formatted: Font: Not Bold

Deleted: 5327

A direct link to the RFP Administrator's email address is available on the RFP Website.

Beginning June 2, 2008, unsolicited contact or communication between market participants and personnel or employees of ESI or any of the Entergy Operating Companies (**other than the RFP Administrator or those employees within Entergy's Transmission Business Unit as described in Section 2.6, below**) concerning the Summer 2008 RFP, without the specific, prior written consent of the RFP Administrator after consultation with the IM, is not allowed and may, depending on the circumstances, constitute grounds for disqualification of a Bidder.

All questions regarding the RFP, whether they arise before, during or after the Bidders' Conference, must be submitted in writing to the RFP Administrator. The IM will obtain, review, and may comment on copies of all written communications between ESI and Bidders in advance of ESI's issuance of such communications.

Subject to ESI's consideration of confidentiality concerns as described in the next two paragraphs below, ESI intends to post all questions submitted by Bidders, as well as ESI's responses to these questions, on the RFP Website. Such questions, therefore, must be submitted in writing. ESI will not identify the name of the party submitting questions unless such party is a regulatory agency, and such regulatory agency has requested that it be identified (the LPSC already has made such a request). ESI's objective in posting these questions and answers is to ensure that all Bidders have equal access to information that potentially may be relevant to their proposals. Bidders are urged to submit questions as early as possible, in consideration of the proposal submission deadlines set forth in Section 2.1. During the proposal submission period, ESI expects to provide answers only to questions that are specific to an actual proposal submission issue.

ESI does not expect that it will be required to provide information that is confidential to ESI or any of the Entergy Operating Companies in response to Bidder questions. If, however, ESI determines that (1) a Bidder's question calls for an answer that would contain such confidential information and (2) the provision of such confidential information is necessary and

Deleted: June 2

Deleted: - DRAFT

appropriate, then, ESI will notify the IM and will respond to that question in writing via certified mail to all Bidders who have timely executed and returned to ESI the confidentiality agreement that is posted on the RFP Website.

Similarly, ESI does not expect any questions Bidders may submit to contain information that the Bidder considers to be confidential. If a Bidder believes that certain information contained in a question the Bidder intends to submit should be treated as confidential, the Bidder is strongly urged, first, to attempt to exclude from the question all of the information the Bidder believes to be confidential, whether by redaction or other means, and then to submit the question. Alternatively, if the Bidder believes that it is necessary or advisable to submit the question without redacting confidential information, then the Bidder should, without providing any confidential information, notify the RFP Administrator in writing of the purpose of the question and the nature of the confidential information contained therein, such that ESI can determine whether the Bidder's question requires the disclosure, either by the Bidder or by ESI, of confidential information, or whether such disclosure is unnecessary or can be avoided for purposes of the RFP process.

If ESI determines that the disclosure of information confidential to the Bidder is necessary and appropriate, ESI will notify the IM and the confidentiality agreement that is posted on the RFP Website will be executed between ESI and such Bidder so that such question may be submitted. In the event that a question containing information that the Bidder considers to be confidential is submitted timely to ESI, ESI will send a copy of the question and answer to that Bidder by express mail.

ESI, its agents and representatives, and the IM will treat as confidential all proposals submitted by Bidders. Bidders shall submit their proposals with the knowledge and understanding that, regardless of confidentiality, any information submitted by Bidders is subject to disclosure to regulatory commission(s) and their staffs or any other governmental authority or judicial body with jurisdiction relating to these matters and may be subject to legal discovery. The process for protection of proposal information is further described in Appendix G.

2.6. Contacts with Entergy's Transmission Business Unit/Independent Coordinator of Transmission

The Entergy Operating Companies' transmission system is managed and operated by Entergy's Transmission Business Unit ("TBU"), which is functionally separate from the wholesale merchant functions of ESI and the Entergy Operating Companies, as required by Orders 888 and 889 issued by the FERC. Any inquiries about the Entergy Operating Companies' transmission system must be directed to Entergy's Transmission Business Unit through the Entergy OASIS website http://oasis.e-terrasolutions.com/OASIS/EES or to the Independent Coordinator of Transmission.

Deleted: June 2

Deleted: - DRAFT

2.7. Bidder Registration

Each Bidder must electronically submit via the RFP Web Portal a properly completed Bidder Registration Form, which must include the number of proposals and product type of each proposal that the Bidder intends to submit in response to this RFP, in order to be eligible to participate in the solicitation process. This process begins at 8:00 a.m. CPT on August 4, 2008 and ends at 5:00 p.m. CPT on August 7, 2008. During the web-based registration process, Bidder's will not be able to electronically submit a registration form until all requisite information has been provided. The RFP Web Portal will only allow properly completed Bidder Registration Forms to be submitted, and therefore Bidder's will know their information has been accepted when the RFP Web Portal allows them to submit their Bidder Registration Form through the web-based registration processes. Once the web-based registration process is complete, Bidders may request that their completed registration be summarized and sent to a specified email address. To participate in the proposal submission process, Bidders must have registered their company as well as all the resources and associated proposals they intend to submit, during the Bidder registration process by August 7, 2008 at 5:00 pm CPT, and have paid the entire amount of proposal submittal fees dues by August 14, 2008 at 5:00 pm CPT. During proposal registration, Bidders will only be given the opportunity to submit proposals that were registered during Bidder registration. See Appendix D for detailed instructions on the Bidder registration process.

Deleted: 15

2.8. Proposal Submittal Fees

Consistent with the provisions of the LPSC's Market-Based Mechanisms Order, ESI will require all Bidders to pay a proposal submittal fee ("Proposal Submittal Fee") for each registered proposal. Within two (2) Business Days of receiving the executed Bidder Registration Form, ESI will invoice Bidder, by Proposal Identification Number, the Proposal Submittal Fee that is due for each registered proposal in the amount of $5,000.00 for the each registered proposal. Bidder will be required to remit wire payment(s) of the required Proposal Submittal Fee for each individual registered proposal by no later than 5:00 p.m. CPT on August 14, 2008 per the instructions in the invoice. **Failure to submit the Proposal Submittal Fee(s) by this deadline will cause the registered proposal(s) to be rejected as non-conforming and Bidder shall not be permitted to submit a proposal via the RFP Web Portal for such registered proposal(s).** See Appendix D for detailed instructions on the Proposal Submittal Fee process.

Deleted: 15

2.9. Other Bidder Requirements

ESI is making every reasonable effort to maximize fair and impartial competition and prevent or avoid collusion by any parties in this RFP process. Proposals determined by ESI, after consultation with the IM, to have been made with the intent or effect of creating artificial

Deleted: June 2

Deleted: - DRAFT

prices, terms, or conditions will be rejected. ESI expects all Bidders to comply with all the terms and conditions and conform to all of the requirements of this RFP in order to be eligible to participate in the solicitation process. The requirements to be eligible to participate include the requirement that each Bidder submit a Bidder Registration Form.

Bidders that are comprised of more than one Person may enter into contribution or indemnity arrangements or agreements among themselves to allocate their respective obligations, but no such agreements or arrangements will affect the rights of ESI or any of the Entergy Operating Companies without the express written agreement of ESI or the affected Entergy Operating Companies, which agreement will be negotiated upon the execution of a Definitive Agreement. Any Entergy Operating Company may agree to be affected by such agreements or arrangements only as to it, and no such agreement shall be effective as to any other Entergy Operating Company or as to ESI. When proposals are submitted, all such contribution, indemnity, allocation, sharing and similar arrangements, agreements and understandings must be fully disclosed to ESI. Bidders may accomplish such disclosure by completing the appropriate section of the Bidder Registration Form in Appendix B or by sending a written disclosure to the RFP Administrator prior to Proposal Submission.

Pursuant to the terms of the Proposal Submission Agreement (posted on ESI's RFP Website), unless otherwise agreed to by ESI, Bidders may not disclose to any other Person (except for those participating in the same proposal, as described above, the thermal host of a cogeneration facility being offered by a Bidder, the IM, the RFP Administrator and staffs of regulatory commission(s) participating in overseeing the Summer 2008 RFP process) their participation in the RFP process (other than by attendance alone at the Bidders' Conference described above or any similar meeting to which more than one participant is invited by ESI, which attendance in and of itself shall not violate this provision of the RFP), and Bidders also may not disclose, collaborate on or discuss with any other Person (except for those participating in the same proposal, as described above, the IM, and staffs of regulatory commission(s) participating in overseeing the Summer 2008 RFP process) bidding strategies or the substance of proposals, including without limitation, the price or any other terms or conditions of any contemplated, indicative or final proposal. Such disclosure, collaboration or discussion would violate this RFP and the Proposal Submission Agreement.

Deleted: contained in the Product Packages in Appendix C

Unless and until ESI announces or otherwise notifies a Bidder that the RFP process is terminated or concluded, or that its proposal has been rejected, that Bidder will be expected to make available, upon reasonable notice, its duly authorized officers, representatives, and advisers for the purpose of questions, negotiations, and execution and delivery of Definitive Agreements. Any Bidder who is invited to finalize one or more Definitive Agreements will be expected to use its best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or appropriate to finalize, execute, and deliver such Definitive Agreements as promptly as possible.

Deleted: June 2

Deleted: - DRAFT

2.10. Proposal Submission

In Appendix C, ESI has provided examples of the proposal submission information that ESI will require Bidders to complete and submit via the RFP Web Portal and which will provide the information that ESI needs in order to evaluate proposals. Appendix C, along with Appendix D, provides detailed proposal submission instructions. The forms are grouped in individual Product Packages that correspond to the particular products requested by this RFP. A Bidder may submit one or more proposals, which may be alternatives to each other, but each alternative will be considered a separate proposal and will require the payment by Bidder of an additional Proposal Submittal Fee.

The proposal submission process will be open to Bidders via the RFP Web Portal only between 8:00 a.m. CPT on Monday, August 18, 2008 until 5:00 p.m. CPT on Thursday, August 21, 2008. Proposal information must be submitted via the RFP Web Portal and will be actively screened for completeness in real-time, where possible, as the Bidder completes the individual steps of the web-based process. Using a web-based process ensures information submitted to ESI for review is as complete as can be reasonably required prior to the actual submission.

Deleted: process

3. PROPOSAL REVIEW AND OVERALL EVALUATION PROCESS

ESI intends to utilize a multi-step evaluation process, further detailed in Appendices E-1 and E-2 of this RFP, conducted in a carefully controlled manner, to review and select proposals that meet ESI's resource planning objectives at the lowest reasonable cost. The IM will oversee the evaluation process to support ESI's efforts to ensure that the process is fair and objective. In addition, the IM will monitor the proposal evaluation and selection process in order to verify that it is objective and impartial to all Bidders, which will include monitoring the precautions taken to restrict access to proposal information only to appropriate members of the evaluation teams in order to preserve the confidentiality of information contained in the proposals. The process for protection of proposal information is further described in Appendix G.

Upon receipt of the proposals, the IM and the RFP Administrator, under the oversight of the IM, will review and assess each proposal to ensure that it conforms to the following **threshold requirements**:

- The Bidder must have completed the Bidder registration process via the RFP Web Portal between the hours of 8:00 a.m. CPT on August 4, 2008 and 5:00 p.m. CPT on August 7, 2008.

Deleted: June 2

Deleted: - DRAFT

- The Bidder must have paid all applicable Proposal Submittal Fees by 5:00 p.m. CPT on August 14, 2008.

- The Bidder's registered proposal(s) must be accessed, completed, and successfully submitted via the RFP Web Portal between the hours of 8:00 a.m. CPT on August 18, 2008 and 5:00 p.m. CPT on August 21, 2008.

- The proposal must contain clear and complete pricing information as specified in the applicable Product Package (see Appendix C).

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

Proposals that meet all of these threshold requirements shall move to the applicable proposal evaluation process.

ESI reserves the right either to (1) reject incomplete, non-conforming or unclear proposals from further consideration, or (2) communicate with Bidders to clarify proposal terms or request additional information. ESI will consult with the IM regarding any decisions it makes to reject proposals as incomplete, non-conforming or unclear and will do so before such decisions are final and communicated to the Bidders. ESI also will consult with the IM before communicating with any Bidder to seek clarification regarding the terms of a proposal or to request additional information. The IM will obtain and review copies of all written communications between ESI and Bidders in advance of ESI's issuance of such communications.

ESI expects that clarifications will be the exception and that Bidders will properly complete the web-based proposal submission process via the RFP Web Portal. In the event that ESI believes that it would be appropriate to contact a Bidder to obtain clarification or request additional information, the question will be submitted to the RFP Administrator, who will transmit the question in writing to the Bidder. The Bidder will then submit its written response to the RFP Administrator, who will consult with the IM regarding the redaction of identifying information and thereafter will submit the requested clarification to appropriate members of the evaluation teams. When such exchanges of information include confidential information, such exchanges will be conducted in accordance with the procedures described in Appendix G.

4. ECONOMIC EVALUATION

The overarching objective in the evaluation and selection of generation resources is to procure resources that meet the supply objectives of the Entergy System at the lowest reasonable cost consistent with the provision of reliable service. The evaluation process described in

Deleted: 15

Deleted: June 2

Deleted: - DRAFT

Appendix E-1 has been designed to facilitate the fair and impartial evaluation of all conforming proposals received in response to this Summer 2008 RFP. The IM will monitor the evaluation process, and any subsequent modifications to the procedures will be discussed with and approved by the IM prior to use by ESI. ESI reserves the right to perform supplemental analyses in addition to those described in Appendix E-1, if necessary, during the evaluation process. The request to perform such supplemental analyses will be discussed with and approved by the IM.

Deleted: ¶
The primary consideration in evaluating individual proposals will be an objective evaluation of

The primary objective in evaluating individual proposals will be to identify proposals that meet the System's planning objectives at the lowest reasonable cost. The analysis will use production costing models and/or fundamental economic analysis. The Fundamental Economic analysis will be analysis based on spreadsheet models that compare the cost of each proposal in meeting various supply roles. Additionally, the evaluation process will review specific proposal characteristics to assess any additional quantitative and qualitative issues associated with each proposal. See Appendix E-1 for details. ESI also reserves the right to perform supplemental analyses, if necessary, during the evaluation process. The request to perform such supplemental analyses will be discussed with and approved by the IM and provided (without the need of a request) to the Staffs of interested regulatory commissions participating in overseeing the RFP process.

Deleted: economic effects of a proposal on Entergy System total

Deleted: using

5. TRANSMISSION SERVICE AND TRANSMISSION DELIVERABILITY EVALUATION

The Deliverability Evaluation of the Summer 2008 RFP evaluation process seeks to analyze the potential for utilizing the generation and bulk transmission facilities of the Entergy System to deliver a balanced and diversified portfolio of resources resulting in the highest overall value to customers without materially degrading supply reliability. The methodology for the Deliverability Evaluation is intended to identify whether any transmission constraints exist for any proposals submitted in response to the final Summer 2008 RFP. See appendix E-2 for details.

Deleted: ¶

6. CREDIT/COLLATERAL REQUIREMENTS

In addition to the economic evaluation of the proposals, each conforming proposal will be analyzed by the Credit Evaluation Team ("CET") to assess potential credit risks and collateral requirements. The credit evaluation seeks to assure that the Bidder's credit quality, combined with its proposal to ESI, complies with ESI's corporate risk management standards, and that any requirements for additional collateral or security associated with the proposal are identified. The critical credit risk management issue will be protecting the Buyer from the risk of a Bidder's non-performance over the duration of the contract. This risk is tied to the necessity to replace

Deleted: June 2

Deleted: - DRAFT

power and/or capacity from higher cost resources than the contracted-for resources should a supplier become unable to perform. See Appendix F for details.

7. NOTIFICATION OF EVALUATION RESULTS AND NEGOTIATIONS

ESI intends to select a mix of proposals for further consideration. Pursuant to the schedule presented in Section 2.1 above, ESI will contact each Bidder to notify it of the status of its proposal and whether additional discussions or negotiations are warranted.

The IM will participate in all elements of negotiations, if any, between ESI and Entergy Competitive Affiliates to ensure that the process is objective, impartial, and at arms-length. The IM also will monitor negotiations with third party Bidders, and ESI will hold regular meetings with the IM to inform them of the progress of such negotiations. To the extent that the IM requires additional information regarding negotiations with third party Bidders when he is not in attendance, ESI will provide that information.

Placement of a proposal on an award list or a shortlist does not indicate acceptance by ESI of any proposed contract terms. ESI shall not be bound to any obligations unless and until a Definitive Agreement is executed between the parties.

ESI intends to separate proposal awards for incremental resources into three categories:

- Primary award list for the incremental proposals – Each Bidder selected for the primary award list will be advised that its proposal has been selected based on its benefit to the Entergy System, and that ESI intends to begin discussions and negotiations immediately to procure the resource offered by that proposal. ESI will be prepared to contract for all of the proposals on the primary award list subject to successful negotiation of Definitive Agreements by the parties, consistent with the offered terms of the proposals. For limited-term proposals with a one (1) year Delivery Term, Bidders will be advised on or about December 1, 2008. For proposals with a three (3) year or greater Delivery Term, Bidders will be advised on or about March 2, 2009.

- Secondary award shortlist for the incremental proposals – Limited-Term proposals with a one (1) year Delivery Term will not be eligible for inclusion on any secondary award shortlist. Bidders' limited- and long-term proposals included in the secondary award shortlist will be advised that should ESI be unable to reach agreement with the Bidders included in the primary award list, ESI may contact Bidders included in the secondary award shortlist to begin discussions and negotiations. When notified of inclusion on the secondary award shortlist on or about March 2, 2009, Bidders will have the option of agreeing (in writing) to keep

Deleted: June 2

Deleted: - DRAFT

their pricing and all other terms and conditions of their original proposals open until a date specified therein.. Bidders that decline to do so will be removed from the secondary award shortlist. Bidders that agree will be notified as to whether ESI intends to proceed with negotiations.

- Proposals that have not been selected to meet incremental needs but are being retained for further review for the displacement analysis will be notified on or about March 2, 2009.

- Proposals that have not been selected for further consideration as an incremental resource due to proposal economics. For proposals in this category with a one (1) year Delivery Term, Bidders will be advised on or about December 1, 2008. For proposals in this category with a three (3) year or greater Delivery Term, Bidders will be advised on or about March 2, 2009.

8. REGULATORY APPROVALS, AND OTHER PERMITS, LICENSES, AND/OR APPROVALS

Certain of the capacity and/or energy resources selected as a result of this RFP process may require certification or other approval from the retail regulators of one or more of the Entergy Operating Companies, or may require authorization from the FERC under applicable law or regulations. Thus, the Definitive Agreement(s) with the selected Bidder(s) may be conditioned on, or provide a termination right with respect to the failure to obtain, any such Regulatory Approvals. Bidders should refer to applicable Product Packages for specific provisions regarding Regulatory Approvals. In addition, ESI reserves the right to require appropriate ratemaking treatment for Displacement Proposals and for proposals that were not selected to meet the incremental resources needs identified in the RFP but that will be considered for displacement opportunities.

Bidders will be responsible for having or obtaining all necessary permits, licenses, and/or approvals associated with their proposals, other than any necessary Regulatory Approvals involving regulatory jurisdiction over a purchasing Entergy Operating Company.

9. RESERVATION OF RIGHTS

A Bidder's proposal will be deemed accepted only when a Definitive Agreement has been executed and delivered by ESI (on behalf of one or more of the Entergy Operating Companies) or by any of the Entergy Operating Companies and by the chosen Bidder. Although ESI intends to enter into Transactions for resources that offer sufficiently attractive economic

Deleted: June 2
Deleted: - DRAFT

and/or reliability benefits to the Entergy System, ESI has no obligation to accept any proposal, whether or not the stated price in such proposal is the lowest price offered in the RFP process, and may reject any proposal, in its sole discretion, for any reason.

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

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

- cancel, modify or withdraw this RFP, reject any and all responses, and terminate negotiations at any time during the RFP process;
- discuss with any Bidder and its advisors the terms of any proposal submitted by the Bidder and obtain clarification from any Bidder and its advisors concerning the proposal (this will be done under the oversight of the IM as set forth in Appendix G);
- consider all proposals to be the property of ESI, subject to the provisions of this RFP relating to confidentiality, and subject to any confidentiality agreement that may be executed in connection with this RFP process, and destroy or archive any information or materials provided in the proposal submission process (currently, ESI intends to retain all proposal information until any related regulatory approval processes to which that information relates have been completed);
- request from any or all Bidders information that is not explicitly detailed in this RFP but which is necessary for evaluation of the proposal;
- determine which proposals to accept, pursue or reject;
- evaluate and consider opportunities to acquire resources offered outside the formal RFP process from parties that are not Entergy Competitive Affiliates, as such

Deleted: June 2
Deleted: - DRAFT

opportunities arise and which are compelling in terms of economic benefit to its rate payers, with the understanding that any decision to commit to these resources would be fully subject to any applicable review and approval by the appropriate regulatory bodies;

- reject any proposals that are not complete or contain irregularities, or waive irregularities in any proposal that is submitted;

- elect to not accept proposals that provide the lowest cost based on the criteria and analyses described in this RFP and Appendices E-1 and E-2, if a proposal review identifies issues detrimental to the Entergy System not specifically identified in the criteria and analyses described and after discussion of these circumstances with the IM;

- determine which Bidders to allow to participate in the RFP process, including disqualifying a Bidder due to a change in the qualifications of the Bidder or in the event that ESI determines or believes that the Bidder has failed to conform with the requirements of this RFP;

- after consultation with staffs of regulatory commission(s) participating in overseeing the Summer 2008 RFP process and with the concurrence of the IM, invite further submissions of proposals from all eligible RFP participants;

- after consultation with staffs of regulatory commission(s) participating in overseeing the Summer 2008 RFP process and with the concurrence of the IM, modify and/or accelerate the Summer 2008 RFP process, including without limitation the evaluation processes provided for in E-1 and E-2, as needed to ensure that economically attractive proposals are not withdrawn;

- conduct negotiations with any or all Bidders or other Persons; or

- sign one or more Definitive Agreements with any Bidder who submits a proposal or with any other Person or sign no Definitive Agreements related to this RFP.

If at any time ESI determines that there is a defect in the RFP process or a deviation from the requirements of this RFP, or that collusive or fraudulent bidding has occurred or appears to have occurred, ESI may suspend the RFP process in whole or in part as to any Bidder or Bidders. Prior to doing so, ESI will notify the staffs of regulatory commission(s) participating in overseeing the Summer 2008 RFP process and the IM.

Deleted: June 2

Deleted: - DRAFT

Under all circumstances, each Bidder is responsible for all costs and expenses it incurs in connection with the RFP process. Under no circumstances, including ESI's termination of the

RFP process at any time, will ESI or any of the Entergy Operating Companies be responsible for any costs or expenses of any Bidder incurred in connection with the RFP process.

Deleted: June 2

Deleted: - DRAFT

Page 15: [1] Deleted	scurein	7/28/2008 4:14 PM

Buyer termination right (whether on an aggregate, per occurrence, percent increase in monthly costs, or other basis); (iii) whether there will be a “dead zone” (i.e., a period in which no Environmental Change in Law costs will be borne by Buyer after the start of the delivery term), and if so, the length of the dead zone; (iv) the fixed percentage share of Environmental Change in Law costs to be borne by Buyer or the basis for sharing such costs with Buyer (e.g., pro rata share based on energy takes from the Facility); (v) the minimum notice to Buyer required prior to any Buyer sharing of Environmental Change in Law costs taking effect; (vi) if Seller proposes for Buyer to share in Environmental Change in Law capital costs, Seller’s proposed discount or finance rate for purposes of calculating Buyer’s payment obligation for capital items and term of amortization (10 year or greater products only); and (vii) any other material term concerning the proposed cost sharing between Seller and Buyer of Environmental Change in Law

Page 28: [2] Deleted	scurein	7/28/2008 4:14 PM

Page 29: [3] Deleted	scurein	7/28/2008 4:14 PM