

additional measures are feasible, then, in the RFP evaluation, such additional measures may be considered in conjunction with resource proposals to assess whether the potential net savings exceed those anticipated for the same proposal on a stand-alone basis. This assessment will not replace the stand-alone evaluation, but rather will provide another opportunity for a CCGT proposal to participate in this RFP. The scope, cost, and impact of the additional measures to mitigate the DSG unit commitment requirements, along with the evaluation process, will be reviewed with the IM prior to the receipt of proposals.

For CCGT developmental proposals to be considered eligible to participate in the AMS portion of this RFP, ESI will require that all CCGT developmental proposals originate from a resource that is planned to be located in the AMS planning region of the Entergy System. Due to unique planning requirements, ESI prefers a CCGT developmental resource located in the Downstream of Gypsy sub-region of AMS, but will consider CCGT developmental resources that are proposed to be located elsewhere within AMS as well. See Figure 1 for a map of the AMS planning region and DSG subregion of the Entergy System. In addition to evaluating conforming proposals received for CCGT developmental resources, ESI will also evaluate conforming proposals received for existing CCGT resources located outside of AMS for their ability to meet the needs of the AMS planning region (including DSG) based on the following criteria:

- i) The requirement that a resource located outside of AMS offers reliability and operational benefits equivalent to a resource located inside of AMS; and
- ii) For the same proposal originating from an existing resource located outside of AMS, it may be possible to achieve a lower total delivered cost by evaluating the resource as delivered into the Entergy System as compared to delivered into the AMS portion of the System.

ESI's planning process seeks integrated generation and transmission resource alternatives to achieve the planning objective of balancing reliability, cost, and risk mitigation. Additionally, ESI has established, as a general guideline for portfolio planning, that each planning region should have at least one modern, efficient, and flexible CCGT resource located within the planning region with secure and flexible fuel supply. ESI believes that this guideline supports development of a diversified regional portfolio of resources and is a reasonable initial step for the System, and more specifically AMS and DSG, for reasons described below:

- i) AMS Load Serving Capability – As compared to resources located in AMS, resources remote from AMS will not, independently, increase the AMS load serving capability and therefore may not improve the reliability and economics of serving the AMS region.

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- ii) Downstream of Gypsy Import Load Serving Capability – Resources remote from DSG will not, by themselves, increase DSG load serving capability and therefore may not improve the reliability and economics of serving the DSG region to the extent of a resource located in DSG.
- iii) Reliability – In general, reliability is improved by locating generation near the load being served. Resources remote from the AMS region will be a greater distance from the AMS load than resources located in AMS.
- iv) Voltage Regulation – Generating units can dynamically regulate the local voltage level. Resources remote from the AMS region may not be capable of contributing to the regulation of voltage in AMS.
- v) Aging Fleet – As the existing generating units age, it is reasonable to expect that their maintenance requirements may increase and/or that their reliability may decrease. At some point the existing generating units in AMS may not continue to be economically viable, and eventually would need to be replaced.
- vi) Transmission Losses – In general, losses are reduced by locating generation near the load being served. Resources remote from the AMS region will be a greater distance from the AMS load than resources located in AMS and therefore may incur higher transmission losses.
- vii) Over Reliance on Transmission – Importing most or all power requirements into the AMS region may be possible, but at some level is expected to be uneconomic. The transmission limitation posed by the Gulf of Mexico that borders the AMS region to the south requires that all of the transmission used to serve the AMS region must generally come from the north. It is reasonable to expect that this restriction may increase the cost of serving the AMS region with transmission imports as compared to a region that does not have natural transmission boundaries.
- viii) Stability – Regions supplied by remote generation and limited transmission may be susceptible to stability problems that can lead to cascading, widespread outages. Resources remote from the AMS region may not support the stability of the AMS region to the extent of a resource located in AMS.
- ix) Blackstart and Restoration – Importing most or all power requirements into the AMS region may be possible, but may increase the restoration time after widespread outages. Widespread outages caused by hurricanes are a particular

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concern for the AMS region considering its location; therefore, maintaining the ability to rapidly restore service afterward is highly desirable.

- x) Import Capability May Deteriorate – In terms of the ability to utilize transmission to serve in-region load, import capability may deteriorate overtime due to a wide range of factors that must be accommodated, including load growth, large customer load additions, changes to transmission topology, addition of independent power production, or cogeneration additions. Conversely, generation located in the AMS region provides a stable benefit to regional load serving capability that is less affected by such factors.

Due to these unique planning requirements, ESI is targeting up to 550 MW for the AMS portion of the Summer 2009 RFP. Due to the need for modern and efficient load-following capability within AMS, Bidders should be aware that the AMS portion of the solicitation will only consider CCGT technology offered through either the Long-Term Tolling PPA (Product Package B) or Ownership Acquisition (Product Package E). The remaining products and corresponding technologies will not be evaluated in the AMS portion of the RFP. In addition, all proposals offered in this RFP originating from existing resources will be evaluated in their ability to meet the needs of the Entergy Operating Companies starting June 1, 2011.

1.3.2. Delivery Term

The System has adopted the Strategic Resource Plan (“SRP”), 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 any long-term contract originating from a proposal evaluated in this RFP will help facilitate the System’s long-term supply strategy, the products offered in the RFP are consistent with the planning principles and guidelines embodied in the SRP.

To help meet the System’s needs over the long-term planning horizon, ESI is soliciting proposals for the products listed below. The products are all unit contingent 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. To be considered for the portion of the RFP that targets resources capable of meeting the June 1, 2011 delivery term start date, proposals must originate from a

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CCGT, CT, or solid fuel generating unit that has been placed in commercial operation prior to the Proposal Submission deadline. To be considered for the portion of the RFP that targets a CCGT resource to meet the AMS capacity need, proposals must originate from an existing CCGT resource, or if proposed to originate from a developmental CCGT resource, must be planned to be located within AMS with a projected in-service date of no later than June 1, 2015.

Products sought in this RFP include a Baseload Product (which can be combined with the Low Heat Rate MUCCO product as discussed below), a Long-Term Tolling PPA, 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. For existing resources, ESI expects the ten (10) year and greater products, up to and including life-of-unit type agreements, to start June 1, 2011. Ownership acquisitions of existing resources may be accompanied by an interim agreement for capacity and energy that would not start prior to June 1, 2011. CCGT developmental resources proposed to be located within AMS are limited to proposing the Long-Term Tolling PPA (Product Package A) and Ownership Acquisition (Product Package B) products.

1.3.3. Self-Build Option

In order to manage its risks relating to longer-term supply availability, reliability, and cost for supply resources, ESI intends to develop and maintain self-build and/or self-supply options to provide supply resources to the Entergy System. ESI plans to continue to take steps to preserve the potential that these supply options can be implemented, if needed, as an alternative to power purchases or the acquisition of existing or developmental merchant facilities. As part of the Summer 2009 RFP process, ESI will evaluate a proposal for a self-build option as identified for the AMS planning region in the Entergy Electric System Strategic Supply Resource Plan published June 2008. The self-build option will be considered an alternative to any proposals submitted in response to the RFP. ESI plans to evaluate all proposals for CCGT developmental resources received in response to the RFP, including the self-build option, for their ability to support a target commercial operation date of June 1, 2015; however, ESI will consider proposals for an earlier target Commercial Operation Date.

The self-build option being developed for consideration in this RFP is a CCGT unit for location at ELL's Ninemile site in Westwego, Louisiana. If constructed, the self-build CCGT unit would replace one (1) or more units at the site, which is currently the location of five (5) existing generating units owned by ELL. The self-build CCGT would consist of two (2) "F" class combustion turbines, two (2) heat recovery steam generators, and one (1) steam turbine generator and associated auxiliary equipment. In support of the self-build CCGT option, ESI plans to file a draft air permit with the Louisiana Department of Environmental Quality

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sometime in 2010. If selected for award, ESI would target to place the unit in commercial operation by June 1, 2015.

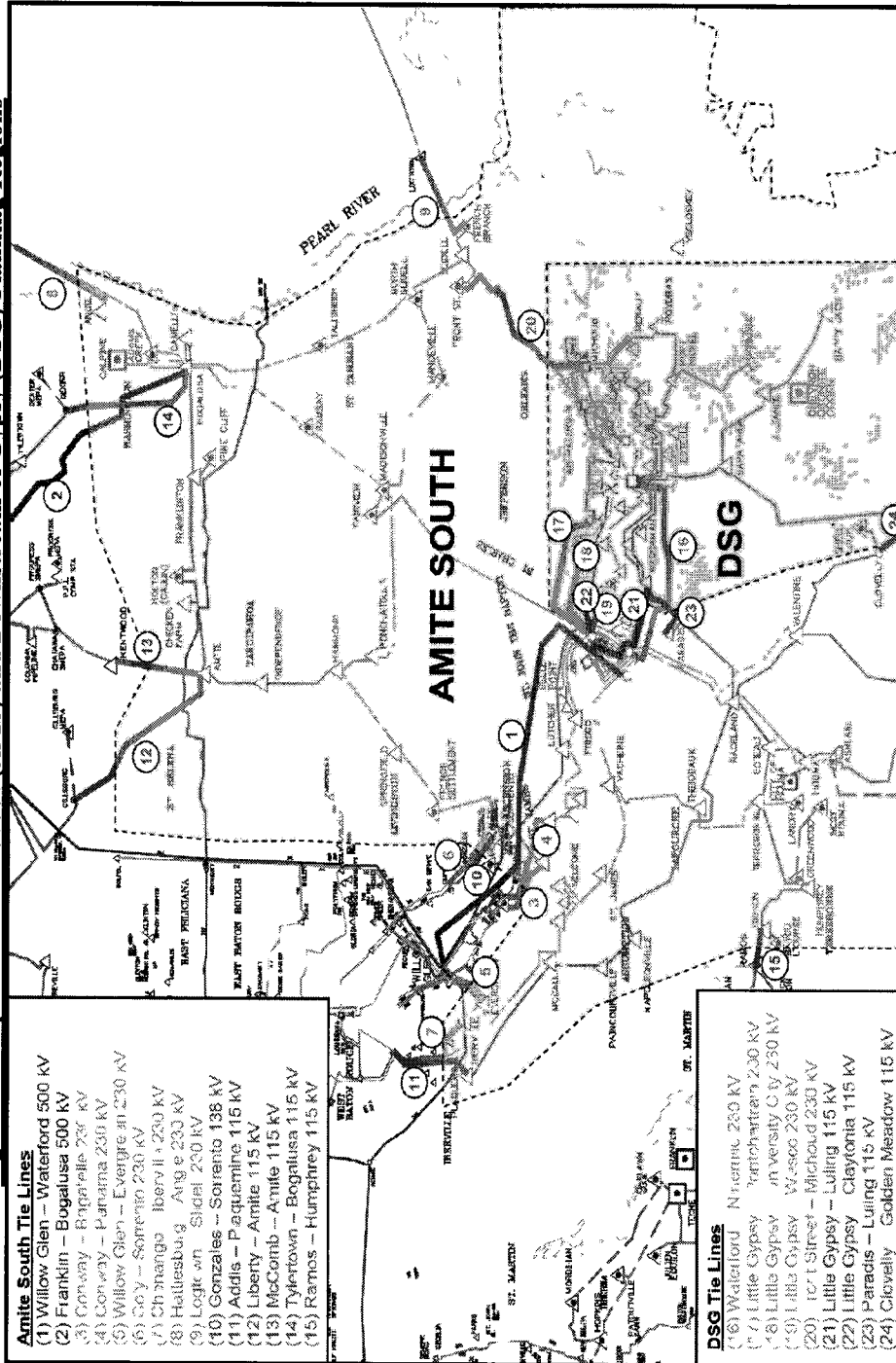
ESI will require that the self-build proposal be submitted prior to the receipt of proposals from all other Bidders. The IM and RFP Administrator will provide the redacted proposal data and information to the evaluation teams, including the self-build proposal, at the same time. All proposals, including the self-build, will be evaluated according to Appendix E and on the timeframe set forth in the Section 2.1 below.

In addition, ESI, in consultation with the IM, intends to retain an independent consulting engineer to evaluate the reasonableness of the construction cost estimates of the self-build proposal and potentially to undertake a similar evaluation with respect to any other CCGT developmental proposals submitted in response to the RFP. ESI will consult with the IM to (i) determine a process for selecting and retaining the independent consulting engineer, (ii) develop the scope of work to be performed by the consulting engineer, and (iii) determine how the engineer's report will be utilized in connection with the RFP.

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Figure 1 – Map of the Amite South (AMS) and Downstream of Gypsy (DSG) Planning Regions



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1.4. Summary Descriptions of Products Sought and Associated Term Sheets

ESI is focusing the Summer 2009 RFP on product types that can be structured to meet the needs of the System over a long-term planning horizon. Therefore, ESI is soliciting resources that are capable of meeting the Entergy Operating Company's resource planning objectives through the following long-term products, each of which is described in more detail in the Product Packages included in Appendix C:

- ❖ Baseload Product (Product Package A);
- ❖ Long-Term Tolling PPA – Load-Following CCGT (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);
- ❖ Ownership Acquisition (Product Package E).

Although these products are similar to products solicited in previous RFPs, each contains some new or modified characteristics. Bidders are advised to carefully review each term sheet ("Term Sheet") included in Appendix C to this Summer 2009 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 agreement ultimately executed for the proposal, and ESI does not expect to negotiate any of these key terms and requirements for the products *unless*

- i) an otherwise economic resource is physically unable to meet, or is prevented by substantial and material circumstances from meeting, a requirement specified in the applicable Term Sheet; *and*
- ii) 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.

ESI is not providing any Model Contracts in this RFP. However, ESI plans to use the term sheets provided in Appendix C as the basis for negotiations. Bidders that do not wish to agree to the terms and conditions outlined in the applicable product package located in Appendix C must identify the specific term or condition to which the Bidder declines to agree and should provide a detailed explanation of the basis for the Bidder's position. To facilitate a transaction

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for a PPA proposal selected for award, ESI anticipates negotiating a long-term purchase power agreement based on the terms and conditions outlined in the term sheet for the applicable product package. To facilitate a transaction for an Ownership Acquisition proposal selected for award, ESI anticipates negotiating a Purchase and Sale Agreement based on the term sheet for Product Package E.

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.

With respect to Product Package A, ESI is soliciting a unit contingent baseload product (which can be linked to a Low Heat Rate MUCCO as discussed in Section 1.3 above) over a long-term delivery period originating from a CCGT or solid fuel generating unit that has been placed in commercial operation prior to the Proposal Submission deadline.

With respect to Product Packages B and D, ESI is soliciting tolling agreements for dispatchable/load-following and peaking resources respectively over the long-term originating from a CCGT or CT generating unit respectively that has been placed in commercial operation prior to the Proposal Submission deadline. However, Product Package B is also open to CCGT developmental resources, provided the resource meets the requirements for a developmental resource to participate in this RFP, as discussed in Section 1.3.1 above, Section 1.7 below, and the product package term sheet located in Appendix C. 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.

With respect to Product Package C, ESI is soliciting a low heat-rate call-option product from CCGT technology in commercial operation prior to the Proposal Submission deadline. This product offers ESI the ability 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. Intra-hour scheduling capability would be considered to be a benefit for such resources. In order to promote the full participation of QFs, ESI is offering the ability to link this product with the Baseload Product (Product Package A) in order to offer the combination of baseload must-take product along with a call-option type product that offers dispatch flexibility.

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With respect to Product Package E, ESI is soliciting proposals for the acquisition of an undivided ownership interest in a load-following CCGT, CT, or solid fuel generating unit, including all ancillary facilities, that has been placed in commercial operation, or CCGT developmental resources that meet the requirements to participate in this RFP, as discussed in Section 1.3.1 above, Section 1.7 below, and the product package term sheet located in Appendix C. 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. 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.

Although Automatic Generation Control (“AGC”) is not required, for certain product packages, ESI prefers proposals for resources with the ability to be placed on AGC, especially for CCGT resources. As such, for proposals submitted in response to product types other than “Low Heat Rate MUCCO” indicating they do not provide AGC capability, the EET will include the cost associated with providing AGC to proposals. This ensures that all such proposals are evaluated on a comparable basis by having all proposals provide AGC capability and is not intended to imply that the cost of AGC is indicative of the value provided by AGC.

Environmental Change in Law

ESI recognizes the potential for an Environmental Change in Law to impose additional costs on Bidder/Seller in the performance of a power sales contract with ESI and is willing to consider proposals to transfer certain risks associated with an Environmental Change in Law to ESI. Bidders should note, however, that ESI requires that the cost to comply with all existing environmental requirements in effect, at the time proposals are due, be included in the Bidder’s proposal pricing. Any Environmental Change in Law with an effective date that occurs between the time when proposals are due and the target to execute a definitive agreement, and any mechanism by which Bidder/Seller proposes to transfer certain risks, will be the subject of negotiation. In general, ESI prefers that Bidders provide a proposal to transfer the costs associated with an Environmental Change in Law as opposed to agreeing to assume this risk and incorporating the uncertainty surrounding this risk into the proposal pricing.

For Product Packages A-D, ESI will consider proposals for ESI to share in the risk and reward of Environmental Changes in Law that directly affect the costs Bidder/Seller incurs in the generation of power for ESI, but makes no commitment and is under no obligation to accept any such proposal or agree to assume any such cost risk. If Bidder/Seller proposes to pass through to ESI, without markup, Bidder’s/Seller’s reasonable, verifiable, net incremental non-capital and/or capital costs or savings that Bidder/Seller incurs in the generation of power for ESI due exclusively to an Environmental Change in Law, such proposal will be the subject of negotiation so long as, in ESI’s sole opinion, the proposal is part of a bid that merits further consideration.

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ESI's acceptance of Environmental Change in Law costs 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 Product Packages A-D, 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 CO₂ 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.

For Product Packages A-D, 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 Bidder's/Seller's account before ESI'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 ESI's costs due to an Environmental Change in Law (whether on an aggregate, per occurrence, percent increase in monthly costs, or other basis) or other event that will trigger ESI'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 ESI 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 ESI or the basis for sharing such costs with ESI (e.g., pro rata share based on energy takes from the Facility);
- v) the minimum notice to ESI required prior to any ESI sharing of Environmental Change in Law costs taking effect;
- vi) if Bidder/Seller proposes for ESI to share in Environmental Change in Law capital costs, Bidder's/Seller's proposed discount or finance rate for purposes of calculating ESI's payment obligation for capital items and term of amortization; and

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- vii) any other material term concerning the proposed cost sharing between Bidder/Seller and ESI of Environmental Change in Law costs.

1.4.1. Baseload Product (Product Package A)

The Baseload product consists of a long-term purchase of unit contingent Capacity, energy, and all Other Associated Electric Products from a CCGT or solid fuel baseload generating unit on a 7x24 basis with output to be delivered to a designated Delivery Point on the Entergy System. This product must originate from a CCGT or solid fuel generating unit in commercial operation prior to the Proposal Submission deadline, and is expected to run in all hours of the Delivery Term, subject to the capabilities of the generating unit specified and the corresponding availability requirements defined in Product Package A. *Seller will provide the fuel supply.*

Pricing for this product will be based on the following as proposed by Bidder (i) an Option Premium expressed in \$/kW-year, (ii) an energy payment based on either a Guaranteed Energy Price expressed in \$/MWh or (x) a Fixed Heat Rate 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 expressed in \$/MWh.

For resources located outside of the Entergy region, 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 Third-Party Transmission Services in their proposal pricing as appropriate.

Bidders may offer a minimum Delivery Term of ten (10) years or greater; however, ESI prefers a minimum Delivery Term of 20 years up to and including life-of-unit. The Delivery Term Start Date will be June 1, 2011. ESI is seeking proposals for Capacity of 100 to 300 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.

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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.

1.4.2. Long-Term Tolling PPA – Load-Following CCGT (Product Package B)

This product consists of a long-term purchase of 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. ESI 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 intra-day basis. The product should have no minimum annual energy dispatch requirements, and also the ability to start-up and shut down the generating unit at ESI's discretion based on the capabilities of the generating unit specified. Term Sheet B of Appendix C summarizes the specific requirements for the Long-Term Tolling PPA product, which are generally described herein. *Buyer will provide the fuel supply.*

Pricing for this product will be based on the following as proposed by Bidder (i) an Option Premium expressed in \$/kW-year, (ii) a Variable O&M Payment expressed in \$/MWh, and (iii) a Fixed Start-up Payment expressed in \$/CT per Start. The Option Premium will be payable based on the Summer Dependable Capacity during the Summer Capacity Season and on the Winter Dependable Capacity during the Winter Capacity Season. Bidder will propose a Guaranteed Heat Rate that must be guaranteed within a bandwidth of no more than plus or minus 3% at Summer and Winter standard reference conditions.

For resources located outside the Entergy region, 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 Third-Party Transmission Services in their proposal pricing as appropriate.

Bidders may offer a minimum Delivery Term of ten (10) years or greater; however, ESI prefers a minimum Delivery Term of 20 years up to and including life-of-unit. The Delivery Term Start Date will be June 1, 2011, for CCGT resources currently in commercial operation. For CCGT developmental resources participating in the AMS portion of the RFP, the Delivery Term Start Date will be June 1, 2015; however, ESI will consider proposals for an earlier start date.

ESI is seeking proposals for the full Capacity of the specified CCGT generating unit (*e.g.*, one entire CCGT train totaling approximately 250 MW to 550 MW); however, proposals for less than an entire CCGT train will not be rejected as non-conforming. In the event that the

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proposal is for less than 100% of the output of the generating unit or facility, Bidders submitting proposals for this product must have

- i) sufficient revenue-quality fuel metering equipment in place to separate fuel inputs to each generating unit; *and*
- ii) 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.

For the AMS portion of the RFP, ESI will evaluate both existing and developmental CCGT resources proposed as a Long-Term Tolling PPA that meet the requirements to participate in the RFP. With regard to the Self-Build proposal as well as any proposal to acquire the ownership of a resource, ESI reserves the right to evaluate structures for the financing of the project costs other than traditional ownership by an Operating Company and financing at its cost of capital. Such evaluations will occur in the Phase 2 - Detailed Evaluation process and may be part of the negotiation of a Definitive Agreement. To the extent that any Bidder wishes to propose an alternative arrangement, such as, for example, a PPA with a buy-out option at some point during the PPA term, Bidders should discuss such alternative arrangements in the Special Considerations section of the Proposal Submission Form. It should be noted that this option to include such proposed alternative arrangements in the Special Considerations section of the Proposal Submission Form should not be viewed as an invitation to modify the key terms as set forth in the Term Sheet for the applicable Product Package.

1.4.3. 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 CCGT generating unit in commercial operation prior to the Proposal Submission deadline, and the ability for ESI to pre-schedule energy from the unit for a minimum of eight up 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.*

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) Bidder must propose the Variable O&M Payment expressed as \$/MWh;

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ii) Bidder must propose the Fixed Start-Up Payment expressed as \$/MW per Start;

iii) Bidder must 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:

a) 8-hour through 11-hour dispatch Schedule; and

b) 12-hour through 15-hour Schedule; and

c) 16-hour or longer Schedule

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.

For Resources outside the Entergy region, 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 Third-Party Transmission Services in their proposal pricing as appropriate.

Bidders may offer a minimum Delivery Term of ten (10) years or greater; however, ESI prefers a minimum Delivery Term of 20 years up to and including life-of-unit. The Delivery Term Start Date will be June 1, 2011. ESI is seeking proposals for Capacity of 100 to 300 MW.

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

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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.

1.4.4. 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, in commercial operation prior to the Proposal Submission deadline, 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 discretion based on the capabilities of the generating unit specified. *Buyer will provide the fuel supply.*

Pricing for this product will be based on the following as proposed by Bidder (i) an Option Premium expressed in \$/kW-year; (ii) Variable O&M Payment expressed as \$/MWh; and (iii) Fixed Start-Up Payment expressed as \$/CT per Start. The Option Premium will be payable based on the Summer Dependable Capacity during the Summer Capacity Season and on the Winter Dependable Capacity during the Winter Capacity Season. Bidder will propose a Guaranteed Heat Rate curve that shall be guaranteed within a band width of no more than plus or minus 3% based on Summer and Winter standard reference conditions. Buyer may dispatch the generating unit anywhere between the minimum and maximum operating levels subject to the operating limitations of the generating unit.

For resources located outside the Entergy region, 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 Third-Party Transmission Services in their proposal pricing as appropriate.

Bidders may offer a Delivery Term of ten (10) years or greater; however, ESI prefers a minimum Delivery Term of twenty (20) years up to and including life-of-unit. The Delivery Term Start Date will be June 1, 2011. ESI is seeking proposals for the full Capacity of the specified CT generating unit.

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In the event that the proposal is for less than 100% of the output of the generating unit or facility, Bidders submitting proposals for this product must have

- i) sufficient revenue-quality fuel metering equipment in place to separate fuel inputs to each generating unit; *and*
- ii) 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 D of Appendix C summarizes the specific requirements for this Peaking MUCPA product, which are generally described herein.

1.4.5. Ownership Acquisition (Product Package E)

This product consists of the acquisition of an undivided ownership interest in either a load-following CCGT, CT, or solid fuel 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. For resources located outside of AMS, the generating unit in this product category must have been placed in commercial operation at a point prior to the Proposal Submission deadline. 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.

For the AMS portion of the RFP, ESI will evaluate both existing and developmental CCGT resources proposed as an Ownership Acquisition that meet the requirements to participate in the RFP. With regard to the Self-Build proposal as well as any proposal to acquire the ownership of a resource, ESI reserves the right to evaluate structures for the financing of the project costs other than traditional ownership by an Operating Company and financing at its cost of capital. Such evaluations will occur in the Phase 2 - Detailed Evaluation process and may be part of the negotiation of a Definitive Agreement. To the extent that any Bidder wishes to propose an alternative arrangement, such as, for example, a PPA with a buy-out option at some point during the PPA term, Bidders should discuss such alternative arrangements in the Special Considerations section of the Proposal Submission Form. It should be noted that this option to include such proposed alternative arrangements in the Special Considerations section of the Proposal Submission Form should not be viewed as an invitation to modify the key terms as set forth in the Term Sheet for the applicable Product Package.

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

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1, 2011. 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.

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

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

ESI is not soliciting demand response, energy efficiency, or renewable products or services in this RFP. ESI is not willing to accept information regarding such products and services in response to this RFP. ESI is currently evaluating responses to a recent Request for Information issued to present interested parties an opportunity to provide ESI with information regarding renewable energy sources that would be deliverable to the Entergy System. The information gathered through the RFI process will provide guidance in determining the potential portfolio of cost-competitive renewable energy resources that are available to ESI. Parties interested in learning more about the process for submitting information on a specific renewable project or opportunity are asked to visit ESI's Renewable RFI Website for more information.⁵

1.6. Planning Regions

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;

⁵ ESI's Renewable RFI Website can be accessed at: <http://www.entergy.com/esi/renewables.aspx>

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- ❖ 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 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 2009 RFP, preference will be given to resources located in the Amite South (and within Amite South, to resources located in DSG, as described above) 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 SRP anticipates the addition of CCGT resources in each planning region to address load-following needs.
- ❖ The SRP anticipates the addition of CT resources to address regional peaking supply needs.
- ❖ Recent additions of capacity by ESI have been in the Central region.

Although regional location will be a consideration, regional location will not exclude any proposal from consideration, except to the extent a proposal for a CCGT developmental resource is proposed to be located outside of AMS. The primary factor in the selection of resources will be the relative economic benefit provided by each proposal.

1.7. Special Considerations for Amite South CCGT Developmental Resources

In the AMS portion of this RFP, ESI is soliciting competitive proposals for a flexible and cost-effective load-following CCGT generating resource for the AMS planning region (which includes DSG). Due to the need identified within AMS, Bidders should be aware that the AMS portion of the solicitation will only consider CCGT technology offered through either the Long-Term Tolling PPA (Product Package B) or Ownership Acquisition (Product Package E). This portion of the RFP seeks up to 550 MW of load-following CCGT capacity, as more thoroughly described and discussed above, that is needed to meet the reliability needs of AMS, including

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DSG, over a long-term planning horizon. Bidders should be aware that, for CCGT developmental resources, ESI will require that certain criteria and/or standards be met as more thoroughly described herein, in the applicable product package term sheet located in Appendix C.

1.7.1. Transmission Considerations for a CCGT Developmental Resource

This section describes transmission issues Bidders should be aware of and need to address as they prepare a proposal for a CCGT developmental resource in response to this RFP. A description of how transmission issues will be evaluated by the RFP Evaluation Team and its Transmission Analysis Group ("TAG"), and when a transmission service request will be submitted through OASIS to Entergy's Independent Coordinator of Transmission ("ICT") for selected proposals, is located in Section 5 of this RFP and discussed in detail in Appendix E-2.

As discussed in greater detail in Appendix E-2, proposals submitted in response to this RFP ultimately are expected to qualify as a Long-Term Network Resource for the Entergy System. *However, Bidders are being asked not to include any estimates in their proposal pricing of the cost necessary to become a Long-Term Network Resource, which includes the cost of any potential transmission additions or upgrades.* Using the methodology described in Appendix E-2, the TAG will develop an estimate of the cost to qualify the resource as a Long-Term Network Resource for the Entergy System ("Delivery Cost Adders") to be used by the Economic Evaluation Team ("EET") in the economic evaluation.

If the proposed resource does not already have a signed Interconnection Agreement and has not already submitted a request to perform an interconnection study with the ICT, the Bidder/Seller must initiate this process and submit the appropriate information to the ICT prior to submitting its proposal but no later than the deadline for receipt of proposals. Failure to submit the appropriate information to the ICT will cause a proposal to be considered non-conforming. It is not necessary for the Bidder to have received the results of the interconnection study or to have entered into a signed Interconnection Agreement in order to submit a proposal; rather, the interconnection process must have been initiated with the ICT, including the submission of the information required by the ICT, and confirmation of receipt that the information for the new facility is complete and valid.

The Bidder/Seller assumes all risks with regard to transmission interconnection with the Entergy Control Area including, but not limited to, the cost of interconnection, the treatment of any associated transmission service credits, and any charges associated with reliability requirements. *Bidders are being asked to exclude any estimates of the cost to interconnect with the Entergy System from their proposal pricing.* During the proposal submission process, Bidders will be required to submit a copy of the completed Large Generator Interconnection Procedures ("LGIP") application submitted to the ICT. ESI intends to utilize a third party to obtain an expedited estimate of interconnection costs for all conforming developmental

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proposals received in response to this RFP. In doing so, ESI will ensure that the same criteria and methodologies are applied to all developmental proposals in estimating the cost to interconnect with the Entergy System. To the extent Bidders have already developed and/or been provided an estimate of interconnection costs by the ICT, ESI encourages Bidders to submit that information as a special consideration to the proposal, and ESI requests those costs be excluded from any proposal pricing.

All generating resources currently interconnected, or in the process of becoming interconnected, with the Entergy System, are responsible for complying with Entergy's OATT administered pursuant to FERC Order No. 2003-A's Standard Large Generator Interconnection Agreement and Standard Large Generator Interconnection Procedures or any successor requirements in effect. The information used in the RFP evaluation is not considered a substitution for the information received from the ICT utilizing the FERC approved procedures. The information in the RFP evaluation will only be used for evaluation purposes for making the final selection. Under an acquisition, the Bidder/Seller will not be responsible for complying with changes or modifications to Entergy's OATT that occur after the closing of the acquisition.

Any interconnection-related costs that give rise to transmission service credits under the Entergy OATT will be a function of the OATT provisions that are applicable at the time of the service. To the extent that a Bidder's interconnection-related costs, borne of a generation resource selected for award from this RFP, are determined to be credit-eligible under the applicable OATT rules, Entergy's Transmission Business Unit ("TBU") will render the financial compensation for the credits to the Bidder/Seller. Therefore, it is not necessary for the Bidder to proffer such prospective credits to ESI as part of its proposal in order for the credits to have value to the Bidder. In fact, ESI discourages Bidders from proffering such credits. ESI's preference is for the Bidder to retain such credits. The Bidder may make its own judgment about the prospective value of any such credits.

In addition, any transmission service credits existing or forthcoming associated with upgrades constructed as a result of the interconnection studies discussed above will be retained by the Bidder/Seller and will be subject to the applicable contemporaneous rules in effect. Therefore, Bidders are encouraged to exclude from their proposal, but are not prohibited from including, interconnection costs that qualify for transmission service credit.

1.7.2. Operational, Performance and Design Features for a CCGT Developmental Resource

The Entergy 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 Entergy System. The ability of a resource to provide flexible capacity requires the resource at a minimum to:

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- i) have scheduling or operational flexibility to respond to changing load requirements;
- ii) be capable of cycling (*i.e.*, start-up and shut-down) on a day-ahead and intra-day basis;
- iii) be able to operate across a range of utilization and output levels; and
- iv) at the direction of the System Dispatcher, dispatch between the unit minimum 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.

In an effort to provide guidance to Bidders regarding the design criteria and features that contribute to the ability of a resource to provide flexible capability, ESI has developed the following list of Plant & Equipment and Fuel Supply considerations for the benefit of Bidders interested in proposing a CCGT developmental resource(s) into this RFP.

Plant & Equipment Design Basis Considerations

In order to support the System's requirement for load-following and flexible capability, ESI prefers that all proposals for CCGT developmental resources submit a proposal that includes the following design features:

- i) Evaporative cooling or inlet chilling on combustion turbine;
- ii) Duct burners for supplemental firing of HRSG
- iii) Two (2) x 100% boiler feed pumps on each HRSG*
- iv) Auxiliary boiler or independent auxiliary steam supply*
- v) Two (2) x 100% or three (3) x 50% condensate pumps*
- vi) Two (2) 100% air compressors*
- vii) Vacuum pumps for condenser air evacuation*
- viii) Demineralized water system capacity sufficient to support cyclic operation*

* An asterisk indicates that the design feature is preferred, and potentially an economic option for retrofit, on an existing CCGT resource.

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These design features have been selected and disclosed in order to increase the likelihood that proposals for CCGT developmental resources are based upon a design that increases reliability and availability, and therefore decreases the amount of time a resource is unavailable for dispatch. Including these design features in a proposal for a CCGT developmental resource will also reduce the differences between proposals that can ultimately affect the proposal price.

Although Automatic Generation Control (“AGC”) is not required, for certain product packages, ESI prefers proposals for resources with the ability to be placed on AGC, especially for CCGT resources. As such, for proposals submitted in response to product types other than “Low Heat Rate MUCCO” indicating they do not provide AGC capability, the EET will include the cost associated with providing AGC to proposals. This ensures that all such proposals are evaluated on a comparable basis by having all proposals provide AGC capability and is not intended to imply that the cost of AGC is indicative of the value provided by AGC.

Fuel Supply Considerations

Fuel supply is a critical component of a resource’s ability to provide flexible capacity as described above. At a minimum, ESI requires that proposed resources have access to a source of fuel that is flexible enough to meet the operational and performance requirements described above. This will require ESI to seek clarification on a number of fuel supply and transportation related criteria, including, but not limited to:

- i) planned and/or existing pipeline interconnections;
- ii) type and sources of supply as well as points of receipt;
- iii) type of service (e.g. firm, interruptible, ratable, instantaneous);
- iv) ability/obligation of interconnected pipelines to provide adequate pipeline pressure to serve the generating unit(s) over the full operational output range;
- v) pipeline market zone applicable for the delivery point into the generating facility;
- vi) information regarding existing/planned supply and/or transportation agreements currently in place;
- vii) number of pipes to be directly connected to the facility; and
- viii) plans for dual or alternative fuel capability.

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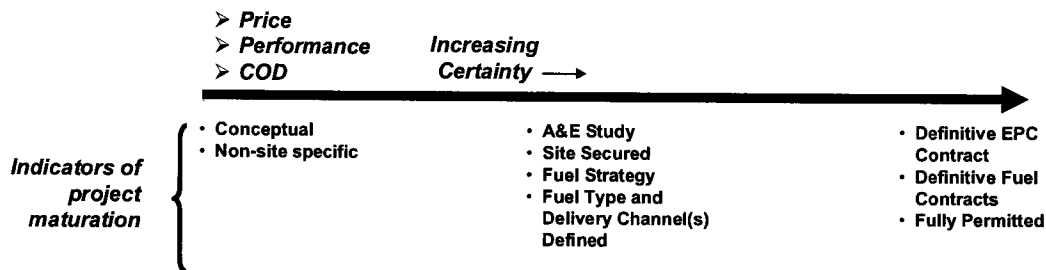
Bidders should be prepared to submit a comprehensive response to these and other fuel-related questions during the proposal submission process.

The operational, performance, and design-related criteria described in Section 1.7.2 are key components of a resource's ability to meet the requirements for products solicited in this RFP and will therefore be part of the quantitative and qualitative evaluation of proposals submitted in response to this RFP. Bidders are encouraged to review the relevant product packages and associated term sheets located in Appendix C, along with the due diligence request (as applicable) located in Appendices H and I, to facilitate an understanding of the commercial terms and conditions associated with a specific product, as well as the proposal specific information ESI intends to solicit during the registration and proposal submission processes, as further described in Appendix B. Bidders should be prepared to submit a comprehensive response to the due diligence requests for information that would support a resource developed under these general criteria.

1.7.3. Treatment of Development Risk During the Evaluation Process

For CCGT developmental resources proposed in response to the RFP, some resources may be at more advanced stages of development than others. Figure 3 illustrates the range of development status likely to be encountered during the evaluation process.

Figure 3 – Spectrum of Development Status



ESI recognizes that the status of developmental resources is likely to differ. Given the likely differences in development status of the resources submitted in response to this RFP, ESI expects that the precision of proposed price parameters will likely vary. Proposals for resources at more advanced stages of development will be positioned to provide more definitive price estimates than proposals at less advanced stages of development. Further, the earlier a project is in the overall development process, the greater the uncertainties surrounding technical design specifications, commercial feasibility, and ultimate project completion.

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During the evaluation process, the RFP Evaluation Team will consider how much of this price and cost uncertainty will be borne by ESI versus the Bidder/Seller based on the respective proposal under consideration. As described in Appendix E-3, part of the Viability Assessment Team's purpose will be to conduct an assessment of the proposals for CCGT developmental resources in an effort to ascertain the overall viability of each proposed resource, and more specifically to communicate the degree of viability to the Economic Evaluation Team in order to establish a level of certainty in Bidders' proposal pricing. Although greater precision in costs and other characteristics is preferred, uncertainty in these factors will not necessarily disqualify a proposal from further consideration.

In addition, as noted above, ESI, in consultation with the IM, intends to retain an independent consulting engineer to evaluate the reasonableness of the construction cost estimates of the self-build project and potentially to undertake a similar evaluation with respect to any other developmental proposals submitted in the RFP. ESI will consult with the IM to (i) determine a process for selecting and retaining the independent consulting engineer, (ii) develop a more detailed description of the scope of work to be performed by the consulting engineer, and (iii) determine how the engineer's report will be utilized in connection with the RFP.

2. RFP SOLICITATION AND PROPOSAL SUBMISSION PROCESS

The Summer 2009 RFP will use a multi-step 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.

Steps 1, 2, 3 and 4 will be processed electronically via the RFP Website, the RFP Web Portal, and e-mail as necessary. ESI will accept only electronic proposal submissions, as described in Appendix D, via the RFP Web Portal. In addition, Bidders will be required to submit their responses to the due diligence requests located in Appendices H and I (as applicable) electronically to the RFP Administrator. To the extent the information responsive to an applicable due diligence request is not available electronically, Bidders will be allowed to submit their response to such a request in hard copy form by express delivery to the RFP Administrator.

The RFP Web Portal has been designed and implemented to facilitate a web-based submission, receipt, and processing of Bidder proposals to help streamline the RFP process, to support ESI's efforts to protect the confidentiality of proposal information, and to ensure that all proposals are consistently, accurately and fairly evaluated by the RFP Evaluation Team. Appendix B contains information on accessing and utilizing the RFP Web Portal. ESI will, however, solicit the due diligence request (Appendix H and I, as applicable) and clarification of proposal information, all outside of the RFP Web Portal. Due to the volume of information that is being solicited through the due diligence request, ESI will accept responses either through files

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attached in electronic mail or through electronic/digital media such as a CD. Bidders should refer to the schedule below for the deadline associated with each step of the RFP.

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.

Step 5 (Review and Evaluation) is detailed in Appendices E-1, E-2, E-3, and F, and Step 6 (Notification of Final Selection and Contract Negotiations) is discussed in Section 8 of this RFP. A representative schedule for this Summer 2009 RFP is presented below.

2.1. Representative Schedule

This schedule is representative only and is subject to change.

Step 1 — Solicitation

Draft RFP issued	July 16, 2009
Bidders' Conference	August 6, 2009 at 10 a.m. CPT

Step 2 — Bidder Registration

Bidder Registration Process begins	November 2, 2009 at 8:00 a.m. CPT
Bidder Registration Process completed	November 5, 2009 at 5:00 p.m. CPT
Proposal Submittal Fees Due	November 12, 2009 at 5:00 p.m. CPT

Step 3 — Electronic Proposal Submission

Proposal Submission Process begins	November 16, 2009 at 8:00 a.m. CPT
Deadline for electronic submission of proposals via the RFP Web Portal, and for Bidders' responses to the due diligence requests located in Appendix H and I (as applicable)	November 19, 2009 at 5:00 p.m. CPT

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Step 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 November 23, 2009, but not prior to review by the Independent Monitor.
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Step 5 — Review and Evaluation Process⁶

Evaluation of proposals begins	As early as November 23, 2009, but not prior to completion of the process for reviewing and segregating proposals.
Announce Preliminary Shortlist	ESI reserves the right to select a Preliminary Shortlist from the proposals received in response to this RFP based on the results of the initial assessment. If necessary, the Preliminary Shortlist will be announced on or about February 15, 2010.

Step 6 — Notification of Final Selection and Contract Negotiations

Bidders notified of their inclusion on either the Primary or Secondary Award List or notified of elimination from further consideration	May 2010
Initiate contract negotiations with Bidder(s) on Primary Award List	As early as May 2010, but not prior to announcement of Primary/Secondary Award List.
Bidders on Secondary Award List notified of Proposal Status	August 2010
Execute and deliver Definitive Agreements	November 2010

⁶ ESI reserves the right, as dictated by the length of the evaluation process and market conditions, to allow Bidders to update their proposals prior to announcing the Primary/Secondary Award List by providing a best and final offer to ensure the most accurate, complete, and up-to-date proposal information is incorporated into the overall evaluation. If ESI determines that it is necessary to make such a request of Bidders, it will be done with the concurrence of the IM.

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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.

2.2. Cancellation, Modification or Withdrawal of the RFP

ESI reserves the right, after appropriate consultation with the IM, to cancel, modify or withdraw this RFP or to revise the schedule specified above in order to meet its objectives. 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 and will post any such actions on its RFP Website. However, ESI will have no responsibility for failing to do so.

2.3. ESI Bidders' Conference

On August 6, 2009, ESI hosted a Bidders' Conference for the Summer 2009 RFP. Representatives of the LPSC Staff attended. This conference was open to all interested parties for purposes of discussing and clarifying issues relating to the RFP. A dial-in number was provided for participants unable to attend in person, and this number was also posted on the RFP Website prior to August 6, 2009. 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.

All questions regarding the RFP, whether they arose before, during or after this conference, were 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 provided written responses to all written questions, and posted 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 were encouraged to submit written questions to the RFP Administrator prior to the Bidders' Conference.

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ESI's Bidders' Conference

Time: 10:00 a.m. CPT (lunch provided)
Date: Thursday August 6, 2009
Place: Houston Airport Marriott at George Bush Intercontinental
18700 John F. Kennedy Blvd., Houston, TX
Dial-in: (888) 422-7124
Participant Code: 735747

Bidders were strongly encouraged to attend the Bidders' Conference, but were not required to attend. Prior to the conference, ESI posted the materials to be presented during the conference to the RFP Website. 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.

By no later than July 28, 2009, ESI requested that Bidders 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, with 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.

There may be additional technical conferences hosted by various regulatory commission(s) (or their staffs) participating in overseeing the Summer 2009 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 July 17, 2009, ESI accepted written feedback from market participants and other interested parties on the Summer 2009 RFP, provided that such comments were provided to the RFP Administrator by no later than August 6, 2009.

ESI encouraged comments on the Summer 2009 RFP from regulatory agencies, with a goal of obtaining any such comments by no later than September 3, 2009, in order for those comments to be taken into consideration by the time of publication of the final Summer 2009 RFP on or about September 24, 2009. The LPSC Staff submitted comments after the Technical Conference, and ESI has posted responses to these comments. The Louisiana Public Service Commission also offered a separate comment process wherein interested parties were able to express their views directly to LPSC Staff. Several Bidders availed themselves of this comment opportunity.

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2.4. Final Summer 2009 RFP Issuance

ESI issued the final Summer 2009 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 has reflected any changes in the final Summer 2009 RFP that it, in its sole discretion, has determined will enhance or improve the supply procurement process described herein. ESI has posted the final Summer 2009 RFP to the RFP Website on or about September 24, 2009.

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

Vicki Spitznagle
RFP Administrator
Entergy Services, Inc., T-PKWD-3G
10055 Grogans Mill Road
The Woodlands, TX 77380
Email: ESIRFP1@ENTERGY.COM
Fax: 281-297-5347

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

Beginning July 16, 2009, 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 2009 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 arose 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.

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Subject to ESI's consideration of confidentiality concerns as described in the next two paragraphs below, ESI has posted all questions submitted by Bidders, as well as ESI's responses to these questions, on the RFP Website. Such questions were submitted in writing. 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 were 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, in response to Bidders' questions, it will be required to provide information that is confidential to ESI or any of the Entergy Operating Companies. 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 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 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 should 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

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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. Contact 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. Contact information for the ICT can be found at http://oasis.e-terrasolutions.com/documents/EES/ICT_PlanningStudiesAndRelatedDocuments.htm.

2.7. Bidder Registration

In order to be eligible to participate in the solicitation process, 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. Bidder registration begins at 8:00 a.m. CPT on November 2, 2009 and ends at 5:00 p.m. CPT on November 5, 2009. During the web-based registration process, Bidders will not be able to submit a registration form until all requisite information has been provided. The RFP Web Portal will allow only properly completed Bidder Registration Forms to be submitted; accordingly, Bidders will know their information has been accepted when the RFP Web Portal allows them to submit their Bidder Registration Form. 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, a Bidder must complete the following by the indicated dates and times: (1) by November 5, 2009 at 5:00 p.m. CPT, a Bidder must have registered its company, generation resource(s), and the associated proposal(s) it intends to submit; and (2) by November 12, 2009 at 5:00 p.m. CPT, a Bidder must have paid the entire amount of proposal submittal fees. During proposal submission, Bidders will only be able to submit proposals that were registered during Bidder registration. See Appendix D for detailed instructions on the Bidder Registration Process.

2.8. Proposal Submittal Fees

Consistent with previous RFPs, 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

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amount of \$5,000.00 for each registered proposal. **A Bidder may submit one or more proposals, which may be alternatives to each other, but each alternative proposal will be considered a separate proposal and will require the payment by Bidder of an additional Proposal Submittal Fee.** 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 November 12, 2009 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 will 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.

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 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.

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 will 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 sending a written letter of disclosure to the RFP Administrator by the Proposal Submission deadline.

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, and the RFP Administrator) 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 will 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, and the IM) bidding strategies or the substance of proposals, including without limitation, the price or any other terms or conditions of any

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contemplated, indicative or final proposal. Such disclosure, collaboration or discussion would violate this RFP and the Proposal Submission Agreement.

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.

2.10. Proposal Submission

In Appendix C, ESI has provided examples of the proposal submission information ESI will require Bidders to complete and submit via the RFP Web Portal and will provide the information ESI needs in order to evaluate proposals. Appendix C, along with Appendix B and 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.

The Proposal Submission Process will be open to Bidders via the RFP Web Portal only between 8:00 a.m. CPT on Monday, November 16, 2009 until 5:00 p.m. CPT on Thursday, November 19, 2009. 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.

3. PROPOSAL REVIEW AND OVERALL EVALUATION PROCESS

ESI will utilize a multi-phase evaluation process, further detailed in Appendices E-1, E-2, E-3, and F of this RFP, conducted in a carefully controlled manner, to review and select proposals that meet ESI's resource planning and risk management objectives at the lowest reasonable cost. The evaluation process will be carried out by four separate evaluation teams: the Economic Evaluation Team ("EET", see Appendix E-1), the Transmission Analysis Group ("TAG", see Appendix E-2), the Viability Assessment Team ("VAT", see Appendix E-3), and the Credit Evaluation Team ("CET", see Appendix F). The IM is to provide each evaluation team only that proposal information necessary for the evaluation team's analysis. The IM will oversee the evaluation and selection process to support ESI's efforts to ensure that the process is fair, objective, and impartial to all Bidders. The IM's responsibilities will include monitoring the

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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, 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 November 2, 2009 and 5:00 p.m. CPT on November 5, 2009;
- ❖ The Bidder must have paid all applicable Proposal Submittal Fees by 5:00 p.m. CPT on November 12, 2009;
- ❖ 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 November 16, 2009 and 5:00 p.m. CPT on November 19, 2009;
- ❖ 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; and
- ❖ The Bidder must have provided a response to the requests made in Appendix H or I (as applicable) by 5:00 p.m. CPT on November 19, 2009.
- ❖ For CCGT developmental proposals, the Bidder must have provided a completed LGIA application with the ICT, including the submission of the information required by the ICT, and provide confirmation of receipt from the ICT that the information for the new facility is complete and valid.

Proposals that meet all of these threshold requirements will be considered conforming and will 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

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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, and provide clear and complete responses to the requests located in Appendix H or I (as applicable). In the event ESI believes 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 primary objective in the evaluation and selection of generation resources is to procure resources that balance the System's objectives, including reliability, lowest reasonable cost, and risk mitigation. The evaluation process described in Appendix E-1 has been designed to facilitate the fair and impartial economic evaluation of all conforming proposals received in response to this Summer 2009 RFP. Throughout the evaluation process, the EET will develop results for proposals based on the Fundamental Economic analysis and/or Net System Benefits analysis. The Fundamental Economic analysis is based on spreadsheet models that compare the cost of each proposal, or combination A&C proposals, based on a prescribed set of operating assumptions. The Net System Benefits analysis relies on production cost modeling to assess the effects of each proposal, or combination of A&C proposals, on total System variable cost. The results of the production cost modeling are then coupled with an assessment of each proposal's fixed cost to determine Net System Benefits. The selection of proposals will be based on a variety of factors, including but not limited to relative economics, deliverability, and transactional considerations, as further described in Appendix E-1.

5. TRANSMISSION SERVICE AND TRANSMISSION DELIVERABILITY EVALUATION

The Summer 2009 RFP Transmission 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. Appendix E-2 describes the process, criteria,

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and methods that ESI intends to use to evaluate the proposals for the Transmission Evaluation Process (“TEP”) in this Summer 2009 RFP. The TEP will be conducted by, or at the request of, the Transmission Analysis Group (“TAG”) in conjunction with the Technical System Planning (“TSP”) group that is affiliated with the Transmission Business Unit. The TEP will consist of a five-step process, and the results of these analyses will be provided to EET for consideration in its evaluation and ranking. See Appendix E-2 for additional details.

6. VIABILITY ASSESSMENT

In order to determine the overall viability of proposals for developmental CCGT and existing CCGT, CT, and solid fuel resources received in response to this RFP, a Viability Assessment Team (“VAT”) has been established to review and assess the technical, fuel-related, environmental, and commercial merits of a proposal. Appendix E-3 describes the process and general criteria with which the VAT will conduct its assessment. During the first phase of the viability assessment, the primary purpose of the VAT will be to determine if any fatal flaws exist in a Bidder’s proposal(s). The VAT will base this assessment on a review and analysis of data and information provided in Bidder’s response to Appendix H or I (as applicable), as well as relevant proposal information submitted via the RFP Portal. During Phase II, the VAT will expand upon the preliminary assessment conducted in Phase I. A key component of the second phase will be to establish direct communication between the TAG/VAT and Bidders placed on the Preliminary Shortlist at the conclusion of Phase I. Any direct communication with Bidders would be approved and monitored by the IM, and would not include any member of the EET. See Appendix E-3 for additional details.

7. CREDIT/COLLATERAL REQUIREMENTS

In addition to the economic, deliverability, and viability evaluations 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 protects ESI from the risk of a Bidder’s non-performance over the duration of the contract. This risk is tied to the necessity to replace power and/or capacity from higher cost resources than the contracted-for resources should a supplier become unable to perform. See Appendix F for additional details.

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8. NOTIFICATION OF EVALUATION RESULTS AND NEGOTIATIONS

Pursuant to the schedule presented in Section 2.1 above, the RFP Administrator 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 the sponsor of the self-build project 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 the IM of the progress of such negotiations. To the extent that the IM requires additional information regarding negotiations with third-party Bidders when the IM 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:

- Preliminary Shortlist – ESI reserves the right to select a Preliminary Shortlist based on the results of an initial assessment of proposal economics, resource location and/or viability. If necessary, ESI will notify Bidders on or about February 15, 2010.
- Primary/Secondary Award List – For Proposals in this category, Bidders will be advised during May 2010.
- Proposals that have not been selected for further consideration – Bidders will be advised during May 2010.

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

ESI will obtain all applicable regulatory approvals, which may include, but not necessarily be limited to authorization from any state commission with regulatory jurisdiction over any of the Entergy Operating Companies and 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.

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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.

10. 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 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 therefore:

- ❖ 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

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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 all 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 that, in the sole opinion of ESI 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 or the Self-Build Commercial Team, as such opportunities arise and which are compelling in terms of economic benefit to its ratepayers;
- ❖ reject any proposals that are not complete or that contain irregularities, or waive irregularities in any proposal that is submitted;
- ❖ decline to accept proposals that provide the lowest cost based on the criteria and analyses described in this RFP and Appendices E-1, E-2, E-3, and F 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 and concurrence of the IM, invite further submissions of proposals from all eligible RFP participants;
- ❖ after consultation with and concurrence of the IM, modify and/or accelerate the Summer 2009 RFP process, including without limitation the evaluation processes provided for in E-1, E-2, and E-3, as needed to ensure that economically attractive proposals are not withdrawn;
- ❖ in consultation with the IM, to accept or reject any recommendation of the consulting engineer;
- ❖ conduct negotiations with any or all Bidders or other Persons; or

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- ❖ sign one or more Definitive Agreements with any Bidder who submits a proposal or with any other Person or not sign 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.

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.

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**INDEPENDENT MONITORING OF PROPOSALS FOR
THE ENTERGY SUMMER 2009 RFP**

Prepared by:
Potomac Economics, Ltd.
Independent Monitor

July 2011

PUBLIC VERSION
-- HIGHLY-SENSITIVE PROTECTED MATERIAL REDACTED --

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I. OVERVIEW

A. Introduction

This is the Independent Monitoring Report for the Summer 2009 Request for Proposals (Summer 2009 RFP) for Long-Term Resources conducted by Entergy Services, Inc. (ESI or Entergy) on behalf of the Entergy Operating Companies. Independent monitoring of the Summer 2009 RFP is part of the competitive bidding requirements of the Louisiana Public Service Commission (LPSC)¹ and is intended to ensure that the processing and evaluation of proposals are conducted in a fair and non-discriminatory manner.

The Summer 2009 RFP was the latest in a series of RFPs that ESI has issued since 2002 under the LPSC bidding requirements. The power supply products that ESI sought to procure in this RFP were based on resource planning objectives established for the Entergy System (referred to herein as the “System”). This RFP sought long-term resources to address two capacity needs identified by ESI. One was a System-wide capacity need of up to 1,000 MW of long-term peaking capacity, load-following combined cycle natural gas turbine (CCGT) capacity, or load-following base load capacity. The RFP identified June 1, 2011 as the start date for proposals seeking to fill this need. Proposals could be submitted either as asset sales, purchase power agreements (PPAs) or both, but it was required that the capacity be already in service.

The second capacity need identified in the RFP was long-term load-following CCGT capacity of up to 550 MW in the transmission-constrained Amite South (AMS) region in Southern Louisiana, which includes the transmission-constrained area within Amite South known as “Downstream of Gypsy” (DSG). ESI has identified a potential self-build CCGT project at the existing Ninemile plant site in Westwego, Louisiana to fill this need. The RFP invited developmental projects within Amite South to fill this need and invited existing CCGT resources outside Amite South to fill this need if the capacity of such resources (with the necessary

¹ 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 Meet Native Load, Supplements the September 20, 1983 General Order*, dated February 16, 2004 (as amended by General Order, Docket No. R-26172 Subdocket B, dated November 3, 2006, and further amended by the April 26, 2007 and October 29, 2008 General Orders). The Order applies in circumstances when (1) a Louisiana Operating Company participates in the RFP and (2) affiliate or “self-build” offers are invited. The Order requirements apply in this case because ESI is offering a self-build option.

transmission upgrades) can be transferred into Amite South and provide the equivalent electrical benefits as a resource located there. The RFP identified June 1, 2015 as the start date for proposals seeking to fill this need.

Potomac Economics served as the Independent Monitor for this RFP. Our role was to ensure fair and impartial evaluation and processing of all proposals offered in the RFP. In this role, we closely monitored the development of the RFP provisions and the handling of sensitive data to ensure confidentiality and fairness, and we closely monitored the economic evaluation to ensure accurate estimates of economic benefits and proper ranking of each proposal.

As indicated herein, we found the overall approach to have been conducted in a reasonable, fair, and transparent manner. The ESI personnel involved were responsive and forthright, endeavored to take reasonable measures to accommodate our concerns, and were diligent in adhering to the RFP processes. We found the economic evaluation of the proposals to have been conducted accurately and transparently and to have provided a reasonable basis for making final selections.

B. Results

There were a total of 24 proposals offered into the RFP by twelve different bidders. All 24 proposals were deemed to be conforming proposals, meaning they were accepted for evaluation because they met the minimum requirements of the RFP (such as offering the appropriate product type and technology). During February 2010, three proposals associated with a single resource were withdrawn, and these represented all of the proposals of that particular bidder. Hence, from that point, there were 21 proposals from eleven different bidders.

As described in detail below, all 21 proposals were evaluated under Phase I of the RFP evaluation process. All 21 of these proposals were successful in reaching the shortlist at the end of Phase I and were advanced to the more detailed and comprehensive Phase II evaluation. In May 2011, one proposal was eliminated due to failure to remove certain exceptions to terms of the PPA product package. The resource associated with this proposal was attached to a second proposal so the resource itself remained in the RFP process and evaluation. In August 2010, one additional proposal and its associated resource were withdrawn by the bidder. The Phase II evaluation of the 19 remaining proposals plus an additional withdrawal following the Phase II

evaluation resulted in an award list consisting of four proposals for over 1800 MW (excluding supplemental capacity). This included three proposals (with total capacity of over 1335 MW) to meet System-wide capacity needs and one proposal to meet the specific Amite South capacity need (Entergy's self-build proposal at Ninemile with capacity of 495 MW). Phase III began in September 2010 and involved comprehensive due diligence and negotiation. For the self-build project, this also involved final Engineering Procurement and Construction (EPC) negotiation and other preparations for project development.

C. Potomac Economics' Role as Independent Monitor

In our role as the Independent Monitor, Potomac Economics monitored both the RFP process as well as the RFP evaluation.² In monitoring the RFP process, we worked with ESI personnel to help ensure the RFP process was designed and implemented in a fair and unbiased manner and that communication restrictions among the RFP teams were observed. This required working closely with the RFP Administrator to monitor communication between RFP participants and the evaluation teams. We also monitored the overall process to help ensure that the procedures established in the RFP were applied completely and uniformly to all parties.

In monitoring the RFP evaluation, we sought to ensure that the economic evaluation and selection of proposals were conducted in an accurate and fair manner. To this end, we monitored the structure, assumptions, calculations, and results of the economic models used to evaluate and assess each proposal. As explained more below, the scope was amended after the submission of proposals in order to specify that the IM would also monitor self-build cost estimates. We also monitored key aspects of the transmission evaluation and the viability assessment. Finally, based on the results of the economic analysis, we monitored the progression toward the final selections.

² The monitoring work was carried out by a team, including Dr. David Patton, Dr. Robert Sinclair, Mr. Michael Chiasson, and Mr. Matthew Carrier. Throughout this report the words "Independent Monitor", "IM", and "we" refer to this monitoring team.

A complete explanation of the responsibilities of the IM is contained in the IM Scope document that was posted on the RFP website³ and is attached hereto as an Appendix. Our monitoring role corresponded to five of the six phases of the RFP process:

1. RFP Design and Development;
2. Proposal Solicitation and Receipt;
3. Proposal Evaluation (including the viability assessment);
4. Proposal Selection; and
5. Due Diligence and Negotiation

The sixth phase is the Regulatory Review. Our report may be offered as evidence or otherwise referenced in this sixth phase, but we do not report on the results of the regulatory review. The remainder of this report is organized in accordance with the first five of these six phases.

³ [https://emo-web no.entergy.com/ENTRFP/index.htm](https://emo-web.no.entergy.com/ENTRFP/index.htm)

II. RFP DESIGN AND DEVELOPMENT

A draft RFP was posted to the RFP website on July 16, 2009 for review and comment by market participants. In accordance with the IM scope, we were involved in the development and review of the draft RFP prior to its posting. In this process, we met with ESI personnel, both in person (in Houston), as well as by way of teleconferences. The primary purpose of our involvement in the RFP design and development process was for ESI to solicit our comments, concerns, and recommendations. In this section, we explain the major elements of the RFP and describe any significant changes that resulted from our involvement. These major elements were:

- (A) Products Sought;
- (B) Self-Build Project;
- (C) Proposal Evaluation Methods; and
- (D) Participant Comments on Draft Issuance

A. Products Sought

As discussed above, ESI identified two long-term planning needs to be addressed in this RFP. The first was a need of up to 1000 MW of long-term System-wide capacity. This included long-term peaking capacity, load-following CCGT capacity, or load-following solid-fuel baseload capacity. The second planning need was for long-term load-following CCGT capacity of up to 550 MW in Amite South.

All offers from existing CCGT generating units were considered for the Entergy System-wide capacity need and for the Amite South capacity need. For the Amite South capacity need, offers associated with both existing and in-region developmental CCGTs were considered.

To meet these long-term planning needs, the RFP specifies five distinct products, which are described in Table 1. It is outside the IM Scope to monitor the results of the ESI System planning process. Hence, we do not comment on the System's perceived capacity needs with respect to either the amount or type of capacity to be acquired. However, we found that the products reasonably corresponded to this need.⁴

⁴ An earlier draft of the descriptions for Product A and Product E did not include solid-fuel resources. At our request, ESI expanded the products to include sold-fuel resources. [REDACTED]

Table 1: Products Sought in the Summer 2009 RFP

Product	Description
A - Baseload Purchase Agreement	Long-term purchase agreement from a solid fuel or CCGT generating unit that is expected to run in all hours.
B - Tolling Purchase Agreement -- Load-Following CCGT	Long-term purchase agreement from a load-following CCGT generating unit committed on a day-ahead and intra-day basis. Entergy provides the fuel supply.
C - Low Heat Rate Call Option	Call-option agreement for capacity and energy from a specifically-designated CCGT unit that gives ESI rights to pre-schedule energy from the unit for a minimum of eight to sixteen hours on a day-ahead and intra-day basis.
D - Dispatchable Purchased Agreement -- Peaking CT	Purchase agreement that gives ESI the ability to schedule and dispatch energy from a specific CT generating unit on a day-ahead and intra-day basis.
E - Ownership Acquisition	Acquisition of an undivided ownership interest in a CCGT, CT, or solid-fuel generating unit.

Note: While the product letter designations correspond to those used in the RFP document, the product names are descriptive ones for the purpose of this report and are not used in the RFP document.

B. Self-Build Project

In this RFP, Entergy is offering a self-build option consisting of the development of a new 550 MW CCGT unit at the existing Ninemile plant located in the Down Stream of Gypsy (DSG) subarea of the Amite South planning region. As a developmental proposal, it was evaluated to satisfy the Amite South planning need but not the Entergy System-wide need. As explained below, comments received by bidders and by LPSC Staff persuaded us to recommend additional monitoring of the self-build costs in this RFP. ESI agreed to the expanded scope.

C. Proposal Evaluation Methods

In this section, we describe the methods used by the various evaluation teams. This provides an overview of the important components of the evaluation but does not describe the specific analysis conducted on the actual proposals. The actual evaluation is discussed in Sections IV and V.

1. Evaluation Teams

The proposal evaluation was conducted by four evaluation teams. The first and main evaluation team was the Economic Evaluation Team (EET). The EET furnished the primary evaluation