Table 20: Amite South Transmission Costs

Proposal	Plant Name	Location	Proposal Type	MW	Amite South Resource Test (mil)	Amite South Interface Test (mil)	Network Resources Test (mil)	Total Amite South Transmisison (mil)
[redacted]								

The Table shows that most proposals have no AMS transmission costs, neither from the AMS Resource Test cost nor from the AMS Interface Test costs. TAG identified only two proposals that required upgrades to deliver into AMS and identified only three resources that required upgrades to restore interface limits. Two of the three resources that required upgrades to restore AMS interface limits were located in AMS. The other was located in Central. The AMS Interface Test identified upgrades for resources that were located near the transmission facilities that comprise the AMS interface. These resources tended to affect the interface in a manner that reduces its operating limits. Resources that are located in AMS, in general, benefit the interface by relieving flow (i.e., by providing counter flow). However, given the various circuits and contingencies, a large resource addition may help some constraints and harm others. Because the interface capacity is set by the most limiting constraints, those that are impacted cause a reduction in the interface capacity.

c. Amite South Net Benefits

Table 21 shows the results of the AMS net benefit analysis based on the production-cost savings (and other benefits) and transmission delivery expenses (and other expenses). We find these results to provide a reasonable basis for making a selection for the Amite South Resource. We discuss the particular situation of Ninemile compared to [redacted] in subsection I.C.3, below.

Table 21: Phase II Net Benefits – Amite South

Proposal	Plant Name	Region	Proposal Type	MW	Fixed Exp. (/kW-yr)	Delivery Expenses (/kW-yr)	Imputed Debt (/kW-yr)	Production Cost Savings (/kW-yr)	Other Benefits (/kW-yr)	Net Benefit (/kW-yr)
[redacted]										

5. Acadia Sensitivity

[redacted], we agreed with the LPSC Staff that the estimated production cost savings would be more useful if two set of estimates were provided: one with the Acadia in the base case (which implies that Entergy will have acquired Acadia) as well as one with Acadia out of the base case, [redacted]. The first set of estimates ("Acadia-in") was the basis of the Phase I and Phase II net benefit estimates presented above. The underlying assumption in these cases was that the proposed Acadia acquisition would be

approved by the LPSC and the Acadia resource would be part of the System when the selected RFP resources were acquired by Entergy. EET also estimated production-cost savings with Acadia removed from the base case ("Acadia-out"). Rankings from the Acadia-out base case would be the relevant rankings if Entergy could not obtain regulatory approval for the proposed Acadia purchase and close on the transaction. At the time of writing this report, Entergy obtained LPSC approval and certification in LPSC Docket No. U-31196, and in April 2011 the transaction closed. Nonetheless, the Acadia-out case is presented in the interest of transparency and to document the extensive analysis undertaken.

The Acadia-out sensitivity will affect production cost savings and transmission costs. For production-cost savings, removing Acadia from the base case resulted in more incremental production cost savings for all resources bid into the RFP. (This is shown in Table 23.) This was the logical result of the resources being dispatched in more hours and displacing higher-cost energy compared to the base case with Acadia-in. In other words, to some degree Acadia and each CCGT bid into the RFP "compete" for the same fuel savings for the System.

TAG also revised the transmission analysis to determine whether any additional upgrades would be necessary given that Acadia was not in the base case. In preparing to integrate Acadia in to the Entergy System, ESI identified certain transmission upgrades. When performing evaluations with Acadia out of the base case, it was appropriate to also remove the upgrades from the transmission base case and then evaluate the upgrades required for each proposal in this new base case. TAG did this and found that all resources located in Amite South and one located in Central (the [redacted]) would require additional upgrades. This is because the upgrade affecting AMS resources and [redacted] s Terrebonne-Greenwood-Humphrey-Gibson 138kv. This is an east-to-west constraint that is less severe when Acadia is operating.

Table 22 shows the net benefits calculated with Acadia out. The table also shows the change in proposal rank from the Acadia-in case to the Acadia-out case – a positive number indicating an increase in rank in the Acadia-out case compared to the Acadia-in case.

Table 22: Net Benefits with Acadia Out of Base Case – System

Proposal	Plant Name	Region	Proposal Type	MW	Levelized Fixed Exp (/kW-yr)	Levelized Delivery Expenses (/kW-yr)	Imputed Debt (/kW-yr)	Production Cost Savings (/kW-yr)	Other Benefits (/kW-yr)	Net Benefit (/kW-yr)	Change in Rank
[redacted]											

Most proposals did not change rank to any significant degree; most increased or decreased their rank by one or two spots. However, some changes were significant. [redacted] benefited the most from Acadia being removed because of their location and their resultant increase in capacity factors. Proposals inside Amite South declined in rank the most due to increases in transmission investment that were not required when Acadia was in because Acadia is accompanied by key transmission projects.

Table 23 shows more detail involving the Acadia sensitivity.

Table 23: Acadia Out – Change in Costs and Benefits

Proposal	Plant Name	Region	Proposal Type	Change in Production Cost Savings (/kW-yr)	Change in Delivery Expenses (/kW-yr)	Change in Other Benefits (/kW-yr)	Change in Net Benefit (/kW-yr)
[redacted]							

The table shows that the proposals sited within AMS experienced the least amount of production cost savings increase relative to proposals outside AMS. [redacted] Based on our monitoring of the Acadia-Out sensitivity, we find the results to be reasonable.

B. Viability Assessment

In accordance with Section 2.5.5 of Appendix E-1 to the RFP, at the conclusion of the Phase II economic evaluation, the VAT submitted a final viability assessment to the EET. The EET used the viability assessment in considering its recommendations for awards. The analysis involved preliminary due diligence on areas that could result in proposals not meeting critical aspects of their offers. For developmental projects, there was an additional focus on potential construction delays, such as siting issues and the status of design studies and construction schedules.

The viability assessment was a quantitative ranking that was used to identify proposals that did not merit further consideration due to the likelihood that the terms offered under the proposal were not viable. VAT sought to quantify a range of qualitative variables using a "scorecard" to assess key attributes across various subject matters. The quantitative ranking was based on a weighted average score across the subject matters and was intended to reflect the overall viability of the resource. The ranking was then used to rate viability of the competing proposals.

The analysis was organized around five major subject matter areas: (1) Operations; (2) Fuel Supply; (3) Commercial; (4) Transmission; and (5) Environmental. For developmental projects there was a sixth area addressing Project Status. Each of the subject matter areas was sub-categorized and VAT constructed scorecards which translated the qualitative evaluation of each subject matter area into a quantitative score.

The scores in the major subject areas were weighted to arrive at a final composite score. For the existing resources, the weighting was established as follows: Operations 25 percent; Fuel 20 percent; Commercial 20 percent; Transmission 20 percent; and Environmental 15 percent. For developmental resources, the weighting was established as follows: Operations 15 percent; Fuel 20 percent; Commercial 10 percent; Transmission 20 percent; Environmental 10 percent; and Project Status 25 percent.

Assigning weights to the subject areas necessarily involved the judgment of the VAT based on the various objectives and specific issues associated with the developmental resources versus existing resources. The highest weight for the developmental resources was Project Status whereas for existing resources it was Operations. Each of the major subject areas was refined into a number of sub areas, and in some instances these sub areas differed between existing and developmental resources. Overall we found this approach to scoring to be reasonable. The specific subject areas and sub areas along with the weightings of each subject area is shown in Table 24.

Table 24: Viability Assessment Subject Areas

Existing CCGT		Developmental CCGT	
Operations	25%	Operations	15%
Overall Status & Condition of Major Equipment		Proposed Technology	
Fit with functional objectives and products		Overall Condition of Major Equipment	
Key Plant / Support Personnel Experience and Knowledge		Fit with Functional Objectives and Products	
Operational Control/Governance		Plan in Place for Dealing with Common Facility Issues	
Reliability of Equipment/Design Configuration		Planned Operator Experience/Knowledge	
Flexibility of Effective Operating Range		Operational Control/Governance	
Status of Any Equipment Service Agreements		Flexibility of Effective Operating Range	
Maintenance Program		Strategy for Long-Term Equipment Maintenance	
Availability of Spares / Storage			
Issues Associated with Common Facilities			
Fuel	20%	Fuel	20%
Access to Supply Areas		Access to Supply Areas	
Gas Pressure Rating		Gas Pressure Rating	
Swing Capability Rating		Swing Capability Rating	
Availability of Regional Gas Storage		Availability of Regional Gas Storage	
Pipeline Interconnection		Pipeline Interconnection	
Type of Transportation Available (Firm/IT)		Type of Transportation Available (Firm/IT)	
Fuel Metering for Allocation to Power Blocks		Dual Fuel Capability	
Dual Fuel Capability		Business Experience with Pipelines	
Business Experience with Pipelines			
Commercial	20%	Commercial	10%
Product Delivery Term		Product Delivery Term	
Deviation from Key Proposal Guidelines		Deviation from Key Proposal Guidelines	
Viability as Long-Term Supplier		Proposal Pricing Structure	
Share Environmental CIL Risk		Viability as Long-Term Supplier	
		Pre-Commercial Financial Guarantees for Non-Performar	
		Plan in Place for Obtaining Easements/ROWs/Site Contro	
		Share Environmental CIL Risk	
Transmission	20%	Transmission	20%
Magnitude of Unavoidable Upgrade Costs		Magnitude of Unavoidable Upgrade Costs	
Electrical Metering/GIA		Electrical Metering/GIA	
Deliverability in the short term		Impact on RMR Guidelines	
Impact on RMR Guidelines		Impact of Transmission Construction on Deliverability	
Environmental	15%	Environmental	10%
Status of Critical Permits		Status of Air Permits	
Operating Restrictions/Concerns		Status of Water Permits	
Environmental Compliance		Compliance History	
		Land or Environmental Issues	
		Potential for Operating Restrictions/Concerns	
		Project Status	25%
		Status of Engineering	
		Status of EPC Contracting Process	
		Adequacy of Construction Plan to meet COD	

The VAT established criteria for each sub area that resulted in a score of 1, 5, or 10, depending on the proposals specific characteristics. For example, under the "Operations" category for existing resources one sub area is "Key Plant / Support Personnel Experience and Knowledge". A proposal was given a score of 1 in this sub area if:

> Key plant personnel have typical experience levels and/or exhibited typical knowledge of plant and operations. Resource does not have the benefit of a central support office. EFOR rates are below average.

A proposal was given a score of 5 in this sub area if:

> Key plant support personnel have typical experience levels and/or exhibited typical knowledge of plant and operations. Resource has the benefit of a central support office. EFOR rates show average experience and expertise.

A proposal was given a score a 10 in this sub area if:

> Key plant personnel have significant experience and/or exhibited strong knowledge of plant and operations. Resource has the benefit of a strong central support office. Resource also has benefit of a large fleet of CCGT within parent company. EFOR rates show that personnel experience and expertise is strong.

A simple average of the scores for the individual sub areas established the score for the entire subject area. Table 25 summarizes the score results by major subject area.

Table 25: Summary of Viability Assessment Scores

Resource Name	Weighted Score	Subject Areas					
		Operations	Fuel	Commercial	Transmission	Environmental	Project Status
		Weighting					
		25%	*20%*	*20%*	*20%*	*15%*	*0%*
Exsting Resources		Subject Area Scores					
[redacted]							

The weighted scores for each proposal were used to establish a final VAT recommendation to the EET to inform the award lists. Using the weighted scores, VAT assigned a viability rating of either "Most Viable", "Medium Viable", or "Least Viable". Table 26 shows the summary of the viability assessment scores and VAT's associated viability rating.

Table 26: Viability Assessment Scores

Plant Name	MW	VAT Score	Viability Rating
[redacted]			

While the assignment of a viability ranking is based on the VAT (weighted) score, there is no precise quantitative definition used to distinguish among the three viability ratings. However, there is a reasonable separation between the "Most Viable" and the "Least Viable". Upon receipt of the viability assessment, EET acted only on the four projects rated "Least Viable" by eliminating them from further consideration.

In general, we agreed with eliminating the four proposals rated as "Least Viable", but we requested one exception. [redacted] We understood the risk involved with ESI continuing to allow a development project to go forward when the viability was questionable. [redacted] We recommended this to ESI and ESI responded by agreeing to invite the [redacted] to continue development of its project outside the RFP, but eliminating it

from the present RFP. If it turned out to be viable ESI would consider it outside the RFP process or in a future RFP. [redacted] Accordingly, we found ESI's selected course of action for this proposal to be a reasonable under the circumstances.

C. Portfolio Analysis and Final Award Lists

After the elimination of the four proposals based on the VAT viability assessment, EET used the individual proposal net benefit evaluations to identify a subset of proposals to be evaluated in a "portfolio". The portfolio analysis was conducted by EET and TAG. EET estimated joint production-cost savings of the simultaneous dispatch of each portfolio. TAG sought to determine if the simultaneous dispatch was restricted by transmission constraints. TAG also provided additional analysis regarding any transmission benefits from the location of the proposals included in the portfolio. The TAG analysis was reported back to EET for appropriate adjustments to the economic analysis.

1. Proposed Portfolio by EET

EET indentified two alternative portfolios that were based on the individual net benefit rankings. The proposed portfolios sought to satisfy the System-wide capacity need (including consideration of the individual needs of Entergy Arkansas and Entergy Mississippi) and the Amite South capacity need. Each of the two portfolios constructed by the EET was composed of four resources to satisfy the System need and a single resource to satisfy the Amite South need. Both portfolios identified the same four proposals for the System capacity need. [redacted].[13] The two portfolios differed with respect to the Amite South selection. In one portfolio, the Ninemile Self-Build unit was included. In the other portfolio, the [redacted] was included. The summary is shown in Table 27.

[13] Although ESI identified the [redacted] units for Mississippi and Arkansas, respectively, the Entergy Operating Committee had final determination of this allocation.

Table 27: Proposed Portfolios

Portfolio 1:		Portfolio 2:	
Resource	MW	Resource	MW
[redacted]			

The selection of these proposals was based on the net benefits for System-wide capacity needs with consideration also given to load located in Arkansas and Mississippi. To consider the basis for these two portfolios, consider Table 28, which shows the final net benefits ranking for System-wide capacity need taking into consideration the proposals eliminated due to the viability assessment.

The highlighted proposals in the table are the ones included in both of the two portfolios (the single Amite South proposal in each portfolio is discussed below). As the Table shows, the selections are generally in accordance with net benefit ranking. The exception is for [redacted] which was passed over for both [redacted] was also passed over for [redacted] is excluded by necessity because the [redacted].) The selection of [redacted] over [redacted] was due to the higher ranking of [redacted] in the Entergy Arkansas net benefits analysis (see Table 17, above). It was also ranked higher than [redacted] in the VAT's viability assessment (see Table 26, above). These two factors support the selection of [redacted] proposal and we found this course of action to be reasonable.

Table 28: Final Net Benefits – System

Proposal	Plant Name	Region	Proposal Type	MW	Net Benefit (/kW-yr)
[redacted]					

Notes: Developmental Proposals were not considered for System-wide capacity needs;

[redacted] was selected over [redacted] based primarily on the viability assessment but also because of qualitative factors identified by EET that were not reflected in either the VAT scores or the net benefit analysis. In particular, EET concluded that the [redacted] proposal would introduce additional System flexibility because it would replace what otherwise would be QF puts and it would allow the System to count the resource as firm network capacity.

We understand the viability issues associated with [redacted]. And we also understand the benefit of converting a QF put to a firm PPA. Because the net benefit analysis provides a quantitative ranking based on careful costing analysis, our monitoring will favor a measure like the net benefit analysis over a factor like the QF put conversion benefits. Hence, in order to find the selection of [redacted] to be reasonable, we start with net benefit measure. It is

important to note that while the [redacted] net benefit is larger than [redacted], they are somewhat close in magnitude ([redacted] The benefit of [redacted] was not estimated, which is understandable given the difficulties of reliably quantifying the cost of providing [redacted]. However, it would be expected that there is some non-trivial value that would narrow the net benefit spread between [redacted] and [redacted]. The viability issues would also contribute to lessening the net benefit margin between [redacted] if they were quantifiable. Finally, EET indicated that the delist option for [redacted] was considered another benefit. While the EET initially indicated that the delist option costs made it unattractive relative to the transmission upgrade costs, the option to deploy delists instead of upgrades retains value.

As result of these factors and considering the relative net benefits between the [redacted] and [redacted], we conclude choosing either one over the other would have been a reasonable selection.

Amite South with VAT Results. In light of the VAT analysis that eliminated three developmental proposals in the Amite South region, the ranking of proposals for the Amite South capacity need was simplified. Table 29 shows the final net benefits ranking for the Amite South capacity need, also showing the proposals eliminated due to the viability assessment and proposals selected for System resource needs.

From Table 29 the Ninemile Self-Build and the [redacted] projects were top two ranked projects in Amite South. These were selected for the alternative portfolios (see Table 27), and we found this selection to be reasonable based on these two proposals' top ranking.

Table 29: Final Net Benefits – Amite South

Proposal	Plant Name	Region	Proposal Type	MW	Net Benefit (/kW-yr)
[redacted]					

1. TAG Portfolio Analysis

EET provided the two portfolios to TAG for the portfolio deliverability analysis. This analysis identified any transmission constraints and mitigation measures associated with simultaneous delivery of the entire portfolio. This deliverability analysis was a separate analysis from the deliverability analysis of the individual proposals. TAG's objective in the portfolio deliverability analysis was to find transmission solutions for each portfolio that minimized the overall cost of securing network service for the entire portfolio. While this was separate from the individual deliverability analysis, TAG did include the investments identified in the individual analyses that enabled an individual resource to provide special unit commitment benefits.

The transmission solutions identified by TAG for the portfolios differed somewhat from the solutions identified for individual proposals. Table 30 shows a comparison of total portfolio transmission investments compared to the sum of the transmission investments for the individual proposals that comprise the portfolios.

Table 30: Portfolio Transmission Investment

Protfolio	Portfolio Transmsion Investment ($ mil)	Sum Individual Transmission Investment ($mil)	Difference (Portfolio less Sum of Individual Investment) ($mil)
[redacted]			

Overall, the level of transmission investment required rose for the portfolios compared to the sum of the individual proposal investments. However, this rise was relatively small. Given the need to accommodate a significant amount of new generation, this result is not surprising.

The comparison in the Table shows that the Portfolio 1 (Ninemile Portfolio) had lower transmission investment requirements than the Portfolio 2 [redacted]). This was the case both for the Portfolio investment as well for the sum of the investments for individual proposals. The higher investment for Portfolio 2 was primarily the result of [redacted] requiring transmission investment to restore the Amite South interface.

Overall, the Portfolio deliverability analysis added $13 million more to Portfolio 2 than to Portfolio 1. This is also a relatively small difference.

2. EET Portfolio Analysis

The transmission investment amounts indentified by TAG were provided to EET in order to complete the portfolio evaluation. In this step, EET estimated the portfolio production-cost savings for each of the two portfolios and computed a net benefit measure using these estimates and the TAG estimates of the portfolio transmission costs. The production-cost savings estimate was executed in a manner similar to the individual proposal production-cost savings estimates. The portfolio production-cost estimate was a comparison between the base case production costs (excluding any new proposal) and the production cost with all proposals from the portfolio

included simultaneously. Table 31 shows a summary of the portfolio-level production-cost savings estimates.

Table 31: Portfolio Production-Cost Savings and Fixed Costs

Portfolio	Portfolio Production Cost Savings (NPV, mil) (1)	Individual Proposal Production Cost Savings (NPV, mil) (2)	Effect of Portfolio Dispatch (1)-(2) (3)	Portfolio Fixed Costs (NPV, mil) (4)	Portfolio Net Benefits (1)-(4) (5)
[redacted]					

Note See text for discusison of each column.

The estimates in the Table are shown in net present value (NPV) over the time period 2015 to 2045. It was reasonable to dispense with the levelizing of values that was used in the individual analyses because the comparison of proposals of different size and duration that was present in the individual analysis was not a significant factor in the portfolio comparison. Column (1) of the Table is the portfolio-level production-cost savings estimated in accordance with the method described above. Column (2) is the sum of the individual proposal production-cost savings. This is simply the sum of the NPV of the individual production cost savings evaluated above (see Table 15, for example). Column (3) shows the difference in production-cost savings between proposals individually summed and the proposals dispatched simultaneously in the portfolio. As expected, the simultaneous dispatch produces less production cost savings than the sum of the individual proposal savings. But in both portfolios, this change is relatively small.[14] Column (4) of the Table shows the fixed cost of the Portfolios. This includes the portfolio transmission investments identified by TAG plus the sum of: the individual option premiums or acquisition carrying costs; fixed O&M; fixed fuel transportation; imputed debt; and property taxes. Finally, column (5) is a net benefit calculation based on the difference between columns (1) and (4). Portfolio 1 has a higher net benefit than Portfolio 2 by about 7 percent.

[14] This relatively small change indicates that the production-cost savings of the individual proposals do not overlap substantially. [redacted] In addition, the AMS selection is likely to produce production cost savings that do not overlap with the savings induced by proposals at other locations.

3. Amite South Selection

The higher net benefit of Portfolio 1 was a decisive factor in ESI selecting Portfolio 1 (the Ninemile Portfolio) over Portfolio 2 ([redacted]). Because the other proposals were the same between the two portfolios, and the required transmission investments were comparable, the difference in portfolio net benefit values was driven primarily by the difference between the individual cost and benefits of Ninemile Self Build and [redacted].

To assess the basis for choosing the Ninemile Portfolio over the [redacted] Portfolio, it is useful to retrace some of the analysis that affected the final results. While the Portfolio net benefit results were based on portfolio production-costs savings and portfolio transmission investments, certain key adjustments made in the individual net benefit analysis were also applied in the Portfolio analysis. The individual net benefit calculation on a System-wide basis was presented in Table 15, an excerpt of which is shown in Table 32. This Table shows the System-wide net benefit components for Ninemile and [redacted]

Table 32: Ninemile and [redacted] – System Net Benefits

Proposal	Plant Name	Region	Proposal Type	MW	Fixed Exp. (/kW-yr)	Delivery Expenses (/kW-yr)	Imputed Debt (/kW-yr)	Production Cost Savings (/kW-yr)	Other Benefits (/kW-yr)	Net Benefit (/kW-yr)
[redacted]										

The table shows that in the System-wide analysis, [redacted] had a higher estimated net benefit than Ninemile. However, based on the fact that delivery to the Amite South Region involves factors that favor local generation, ESI sought a measure of net benefits appropriate to Amite South. This involved two additional analyses:

- The loss-cost analysis, which adjusted production costs to reflect losses into DSG; and
- The Amite South deliverability analysis, which adjusted for transmission deliverability expenses.

Table 33 shows the effect of the Amite South analyses on [redacted] and Ninemile in the individual evaluation.

Table 33: Effect of Amite South Analyses on [redacted]

Proposal	Plant Name	Region	Proposal Type	MW	System Net Benefit (/kW-yr)	Loss Cost (/kW-yr)	AMS Delivery Expenses (/kW-yr)	Amite South Net Benefit (/kW-yr)
[redacted]								

The table shows the Loss Cost analysis had a greater impact on the [redacted] evaluation than the Amite South deliverability analysis. The loss cost estimates decreased the [redacted] net benefit by [redacted] slightly below the Ninemile net benefit of $[redacted] . This factor by itself reversed the net benefit ranking between the two resources.

The AMS Delivery expenses also had a significant impact, decreasing the net benefit by [redacted] Applying the deliverability costs to the analysis resulted in the [redacted] net benefit declining to [redacted]. This is higher than the Ninemile net benefit of [redacted] This factor by itself did not reverse the individual net benefit ranking between the two resources.

While the Loss Cost and Amite South deliverability analyses provided quantifiable benefits, there were other qualitative factors that favored the Ninemile proposal. First, TAG commented in its portfolio deliverability analysis that [redacted] would not able to provide dynamic support for the DSG sub region and, therefore, operators would continue to rely on the legacy DSG units for this purpose. On the other hand, Ninemile Self-Build unit could provide such support. This stood as a qualitative factor, as no cost was estimated for this support. However, in the case of [redacted] one would expect out-of-merit dispatch in DSG to provide the dynamic support, costs that would be saved in the case of Ninemile. In addition, the VAT analysis identified certain issues that would mitigate the benefits of [redacted] The main factor was the fuel-supply issues identified by VAT which indicated the need to build a 19-mile pipeline to provide flexible fuel supply. While the EET had added the cost of the pipeline to the proposal's fixed cost (and is reflected in the net benefit already), we recognize that substantial risk remains in building a pipeline of this length. In addition, VAT identified certain issues with regard to the long-term storage of capital equipment at the plant (since construction

at the site has been suspended for several years), which raises the risk that additional capital cost could be incurred that are not reflected in the proposal.

The line loss-cost and AMS deliverability analysis was applied to [redacted] in the portfolio analysis in the same fashion as in the individual proposal evaluation analysis and adversely affected the net benefits of the [redacted] Portfolio. However, based on the factors discussed above, we find that the quantitative and qualitative analyses support reflecting these additional estimated costs in the evaluation for [redacted] and support the selection of Ninemile Self Build Portfolio over the [redacted] Portfolio.

4. [redacted] Withdrawal

Shortly after the publication of the awards list, [redacted] withdrew from the RFP. As a result, the awards list was revised to reflect the withdrawal of this resource. Hence Portfolio 1 contained a revised [redacted] ESI did not further analyze the portfolios after the [redacted] withdrawal. Given that the portfolio results are similar to the sum of the individual net benefits, withdrawal of [redacted] from both portfolios would not significantly affect the final comparison.

VI. PHASE III – FINAL DUE DILIGENCE AND NEGOTIATIONS

As part of the IM Scope, we were to monitor the final due diligence and negotiations following announcement of the awards list. In general, the possibility of unfair and impartial treatment is much less in this phase of the RFP process because selections have been made. The individual terms of negotiation are not directly in the scope of our review. In other words, we are not monitoring the equity of any Entergy bargaining positions but only monitoring to determine if any activity is discriminatory relative to another proposal. Our expectation at the outset of this Phase was that Entergy had the incentive to bring each proposal to a definitive agreement. Our monitoring of the final due diligence and negotiations indicated that this was the case.

Our monitoring consisted of regular, bi-weekly teleconference calls with representatives of the commercial team assigned to negotiations, representatives of the Ninemile self-build team, and general RFP management personnel. In the case of the [redacted] these calls involved Entergy personnel providing brief updates on the status of negotiations and major negotiating items. In the case of Ninemile, these teleconference calls involved updates to negotiations with the EPC contractor and major equipment suppliers, and the status of key regulatory filings. However, we had no oversight role in Entergy's EPC contract selection decisions and formed no opinion in this regard.

No remarkable events arose in the negotiations for the [redacted] At the time of publication of this report, negotiations and due diligence resulted in definitive agreements with all three proposals and ESI was preparing the certification process.

Self-Build Cost Changes. With regard to the self-build project, the self-build team notified us in January 2011 that it received favorable bids from equipment manufacturers for the gas and steam turbines. Originally, the self-build cost was estimated based on offers from [redacted] for both the gas and steam turbines. Offers subsequently were received in January 2011 from [redacted] (to supply the gas turbines) and from [redacted] (to supply the steam turbine). These bids provided the potential for a combination of lower cost, better performance, and higher capacity than the [redacted] equipment that was the basis of self-build proposal's best-and-final offer.

The self-build team judged the [redacted] steam turbines to be superior to the [redacted] steam turbines based on an engineering analysis. Hence, the basic analytical question was how to combine gas turbines offered by [redacted] with steam turbines offered by [redacted] The best-and-final offer had paired two [redacted] gas turbines with a [redacted] steam turbine. This was referred to as Option 1. Hence, the bids from [redacted] introduced two more options: Option 2 featured [redacted] gas turbines matched with a [redacted] steam turbine while Option 3 featured [redacted] gas turbines matched with a [redacted] steam turbine. The equipment cost of the [redacted] configuration was about [redacted] versus [redacted] for the [redacted] configuration. The [redacted] configuration has a net capacity of [redacted] compared to [redacted] for the [redacted] configuration. Hence, while [redacted] was slightly less costly, the [redacted] configuration was larger and had the potential for additional operating benefits, but also additional transmission costs.

To compare the relative merits of these alternatives, the self-build team requested access to members of the TAG and System Planning and Operations (SPO) to determine which option would be most favorable. Given that the work of TAG and SPO was over with respect to the RFP evaluation, we saw no problem in involving personnel from these groups to assist the self-build team in its equipment options analysis, especially as we were to be kept apprised of the analysis.

SPO conducted an analysis that estimated the fully-allocated cost at the bus bar, which used capital costs, heat rates and assumptions about capacity factors and fuel costs. This analysis determined Option 2 [redacted] had the lowest busbar cost, but, given overall System benefits relating to displacing older AMS capacity, Option 3 [redacted] was generally more cost effective. This result was updated due to [redacted] improving its offer in February. As a result of the improved offer, Option 2 showed the greatest benefit when considering the overall busbar and System net savings. Based on these results, the self-build team chose the [redacted] configuration. Our monitoring of the analyses indicates that the estimates provided a reasonable basis for this decision.

Overall, our monitoring of the due diligence and negotiations did not indicate circumstances that could give rise to unfair or discriminatory treatment and we find the various activities to have been reasonable.

Appendix: IM Scope

SCOPE OF WORK ACTIVITIES
FOR INDEPENDENT MONITOR SERVICES RELATING TO
ENTERGY SERVICES, INC.'S
SUMMER 2009 REQUEST FOR PROPOSALS FOR LONG-TERM SUPPLY-SIDE RESOURCES

Potomac Economics has been selected to serve as the Independent Monitor ("IM") for Entergy Services, Inc.'s ("ESI") Summer 2009 Request for Proposals for Long-Term Supply-Side Resources ("Summer 2009 RFP"). The IM has been retained in order (1) to assist in the design, implementation and regulatory review of the Summer 2009 RFP solicitation, evaluation, selection, and contract negotiation process as further described herein to ensure that it will be impartial and objective, and (2) to provide an objective, third-party perspective concerning ESI's efforts to ensure that all proposals are treated in a consistent fashion, and that no undue preference is given to proposals from any potential bidder, including Entergy Competitive Affiliates (as defined in the Summer 2009 RFP). Entergy Competitive Affiliates will be allowed to submit proposals in response to this RFP. This document outlines the responsibilities and activities associated with providing independent monitoring services for the Summer 2009 RFP, including without limitation the process and requirements established by the Louisiana Public Service Commission ("LPSC") in the Market-Based Mechanisms Order.

Potomac Economics will serve as the "IM." The responsibilities and activities associated with this role will include oversight, review, monitoring, and reporting, and are categorized into the following RFP phases:

- the overall design of the Summer 2009 RFP;
- the proposal solicitation process (Summer 2009 RFP issuance, bidder registration and proposal submission);
- the proposal evaluation process (including methods of evaluation);
- the proposal selection process;
- the due diligence and contract negotiation process; and
- regulatory review, as needed and requested.

In carrying out these tasks and services, the IM shall have access to any ESI employee or employees of any of the Entergy Operating Companies or data, processes, analytic tools, and any and all other information regarding the Entergy System or this Summer 2009 RFP, which they deem necessary to ensure that the Summer 2009 RFP process is conducted in a fair and impartial manner and subject to appropriate confidentiality safeguards to protect, among other things, such data, methods, proposal information and evaluations, and the integrity of present and future RFPs. The IM will have the ability to communicate directly with the regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process, subject to appropriate confidentiality safeguards being maintained.

A. Independent Monitor (IM)

The scope of the IM's role and engagement in each of the phases of the Summer 2009 RFP process includes:

Summer 2009 RFP Development

- The IM will review and comment on the proposed product specifications and planning criteria to assure that they are reasonably aligned with the Entergy System's stated resource needs and to ensure that they have not been designed to provide undue preferential treatment to any potential bidder, including the Entergy Commercial Self-Build Team or Entergy Competitive Affiliates.
- The IM will not evaluate or determine the Entergy System's planning criteria or its present or future resource needs.
- The IM will review, evaluate and comment on whether the technical product descriptions developed, and the types of products being solicited in the Summer 2009 RFP are reasonably designed to meet the overall and stated objectives of the Summer 2009 RFP, and to facilitate a robust response from market participants.
- The IM will review and comment on the key technical proposal evaluation criteria, and such other information as may be reasonably necessary to ensure that the products and/or the package of products have not been designed or packaged in order to provide undue preferential treatment to any potential bidder, including the Entergy Commercial Self-Build Team or Entergy Competitive Affiliates.
- The IM will review and comment on draft Summer 2009 RFP documents to ensure that all Summer 2009 RFP materials, procedures, and timing support a robust and fair solicitation process.
- The IM will review and comment on the structure of the RFP evaluation teams and the processes for protection of proposal information used by the evaluation teams and will identify any issue, concern, or deficiency in such processes and will work with ESI to address and resolve any such issue.
- The IM will review and comment on the proposed processes and monitor the Summer 2009 RFP process to ensure that they are designed to comply with all applicable Codes of Conduct, Standards of Conduct, affiliate rules, confidentiality agreements, and acknowledgment forms and agreements. The IM will not act as a conduit in communicating to any employees of Entergy Services, Inc. or its affiliates or others any information that, pursuant to the provisions of this Summer 2009 RFP and the relevant Codes of Conduct, agreements and documents identified herein, cannot be shared with them.
- The IM will make recommendations, as needed and appropriate, throughout the Summer 2009 RFP process in order to improve it. This will include recommending, as indicated, changes to the draft RFP and commenting on changes proposed by participating regulatory staff and market participants during the RFP consultation process, including without limitation, the process established by the LPSC in the Market-Based Mechanisms Order.

- The IM will review and comment on ESI's proposal evaluation methods, analysis tools and processes, data inputs and assumptions, and price and non-price evaluation criteria, including its methods and tools of analysis used in the evaluation process, and including specifically, but without limitation, the economic, transmission, and credit evaluation procedures. The IM will evaluate such methods, tools, processes, data, assumptions, and criteria from the perspective of both price and non-price factors. The IM will identify any issue, concern, or deficiency in such evaluation methods, processes, data, assumptions, and criteria and will work with ESI to address and resolve any such issue.
- The IM will review and comment on the description of the evaluation process to be provided in the Summer 2009 RFP documentation to ensure that such process is accurately and appropriately described.
- The IM will determine whether different inputs, scenarios and sensitivities should be analyzed by ESI in addition to those planned to be used by ESI in its own analyses. If the IM determines that such analyses will be required as part of the evaluation process, then contemporaneously with the posting of the final RFP, the IM will notify bidders via ESI's RFP website of any different analyses that the IM will require.

Proposal Solicitation (Summer 2009 RFP Issuance, Bidder Registration and Proposal Submission)

- The IM will monitor the implementation of the Summer 2009 RFP to ensure that the Summer 2009 RFP process is administered in a way that is objective and impartial to all potential bidders and that no undue preference is given to any potential bidder, including the Entergy Commercial Self-Build Team or Entergy Competitive Affiliates.
- The IM will monitor questions submitted by prospective bidders either during the technical and bidders' conferences or via ESI's RFP website and work with ESI to ensure that timely, accurate responses are provided, consistent with appropriate confidentiality safeguards.
- The IM will review Bidder Registration information from prospective Bidders and determine whether additional information is needed.
- The IM will oversee receipt and handling of all proposals timely received during the proposal submission period.
- The IM will participate in all technical and bidders' conferences.
- The IM will have the ability to communicate with and respond to questions, issues or concerns of bidders during the Summer 2009 RFP process and will communicate these concerns, as appropriate, to both ESI and regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process.

Proposal Receipt

- The IM will review all proposals submitted by Bidders and determine whether the proposals meet the threshold requirements stated in the Summer 2009 RFP or whether additional information is needed.
- The IM will review the electronic data reports generated for each area of evaluation that

contain proposal information that is necessary for such areas of evaluation and will distribute such reports to the respective ESI evaluation team members only after redacting such information as the IM concludes at the time is not specifically needed for such area of evaluation. With the consent of the IM, the redacted information may be made available to ESI evaluation team members at a later stage of the RFP proposal evaluation process should such evaluation team members have a need for the previously redacted information in order to complete the evaluation process.

- The IM will determine whether a non-conforming proposal should be rejected or whether, and if so how, the bidder should be permitted to cure the proposal.
- The IM shall have access to any documentation, processes, and other information that they deem necessary to ensure that the proposal receipt process is conducted in a fair and impartial manner and subject to appropriate confidentiality safeguards to protect, among other things, such data, methods, proposal information and evaluations, and the integrity of present and future RFPs.

Proposal Evaluation and Selection

- The IM will oversee proposal evaluation and selection to ensure that the Summer 2009 RFP process is objective and impartial to all bidders and that no undue preference is given any potential bidder, including the Entergy Commercial Self-Build Team or Entergy Competitive Affiliates.
- The IM will obtain and review, and may comment on, copies of all written communications concerning or relating to the Summer 2009 RFP and between ESI and bidders in advance of ESI's issuance of such communications.
- The IM will monitor the evaluation by the ESI (System Planning & Operations) proposal evaluation teams of the transmission-related aspects of proposals, and will review formal quantitative and qualitative analyses performed in connection with such evaluation, including any completed studies provided by the Entergy Transmission Business Unit and/or Independent Coordinator of Transmission that are directly related to such evaluation.
- The IM will monitor the cost estimates associated with ESI's Amite South Self-Build Proposal as described [at the end of] this scope document.
- The IM will monitor credit evaluation of bidders and will review formal quantitative and qualitative credit analyses, as necessary, to ensure an impartial and objective process.
- If the IM previously has determined that additional analyses might need to be performed by ESI and has posted such notice to bidders as part of the Final RFP, then after proposals are received, the IM will determine whether different inputs, scenarios and sensitivities should actually be analyzed by ESI in addition to those on which ESI's own analyses are based. If the IM determines that such a need exists, the IM will request such analyses and review the results of them.
- If, during the evaluation process, ESI determines that it is necessary or appropriate to modify the evaluation process, including determining that a need exists for additional evaluation or that the timing of the evaluation should be modified or inputs or scenarios

changed, the IM will review the proposed changes and provide their comments to same. The IM will notify bidders via ESI's RFP website of any different analyses that ESI will require. If the IM disagrees with such supplemental or modified evaluation processes, then the IM shall be entitled to request that, in addition to the modified analyses that ESI wishes to perform, ESI also shall perform the analysis as originally contemplated.

- The IM will review all written recommendations and materials to be presented to Entergy's Operating Committee concerning the evaluation and selection process associated with this Summer 2009 RFP, subject to any limitation that might arise concerning attorney/client privileged communications or attorney work product.
- The IM will review any preliminary and final proposal rankings, portfolio selections and proposal awards. The IM will review such rankings, selections and awards before this information is presented to the Entergy Operating Committee and/or specific Operating Committee executives. If the IM disagrees with such rankings, selections, and awards, and such disagreement is not resolved by ESI to the satisfaction of the IM, then the IM shall set forth the nature of the dispute and the view of the IM on the issue in a report that shall be presented to the Operating Committee and/or specific Operating Committee executives, as applicable
- The IM will not make decisions regarding selection of proposals for award; rather, those decisions shall be made by the Operating Committee consistent with the requirements of the Entergy System Agreement.

Due Diligence and Negotiations

- The IM will be permitted access to information regarding the due diligence and negotiation process (including periodic updates to be provided by ESI), in whatever form the IM deems necessary, in order to ensure that it is objective and impartial to all bidders and that no undue preference is given to any potential bidder, including Entergy Competitive Affiliates. The IM shall have access to any documentation, processes, and other information that she deems necessary to ensure that the due diligence and negotiations process is conducted in a fair and impartial manner and subject to appropriate confidentiality safeguards to protect, among other things, such data, methods, proposal information and evaluations, and the integrity of present and future RFPs
- The IM will participate in all elements of negotiations between ESI and Entergy Competitive Affiliates and in meetings with the sponsor of any self-build and/or self-supply project to ensure that the process is objective, impartial, and at arms-length.
- The IM will monitor negotiations with third party bidders; to the extent that the IM requires additional information regarding negotiations with third party bidders where she is not in attendance, ESI will provide that information.
- The IM will monitor the adequacy and thoroughness of due diligence performed by ESI relating to any proposals from Entergy Competitive Affiliates and the Entergy Commercial Self-Build Team.

B. Interaction among the IM, Regulatory Commission Staff(s) and ESI

The IM may communicate with regulatory commission staff(s) participating in

overseeing the Summer 2009 RFP process without restriction relating to this Summer 2009 RFP process. Such communications may be confidential as needed and do not require the participation of ESI. The Staffs of regulatory commissions participating in overseeing the Summer 2009 RFP process shall have unfettered access to the IM.

The IM will prepare formal written reports and updates, which shall be provided both to ESI and to those regulatory commission staff(s) that request or require such reports. If such reports or updates contain information that is highly sensitive or otherwise protected, they shall be provided only pursuant to a Protective Order or confidentiality agreement acceptable to the entity(ies) whose confidential or otherwise protected information would be revealed.

If during the Summer 2009 RFP process, there are disagreements with ESI or the bidders that the IM is unable to resolve to their satisfaction, the IM will communicate such disagreement immediately to the regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process.

At the conclusion of the Summer 2009 RFP process or at the appropriate point in time (for example, at the time of the filing of a contract for which regulatory approval is sought by the utilities), the IM shall prepare one or more reports stating their conclusions regarding the Summer 2009 RFP process, including any suggestions for improvement. This report shall constitute the final report of the IM, but before it is provided to any third parties (including regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process who have not signed a confidentiality agreement acceptable to ESI) or otherwise made public, the IM shall submit the report to ESI for the sole purpose of redacting its confidential information in order to prepare a public version of the report. ESI will then provide the confidential version of the report to regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process and will post the public version of the report on ESI's RFP web site within 90 days after resource selection. To the extent that the report will be supplemented as a result of due diligence or contract negotiations, the additional time required to prepare such supplemental report will be determined and mutually agreed upon by the IM and ESI.

The report is to be prepared independently by the IM with no market participant or ESI entitled to review or comment upon any draft thereof prior to its publication and with no party having any right to edit or alter in any way such report (except for the redaction process identified above). During the preparation of the report, the IM will not discuss any report findings or recommendations with any market participant or ESI prior to publication, nor will any of the above entities be given an opportunity to review a pre-publication draft (except for the redaction process identified above). At their discretion, the IM may share a draft of their report with the staff of regulatory commissions participating in overseeing the Summer 2009 RFP process, although this is not required. At their discretion, the IM also may discuss Summer 2009 RFP issues and request information from regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process, market participant(s), and/or ESI, as may assist the IM in report preparation and/or in response to comments on the report.

After a report is filed, ESI, regulatory commission staff(s) participating in overseeing the Summer 2009 RFP process, market participants, and interested persons may submit comments on the report. At their discretion, the IM may submit a revised report and/or prepare a response to those comments as to which the IM believes a response would be appropriate. Any party in a regulatory proceeding, whether or not before the LPSC, may offer the report (and any response

to comments prepared by the IM) into evidence in lieu of or in addition to pre-filed testimony. Any party also may call the IM as a third party witness to testify regarding the report, the response to comments, and the Summer 2009 RFP process.

C. Additional Procedures

The IM will establish within their firm such ethical guidelines and appropriate screening procedures as are necessary to ensure that no present or future conflict of interest will arise in connection with responsibilities under this Scope of Engagement. If any such issues arise, those issues will be brought promptly to the attention of ESI and any regulatory commission staff that has requested such information or notification, or that is directly and actively involved in the Summer 2009 RFP process.

Self-Build Monitoring

Primary Issue. The IM will monitor the cost estimates associated with ESI's Amite South Self-Build Proposal. This monitoring will evaluate the reasonableness of various cost elements developed by ESI's Self-Build Commercial Team including the following specific general cost categories:

- Equipment;
- Bulk Materials;
- Engineering, Construction Management, and start-up services;
- Insurance;
- Taxes, Legal Expenses, and Permits & Fees;
- Contingency costs;
- Owner's Costs

The IM may identify other cost categories not already developed by the Self-Build Commercial Team that the IM would reasonably expect to arise in the construction of the Self-Build Project.

The IM will identify any deficiencies in the assumptions and methods used in developing the Self-Build Proposal costs, and the IM will work with ESI to address and resolve any such concerns.

Other Issues. ESI, in consultation with the IM, may request further analysis of engineering issues that arise in the Summer 2009 Long-Term RFP evaluation including, but not limited to, issues relating to the cost estimates of other developmental proposals offered in the Summer 2009 Long-Term RFP and issues addressed by the Viability Assessment Team.

Expertise and Resources. In carrying out the expanded scope of work, it is expected that the IM will subcontract with a qualified Engineer with expertise in the analysis of power plant equipment and construction costs, including costs associated with transmission-related infrastructure on the plant side of the bus. The selection of the Engineer will be done in

consultation with ESI, but the Engineer will have no existing relationship with ESI.

Reporting and Testimony. In consultation with the Engineer, the IM will develop conclusions regarding the reasonableness of the Self-Build Proposal costs, and these conclusions will be presented in the IM final report.

Interaction with Regulatory Staff. Communication and information sharing concerning the IM's Self-Build Proposal cost evaluation, especially with the Regulatory Staff(s) participating in the Summer 2009 Long-Term RFP, will be in accordance with the terms established in the Original IM Scope Document as it relates to the existing evaluation and processes.

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This workpaper contains information that is highly sensitive and will be provided under the terms of the Protective Order (Confidentiality Disclosure Agreement) entered in this case.

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January 2009 Western Region Request For Proposals (RFP) For Long-Term Supply-Side Resources

Entergy Services, Inc.
January 15, 2009

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

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APPENDICES

Appendix A	Glossary of Terms
Appendix B	Illustration of the RFP Web Portal for the Bidder Registration, Confirmation, and Proposal Submission Process
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Appendix H	Clarifying Questions for CCGT Developmental Resources
Appendix I	Preliminary Due Diligence List for Existing CCGT Resources

1. GENERAL INFORMATION

1.1. Introduction

Entergy Services, Inc. ("ESI"), acting as agent for Entergy Texas, Inc.[1] is issuing this January 2009 Western Region Request for Proposals for Long-Term Supply-Side Resources ("January 2009 Western Region RFP", "January 2009 Western Region Long-Term RFP" or "RFP")[2] to solicit proposals for the delivery of electric capacity, energy, and Other Associated Electric Products. This January 2009 Western Region RFP can be accessed at ESI's RFP Website: https://emo-web.no.entergy.com/ENTRFP/index.htm.

ESI categorizes resources to be acquired through its formal RFP procurement process by product category and by the time horizon for the supply of capacity and/or energy from the resource: (i) limited-term (defined as capacity purchases of one to five years) and (ii) long-term power purchase agreements ("PPA", defined as capacity purchases of ten (10) years or greater) or ownership acquisitions.[3]

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

As described in more detail in the next section and in Appendix G, ESI has established protocols to ensure that (1) the January 2009 Western Region RFP process will be impartial and objective, (2) Bidders' commercially sensitive information will be protected, (3) all proposals are treated in a consistent fashion, and (4) no undue preference is given to proposals from any potential Bidder.

[1] The Entergy Operating Committee has determined that only Entergy Texas, Inc. will participate in this RFP.

[2] All references to this "RFP," the "January 2009 Western Region RFP," or the "January 2009 Western Region Long-Term RFP" include and incorporate the Appendices to this RFP. Appendix A to this RFP contains a glossary of all capitalized terms used in this RFP that are not otherwise defined in this RFP.

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

Table 1-1

RFP	Short- term 3rd Party	Limited- term Affiliate	Limited-term 3rd Party	Long-term Affiliate	Long-term 3rd Party	Total
Fall 2002	0 MW	185-206 MW Note 1	231 MW	101-121 MW Note 2	718 MW	1,235-1,276 MW
January 2003 Supplemental	222 MW	n/a	n/a	n/a	n/a	222 MW
Spring 2003	n/a	0 MW	381 MW	Note 3	0 MW	381 MW
Fall 2003	n/a	0 MW	390 MW	n/a	n/a	390 MW
Fall 2004	n/a	n/a	1,250 MW	n/a	n/a	1,250 MW
2006 Long-Term	n/a	n/a	n/a	538 MW Note 4	789 MW	1,327 MW
Fall 2006	n/a	0 MW	780 MW	n/a	n/a	780 MW
January 2008 RFP (Note 5)	n/a	n/a	0	n/a	n/a	0
2008 Western Region RFP	n/a	n/a	300	n/a	n/a	300
Summer 2008 (Note 6)	n/a	n/a	TBD	n/a	n/a	TBD
Total	222 MW	185-206 MW	3,482 MW	639 - 659 MW	1,507 MW	5,885-5,926 MW

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

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

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

Note 4 Little Gypsy 3

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

Note 6 On October 15, 2008 and in response to the US financial crisis ESI on behalf of the Entergy Operating Companies terminated all long-term procurement efforts, including the long-term portion of the Summer 2008 RFP.

1.2. Independent Monitor

In order to ensure that this RFP is conducted in a fair and impartial manner, ESI has retained Elizabeth Benson of Energy Associates to act as the Independent Monitor ("IM"). The role of the IM is defined in the Scope of Work Activities for the Independent Monitor, also posted on the RFP web site. Generally, and without modifying the Scope of Work Activities, the role of the IM will be to (1) oversee the design and implementation of the RFP solicitation, evaluation, selection, and contract negotiation processes to ensure that they will be impartial and objective; and (2) provide an objective, third-party perspective concerning ESI's efforts to ensure

that all proposals are treated in a consistent fashion and that no undue preference is provided to any Bidder.

Bidders wishing to communicate with Ms. Benson may reach her by email: erbens@aol.com or phone: (703) 641-7948.

1.3. Overview of the January 2009 Western Region RFP

The primary objective of this RFP is to solicit competitive proposals to provide Entergy Texas, Inc. ("ETI") with a flexible and cost-effective load-following generating resource to meet customers' needs in a reliable and economical manner. This RFP will seek up to 550 MW of load-following CCGT capacity, as more thoroughly described and discussed below, that is needed to meet the reliability needs of the westernmost portion of the Entergy System (or "Western Region") over a long-term planning horizon.

In this January 2009 Western Region RFP, ESI is soliciting proposals from Bidders for long-term capacity provided by a combined-cycle gas turbine ("CCGT") generating resource that has been placed in commercial operation or developmental resources capable of meeting the target delivery date and requirements discussed below. The term "developmental resource" or "developmental proposal" refers to a resource, or proposal for such resource, that has not yet begun operation, including a proposal for a new CCGT resource. Assuming competitive proposals are received in response to this RFP, ESI seeks to procure a long-term CCGT resource through products solicited in this RFP including a "bricks-and-mortar" ownership acquisition product (*i.e.*, actual ownership of a generating unit), or a long-term tolling PPA product, both of which are structured to provide the Entergy System ("System") operational control and commercial flexibility to meet customers' needs in a reliable and economic manner.

In this RFP, ESI seeks to procure a long-term CCGT resource to satisfy multiple supply procurement objectives for 2014 and beyond as discussed in more detail below. It is important to note that the System requires generating units to provide a range of operational functions and "flexible capacity" to maintain the operational flexibility needed to meet the ever-changing demands of the System. Flexible capacity is generating capability whose output can be increased and/or decreased in response to System requirements. It is imperative that the System have sufficient flexible capability to satisfy the applicable System requirements. In order to serve the flexible capability role, a generation resource must be capable of being started on very short notice or must be committed and operating at least at its minimum level and be physically capable of changing its output up or down, at the direction of the "System Dispatcher", in response to changes in load. It must also have a source of fuel that is flexible enough to match the flexibility of the generator. The System also requires a portion of its resources be equipped to provide "regulation" service, which are resources that are equipped with Automatic Generation Control ("AGC") instrumentation allowing for instantaneous load following. In this

RFP, therefore, ESI will prefer, qualitatively, proposals that provide a greater degree of flexible capability over proposals that do not.

ESI invites proposals from all potential suppliers who are capable of meeting the conditions identified in this RFP, including proposals from other electric utilities, marketers, wholesale generators, independent power producers, and Qualifying Facilities ("QFs"). However, proposals from QFs will not be provided any form of preference or enjoy any priority of selection in the RFP based solely on their QF status. Entergy Competitive Affiliates will not be eligible to participate in this RFP. A self-build option is being considered in this RFP, and is discussed further in Section 1.3.3 below. For purposes of this RFP, the members of ESI's evaluation teams have been functionally separated from the Commercial Self-Build Team.

1.3.1 Resource Eligibility

In order to be considered an eligible resource for this RFP, the resource must be located in Entergy System's Western Region. Refer to Figure 1 for a map of the Entergy System's Western Region.

For resource planning purposes, the Western Region is the westernmost part of the Entergy System and is also the westernmost part of ETI's service territory (generally west of the Trinity River). This region is defined based on characteristics of the Entergy System including the ability to transfer power into and out of the region as defined by the total transfer capability, the location and amount of load, and the location and amount of generation. The geographic boundaries of the Western Region are illustrated in Figure 1.

ESI's requirement that eligible generating resources be located within the Western region is driven by the following objectives:

1. To maintain reliability for serving Western Region load
2. To improve economics for serving load in the Western Region
3. To reduce dependency on existing generation within the Western Region
4. To reduce dependency on transmission import needed to serve Western Region

Additionally, there are several functional characteristics and attributes inherent in a resource located within the Western region, as opposed to a remote resource, that have resulted in the regional restriction of this RFP. These characteristics and attributes include, but are not limited to:

- Reliability
    - Western Region reliability will be improved by locating generation near load within the Western Region. Resources located within the Western Region may provide local generation back-up to other resources within the region.

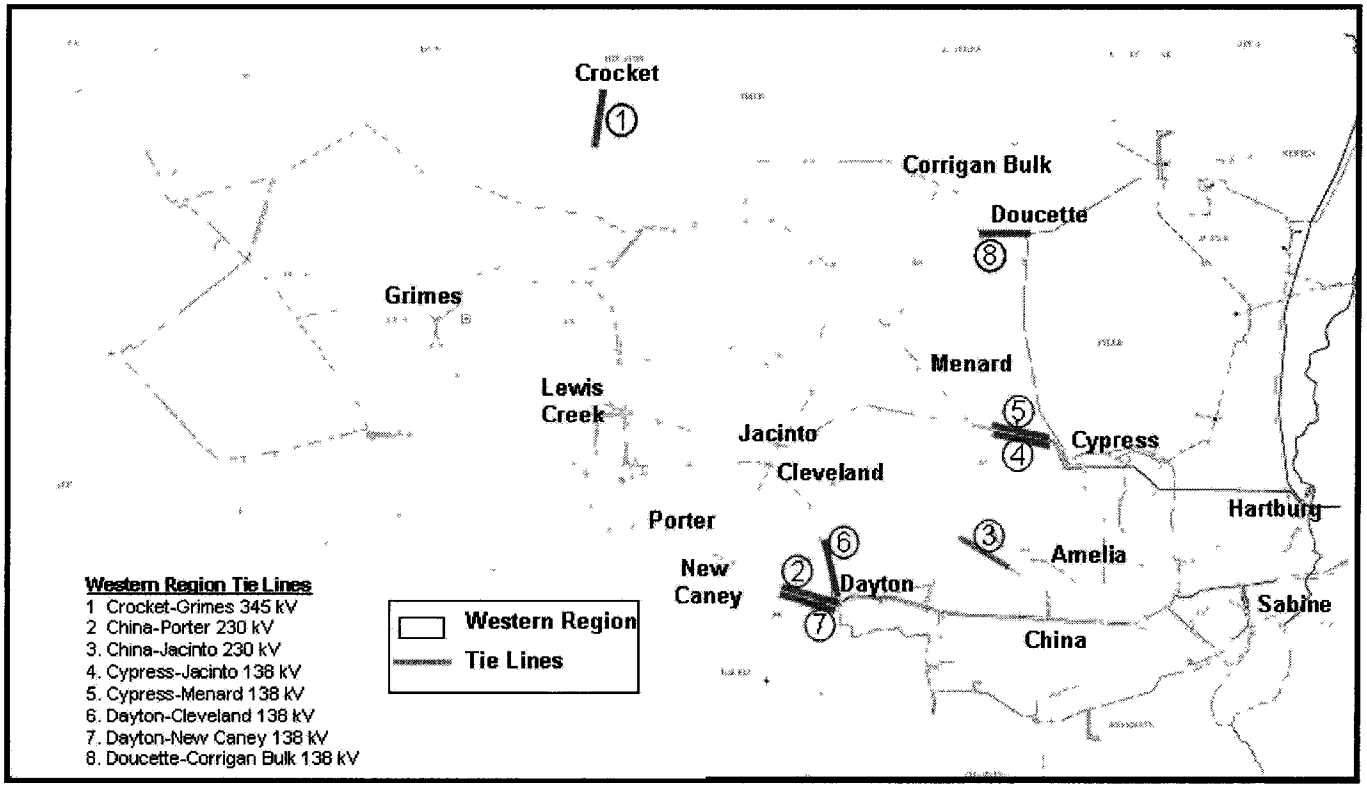
Additionally, incremental generation in the Western Region may reduce dependency on existing resources within the Western Region that will eventually require replacement.

- Transmission Considerations
  - Remote resources used to serve load within the Western Region will use existing available transmission import capability and that import capability may be subject to reduction due to changes in generating unit commitment, generating unit dispatch, and load distribution. The utilization of existing import capability may not improve the reliability and economics of the Western Region. A resource located within the Western Region is needed to provide incremental resources for serving the region.
  - Transmission losses will be reduced by locating generating resources within the Western Region.
  - Resources located within the Western region will improve regional reliability and economics during transmission line outages for maintenance.
- Voltage Support
  - Resources located outside of the Western Region will not provide local voltage support for serving Western region customer load. Voltage support provided by a resource located within the Western Region will improve Western Region reliability.

1.3.2 Delivery Term

To address the needs of the Western Region over a long-term planning horizon, ESI is soliciting unit contingent products as described below. For PPAs, ESI prefers a minimum Delivery Term of 20 years up to life-of-unit, however, proposals with a shorter Delivery Term will not be rejected as non-conforming. Proposals must originate from a CCGT generating unit that is currently located or planned to be located within the Western Region. Products solicited in this RFP include: (1) a Long-Term Tolling PPA – Load-Following CCGT; and (2) an Ownership Acquisition – Load-Following CCGT. Under this solicitation, certain economic and operational terms associated with the Long-Term Tolling PPA will not be fixed and will be open for bid per the guidelines of the applicable product package and associated term sheet. Bidders are encouraged to review carefully the respective product package and associated term sheet provided in Appendix C to determine the economic and operational terms that will be open for bid. ESI is targeting a Delivery Term Start Date of June 1, 2014, however, proposals with an earlier start date will not be rejected as non-conforming.

Figure 1 – Map of the Entergy System's Western Region



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 January 2009 Western Region RFP process, ESI will evaluate a proposal for a self-build option as identified for the Western Region in the Entergy Electric System Strategic Supply Resource Plan published June 2008.[4] The self-build option will be considered an alternative to any proposals submitted in response to the RFP. ESI plans to evaluate all proposals received in response to the RFP, including the self-build option, for their ability to support a target commercial operation date of June 1, 2014, 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 located at Entergy's Lewis Creek site in Willis, Texas. If constructed, the self-build CCGT unit would be an incremental third generating unit added to the Lewis Creek site, which is currently the location of two existing generating units owned by Entergy Texas, Inc. The self-build CCGT would consist of two (2) "F" class combustion turbines, (2) two heat recovery steam generators, and one (1) steam turbine generator and associated auxiliary equipment. In support of the self-build CCGT option, ESI filed a draft air permit with the Texas Commission of Environmental Quality in January 2008. If constructed, the unit would be placed in operation by June 1, 2014.

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.

1.4. Summary Descriptions of Products Sought and Associated Term Sheets

ESI is focusing the January 2009 Western Region RFP on product types that can be structured to meet the needs of the Western Region over a long-term planning horizon. Therefore, ESI is soliciting resources that are capable of meeting the resource planning objectives for the Western Region through two types of long-term products, as described below.

[4] A Summary of the Entergy Electric System Strategic Supply Resource Plan Update for the Planning Period 2008 – 2017 was published as Appendix H to ESI's Summer 2008 Request for Proposals for Limited-Term and Long-Term Supply Side Resources, and is located at: https://emo-web.no.entergy.com/ENTRFP/index.htm .

These products are similar – although not identical – to the long-term products solicited in previous long-term RFPs.

In this January 2009 Western Region RFP, ESI, as agent for ETI, is seeking proposals for the following products, each of which is described in more detail in the Product Packages included in Appendix C:

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

Bidders are advised to carefully review each term sheet ("Term Sheet") included in Appendix C to this January 2009 Western Region 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* (a) 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* (b) the Bidder has explained the fact of and basis for this situation in the Special Considerations section of its proposal. Bidders are responsible for reviewing all terms and conditions specified in the relevant Term Sheet and taking these terms and conditions into consideration in developing their proposal(s) in response to this RFP.

ESI is not providing a Model Contract for the Long-Term Tolling PPA offered in this RFP. However, ESI plans to use the term sheets provided in Appendix C as the basis for the negotiations for products solicited in this RFP. 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. For a Long-Term Tolling PPA – Load-Following CCGT proposal selected for award, ESI anticipates negotiating a long-term tolling purchase power agreement based on the terms and conditions outlined in the term sheet for Product Package A to facilitate a transaction. For an Ownership Acquisition – Load-Following CCGT proposal selected for award, ESI anticipates negotiating a Purchase and Sale Agreement based on the term sheet for Product Package B to facilitate a transaction.

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

its purchase of capacity and energy thereunder will also include any applicable Other Associated Electric Products.

With respect to Product Package A, ESI is soliciting a unit contingent load-following product over a long-term delivery period originating from a CCGT generating unit that has been placed in commercial operation or developmental resources that meet the requirements for participation in this RFP, as discussed in Section 1.3.1 above, Section 1.4.1 and 1.5 below, and the product package term sheet located in Appendix C.

With respect to Product Package B, ESI is soliciting proposals for the acquisition of an undivided ownership interest in a load-following CCGT generating unit, including all ancillary facilities, that has been placed in commercial operation or developmental resources that meet the requirements for a developmental resource to participate in this RFP, as discussed in Section 1.3.1 above, Section 1.4.2 and 1.5 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.

Although AGC is not required, ESI prefers proposals for resources with the ability to be placed on AGC. AGC is considered to contribute to the load-following and flexible capability of a resource. In addition, the resource must have sufficient fuel supply arrangements in order to meet the dispatch requirements of a CCGT resource as more thoroughly discussed in Section 6 below. ESI also prefers proposals that include firm natural gas transportation and access to fuel supply backed by storage, as well as flexibility both on an intra-day and day-ahead basis.

1.4.1. Long-Term Tolling PPA – Load-Following CCGT (Product Package A)

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. ESI prefers proposals with 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, but will consider proposals with certain minimum dispatch requirements. ESI prefers proposals for which it can provide the fuel supply; however, proposals in which Bidder/Seller proposes to provide the fuel supply will not be rejected as non-conforming. Term Sheet A of Appendix C summarizes the specific requirements for the Long-Term Tolling PPA product, which are generally described herein.

Pricing for this product will be based on (i) an Option Premium, proposed by the Bidder and expressed in $/kW-year, (ii) a Variable O&M Payment proposed by the Bidder and

expressed in $/MWh, and (iii) a Fixed Start-up Payment proposed by the Bidder and expressed in $/CT per Start. Bidder will propose a Guaranteed Heat Rate that must be guaranteed within a band width of plus or minus 3%.

The Delivery Term Start Date must occur no later than June 1, 2014.

ESI is seeking proposals for the full Capacity of the specified CCGT generating unit (*e.g.*, one entire 2x1 CCGT train totaling approximately 450 MW to 650 MW, or one entire 1x1 CCGT train totaling approximately 250 MW to 400 MW), however, proposals for less than an entire CCGT train will not be rejected as non-conforming.

ESI prefers a minimum Delivery Term of 20 years up to life-of-unit, however, proposals with a shorter Delivery Term will not be rejected as non-conforming.

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.

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

For Product Package A, 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 (10 year or greater products only); and

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

1.4.2. Ownership Acquisition – Load-Following CCGT (Product Package B)

This product consists of the acquisition of an undivided ownership interest in a load-following CCGT generating unit 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 developmental proposals, the proposed generating unit in this product category must be able to support a target Commercial Operation Date of no later than June 1, 2014. ESI will consider proposals with an earlier target Commercial Operation Date. Term Sheet B of Appendix C summarizes the specific requirements for this product,

which are generally described herein. Any anticipated closing is subject to or conditioned on obtaining the applicable regulatory approval.

1.5. Special Considerations for CCGT Developmental Resources

In this RFP, ESI is soliciting competitive proposals for a flexible and cost-effective load-following CCGT generating resource for the Western Region. ESI seeks to procure a long-term CCGT resource through a transaction with a wholesale power market participant(s) for products solicited in this RFP. This 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 the Western Region of the Entergy System 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 and in the applicable product package term sheet located in Appendix C.

1.5.1 Transmission Considerations for a Developmental Resource

This section describes transmission issues Bidders should be aware of and need to address as they prepare proposals 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 4 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 Entergy. However, Bidders are not expected to estimate and include in their proposals 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 or 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. For CCGT developmental resources, 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 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 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.

1.5.2 Operational and Performance Requirements for a 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 meet the flexible capability requirement requires the resource at a minimum to:

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.

Although AGC is not required, the ability of a unit to be placed on AGC is considered to contribute to the load-following capability of the resource. 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.

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);