which account for the ripple effect of the new development. Increased employment, tax revenues and other regional economic benefits will materialize both over the short-term, while OCAPS is being constructed, and over the longer horizon while the plant remains in operation.

Q18. DO YOU HAVE ADDITIONAL SUPPORT FOR YOUR OPINION THAT REGIONAL ECONOMIC BENEFITS WILL RESULT FROM THE CONSTRUCTION AND OPERATION OF OCAPS?

A. Yes. I directed TXP, Inc. ("TXP") to prepare an Economic Impact Study that addresses the potential economic impact of OCAPS upon the region. The results of this analysis are attached to my Direct Testimony as Exhibit RM-2. I retained the services of TXP to confirm my expectation that positive, substantial regional economic benefits will result from the construction and operation of OCAPS in Southeast Texas. Specifically, TXP provided in its analysis the quantification of the regional economic benefits that I describe above.

Q19. PLEASE DESCRIBE THE RESULTS OF THE TXP ECONOMIC IMPACT STUDY.

A. The results of the study confirm that the regional economic benefits of this Project are substantial. In order to quantify those benefits, TXP employed the RIMS II models of the Beaumont Metropolitan Statistical Area maintained by the U.S. Commerce Department to evaluate the impact of both the construction and ongoing operation of the facility. The flow of economic impacts is expressed in terms of direct, indirect,

and induced results across interdependent economic sectors. This reflects a "multiplier" or ripple effect triggered by initial spending activity. TXP's Economic Impact Study then categorizes the regional benefits in terms of output (sales or receipts), Gross State Product (value-added), earnings, and employment. These categories are not additive, but represent different descriptions of economic impact.

At an estimated $1.19 billion total Project cost, the investment in OCAPS is expected to have a significant economic impact in Southeast Texas. When multiplier effects of this investment are included, the translation is $1.8 billion in regional economic activity, $983.5 million in Gross State Product, 11,081 total supported jobs, and $629.9 million in earnings. This impact ends once construction has been completed.

Once fully operational, OCAPS will then have an ongoing impact on the regional economy. The facility will employ an anticipated permanent workforce of 27 with total annual compensation of approximately $3.1 million. When multiplier effects are included, this translates to $65.4 million in annual economic activity, $37.1 million in Gross State Product, total worker earnings of $6.9 million, and 89 total jobs.

Indeed, the regional economic benefits of OCAPS are significant and will be realized for several decades while the plant is in commercial operation.

IV. CONCLUSION

Q20. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony presents the Economic Development Pipeline, which is used to develop the large industrial component of the Company's sales and load forecast. Predictable, reliable, and economic electric service is required to sustain the needs of existing customers and attract new industrial customers to the region. Industrial growth is prevalent and critical in the area served by ETI, and the Company must be ready to serve this load. ETI's Economic Development Pipeline represents a reasonable means of anticipating ETI's obligation to serve incremental load.

Furthermore, construction and operation of OCAPS will result in significant regional economic benefits. The economic activity that results from the Project, which is expected to exceed $1.8 billion, will benefit ETI's customers and Southeast Texas for many decades.

In sum, this Project represents a pivotal investment by ETI as part of its commitment to its customers and the State of Texas. OCAPS will help to sustain and attract existing and new industrial customers in Southeast Texas and support the success of these industrial customers, which, in turn, supports successful regional communities.

Q21. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

This exhibit 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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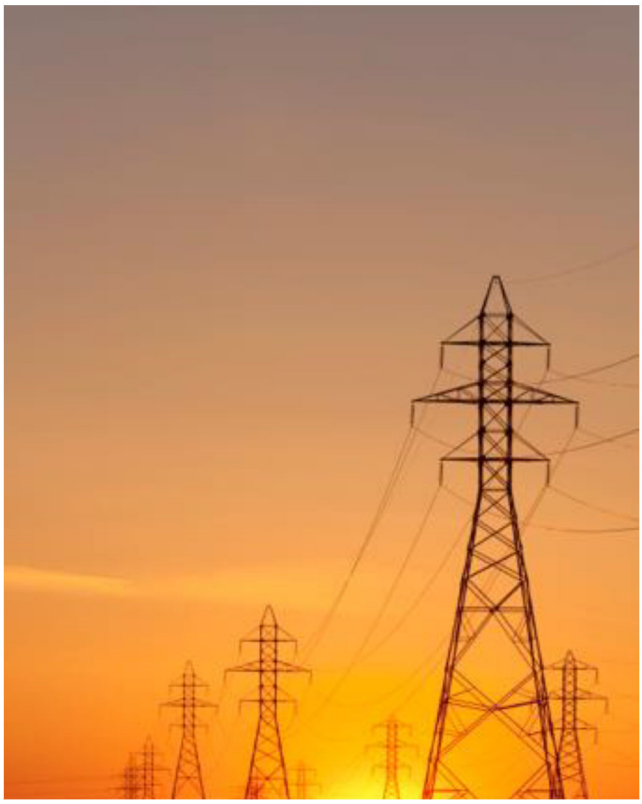
The Economic Impacts of Entergy Texas, Inc.'
Orange County Power Station

prepared for

Entergy
THE POWER OF PEOPLE®



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Overview

There has been much academic review and discussion concerning the role of energy in economic development on a global scale, with consensus emerging that growth is dependent on access to reliable, affordable power. Beyond its role as a key factor of production, firms that provide electricity can also have a significant impact on regional economies in several ways, such as through their capital investments, the impact of their operations, and participation in efforts to recruit and retain firms to the region. In order to better understand this role and inform stakeholders, TXP was retained by Entergy Texas to evaluate the economic impact of its proposed Orange County Power Station (OCPS), a natural gas fired combined cycle gas turbine configuration expected to cost approximately $1 billion. Specifically, this analysis concentrates on the impact of construction spending and the impact of ongoing operations. The summary results are shown below.

Table 1. Summary Entergy OCPS Economic Impacts - TOTAL ($2021)

	Output/Activity	Gross State Product	Earnings	Employment
Construction	$1,803,518,080	$983,525,760	$629,886,080	11,081
Annual Operations	$65,424,762	$37,090,958	$6,881,219	89

Source: Entergy Texas,TXP;

Table 2. Summary Entergy OCPS Employment Breakdown

	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
Construction	7,157	1,374	2,550	11,081
Annual Operations	27	33	29	89

Source: Entergy Texas,TXP;

OCPS Economic Impact Analysis

Construction of significant capital assets such as OCPS yield local economic benefits, as much of the funding used to build the facility is injected into the regional economy. Once operational, the economic impacts are derived from the normal operating expenditures of the plant, including payroll and purchases from local vendors, and spending of people employed by these businesses. In both cases, the region realizes increased employment and income, along with taxes and fees paid to the State and local jurisdictions.

Modeling the Impacts

The economic impacts extend beyond the direct construction and operational activity outlined above. In an input-output analysis of new economic activity, it is useful to

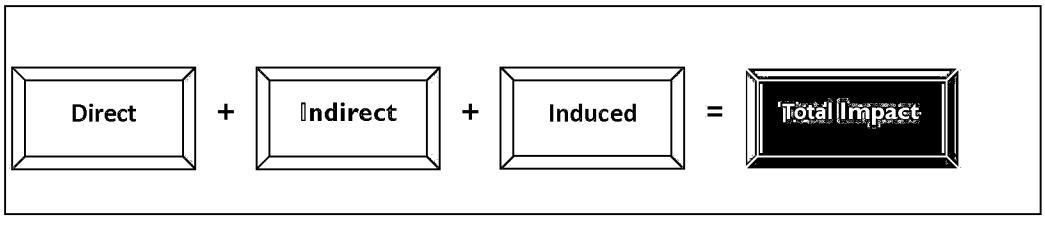
distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for electricity will require the utility to purchase feed stocks such as natural gas, for example, and the utility will have to purchase turbines and other equipment to turn the feedstock into electricity. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the natural gas seller and turbine manufacturer realize increased revenue and income from providing goods to the utility, for example, as do the workers are the utility itself. Induced effects capture the way in which this increased income is in turn spent in the local economy. Once the ripple effects have been calculated, the results can be expressed in a number of ways. Four of the most common are "Output," equivalent to sales/receipts; "Gross State Product (GSP)," which corresponds to GDP and represents sales/receipts less cost of goods sold; "Earnings," which represents the compensation to employees and proprietors; and "Employment," which refers to permanent, full-time jobs that have been created in the local economy. These variables are not additive, but rather represent different points on the balance sheet at which the impact under analysis can be measured.

The interdependence between different sectors of the economy is reflected in the concept of a "multiplier." An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy.

For this study, TXP employed the RIMS II models of the Beaumont MSA maintained by the U.S. Commerce Department.[1]

Figure 1: The Flow of Economic Impacts



[1] For more information, see https://bea.gov/regional/pdf/rims/RIMSII_User_Guide.pdf

OCPS Construction Impact

Entergy intends to construct OCPS at a cost of $1.107.2 billion. Over the course of the project, this will translate into $1.80 billion in total economic activity, $983.5 million in Gross State Product (GSP), worker earnings of $629.9 million, and just over 11,000 total jobs. The impact is spread across every sector of the regional economy. For example, in addition to the obvious concentration in the construction sector (just under two-thirds of the total jobs impact), production sectors (Agriculture, Mining, Construction, and Manufacturing) account for almost 500 positions. Business support segments (i.e., transportation, wholesale trade, financial activities, information, professional and business services, etc.) represent another 750 jobs or so, with the balance found on the consumer side. Detailed results by industry are presented in Table 3.

Table 2. Detailed OCPS Construction Economic Impact – TOTAL ($2021)

	Output/Activity	GSP	Earnings	Employment
Agriculture, etc.	$1,107,200	$553,600	$332,160	14
Mining	$10,629,120	$6,421,760	$2,325,120	17
Utilities	$21,701,120	$12,732,800	$2,878,720	21
Construction	$1,113,621,760	$616,378,240	$443,433,600	7,182
Durable Manufacturing	$108,284,160	$38,752,000	$20,261,760	343
Non-Durable Manufacturing	$73,296,640	$16,054,400	$10,407,680	98
Wholesale Trade	$76,618,240	$46,170,240	$18,490,240	221
Retail Trade	$69,421,440	$46,170,240	$24,579,840	753
Transportation/Warehousing	$28,897,920	$13,507,840	$8,193,280	156
Information	$12,511,360	$6,532,480	$2,214,400	33
Finance & Insurance	$16,940,160	$11,072,000	$4,428,800	73
Real estate	$70,860,800	$49,491,840	$12,179,200	403
Prof./Technical Services	$49,934,720	$31,887,360	$21,922,560	263
Management of Companies	$4,318,080	$2,768,000	$1,992,960	22
Admin./Waste services	$17,161,600	$10,518,400	$6,532,480	192
Educational Services	$6,975,360	$4,982,400	$3,321,600	99
Healthcare & Social Services	$62,999,680	$38,862,720	$27,458,560	528
Arts, Entertainment, etc.	$1,882,240	$1,107,200	$664,320	28
Accommodation	$2,657,280	$1,550,080	$664,320	24
Food services, etc.	$23,915,520	$12,179,200	$6,975,360	311
Other services	$29,783,680	$15,832,960	$9,964,800	240
Households	NA	NA	$664,320	58
Total Annual	**$1,803,518,080**	**$983,525,760**	**$629,886,080**	**11,081**

Source: TXP

OCPS Annual Operations Economic Impact – TOTAL ($2021)

Once OCPS is operational, the plant will require approximately 27 permanent employees to maintain and run the facility. On an annual basis, this will translate into $65.4 million in total

economic activity, $37.1 million in Gross State Product (GSP), worker earnings of $6.9 million, and just under 90 total jobs.

As with construction, the impact also is felt in every sector of the regional economy. The Utility sector is where the direct impacts are felt; of the remainder, jobs are spread across a much of the regional economy, with slightly more than two additional jobs being created in the Beaumont area for every job at the facility. Detailed results by industry are in Table 3.

Table 3. Detailed OCPS Annual Operations Economic Impact – TOTAL ($2021)

	Output/Activity	GSP	Earnings	Employment
Agriculture, etc.	$17,817	$8,909	$2,699	0
Mining	$1,661,454	$1,020,035	$226,675	2
Utilities	$46,774,607	$27,166,777	$3,780,622	28
Construction	$1,193,752	$512,245	$159,213	3
Durable Manufacturing	$325,164	$120,266	$37,779	1
Non-Durable Manufacturing	$2,521,134	$512,245	$215,881	2
Wholesale Trade	$1,149,209	$694,871	$167,308	2
Retail Trade	$1,224,933	$792,865	$261,756	9
Transportation/Warehousing	$2,521,134	$1,336,290	$477,638	6
Information	$280,621	$146,992	$29,684	0
Finance & Insurance	$654,782	$436,521	$97,147	2
Real estate	$1,269,476	$913,132	$124,132	5
Prof./Technical Services	$1,082,395	$721,597	$288,741	4
Management of Companies	$84,632	$53,452	$21,588	0
Admin./Waste services	$873,043	$583,513	$234,771	7
Educational Services	$146,992	$102,449	$43,176	1
Healthcare & Social Services	$1,131,392	$699,325	$299,535	6
Arts, Entertainment, etc.	$35,634	$22,272	$8,096	0
Accommodation	$66,815	$40,089	$10,794	0
Food services, etc.	$592,422	$311,801	$110,639	5
Other services	$1,817,355	$881,951	$275,249	5
Households	NA	$13,363	$8,096	1
Total Annual	**$65,424,762**	**$37,090,958**	**$6,881,219**	**89**

Source: TXP

Conclusions

Entergy Texas and the OCPS will touch the local and statewide economy in a number of ways. First, the presence of cost-effective and reliable energy is crucial to the modern economy, especially in a region with such a strong concentration of capital-intensive manufacturing and petrochemical activity as the Gulf Coast and Southeast Texas. Beyond its crucial role in providing a factor of production competitively for the region, Entergy's operations also have

a substantial annual economic impact, adding millions of dollars in worker income and thousands of permanent, good-paying jobs to the area. The firm also is actively engaged in recruiting business and industry to the region, creating additional prosperity that can at least partially be attributed to Entergy's efforts. Taken together, Entergy provides a product that is a fundamental underpinning of the regional economy while also directly adding to the area's economic base through its own operations and economic development efforts. The combination clearly serves the Gulf Coast and Southeast Texas well.

About TXP

TXP, Inc. is an economic analysis and public policy consulting firm founded in 1987 in Austin, Texas that consults on a range of projects across the country. Jon Hockenyos founded TXP while attending the LBJ School of Public Affairs at the University of Texas at Austin in 1987. In his role as President of the firm, Mr. Hockenyos is involved in managing the day-to-day operations of the organization, performing technical analysis, and developing strategies for clients. In addition, he makes numerous public presentations and speeches, and has served as a resource witness on a variety of issues in front of city councils, state legislatures, and the U.S. Congress.

Legal Disclaimer

DOCKET NO. 52487

APPLICATION OF ENTERGY TEXAS, INC. TO AMEND ITS CERTIFICATE OF CONVENIENCE AND NECESSITY TO CONSTRUCT ORANGE COUNTY ADVANCED POWER STATION	§ § § § §	**PUBLIC UTILITY COMMISSION OF TEXAS**

DIRECT TESTIMONY

OF

PHONG D. NGUYEN

ON BEHALF OF

ENTERGY TEXAS, INC.

SEPTEMBER 2021

ENTERGY TEXAS, INC.
DIRECT TESTIMONY OF PHONG D. NGUYEN
DOCKET NO. 52487

TABLE OF CONTENTS

EXHIBITS

I. INTRODUCTION AND BACKGROUND

Q1. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

A. My name is Phong D. Nguyen. I am employed by Entergy Services, LLC ("ESL")[1] as Director, Advanced Economic Planning. My business address is Parkwood II Bldg., Suite 500, 10055 Grogans Mill Road, The Woodlands, Texas 77380.

Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

A. I am submitting this Direct Testimony to the Public Utility Commission of Texas ("Commission") on behalf of Entergy Texas, Inc. ("ETI" or the "Company").

Q3. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR, ADVANCED ECONOMIC PLANNING?

A. I am responsible for conducting economic and financial evaluation of generation supply resources for the Entergy Operating Companies ("EOCs"), including ETI. In that function, I manage a staff that conducts decision support analyses relating to generation supply investments, including request for proposal ("RFP") economic evaluations, and analyses relating to power market conditions. I have been involved in numerous economic analyses for supply-side resources for the EOCs and have managed the economic evaluation process for resource acquisitions since 2009.

[1] ESL, formerly known as Entergy Services, Inc., is an affiliated service company that provides engineering, planning, accounting, legal, technical, regulatory, and other administrative support services to each of the Entergy Operating Companies ("EOCs" or "Operating Companies"), which are Entergy Arkansas, LLC, Entergy Louisiana, LLC, Entergy Mississippi, LLC, Entergy New Orleans, LLC, and ETI.

Q4. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL EXPERIENCE.

A. I earned a Bachelor of Science in Management with a concentration in Finance from Tulane University in 1998. In 2000, I earned a Master of Business Administration ("MBA") degree from the University of New Orleans and began my employment with ESL thereafter in January 2001. Prior to obtaining my MBA, I worked as a staff consultant at an accounting and consulting firm. My responsibilities within ESL since 2002 have included participating in the economic evaluation of generating resources. My responsibilities include conducting analyses to assess generation supply alternatives as well as developing and executing planning models and research activities for the EOCs. Within ESL, I have worked as an Associate and Senior Leader and Manager in resource planning roles prior to taking my current position in 2020.

Q5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. Yes. I have submitted testimony in the following dockets: Docket No. 46416, *Application of Entergy Texas, Inc. to Amend its Certificate of Convenience and Necessity to Construct Montgomery County Power Station in Montgomery County* (filed October 7, 2016); Docket No. 50790, *Joint Report and Application of Entergy Texas, Inc. and East Texas Electric Cooperative, Inc. for Regulatory Approvals Related to Transfers of the Hardin County Peaking Facility and a Partial Interest in Montgomery County Power Station* (filed April 28, 2020); and Docket No. 51215, *Application of Entergy Texas, Inc. to Amend a Certificate of Convenience and*

Necessity for the Acquisition of a Solar Facility in Liberty County (filed September 11, 2020).

Q6. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. My testimony supports ETI's application for an amendment to its certificate of convenience and necessity to construct, own, and operate the Orange County Advanced Power Station ("OCAPS" or "the Project") by providing an overview of the 2020 Request for Proposals ("2020 ETI RFP") issued by ETI and the process through which the self-build option represented by OCAPS was market tested. This market testing was undertaken to solicit proposals capable of addressing ETI's long-term resource needs, and as a means of determining whether OCAPS was the lowest reasonable cost, viable resource alternative available to meet customers' need for long-term efficient and reliable capacity. The competitive solicitation process was conducted under the oversight of an independent monitor ("IM"), Mr. Wayne Oliver, and the results of the process support the selection of the Project. The 2020 ETI RFP was issued by ESL acting as an agent for ETI.

My testimony also summarizes the results of the 2020 ETI RFP, addressing the criteria used to evaluate the project bid into the RFP and the rationale for the selection of OCAPS, including both the pricing and non-pricing assessments that contributed to that evaluation. Lastly, my testimony summarizes the updated economic evaluation, utilizing the most current cost and market assumptions which indicates OCAPS (at an estimated cost of $1.19 billion) is expected to produce an estimated $1.85 billion (NPV 2021$) in net benefits to ETI customers.

Q7. DO YOU SPONSOR ANY EXHIBITS?

A. Yes, I sponsor the exhibits listed in the Table of Contents to my testimony.

II. OVERVIEW AND DEVELOPMENT OF THE 2020 ETI RFP

Q8. WHAT WAS YOUR ROLE IN THE 2020 ETI RFP?

A. In the 2020 ETI RFP, I participated as a member of the Administrative Team. In that capacity, along with other members of the Administrative Team, I reviewed the activities of the evaluation teams, reviewed evaluation results, and consolidated the results of the evaluation teams into an overall recommendation.

Q9. PLEASE PROVIDE AN OVERVIEW OF THE RFP PROCESS CONDUCTED BY ESL ON BEHALF OF ETI.

A. In the case of the 2020 ETI RFP, ETI forecasted an ongoing long-term need for capacity in the Eastern Region.[2] The resource planning needs and objectives of ETI and, in particular, for the Eastern Region are described in various respects by ETI witnesses Abigail B. Weaver, Ryan Magee, and Daniel Kline. At ETI's direction, ESL was responsible for developing, designing, and conducting an RFP that was consistent with the planning objectives identified by ETI, evaluating the 2020 ETI RFP proposal, and making recommendations regarding RFP resource selection to the ETI Operating Committee ("OC"). Generally speaking, the primary objective of the

[2] The "Eastern Region" is the portion of Texas encompassing the area from the Texas/Louisiana state border on the east, the Gulf of Mexico on the south, the ETI planning region known as the "Western Region" on the west, and the Southwest Power Pool on the north.

2020 ETI RFP process was to solicit competitive proposals to provide ETI with flexible and cost-effective resources to meet its retail customers' needs reliably and economically.

As confirmed by the IM, ESL conducted the 2020 ETI RFP in a manner that was fair and impartial to all potential bidders. The process included the following elements: posting the notice of intent to issue the 2020 ETI RFP for comment by market participants; obtaining and responding to such comments; conducting a bidders' conference to present the 2020 ETI RFP and respond to questions from market participants; identifying clearly the resource needs and the capacity products for which proposals were sought to meet those needs; engaging the services of the IM to oversee the design and conduct of the 2020 ETI RFP; ensuring that the IM had full access to all 2020 ETI RFP processes and evaluations and the opportunity to provide comment and direction regarding those matters; and designing processes to appropriately safeguard confidential information, including confining the dissemination of information to only those persons engaged in the 2020 ETI RFP process in accordance with the practices approved by the IM.

Q10. PLEASE DESCRIBE THE 2020 ETI RFP.

A. The 2020 ETI RFP was designed to solicit competitive proposals to provide ETI with flexible and cost-effective incremental capacity in the Eastern Region and in the Midcontinent Independent System Operator, Inc. ("MISO") footprint. The incremental resource will allow ETI to fulfill its long-term resource planning objectives, as discussed by Ms. Weaver.

Accordingly, in the 2020 ETI RFP, ETI sought from 1,000 to 1,200 MW (Summer Conditions, at full load, including duct-firing) of long-term capacity, energy, and related products from qualifying generation resources in the Eastern Region to address local reliability and help meet certain long-term planning objectives. ETI reserved the right to contract for more or less than the targeted amount of capacity. Proposals for long-term purchased power agreements, tolling agreements, and acquisitions were eligible to bid into the RFP.[3] ESL's Project Management business unit submitted the combined-cycle OCAPS as a self-build alternative to be market tested against any proposals received in response to the RFP, and generally described the technical aspects of OCAPS development and the anticipated schedule for project completion. The main body of the 2020 ETI RFP is attached as Exhibit PDN-1.[4]

ESL included language in the 2020 ETI RFP documents clarifying to bidders that ESL would not accept technologies not considered to be commercially proven as of August 31, 2020 (the time for proposal submission). Further, ESL defined what it considered to be commercially proven technology and stated that, if a bidder was unclear whether a particular technology was considered commercially proven technology, it could submit a request to ESL and the IM seeking the desired clarification and ESL would answer the request.

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[3] A purchased power agreement refers to a contract for capacity and energy in which fuel for the underlying resource is procured by its owner and priced in the contract. A tolling agreement refers to a contract for capacity and energy under which fuel procurement is the responsibility of the purchaser.

[4] Supporting appendices and other materials related to the 2020 ETI RFP can be found at: https://spofossil.entergy.com/ENTRFP/SEND/2020ETICCGTRFP/Index.htm.

Q11. DID THE 2020 ETI RFP PROCESS TAKE INTO CONSIDERATION RISKS THAT COULD AFFECT THE RELATIVE MERITS OF AN RFP PROPOSAL?

A. Yes. As discussed below, the Viability Assessment Team ("VAT") reviewed and assessed the technical, environmental, fuel supply/transportation, and commercial merits of the self-build proposal, which proved to be the sole proposal submitted. The results of that analysis are discussed below.

Q12. WHAT WAS THE SCHEDULE FOR ISSUING THE 2020 ETI RFP?

A. On February 7, 2019, ETI published notice of its intent to issue the 2020 ETI RFP. Notice was published on the ESL RFP website,[5] which is publicly available, and was sent via e-mail to an expansive list of potential suppliers maintained by ESL. ETI reached out to potential bidders' business development managers to ensure they received notice, and the Company publicized the RFP in numerous industry websites and periodicals, including but not limited to S&P Global Market Intelligence and Gas and Power Journal. On February 7, 2020, ESL published its draft minimum requirements for developmental resources, as well as its notice of draft minimum requirements for developmental resources and the bidders' conference (described below). On April 28, 2020, ESL published its Notice of Release of Final RFP Documents and Bidder Registration. On December 2, 2020, ESL issued its Notice of Final Results for the 2020 ETI RFP. The various communications publicizing the 2020 ETI RFP are provided as workpapers to my testimony.

[5] https://spofossil.entergy.com/ENTRFP/SEND/2020ETICCGTRFP/Index.htm.

Q13. DID THE DEVELOPMENT OF THE 2020 ETI RFP INCLUDE AN OPPORTUNITY FOR INPUT FROM MARKET PARTICIPANTS?

A. Yes. On March 17, 2020, ESL hosted a teleconference webcast for potential bidders and other stakeholders. The bidders' conference gave participants a high-level overview of, and other information concerning, the RFP and related processes and was open to all interested persons. ESL personnel and the IM were available to answer questions submitted in advance of the bidders' conference about the RFP schedule, the bidder registration process, the proposal submission process, the evaluation process, technical issues, and proposed transaction terms and conditions, and to respond to other requests for information. ESL personnel addressed an additional question raised during the bidders' conference in the written Bidder Q&A posted to the 2020 ETI RFP website. ESL also posted the written materials presented during the bidders' conference to the 2020 ETI RFP website.

Q14. WHAT WAS THE ROLE OF THE IM IN THE RFP PROCESS?

A. In order to verify that the RFP was conducted in a fair and impartial manner, ESL retained Mr. Wayne Oliver of Merrimack Energy Group, Inc. to act as the IM for the 2020 ETI RFP. The role of the IM was to (i) monitor the design and implementation of the solicitation, evaluation, selection, and contract negotiation processes to ensure their impartiality and objectivity; and (ii) provide an objective, third-party perspective on ESL's efforts to ensure that all proposals were treated consistently and without undue preference to any bidder. It is important to note the IM selected for the 2020 ETI RFP process functioned independently of ETI.

Q15. WHAT SAFEGUARDS WERE PUT IN PLACE TO ENSURE IMPARTIALITY IN THE EVALUATION OF THE SELF-BUILD OPTION?

A. ESL implemented a multifaceted process to assure impartiality in the RFP process. Specifically, ESL established a detailed process for segregating the personnel responsible for developing the detailed construction cost estimates and fully defined project scope and performance data for the self-build option from those responsible for the evaluation of the bids. The IM was directly involved in the development of this process and frequently met with ESL staff.

The processes for each phase of the project development were carefully documented and reviewed with the IM in order to ensure only communications that were appropriate for the particular phase of the RFP were taking place. A copy of the self-build Commercial Team Guidelines and Acknowledgment form that was executed by the commercial personnel responsible for developing the Project proposal is attached to the Direct Testimony of Company witness Carlos Ruiz as Exhibit CR-1.

Q16. WHAT ADDITIONAL PROCESS SAFEGUARDS DID ESL ESTABLISH TO ENSURE THAT THE 2020 ETI RFP WAS CONDUCTED IN AN OBJECTIVE AND IMPARTIAL MANNER?

A. ESL established a number of processes to ensure that information provided by bidders in response to the 2020 ETI RFP would be kept confidential and not improperly disclosed to or used by any employee, consultant, or other representative of ESL or

any other Entergy competitive affiliate. Each of these processes is summarized below and described in more detail in Appendix G to the 2020 ETI RFP:

- All employees of ESL and any EOC were required to adhere to the Entergy Affiliate Rules and Codes of Conduct, which, among other rules, prohibits actions that provide an unfair competitive advantage or preferential treatment to competitive affiliates and prohibits inappropriate transfer of confidential information to competitive affiliates.
- Each person participating in the evaluation of proposals received in response to the 2020 ETI RFP was required to adhere to the Evaluation Confidentiality Acknowledgement, which limits and restricts the use of information.
- The designated personnel responsible for developing the detailed construction cost estimates and fully defined project scope and performance data for the self-build option (the "self-build Commercial Team") were also required to adhere to the provisions of a self-build Commercial Team Guidelines and Acknowledgment, which required, among other things, that the self-build Commercial Team refrain from participation in the 2020 ETI RFP evaluation process.
- ESL also established an RFP Administrator to function in a multipurpose role that included acting as an interface between ESL and bidders to address questions relating to the 2020 ETI RFP and to

work closely with the IM in the handling of proposals and proposal information.

- In coordination with the IM, ESL developed a detailed process for reviewing, segregating, and evaluating proposals in order to (i) ensure the objective and impartial treatment of each bidder; and (ii) preserve, to the extent practicable, the confidentiality of any confidential information contained in a bidder's proposal, including, but not limited to, the identity of a bidder and the proposal price and other terms and conditions of a proposal. This process is described in both the main body of the RFP and Appendix G to the RFP.
- ESL designated specific teams to evaluate each proposal, including a VAT, a Transmission Evaluation Team ("TET"), an Economic Evaluation Team ("EET"), an Accounting Evaluation Team, and a Credit Evaluation Team (collectively, the "evaluation teams"). The role of each team is described in more detail in the main body of the 2020 ETI RFP.
- ESL utilized an electronic process for segregating proposal information into confidential reports (*e.g.*, a report containing credit-related information only, a report containing only information necessary for the economic evaluation, and a report containing viability information), which were then made available to the appropriate evaluation teams, with the different teams seeing only

those reports that included information they needed to see in order to carry out their part of the 2020 ETI RFP proposal evaluation.

- ESL required that the cost estimate and design information for the self-build option be submitted to the RFP Administrator and the IM prior to the deadline for submission of proposals from all other bidders.
- The self-build Commercial Team was not informed that it provided the sole proposal until after the conclusion of the evaluation and selection process. At the proposal submission deadline, only the Administrative team and IM were aware the self-build proposal was the sole proposal. The RFP protocols and evaluations, including IM oversight and proposal review by the Independent Engineer, remained in placed to ensure a fair and equitable evaluation by all teams.

Q17. DID THE 2020 ETI RFP OUTLINE THE PROPOSED EVALUATION PROCESS FOR STAKEHOLDERS AND POTENTIAL BIDDERS?

A. Yes. Section 6 of the RFP provides an overview of the evaluation process, with subsections addressing the threshold, economic, deliverability, viability, accounting, and credit assessments, as well as other aspects of the proposal evaluation process. The RFP explained that the proposal evaluation process would use procedures, methods, evaluation criteria, and assumptions that would be developed prior to the receipt of proposals. Development of these procedures before the receipt of proposals, including the self-build option, ensured that those procedures were not constructed to favor one proposal over another. ESL documented key assumptions

and model constructs and provided this documentation to the IM before the deadline for receipt of proposals.

Q18. WERE POTENTIAL BIDDERS GIVEN THE OPPORTUNITY TO ASK QUESTIONS ABOUT THE PROPOSAL EVALUATION PROCESS?

A. Yes. Bidders were given the opportunity to ask questions and provide comments, which were then addressed by ESL, as illustrated in the Bidder Q&A posted to the RFP website.[6]

Q19. WAS THE 2020 ETI RFP PRESENTED IN A FAIR AND IMPARTIAL MANNER?

A. Yes. ESL worked closely with the IM to ensure that the 2020 ETI RFP was presented to potential bidders in a fair and impartial manner and was crafted and publicized to encourage the submission of proposals.

III. ECONOMIC EVALUATION FOR THE 2020 ETI RFP

Q20. PLEASE PROVIDE AN OVERVIEW OF THE ECONOMIC ASSESSMENT OF THE PROPOSAL SUBMITTED IN THE 2020 ETI RFP.

A. The EET was responsible for evaluating the economics of the proposal received in response to the 2020 ETI RFP with input from the VAT, the Production Cost/AURORA ("PCA") sub-team, and the TET. The EET's economic evaluation estimated the all-in economic cost and benefit to customers of the proposal evaluated,

[6] https://spofossil.entergy.com/ENTRFP/SEND/2020ETICCGTRFP/Documents/2020%20ETI%20CCGT%20RFP%20QA%202020.06.29.pdf.

while taking into account other relevant factors such as risk mitigation and reliability. As discussed below, the evaluation considered the performance of the proposal across a number of metrics traditionally used in RFP economic evaluations, including Total Supply Cost, Total Supply Cost Savings, and Savings Breakeven Year.

Q21. WHAT SAFEGUARDS WERE ESTABLISHED TO ENSURE THE 2020 ETI RFP ECONOMIC EVALUATION WAS CONDUCTED IN AN OBJECTIVE AND IMPARTIAL MANNER?

A. In addition to the safeguards discussed above, prior to receiving any RFP proposals, the EET consulted with the IM regarding the economic evaluation model and underlying assumptions. The process allowed the IM to review the input assumptions and calculations within the model. After the self-build proposal was received, the IM and the Administrative Team reviewed the submission and redacted certain information to ensure that only economically relevant information was provided to the EET. The IM oversaw the segregation of information from the proposal into the confidential EET report, which is a compilation of confidential information provided to and utilized by the EET. These RFP safeguards were designed to ensure that the economic evaluation was performed in an objective manner.

Q22. WHAT COSTS AND BENEFITS WERE TAKEN INTO CONSIDERATION IN THE ECONOMIC EVALUATION PROCESS?

A. The economic evaluation process attempted to identify costs and benefits that would materially affect customers' costs. The economic evaluation utilized key inputs

supplied in the self-build proposal, including the acquisition price, capacity, and fixed operations and maintenance cost. Additionally, the PCA sub-team provided variable supply cost based on bidder-supplied heat rates in conjunction with gas price forecasts, emissions price forecast, and gas delivery costs provided by the Fuel Evaluation Team ("FET"). The proposal was evaluated using methods, models and assumptions that were reviewed and verified by the IM to obtain the IM's concurrence.

Q23. PLEASE DESCRIBE THE TOTAL SUPPLY COST ANALYSIS THAT WAS CONDUCTED.

A. The Total Supply Cost analysis measured ETI's total cost of supplying service to customers with the addition of the self-build proposal to the Company's resource portfolio. The Total Supply Cost Savings associated with the proposal is simply the difference between ETI's Total Supply Cost under the base case in which ETI is assumed to satisfy its resource need with combustion turbine ("CT") technology (*i.e.*, using a levelized cost of a CT) compared to ETI's Total Supply Cost with the addition of the self-build proposal.

The Total Supply Cost analysis relied on the AURORA[7] production cost model and spreadsheet models to project the cost of serving customers with the self-build proposal. The results of the AURORA modeling were first provided to the EET, which then used spreadsheet models to layer on projected capacity value, non-fuel operating costs, transmission costs, and other additional capital costs associated with the proposal. Accordingly, the economic evaluation of the proposal considered both fixed and variable costs, which included forecasted energy and capacity value and ETI customer load payments. The effect of the proposal on Total Supply Cost was compared over the 30-year evaluation period, but measured on a present value basis.

Q24. PLEASE DESCRIBE HOW THE NATURAL GAS PRICE FORECAST WAS DEVELOPED FOR USE IN THE ECONOMIC EVALUATION.

A. ETI uses a 30-day average of NYMEX futures gas prices for Year 1 of the forecast period, as those prices tend to reflect near-term market expectations and are more heavily traded. For Years 3-20 of the forecast period, ETI uses an average of fundamentals-based forecasts prepared by well-recognized and independent third-party consultants, which typically include IHS, Energy Ventures Analysis, PIRA,

[7] ESL has used AURORA, developed by EPIS, Inc., for MISO energy market modeling and long-term variable supply cost planning since April 2011. AURORA has been used in the industry for power market modeling and price forecasting since 1997. Its use has grown steadily for over 20 years and is now used by over 80 organizations worldwide. These organizations range from large investor owned utilities to small public utilities. Results from AURORA have been used in rate cases, integrated resource plans and other regulatory proceedings. Other organizations that use AURORA include regulators and planning authorities (such as the North American Electric Reliability Corporation), traders, independent power producers and developers, research institutions, and electric industry consultants.

Wood MacKenzie and ABB. Years 21+ reflect constant real dollars following Year 20. For Year 2, ETI develops a linear interpolation between Year 1 and Year 3 as a transition between NYMEX futures and the consultant average. Low and high cases are then developed utilizing implied volatilities (*e.g.*, short-term energy outlook), sourced from the Energy Information Agency, to create a distribution around Year 1 NYMEX prices using +/- 0.5 standard deviations from the reference gas price. A linear interpolation is again applied to Year 2, followed by the consultant average for Year 3 through Year 20, then by constant real dollars.

The above description addresses the forecasted commodity cost of Henry Hub natural gas prices. Because NYMEX futures and the consultant forecasts do not reflect the delivered cost of gas, ETI also includes adders for additional costs such as transportation and taxes to arrive at a forecasted delivered-to-plant cost of natural gas.

Q25. PLEASE EXPLAIN THE CO_2 ASSUMPTIONS USED IN THE EVALUATION?

A. There is a probability that national carbon regulation or pricing for the power generation sector will occur during the life of the Project. Accordingly, a model evaluating the economics of a resource should not ignore that probability and the associated cost; otherwise, it will produce a biased result and potentially lead to suboptimal resource planning decisions that increase costs to customers. However, the timing, design, and outcome of any carbon control program are evolving issues. As such, the Company models a range of potential policies and timing based on federal and major state policy actions as well as potential longer-term trends and policies to limit CO_2 emissions. The forecasts are based on projections supplied by

ICF International. ICF International is a global consulting services company that provides an array of services, such as climate and resilience, across many industries. The reference CO_2 forecast is based on ICF's probability-weighted case and starts in 2024. For sensitivities, the evaluation includes a low CO_2 scenario that assumes zero CO_2 and a high CO_2 scenario that assumes a cost of CO_2 emissions starting in 2024.

Q26. DOES THE TOTAL SUPPLY COST ANALYSIS CONSIDER THE EFFECT ON LOCATIONAL MARGINAL PRICES ("LMPS") PAID BY CUSTOMERS?

A. Yes. The variable supply cost component of the economic evaluation includes customer load payments and the energy margins of the generation portfolio. The economic analysis evaluated the change in load-bus LMPs and generator-bus LMPs and the effect these changes have on customer costs. Thus, the proposal's effect on customer LMPs was measured and included in the economic evaluation.

Q27. PLEASE DESCRIBE THE SAVINGS BREAKEVEN YEAR METRIC CALCULATED BY THE EET.

A. The Savings Breakeven Year metric measured the fixed cost commitment for the self-build proposal and compared this to the variable supply cost or fuel savings benefit to determine the point at which the benefit exceeds the fixed cost commitment. This metric considers the known fixed costs associated with the proposal compared to the projected fuel benefits and is one metric used to measure proposal risk.

Q28. PLEASE SUMMARIZE THE RESULTS OF THE ECONOMIC EVALUATION.

A. HSPM Exhibit PDN-2 shows the results of the economic evaluation. The evaluation was based on a total Project cost of roughly $1.1 billion (2026$), plus fixed and variable O&M, insurance and taxes. Over the assumed 30-year life, OCAPS is expected to yield more than $1.6 billion (2020$) in net benefits, on a present value basis, over and above its cost, under reference case assumptions. The projected net benefits come in the form of variable supply cost savings, which are made up of lower LMPs paid by ETI customers to serve load and energy margins earned by ETI's generation, including OCAPS. From a customer commitment breakeven perspective, OCAPS breaks even within eight years, which is a relatively short period and indicates low customer risk associated with the Project.

Q29. WHAT SENSITIVITY ANALYSES WERE PERFORMED?

A. The EET assessed the self-build proposal based on several sensitivities related to key drivers that could impact the economics of the proposal. Those sensitivities are reference, low, and high gas/CO_2 price cases as well as project contingencies and emissions credit costs. In a low gas cost/no carbon cost sensitivity case, the projected net benefits for OCAPS decrease marginally to $1.55 billion (real 2020$). In a high gas cost/high carbon cost sensitivity case, the projected net benefits for OCAPS increase significantly to $2.46 billion (real 2020$) primarily due to the low heat rate and resulting low energy cost from OCAPS relative to higher energy prices when relying on the market under the high natural gas and CO_2 scenario.

Q30. WERE OTHER ECONOMIC METRICS ALSO CONSIDERED?

A. Yes. As described above, the level of fixed cost commitment was considered, as well as the projected time to breakeven (*i.e.*, how quickly projected savings overcome fixed cost). The Project is expected to breakeven in the eighth year of operation, under the reference case assumptions.

Q31. DID THE EET EVALUATE OCAPS BASED SOLELY ON THE COST ESTIMATE PROVIDED BY THE SELF-BUILD TEAM?

A. No. In addition to the proposal pricing submitted by the self-build team, the EET received additional costs to factor in its evaluation based on assessments from other evaluation teams (the VAT, TET, and FET) and by an Independent Engineer. The cost estimate evaluated by the EET reflected changes, such as additional costs, based on the evaluation teams' and Independent Engineer's recommendations.

IV. RECOMMENDATION REGARDING SELECTION OF OCAPS

Q32. PLEASE DESCRIBE YOUR ROLE IN THE PROCESS OF SELECTING OCAPS.

A. As Company witness, President and CEO of ETI, Sallie Rainer explains in her direct testimony, I presented to the ETI OC the results of the 2020 ETI RFP (HSPM Exhibit PDN-2) and recommended selection of OCAPS. Based on this recommendation and a number of other discussions among members of the ETI OC and the IM, Ms. Rainer issued her final approval of the selection of OCAPS.

Q33. PLEASE SUMMARIZE WHY YOU RECOMMENDED SELECTION OF OCAPS FROM THE 2020 ETI RFP.

A. Based on the results of the RFP evaluation process, OCAPS matches the supply objectives identified in the RFP at the lowest reasonable cost considering risk, with projected net benefits exceeding $1.6 billion (real 2020$). Moreover, the economics of OCAPS were assessed to be strong across multiple metrics and sensitivities. In addition, the VAT assessed OCAPS to be a viable proposal. And, finally, the Project meets all of the RFP objectives, including the addition of modern, efficient capacity to ETI's resource portfolio and located within the Eastern Region.

Q34. PLEASE ELABORATE ON THE BENEFITS OCAPS IS EXPECTED TO YIELD FOR CUSTOMERS.

A. As discussed by Ms. Rainer and other ETI witnesses, OCAPS will benefit customers by supporting reliability in the Eastern Region and providing a source of low-cost energy that is expected to replace generation from older, less efficient units that are reaching the end of their useful lives. OCAPS will provide a modern, efficient resource to serve the overall long-term supply needs of the Company and its customers. Further, the resource was evaluated in the RFP to produce Total Supply Cost Savings (*i.e.*, projected net benefits) for customers exceeding $1.6 billion (real 2020$) over the 30-year evaluation period on a net present value basis. This expected supply cost savings is calculated in HSPM Exhibit PDN-2. Again, the savings associated with OCAPS are expected to exceed construction costs after approximately eight years of operation.

Q35. DID THE IM CONCUR WITH THE RFP ECONOMIC EVALUATION AND SELECTION?

A. Yes.

V. UPDATED OCAPS ECONOMIC EVALUATION

Q36. HAVE YOU UPDATED THE ECONOMIC EVALUATION OF OCAPS SINCE THE RFP ANALYSIS?

A. Yes. My team updated the economic evaluation of OCAPS to include the most current market assumptions, cost assumptions, cost of capital, and other factors to best inform the Commission of the net benefits that the Project is expected to bring to ETI's customers. This update is reflected in HSPM Exhibit PDN-3.

The evaluation included updates to key assumptions, including:

- Project cost;
- Variable supply cost savings, which includes updated natural gas and CO_2 prices from Business Plan 2021;
- Modeling of the alternative combustion turbine resource with more project-specific assumptions, including hydrogen co-firing capability;
- Cost of capital; and
- Property tax and insurance.

Q37. WHAT IS THE PROJECT COST ESTIMATE INCLUDED IN THE UPDATED EVALUATION?

A. Table 1 below shows the estimated cost of OCAPS by cost component as evaluated by the EET during the RFP and in the updated evaluation.

Table 1 – Comparison of OCAPS Cost Estimates (Millions)

Cost Category	RFP Evaluation	Updated Evaluation
Capital Cost Estimate	$ 1,038.6	$ 1,107.2
Transmission	$ 82.5	$ 85.9
Total	$ 1,121.1	$ 1,193.1

Q38. PLEASE EXPLAIN WHY THE PROJECT COST ESTIMATE INCLUDES ADDITIONAL COSTS AS COMPARED TO THE INITIAL ECONOMIC EVALUATION.

A. The additional costs fall in two main categories. First, the combustion turbines utilized in OCAPS are, by design, capable of co-firing up to 30% hydrogen (by volume). As discussed in the direct testimony of Ms. Weaver, ETI has made the decision to invest approximately $65 million in other plant infrastructure as part of the Project development that will enable ETI to utilize that co-firing capability at commercial operation. This relatively small investment in additional plant will also enable and significantly reduce the cost and time required for conversion to 100% hydrogen operations, as circumstances warrant. This additional investment is being made to enhance reliability and mitigate risks to ETI customers. As discussed in the testimony of ETI witness Robert E. Hebner, Ph.D., there is an increased sustainability focus in the U.S. and at the federal level that is aimed at decarbonization, including

developing hydrogen infrastructure to support its use as a fuel source to generate electricity. OCAPS' hydrogen capability affords greater fuel flexibility and allows it to serve as a dispatchable source of zero carbon energy and potentially provide long-duration storage of renewable energy.

Second, the transmission capital cost estimate was revised to reflect the latest transmission cost estimate, which includes the addition of the Sabine switchyard flood protection and other minor adjustments.

Q39. WERE ANY UPDATES MADE TO THE ALTERNATIVE CT MODELING?

A. Yes. The updated economic analysis assumes the alternative to OCAPS is to procure a similar level of capacity from three CT resources, with similar hydrogen co-firing capabilities. In the economic analysis, I have modeled the CT resources within the AURORA production cost model and utilized resource-specific cost assumptions (*e.g.*, site-specific transmission upgrade and fuel supply costs) to provide a better apples-to-apples comparison of OCAPS versus the alternative CTs. This update recognizes that ETI would have to invest in a different type of resource if it does not place OCAPS in service. CTs are commonly considered in the industry as representative of the cost of new entry for capacity and therefore a reasonable reference point for comparison to OCAPS.

Q40. DID THE UPDATE ANALYSIS CONSIDER SENSITIVITIES AROUND KEY ECONOMIC DRIVERS?

A. Yes. To show a potential range in economic value, just as was done in the initial economic evaluation, my team evaluated OCAPS across different reasonable natural gas and CO_2 price assumptions, as follows:

- Reference Gas / Reference CO_2;
- Low Gas / Low CO_2; and
- High Gas / High CO_2.

Q41. WHAT WERE THE RESULTS OF THE UPDATED EVALUATION?

A. Consistent with the RFP evaluation, OCAPS is expected to provide significant benefits for ETI customers over the life of the resource. Table 2 below shows the results of the updated economic analysis across a range of key natural gas and CO_2 price assumptions:

Table 2 – Results of Updated Economic Evaluation

	Reference Gas; Reference CO2	**Low Gas; Low CO2**	**High Gas; High CO2**
Net Benefit Present Value [2021$M]	$1,848.9	$1,313.1	$2,803.8
Customer Commitment Breakeven Year[8]	2036	2038	2033
First-Year Fuel Savings	$108.6	$90.6	$204.7

[8] Breakeven Year assumes OCAPS compared to the levelized real cost of the three CT alternative. Comparing OCAPS to the actual, nominal cost of the three CT alternative would result in an even earlier breakeven year of 2026 (year 1) in the reference case.

VI. CONCLUSION

Q42. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, at this time.

2020 Request for Proposals

for

Combined-Cycle Gas Turbine Capacity and Energy Resources

for

Entergy Texas, Inc.

Entergy Services, LLC

April 28, 2020

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APPENDICES

Appendices	**Title**
Appendix A	Glossary
Appendices B-1, B-2, B-3, B-4, and B-5	Commercial Term Sheets for PPAs, Tolls, Acquisitions, and BOT Acquisitions and a Summary BOT Scope Book
Appendices C-1 and C-2	Preliminary Due Diligence for Developmental Resources and Existing Resources
Appendix D	Minimum Requirements for Developmental Resources
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Appendix G	Process for Protection of Proposal Information
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2020 REQUEST FOR PROPOSALS FOR COMBINED-CYCLE GAS TURBINE CAPACITY AND ENERGY RESOURCES FOR ENTERGY TEXAS, INC.

1. GENERAL INFORMATION

1.1. Introduction

Entergy Services, LLC ("**ESL**"), acting as agent for Entergy Texas, Inc. ("**ETI**"), hereby issues this 2020 Request for Proposals for Combined-Cycle Gas Turbine Capacity and Energy Resources for Entergy Texas, Inc. (including all appendices, this "**RFP**").

Through this RFP, ETI seeks to acquire, on and subject to the terms set forth herein, from 1,000 to 1,200 MW (Summer Conditions, at full load, including duct-firing if included as part of the Facility) of Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes (if any) from a single generation resource located in the "Eastern Region" of ETI's service area for service commencing no earlier than May 31, 2025, and no later than May 31, 2026 . ESL intends to market-test a self-build alternative as part of the RFP ("**Self-Build Option**").

A summary of the scope of the RFP, including the products solicited by this RFP (the "**Products**"), is set forth in Section 1.10 below.

1.2. ETI; Eastern Region

ETI provides retail electric service to more than 461,000 customers in 27 counties in the state of Texas. ETI supports continued growth in Texas through investment in generation and other facilities that provide customers with clean, affordable, and reliable electricity. Through this RFP, ETI is seeking to procure cost-effective combined-cycle gas turbine ("**CCGT**") resources that can provide capacity, energy, supply diversity, environmental, and other benefits to ETI customers. This RFP is being conducted, and any Definitive Agreement arising out of this RFP would be, for the benefit of ETI's customers.

This RFP seeks resources located in the "Eastern Region" of ETI's service area. For purposes of this RFP, the "**Eastern Region**" is the portion of Texas encompassing an area from the Texas-Louisiana state border on the east, the Gulf of Mexico on the south, the ETI planning region known as the "Western Region" on the west, and the Southwest Power Pool ("**SPP**") on the north. A map showing and detailing the Eastern Region is provided in the Minimum Requirements Document referenced above and is also available on the 2020 ETI CCGT RFP Website.*

The red line on the map indicates the approximate geographic border of the ETI Eastern Region of Texas. The border is a function of the following ETI transmission tie-lines:		
Doucette – Deer 138 kV	Dayton Bulk – New Long John 138 kV	Hartburg-Rhodes 500kV
Cypress – Honey Island 138 kV	Dayton Bulk – Eastgate 138 kV	Bon Wier-Cooper 138kV
Cypress – Rye 138 kV	Orange-Toomey 138kV	Leach-Fairmount 138kV
Batiste Creek – Jacinto 230 kV	Orange-Hollywood 138kV	Toledo Bend-Vanply 138kV
China – Heights 230 kV	Sabine-Mud Lake 230kV	Toledo Bend-Leesville 138kV
	Hartburg- Layfield 500kV	

* The Eastern Region shown in the map (and also shown in the same map in Appendix D) is based on 138 kV and higher transmission facilities and excludes certain areas that contain lower voltage facilities that are not relevant for this RFP.

If a bidder is unclear whether a resource is located within the Eastern Region, Bidder may submit a question seeking the answer to the Bid Event Coordinator, specifying the exact location of the resource. The Bid Event Coordinator will respond with a determination whether the resource is located within the Eastern Region or coordinate clarifying questions before making such a determination.

1.3. RFP Documents

This RFP consists of the Main Body and thirteen appendices. Among other things, the Main Body (i) offers general information pertaining to this RFP; (ii) describes the resource and transaction structures/Products that ETI seeks from Bidders and high-level considerations for Bidders; (iii) includes a milestone schedule for this RFP; (iv) addresses the Self-Build Option being market-tested in this RFP; (v) sets forth terms governing the registration, preparation, and submission of proposals and RFP-related Bidder communications with ESL and the Independent Monitor ("**IM**"); and (vi) provides a high-level overview of the proposal evaluation and selection process.

Appendix A to this RFP is a glossary of certain capitalized terms used in this RFP. A capitalized term used but not defined in the Main Body will have the meaning ascribed to such term in Appendix A, except to the extent the context otherwise requires.

Appendices B-1, B-2, B-3, and B-4 are four term sheets for this RFP (each, a "**Term Sheet**"), one for power purchase agreements ("**PPAs**"), one for tolling agreements ("**Tolls**"), one for acquisitions of existing resources, and one for acquisitions of Developmental Resources. The Term Sheets are discussed in more detail in Section 2.2.1 below. Appendix B-5 is a summary of the BOT Scope Book that would apply to acquisitions of Developmental Resources. The BOT Scope Book addresses, among other things, the scope of the Seller's engineering, procurement, and construction ("**EPC**") work on the proposed project, the project execution plan, EPC standards and processes to be followed, and other technical information about the project.

Appendix C-1 contains questions and requests for material and other information that Bidders will be required to provide or answer in connection with any proposal submitted in this RFP that is based on a Developmental Resource. Appendix C-2 contains questions and requests for material and other information that Bidders will be required to provide or answer in connection with any proposal submitted in this RFP that is based on an existing resource.

Appendix D describes the Minimum Requirements for Developmental Resources that Bidders must satisfy for Bidder to submit a conforming proposal for a Developmental Resource in this RFP. Appendix D is not an exhaustive list of this RFP's requirements for conforming proposals for Developmental Resources; other terms of the RFP documents specify additional proposal requirements.

Appendix E contains an express reservation of ESL's rights in connection with this RFP; warranty, liability, and contract acceptance disclaimers; terms addressing the disclosure of RFP-related information by ESL, ETI, and Bidders in this RFP; Bidder's responsibility for RFP-related costs, and regulatory approvals; and Bidder's deemed acceptance of the rights and terms contained in Appendix E and ESL's reliance upon such acceptance.

Appendix F generally describes the credit support requirements for any transaction arising out of this RFP and other credit-related features that will be material to any Bidder proposal.

Appendix G provides information on the protocols ESL has established to ensure that (i) the RFP process will be impartial and objective, (ii) Bidders' commercially-sensitive information will be protected, (iii) all proposals will be treated in a consistent fashion, and (iv) no proposal from any particular Bidder, including the Self-Build Option, will receive undue preference.

Appendix I includes information regarding local and diversity suppliers of goods and services to projects proposed in this RFP.

Bidders are responsible for familiarizing themselves with and being fully aware of the terms of this RFP, including the terms of each Appendix applicable to its proposal(s) and any clarifications,

elaborations, or adjustments to RFP terms communicated to Bidders. Bidders are advised that from time to time ESL may clarify, elaborate upon, or adjust the terms of this RFP in response to developments that may affect or require attention in this RFP, ESL perceptions or concerns that terms in this RFP may be incomplete, inaccurate, or ambiguous or may fail to adequately address risks, rights, obligations, or other matters, or for other reasons.

1.4. 2020 ETI CCGT RFP Website and PowerAdvocate

The official website for this RFP is https://spofossil.entergy.com/ENTRFP/SEND/2020ETICCGTRFP/ ("**2020 ETI CCGT RFP Website**"). This RFP and related material and information are posted on the 2020 ETI CCGT RFP Website and available for review. The 2020 ETI CCGT RFP Website will be updated from time to time with additional material and information concerning this RFP. Interested Persons are responsible for monitoring the 2020 ETI CCGT RFP Website to ensure the timely receipt of information about this RFP.

"PowerAdvocate" will be utilized for Bidder communications after bidder registration for this RFP. Bidder will be invited to join and use the PowerAdvocate site to submit proposals and documents and communicate with ESL upon the completion of Bidder registration.

1.5. Bid Event Coordinator

ESL has designated a "**Bid Event Coordinator**" for this RFP. The Bid Event Coordinator's responsibilities include (i) acting as a liaison between the participants in this RFP and ESL on all RFP-related matters, (ii) ensuring that Bidder RFP-related questions ESL received during the pendency of this RFP are addressed in an appropriate manner, (iii) receiving, recording, and maintaining Bidder RFP proposals, (iv) working with the IM throughout the RFP, and (v) managing other administrative matters relating to this RFP. The Bid Event Coordinator is also a member of the "**RFP Administration Team**." The full set of the Bid Event Coordinator's duties, and the role of the RFP Administration Team, are set forth in Appendix G.

The Bid Event Coordinator for this RFP is Mr. John Raybourn, who can be contacted prior to Bidder's completion of the Bidder Registration Process via email at etirfp@entergy.com and afterwards through PowerAdvocate. PowerAdvocate information will be provided to Bidders at the time or shortly after Bidder completes the Bidder Registration Process.

1.6. Independent Monitor

ESL has retained Mr. Wayne Oliver of Merrimack Energy Group, Inc. to act as the Independent Monitor ("**IM**") for this RFP. The role of the IM is defined in the IM's "Scope of Work Activities," which is posted on the 2020 ETI CCGT RFP Website. In summary, the IM's role will be to (i) monitor the design and implementation of the RFP solicitation, evaluation, selection, and contract negotiation processes to ensure their impartiality and objectivity and (ii) provide an objective, third-party perspective on ESL's efforts to ensure that all proposals are treated consistently

and without undue preference to any Bidder. Bidders wishing to communicate with Mr. Oliver may reach him by email at Waynejoliver26@gmail.com or by phone at (781) 856-0007.

1.7. Eligible Participants

ESL invites proposals from all potential suppliers capable of meeting the conditions and requirements identified in this RFP ("**Eligible Participants**"). Proposals from Qualified Facilities ("QFs") will not be provided any preference in this RFP solely by virtue of their QF status. **Entergy Competitive Affiliates are not permitted to submit proposals in this RFP.** As discussed in more detail in Sections 2.7 and 3 below, ESL will consider and market-test a Self-Build Option in the RFP. A "Bidder" may consist of more than one entity. (For additional information concerning multi-party Bidders, please see Section 7.5 below.) Otherwise Eligible Participants that do not comply in all material respects with the terms, conditions, and requirements of this RFP may be determined by ESL, after consultation with the IM, to be ineligible to continue to participate in this RFP.

1.8. Eligible Technology

The generation technology permitted for proposals responsive to this RFP ("**Eligible Technology**") is CCGT technology that is equipped with functioning automatic generation control ("**AGC**"), has operating parameters that include the ability to operate in base load and load-following roles consistent with MISO operating rules for resources expected to provide ancillary services, and, exclusively for Developmental Resources participating in the RFP, is Commercially-Proven CCGT Technology that meets the minimum technology requirements set forth in Appendix D to this RFP (the "**Eligible RFP Technology**"). For this RFP, "**Commercially-Proven CCGT Technology**" is technology that ESL determines has, as of August 31, 2020, a sufficient amount of operational, maintenance, and performance data and information demonstrating, to ESL's satisfaction, (i) the ability to provide sustained, reliable, and otherwise acceptable performance in the CCGT configuration proposed and (ii) the CCGT technology's suitability for service in the resource's intended roles as an ETI resource. If Bidder is unclear whether a CCGT generation technology that Bidder intends to or may propose in the RFP is "Commercially-Proven CCGT Technology," Bidder may submit a request to ESL and the IM seeking the desired clarification and ESL will answer the request. Please see Section 7.1 of the Main Body (or contact the Bid Event Coordinator specified in the Notice of Intent for the RFP) for information regarding the submission of questions about the RFP to ESL and the IM. Bidder may be required to supply to ESL and the IM information about the CCGT technology and potential Developmental Resource in issue to assist ESL in the development of its response.

1.9. Eligible Resources

This RFP is limited to proposals for transactions based upon existing resources or Developmental Resources that are Eligible Resources. "**Eligible Resources**" are generation resources that:

(i) are or, for Developmental Resources, will be physically located in the Eastern Region;

(ii) will utilize Eligible Technology to make available and generate the products contracted to Buyer in the Definitive Agreement;
(iii) will be a single integrated resource [generation resources located at separate facilities are considered multiple resources and may not be combined to form an Eligible RFP Resource]; and
(iv) meet the other RFP requirements applicable to generating resources participating in this RFP (*e.g.*, committed and able to deliver Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes (if any) to Buyer as provided in this RFP by no earlier than May 31, 2025, and no later than May 31, 2026).

For planning purposes, ETI typically assumes a 30-year useful life for CCGT technology. Any Bidder that submits a proposal for an existing resource with less than a 10-year remaining useful life (assuming a 30-year useful life for the resource) must specify in its proposal the modifications, upgrades, improvements, and practices that have been or will or may need to be made or followed to extend the resource beyond its assumed 30-year useful life and must include in its proposal pricing the cost of such modifications.

1.10. RFP Scope Summary

The following table provides a high-level summary of key scoping items for this RFP.

Scope Item	RFP
Transaction Types	PPAs (Unit Contingent), Tolls (Unit Contingent), asset acquisition (existing resources), and BOT asset acquisitions (Developmental Resources)
Resource Location	Eastern Region (Sections 1.2, 1.9)
Substantial Completion Payment Date/Delivery Term Start Date	No earlier than May 31, 2025, and no later than May 31, 2026
Eligible Resources	Existing generation and Developmental Resources meeting the criteria for Eligible Resources (Section 1.9); Developmental Resources must meet specified minimum requirements (Section 2.7, Appendix D)
Eligible Technology	CCGT Technology meeting the criteria for Eligible Technology (Section 1.8); Developmental Resources must meet specified technical minimum requirements (Appendix D)
Capacity	From 1,000 to 1,200 MW (Summer Conditions, full load, including duct-firing if included as part of the Facility) (Sections 1.1, 2.1); ETI reserves the right to contract for more or less than 1,200 MW

Technical Requirements	BOT Proposals Only - The BOT Scope Book (Appendix B-5) provides general technical specifications for the Facility and related engineering, procurement, and construction matters
Delivery Term	A minimum of 10 consecutive years and a maximum of 20 consecutive years (PPA and Tolls) (Section 2.2)
Self-Build	Developmental CCGT; 1,000–1,200 MW (Summer Conditions, full load); Sabine site (Sections 2.7, 3)

The table omits several items that are or could be considered key scoping items, including numerous items described in Section 2 below. The scope and terms of this RFP are established by the terms set forth in the entirety of the documents, materials, and information provided to Bidders in this RFP, including other sections of this Main Body and other RFP documents. The table in this Section 1.11 is not, and should not be construed as, a substitute for the other provisions of this RFP.

2. RFP OVERVIEW

2.1. RFP Purpose

ETI projects an ongoing need for base load and core load following capacity and energy in the Eastern Region. The primary objective of this RFP is to solicit competitive proposals for resources that could help ETI satisfy those long-term needs and meet important planning objectives. The proposals sought are for a PPA, Toll, or acquisition transaction from a single Eligible Resource, with the delivery term or the closing occurring no earlier than May 31, 2025, and no later than one year later. The RFP will also market-test a Self-Build Option. Without limiting its rights in Appendix E, ETI reserves the right to contract for more or less than the targeted Capacity amounts to meet the long-term and short-term planning needs described above.

The addition of resources targeted by this RFP, intended to address, among other things existing and anticipated load and aging generation resources in the areas of Beaumont, Port Arthur, and Orange, Texas, will allow ETI to fulfill several important planning objectives, including, among others, maintaining its load-serving capability and reliability of electric service, serving its load at the lowest reasonable cost considering risk, and meeting resource adequacy and energy requirements.

The Eligible Resource and locational requirements support other important planning objectives, including, without limitation, the following:

- *Bolster Reliability in the Eastern Region.* Reliability in the Eastern Region must be maintained as existing generation units deactivate or age and/or load grows. The targeted long-term Capacity addition would promote reliability in the region by, among other things, reducing dependence on aging existing resources within the Eastern Region. It would also contribute additional reliability benefits due to the resource's proximity to Eastern Region load.

- *Increase Eastern Region Storm-Restoration Capabilities.* Having a generation resource that can contribute to the rapid restoration of service after a major disruption is highly desirable in hurricane and storm-prone areas like the Eastern Region. Service restoration times after widespread outages may be increased by greater reliance on generation outside the Eastern Region but may decrease with a generation resource located inside the Eastern Region.

- *Satisfy ETI's Long-Term Resource Adequacy and Energy Requirements.* Securing Capacity Credits and energy revenues from long-term resources located within the Eastern Region will help ETI meet its energy needs and MISO's resource adequacy requirements for future planning periods and mitigate its exposure to future Capacity Credit price, energy price, and congestion risks.

Proposals offered into this RFP will be evaluated for their ability to achieve these planning objectives and otherwise meet the needs of ETI at the lowest reasonable cost, taking into account, without limitation, reliability, risk mitigation, the terms of this RFP, and other relevant factors. For more extensive treatment of other considerations in the development and evaluation of proposals, please refer to the remainder of this Section 2 and to Section 6 below.

2.2. Transactions Solicited and Select Terms

2.2.1. PPAs and Tolls

In the RFP, PPAs and Tolls being sought are for the purchase of unit-contingent Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes from an Eligible Resource and related services. ETI will accept for evaluation PPA and Toll proposals that offer less than the entire capacity of the generation resource (whether the resource is an existing resource or a Developmental Resource) and meet the requirements for participation in this RFP. Any proposal for a Toll submitted into this RFP must offer generating capacity in increments of whole integrated generating units and must have fuel supply and transportation, fuel and power metering, permitting, dispatch flexibility, and other attributes required or appropriate to support registration and operation in MISO, in accordance with applicable MISO requirements and laws, as a reliable, fully dispatchable independent generating resource.

Pricing for a PPA will be based on:

(i) a Capacity Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in $/kW-year or (y) based on a base Capacity Rate (expected to be as proposed by Bidder), expressed in $/kW-year, and escalated annually by either CPI or PPI (as selected by Bidder);

(ii) an energy price (expressed in $/MWh), which will be based on (x) a guaranteed heat rate (expected to be as proposed by Bidder), multiplied by, for deliveries of scheduled "day-ahead energy," the applicable *Gas Daily* daily fuel index for Houston Ship

Channel, or, for deliveries of scheduled "intra-day energy," the lower of (1) Seller's average purchase price for the gas used to generate such energy and (2) the applicable price quoted by Seller to and accepted by Buyer for the gas used to generate such energy;

(iii) a Variable O&M Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in $/MWh or (y) based on a base Variable O&M Rate (expected to be as proposed by Bidder), expressed in $/MWh, and escalated annually by either CPI or PPI (as proposed by Bidder);

(iv) a Start Charge (if proposed by Bidder), which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in $/completed Start or (y) based on a base Start Charge (expected to be as proposed by Bidder), expressed in $/completed Start, and escalated annually by either CPI or PPI (as proposed by Bidder); and

(v) a Start Fuel Charge (if proposed by Bidder), which will be based on the product of the Start fuel amount (expressed in MMBtu per completed Start) and the applicable gas price (expressed in $/MMBtu).

Pricing for a Toll will be based on:

(i) a Capacity Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in $/kW-year or (y) based on a base Capacity Rate (expected to be as proposed by Bidder), expressed in $/kW-year, and escalated annually by either CPI or PPI (as proposed by Bidder);

(ii) a Variable O&M Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in $/MWh or (y) based on a base Variable O&M Rate (expected to be as proposed by Bidder), expressed in $/MWh, and escalated annually by either CPI or PPI (as proposed by Bidder); and

(iii) a Start Charge (if proposed by Bidder), which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in $/completed Start or (y) based on a base Start Charge (expected to be as proposed by Bidder), expressed in $/completed Start, and escalated annually by either CPI or PPI (as proposed by Bidder).

In addition, for Toll proposals, a guaranteed heat rate curve will apply. The heat rate curve could affect Seller's compensation for providing fuel conversion services. The guaranteed heat rate curve is expected to be as provided by Bidder. The points along the guaranteed heat rate curve are

required to correspond to the actual and projected heat rates of the resource at the available dispatch levels.

A proposal's pricing for a PPA or Toll must reflect an "all-in" contract price (including any related fees and expenses) that ETI would pay to Seller for all aspects related to, and products associated with the provision, generation, and delivery to ETI of Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes.

The following highlights a few basic commercial terms for any PPA or Toll arising out of this RFP:

- *Monthly and Long-Term Availability Requirements.* The Monthly Availability Requirement depends on the technology utilized by the resource. The Monthly Availability Requirement will be 98% in the Summer Months and the Winter Months and 96% in the other months. A failure to meet the Monthly Availability Requirement will result in a payment reduction to Seller. The Rolling 12 Month Availability Requirement will be 85% for CCGT resources. A failure to meet the Rolling 12 Month Availability Requirement may result in termination and a termination payment to Buyer. Please see Appendices B-1 and B-2 for additional details.

- *Delivery Term.* The Delivery Term for PPAs and Tolls will be a minimum of ten (10) consecutive years and a maximum of twenty (20) consecutive years. The Delivery Term is expected to be based upon the Delivery Term specified in the proposal giving rise to the PPA or Toll.

- *Delivery Term Commencement.* For proposals backed by a Developmental Resource, Seller may be subject to delay damages (which may include damages for Buyer's loss of Capacity Credits), "buy-down" damages and a potential re-sizing of the PPA or Toll, and/or, for extended delays, contract termination and a termination payment if the actual commercial operation date is later than the guaranteed commercial operation date (expected to be as specified by Bidder in its proposal). The guaranteed Delivery Term commencement date is expected to be based upon the guaranteed Delivery Term commencement date specified in the proposal giving rise to the PPA or Toll.

- *Conditions Precedent.* Any PPA or Toll arising out of this RFP will include numerous conditions precedent, including a condition for the benefit of Buyer that Buyer has obtained regulatory approvals and regulatory treatment on terms and conditions satisfactory to it in its sole and absolute discretion.

- *Product Deliveries.* Seller will be required to make available contract Capacity and deliver contract energy and Other Electric Products at the Physical Delivery Point.

- *Scheduling and Dispatch Flexibility.* The scheduling and dispatch flexibility and rights of Buyer under a PPA or Toll will be substantially equivalent to those that Buyer would have

if Buyer owned the physical Capacity being purchased. Bidders should structure the terms of all PPA and Toll proposals accordingly.

- *Credit.* Under the terms of this RFP, Seller will be required to post a letter of credit for the amounts as outlined in Appendix B-1 or B-2, as applicable, and Appendix F (and to certify at proposal submission its understanding and acceptance of the core credit support terms). Appendix F includes other essential information concerning the production and disclosure of financial information as part of the Bidder Registration Process and Proposal Submission Process, certain credit support elections to be made by Bidders, the evaluation of credit information and proposals by the Credit Evaluation Team, liquid credit support milestone dates and amounts, potential liquid credit support offsets, and limitations on Bidder's special considerations related to credit terms.

- *Liability Transfer.* ESL will not accept the risk that any long-term liability will or may be recognized on the books of ETI (or any of its Affiliates) in connection with any PPA or Toll entered into pursuant to this RFP, whether the long-term liability is due to lease accounting, the accounting for a variable interest entity, or any other applicable accounting standard.

- *Cost Recovery.* Seller will be required to absorb the risks of the possible disallowance, disapproval, or denial of recovery by the PUCT and/or other Governmental Authorities of ETI costs incurred in connection with a PPA or Toll arising out of this RFP ("Cost Recovery Risks"), excluding certain limited Cost Recovery Risks that will remain with ETI ("**ETI-Allocated Cost Recovery Risks**"). ETI-Allocated Cost Recovery Risks include (i) costs incurred by ETI in connection with the applicable PPA or Toll for which recovery was expressly disallowed, disapproved, or denied by the PUCT in a final order approving the PPA or Toll as in the public interest and prudent, if one is sought, provided ETI accepted the order as satisfying the PUCT regulatory approval condition to commencement of the PPA or Toll Delivery Term, and (ii) costs incurred by ETI in connection with the PPA or Toll due exclusively to the active fault of ETI. Cost Recovery Risks expected to be borne by Seller includes, without limitation, unrecovered costs to replace Capacity, energy, Environmental Attributes, and other products not provided to ETI by Seller under the PPA or Toll. ETI is willing to consider (but is under no obligation to accept) Special Considerations or proposals from Bidders that propose with specificity a different treatment or apportionment between ETI and Seller of Cost Recovery Risks and provide supporting rationale. Any proposed treatment of Cost Recovery Risks that would allocate all or substantially all Cost Recovery Risks to ETI is not contemplated.

The foregoing is not, and should not be construed, as an exhaustive listing of important commercial terms of any PPA or Toll arising out of this RFP. Please refer to Appendices B-1 and B-2 for a broader-based summary of select PPA and Toll terms.

2.2.2. BOT Acquisitions

Build-own-transfer ("BOT") Acquisition Products are being solicited in the RFP. The following highlights in summary form a few basic commercial terms and considerations for BOT resource acquisition(s) sought by this RFP:

- *BOT Structure.* With the BOT structure, Seller would agree to develop, design, build, commission, test, and sell the proposed project to Buyer for a pre-agreed purchase price. Buyer would buy the project and related assets from Seller (not its equity) at the consummation of the purchase ("**Closing**"), after each of the Closing conditions has been fulfilled or waived, including the achievement of mechanical completion of the project. Prior to the Closing, Seller, as the project owner, would own and have care, custody, and control of the project, including the project site, and would bear construction, financing, and project completion risk, as well as risk of loss for the project. Seller's obligation to commence construction would be conditioned on the satisfaction of several Buyer "FNTP" conditions, including Buyer's receipt of regulatory approvals on terms acceptable to Buyer in its sole discretion. After the Closing, Seller would be required to continue to construct, commission, and test the project and perform related work in accordance with the terms of the BOT Agreement through Final Completion. Actual care, custody, and control of the project would transfer to Buyer shortly after substantial completion, at the Substantial Completion Payment Date. If the transaction terminates and the Closing has not occurred, Seller would retain ownership and control of the project and related assets, subject to an exception discussed below in "Termination." The BOT Agreement, which reflects the BOT structure, is essentially a hybrid contract incorporating EPC principles and generation asset acquisition terms.

- *Purchase Price.* The purchase price for the project and the other project assets will be payable by Buyer to Seller at three major milestones: the Closing, the Substantial Completion Payment Date, and Final Completion. Seventy-five percent (75%) of the purchase price will be payable at the Closing. The balance of the purchase price, less a holdback securing the completion of agreed punchlist items and, if Seller so elects (see Appendix F), a holdback for post-Closing credit support, will be payable at the Substantial Completion Payment Date. Assuming Seller's performance of the remaining work, the punchlist holdback will be paid at Final Completion. There will be no progress, mobilization, or other comparable payments of the purchase price.

  The BOT purchase price offered by Bidders in this RFP must be an "all-in" purchase price. In developing the purchase price, Bidders should take into account, among other things, development, study, engineering, procurement, permitting, design, financing, construction, installation, disposal, commissioning, testing, maintenance, repair, replacement, gas, electric, water, and other utility interconnection, deliverability, transmission (including, without limitation, required upgrades), fuel handling and storage equipment, real property, reporting, access, regulatory, permitting, contracting, environmental, insurance (including, without limitation, the builder's all risk policy

required by this RFP), taxes (including, without limitation, transfer, sales, and use taxes), Closing, asset transfer, transaction, contingency, warranty (including, without limitation, the project wrap warranty), credit, and all other Seller project costs and risks and Seller's required return on investment considering the terms set forth in this RFP, including, without limitation, Appendices B-4 (BOT Term Sheet), B-5 (BOT Scope Book), and F (Credit Appendix), and the terms of Bidder's proposal. Without limiting other RFP rules and requirements, Bidders must express the purchase price in BOT proposals as a single fixed price.

- *Closing/Mechanical Completion.* The Closing will be scheduled to occur on or before May 31, 2026. The Closing will be required to occur between the time the Facility achieves Mechanical Completion and when it first synchronizes, energizes, and delivers power to the electric grid. The Closing will be conditioned on numerous Closing conditions, including the transfer to Buyer of clear title to the purchased assets (excepting only permitted encumbrances), the accuracy of Seller representations and warranties, and the provision of necessary credit support.

- *Substantial Completion.* The BOT Agreement will include a guaranteed substantial completion date (which may be adjusted by change order, as described below). Assuming FNTP occurs, the resource will be required to achieve Substantial Completion by the guaranteed substantial completion date, which, except as set out below in "Change Orders," must be, when the BOT Agreement is signed, on or before May 31, 2026. Buyer prefers that Substantial Completion occur before the start of the MISO capacity auction process for the then-upcoming MISO planning period. Seller will owe liquidated damages to Buyer (which may include damages for Buyer's loss of Capacity Credits) if the resource has not achieved Substantial Completion by the guaranteed substantial completion date and, for extended delays, may owe contract termination damages. In addition, Seller may become obligated to pay "buy-down" damages to Buyer if the plant's heat rate and/or Capacity fail to meet guaranteed levels. Certain Seller representations and warranties will be required to be true and accurate (or "brought down") on the Substantial Completion Payment Date.

- *Change Orders.* The project and/or project schedule, including the guaranteed substantial completion date, may be modified by change orders issued by Buyer in its discretion, due to force majeure preventing Seller's performance of its work, or due to defined Buyer-caused delays. The project schedule may be extended by force majeure for up to a maximum total of 180 days. Purchase price increases due to Buyer discretionary change orders may not exceed in the aggregate 7.5% of the purchase price. Any change order for force majeure will be exclusively for project schedule relief; Seller will be solely responsible for any incremental costs arising out of a force majeure affecting Seller's performance of the work. Qualifying changes in law occurring after execution of the BOT agreement and affecting Seller's work will be considered force majeure events and will not give rise to non-force majeure change order rights for Seller. No purchase price

increases due to Buyer discretionary or Buyer-caused delay change orders will be payable to Seller except as part of a purchase price payment made by Buyer.

- *Project Warranty.* Seller will be required to provide a comprehensive "wrap" warranty of the project work performed by or for Seller. Unless Bidder proposes a longer period, the wrap warranty will expire on the second anniversary of the Substantial Completion Payment Date. An exception will apply to covered defects identified or repairs made in the second year of the warranty period. For those defects or repairs, the warranty will extend for a period of one year after the defect has been repaired. Seller will be required to transfer all the underlying unexpired contractor warranties to Buyer at the Closing (but not the EPC contracts themselves). Seller will be granted the right to enforce the warranties to the extent relevant to a wrap warranty claim made by Buyer during the warranty period.

- *Credit.* Under the terms of this RFP, Seller will be required to post and maintain credit support as provided in the BOT Term Sheet and Appendix F (and to certify at proposal submission its understanding and acceptance of the core credit support terms). Appendix F includes other essential information concerning the production and disclosure of financial information as part of the Bidder Registration Process and Proposal Submission Process, certain credit support elections to be made by Bidders, the evaluation of credit information and proposals by the Credit Evaluation Team, liquid credit support milestone dates and amounts, potential liquid credit support offsets, and limitations on Bidder special considerations related to credit terms.

- *Termination.* The BOT Agreement will include termination provisions for, among other things, uncured material breach, bankruptcy, failure of FNTP, Closing, or Substantial Completion to occur before the expiration date, and certain title defects. The remedies for termination will differ depending on whether the termination is before or after the Closing and the cause of termination. For example, if Seller terminates the BOT Agreement for Buyer's material breach before the Closing, Buyer must pay to Seller the sum of (i) the direct costs Seller incurred to perform its work prior to termination and specified related termination costs, plus (ii) a designated percentage of such costs. The payment will be subject to a cap (a small amount of the purchase price) if the termination is before the FNTP date, i.e., prior to commencement of construction. In consideration for the termination payment, Buyer may elect to acquire the project. If Seller terminates for Buyer's material default after the Closing but before the Substantial Completion Payment Date, Buyer must pay to Seller (a) the balance of the purchase price and specified related termination costs, less (b) the costs Seller did not incur to complete its work and the aggregate amount (if any) that Seller owes Buyer under the BOT Agreement or any related agreement on the termination date. If Buyer terminates before the Closing due to certain Seller events of default, Seller must pay to Buyer a defined per-project-MW termination fee, plus any delay liquidated damages and other amounts owed to Buyer on the termination date. If Buyer terminates after the Closing due to certain Seller events of default, Seller must pay to Buyer (1) Buyer's "cover" costs (the costs Buyer incurred to

complete Seller's work) plus a defined percentage of such costs, plus (2) the diminution in value resulting from any reduced project capacity (e.g., 1,100 MW plant is only 900 MW) or the loss of the "wrap" warranty, guaranty, or liquidated damage provisions benefitting Buyer, net of any replacement provisions obtained by Buyer included in costs covered by clause (1), plus (3) all other amounts due from Seller to Buyer under the BOT Agreement and any related agreement on the termination date, less (4) the unpaid portion of the total purchase price. If the unpaid portion of the purchase price exceeds the sum due Buyer, Buyer will pay the excess to Seller. (For specific percentages and fees, please see the BOT Term Sheet.)

- *Purchased Assets.* The assets to be sold must include the entire Facility. Proposals for an acquisition of a resource that would be jointly owned after the closing or would reasonably require a joint ownership and operating agreement or similar agreement will not be considered.

The foregoing is not, and should not be construed, as an exhaustive listing of important commercial terms of any BOT Acquisition arising out of this RFP. Please refer to Appendices B-4 for a broader-based summary of select BOT Acquisition terms.

2.2.3. Acquisitions

Acquisition Products for Existing Resources are being solicited in this RFP. The purchase price must be expressed as a single fixed payment for the proposed acquisition of the Existing Resource. The amount of Capacity to be obtained under any asset purchase agreement arising out of this RFP must be no less than 1,000 MW (Summer Conditions, at full load, including duct-firing, if included as part of the facility) and no more than 1,200 MW (Summer Conditions, at full load, including duct-firing, if included as part of the facility).

The following highlights a few basic commercial terms that apply to any acquisition proposed in this RFP:

- *Purchased Assets.* The assets to be sold must include the entire Facility. Proposals for the acquisition of a resource that would be jointly owned after the Closing or would reasonably be expected to require a joint ownership and operation agreement or similar agreement will not be considered.

- *Credit.* Under the terms of this RFP, Seller will be required to post and maintain credit support as provided in the Acquisition Term Sheet and Appendix F (and to certify at proposal submission its understanding and acceptance of the core credit support terms). Appendix F includes other essential information concerning the production and disclosure of financial information as part of the Bidder Registration Process and Proposal Submission Process, certain credit support elections to be made by Bidders, the evaluation of credit information and proposals by the Credit Evaluation Team, liquid credit support milestone dates and

amounts, potential liquid credit support offsets, and limitations on Bidder special considerations related to credit terms.

- *Durability of Authorizations.* Seller will retain the risk that the acquisition is unable to close in the event that any FERC, HSR, or other required authorization becomes invalid or ineffective due to the lapse of time before the Closing and the risk of actions taken by the applicable governmental authority in connection with any new or supplemental filings to maintain any previously obtained approval for the transaction. Bidders are encouraged to consider this risk in the development of their acquisition proposals and to specify in their proposals measures that mitigate any identified risk. ESL's evaluations of acquisition proposals may assess the risk that a required authorization will not be obtained or will become invalid, ineffective, or subject to modification prior to the Closing of the proposed Transaction and may assess the effectiveness of proposed risk mitigation measures.

The foregoing is not, and should not be construed as, an exhaustive listing of important commercial terms for any asset purchase transaction arising out of the RFP. Please refer to Appendix B-3 for a broader-based summary of select contract terms for BOT transactions

2.2.4. Proposal Development and Special Exceptions

Bidders are responsible for developing and submitting proposals in accordance with the terms set forth and information communicated to Bidders in this RFP, including all terms and conditions included in the applicable Term Sheet. It is important that Bidders base their proposals on such terms and information and not the terms in any other RFP issued by or any contract entered into with ETI or an Affiliate of ETI. Bidders are cautioned against relying solely or principally on the summaries included in Sections 1.5, 1.10, 2.2.1, 2.2.2, and 2.2.3 above when developing proposals for this RFP, submitting proposals without a reasonably complete understanding of the terms set forth in the Term Sheet and BOT Scope Book that were made available to Bidders prior to proposal submission and apply to its proposal, or assuming that ETI will entertain or accept material changes to the model agreements, the terms of which were developed specifically for this RFP and apply to all Bidders.

ETI expects that the terms, conditions, and technical requirements of this RFP, including, without limitation, the applicable Term Sheet, the BOT Scope Book (BOT transactions only), and Appendix F, will be included or reflected in any Definitive Agreement executed for a proposal. Bidder will be charged with knowledge of the terms of this RFP, including, without limitation, the Term Sheets, the BOT Scope Book, and Appendix F, when ESL evaluates Bidder's proposal(s) and during any negotiation of the Definitive Agreement. In the event of any inconsistency between a provision in a model agreement and any other part of this RFP, including between the Main Body and the BOT Scope Book (BOT transactions only), the Term Sheets, will control.

Subject to the other terms of this RFP, including, without limitation, Section C of Appendix F and Section 2.7 below, Bidders are permitted to make special exceptions to terms included in the Term Sheets and the BOT Scope Book that they are unwilling to accept. Each Bidder is required to include with its proposal a reasonably complete list and detailed explanation of each special

exception to any terms included in the applicable Term Sheet and/or BOT Scope Book (BOT transactions only) in the Special Exceptions – BOT Scope Book Sheet on the Commercial Tab in PowerAdvocate. Special exceptions in which Bidder (a) reserves wholesale rights to make comments on terms or conditions included in a Definitive Agreement, (b) makes widespread, wholesale, or fundamental changes to material terms or conditions set forth in the applicable Term Sheet or the BOT Scope Book (BOT transactions only), (c) conditions its proposal on the acceptance of material terms or conditions not accepted by ETI in the ordinary course of business or that would materially diminish the value of the resource to ETI or the viability of the proposal, (d) takes exception to commercial terms without reasonably complete and detailed explanations or when such exceptions are not permitted by the express terms of this RFP, including Appendix F, or (e) takes actions the effect of which would be similar to those resulting from the actions described in clauses (a)-(d) are not contemplated and are grounds for a proposal's elimination from consideration in this RFP, following consultation with the IM. Bidder-provided special exceptions to the applicable Term Sheet and/or BOT Scope Book (BOT transactions only) will be reviewed in the proposal evaluation phase of this RFP. The results of ESL's review of Bidder's special exceptions may adversely (or positively) affect the proposal's ranking. For purposes of the proposal evaluation and contract negotiations, Bidder will be deemed to have accepted any provision of the applicable Term Sheet or, for BOT transactions, the BOT Scope Book that is not shown as marked or expressly noted as covered by a prior edit to the Term Sheet or the BOT Scope Book.

Notwithstanding anything in this RFP to the contrary, ETI acceptance or selection of a proposal containing special exceptions to the applicable Term Sheet or the BOT Scope Book or other special exceptions does not mean that ETI agrees with the exceptions or will agree to or accept the exceptions (or variants of the exceptions) in any negotiation of a Definitive Agreement. Without limiting the other terms of this RFP, including this Section 2.2.4, Appendix E, and Section C of Appendix F, ETI reserves all rights in any proposal evaluation or negotiation involving the exceptions, including, without limitation, the right not to accept or agree to any of the exceptions (or any variant thereof), the right not to pay Bidder or Seller any incremental amount or consideration if ETI does not accept or agree to any particular exception or any proposed compromise, and the right to terminate negotiations if Bidder or Seller requires Buyer to agree to any particular exception as a condition to continued discussions.

2.3. Threshold Requirements

Subject to the other terms of this RFP, ESL will consider only proposals submitted in accordance with and meeting the requirements of Section 5 below. In addition to those proposal submission requirements, proposals under this RFP are required to satisfy, and will be reviewed early in the RFP evaluation process for compliance with, the prerequisites specified in this Section 2.3 (collectively, the "**Threshold Requirements**"). Any proposal not meeting the Threshold Requirements will be considered non-conforming and may be eliminated from further consideration in this RFP by ESL, after consultation with the IM. The Threshold Requirements include Transmission Assessment Threshold Requirements, Viability Assessment Threshold Requirements, Accounting Assessment Threshold Requirements, and Credit Assessment Threshold Requirements, each as described below.

2.3.1. Transmission Assessment Threshold Requirements

The following Threshold Requirements are the "**Transmission Assessment Threshold Requirements**":

- The proposed resource must be eligible to qualify as a Long-Term Network Resource of ETI under the MISO OATT.
- The proposed resource must be capable of providing the offered amount of Capacity, energy, and Other Electric Products to Buyer at the Electric Interconnection Point.
- Bidder or Seller must have either (i) entered into and remain a party to a GIA granting to the proposed resource the Required IS Quantities or (ii) submitted, prior to the application deadline for MISO DPP-2020-Cycle 1 submissions, an application with MISO seeking to obtain the Required IS Quantities for the resource or be in a prior existing MISO Definitive Planning Phase ("DPP") Queue cycle.

2.3.2. Viability Assessment Threshold Requirements

The following Threshold Requirements are the "**Viability Assessment Threshold Requirements**":

- Bidder must be an Eligible Participant.
- The resource supporting Bidder's proposal must be an Eligible Resource, and Bidder must provide evidence satisfactory to ESL demonstrating that the proposed resource is an Eligible Resource.
- Bidder must offer from 1,000 to 1,200 MW (Summer Conditions, at full load, including duct-firing if included as part of the facility) of Capacity and related products from an Eligible Resource to the Electric Interconnection Point.
- For Developmental Resource proposals, Bidders must meet the applicable Minimum Requirements for Developmental Resources set forth in Appendix D and the requirements of Section 2.7 below. Without limiting ESL's rights under Appendix D or E, ESL, in consultation with the IM, may allow variances from the Minimum Requirements.
- For Developmental Resource proposals, the resource must be free of fatal design flaws and/or non-standard operational or permitting restrictions that would reasonably be expected to prevent it from meeting the requirements of this RFP, including, without limitation, Section 2.7 below and the applicable Minimum Requirements listed in Appendix D.

- For proposals offering a PPA or Toll Product into the RFP, the proposal must offer generating capacity in increments of whole integrated generating units and the resource must have fuel supply and transportation, fuel and power metering, permitting, dispatch flexibility, and other attributes required or appropriate to support registration and operation in MISO, in accordance with applicable MISO requirements and laws, as a reliable, fully dispatchable independent generating resource.

- For proposals offering a PPA or Toll Product into the RFP, the proposed Delivery Term must be no less than ten (10) and no more than twenty (20) consecutive years, and the Bidder-proposed guaranteed start date for the Delivery Term must be no earlier than May 31, 2025 and no later than May 31, 2026. The Bidder-proposed proposed closing date for an acquisition Product offered into the RFP must be no earlier than May 31, 2025 and no later than May 31, 2026.

2.3.3. Accounting Assessment Threshold Requirements

The following Threshold Requirements are the "**Accounting Assessment Threshold Requirements**":

- For PPA or Toll proposals, Bidder must include in the Proposal Package the accounting certification required under, and prepared, executed, and submitted in accordance with the requirements of, Section 6.1.5 below.

- For PPA and Toll proposals, the proposed transaction will not result in the recognition of a long-term liability on the books of ETI (or any of its Affiliates).

2.3.4. Credit Assessment Threshold Requirements

The following Threshold Requirements are the "**Credit Assessment Threshold Requirements**":

- Bidder must provide the most recent Published Credit Rating from S&P and Moody's of Bidder (or, if different from Bidder, Seller) and the proposed Seller Parent Guarantor, to the extent such a rating exists.

- Bidder must provide the annual audited financial statements for the past two (2) years and the current-year reviewed quarterly financial statements (and accompanying notes) of Bidder (or, if different from Bidder, Seller). The financial statements need to include the auditor's opinion and notes to the financial statements, the balance sheet, the income statement and the cash flow statement.

- Bidder must include in the Proposal Package the credit certification required under, and prepared, executed, and submitted in accordance with the requirements of, Section 6.1.5 below.

Please see Section 6.1 below for additional information on the Threshold Requirements, including the evaluation of proposals for satisfaction of the requirements.

2.4. Interconnection and Energy Deliverability

This Section 2.4 identifies and addresses certain interconnection, deliverability, and transmission issues or requirements that Bidders should consider as they prepare a proposal for this RFP. ETI requires that any Developmental Resource supporting a proposal submitted into this RFP must be within the planning region known as the "Eastern Region."

2.4.1. Required Interconnection, Deliverability, and Transmission Service

Seller will be required, under the terms of any Definitive Agreement, to have obtained and bear the full costs and risk of the arrangement, procurement, receipt and maintenance of the interconnection, deliverability, and firm transmission service necessary for the resource to make available and deliver to the Physical Delivery Point the full energy output, Capacity, and Other Electric Products of the proposed resource as required by this RFP, including, without limitation, (i) the establishment of the Electric Interconnection Point as a separate commercial pricing or settlement node for the resource, (ii) a quantity of ERIS that equals or exceeds the winter rating of the resource, and (iii) a quantity of NRIS that equals or exceeds the rating of the resource at Summer Conditions (collectively, the "**Required IS Quantities**"), and (iv) for PPAs, the financial settlement of energy and Other Electric Products at the ETI Load Node. The Closing (both forms of acquisition transactions) and Delivery Term commencement (PPA or Toll transactions) will be conditioned on the completion of all upgrades, improvements, and other actions necessary for the receipt of such service and recognition by MISO and/or other applicable Balancing Authorities that such services have been obtained and are in full force and effect.

For proposals based on an existing resource that has an executed GIA with MISO but not the Required IS Quantities, Bidder will be required to request from MISO, through a generator interconnection service application (or other means required by or acceptable to MISO) that seeks the Required IS Quantities.

The interconnection, deliverability, and transmission costs for which Seller will be responsible include, among others, the costs of upgrades and improvements assigned to Seller under the applicable interconnection, deliverability, or transmission agreement with MISO, the transmission owner, and/or Balancing Authority, except to the extent stated to be the exclusive cost responsibility of the applicable transmission provider, transmission owner, or Balancing Authority under the applicable tariffs, rules, regulations, or requirements of, or generator interconnection or other agreements with, such transmission provider, transmission owner, or Balancing Authority, and, for PPAs or Tolls, transformer, line losses, and congestion charges. As with other Bidder costs, Bidder will be responsible for reflecting these costs in Bidder's proposed pricing. Under the terms of this RFP, each Bidder is required to provide, among other things, transmission interconnection and network upgrade cost estimates for Transmission Owner's Interconnection Facilities, Stand Alone

Network Upgrades, and Network Upgrades (each as defined in the MISO tariff) and include those cost estimates in the purchase price breakdown in Appendix D Attachment A.

ETI expects to seek and qualify any resource selected from this RFP as a Long-Term Network Resource of ETI in MISO. The Definitive Agreement will require Seller, subject to ETI's direction to the contrary, to take all actions necessary or advisable to cause the resource to be qualified and/or recognized in MISO as a Long-Term Network Resource of ETI, with full network integration transmission service, and to cause ETI to be eligible for and receive all transmission rights and entitlements associated with the contract Capacity of the resource, including, without limitation, auction revenue rights and financial transmission rights.

2.4.2. Interconnection Service Requests and Applications

Under the current MISO Rules, the receipt of interconnection service from MISO, including without limitation, (ii) a quantity of ERIS that equals or exceeds the winter rating of the resource and (ii) a quantity of NRIS that equals or exceeds the summer rating of the resource, requires the submission to MISO of a generator interconnection application under the applicable generator interconnection process. To maintain the schedule contemplated by this RFP, the MISO generator application supporting a proposal offered into this RFP must be submitted to MISO by no later than MISO's application deadline for the DPP-2020-Cycle 1. At Bidder Registration, Bidder must provide a copy of the complete application for generator interconnection agreement (GIA) for the proposed resource as well as a copy of either the MISO letter acknowledging and validating the application or, if available, the actual study results related to such application, as well as the associated MISO queue number.

It is not necessary for Bidder or Seller to have received for the proposed resource the results of a MISO DPP study, or any other interconnection, deliverability, or transmission service study, or executed the MISO GIA or any other agreement necessary for receipt of the interconnection, deliverability, and transmission service required hereunder in order for Bidder to submit a proposal. Except to the extent ESL otherwise agrees in writing, pending execution of the MISO GIA for Bidders' proposed resource, the resource must remain in the MISO DPP queue to remain an available resource in this RFP. If a resource proposed by Bidder in this RFP does not remain in the queue to obtain the required service or loses the right to obtain or receive such service during the pendency of this RFP, Bidder must promptly notify the Bid Event Coordinator, and any Bidder proposal backed by such resource will be subject to elimination. Bidders should bear in mind that the generator interconnection, deliverability, and transmission process utilized by MISO operates on timelines and contains requirements that are independent of this RFP and may necessitate the expenditure of costs by Bidders for their proposed resources to remain in the queue or eligible to participate in this RFP.

For any PPA or Toll arising out of this RFP, Seller will be required to make available contract Capacity and deliver contract energy and Other Electric Products at the Physical Delivery Point.

2.4.3. Market Participant Services

For PPAs and Tolls, subject to certain limitations, throughout the term of any PPA or Toll, Buyer will have the right to determine from time to time whether Buyer (or a designee) or Seller will serve as the "market participant" for the generation resource before MISO. If Seller is the market participant, financial schedules would be submitted to MISO for deliveries of energy and Other Electric Products from the resource under the Definitive Agreement. Seller will be responsible for and bear any and all costs and risks associated with financial scheduling energy and Other Electric Products, including, without limitation, electric losses, MISO fees, charges, and other costs related thereto (*e.g.*, financial scheduling fees, administrative costs, transaction charges).

Any BOT or acquisition agreement based on a proposal in this RFP will require Seller and Buyer to commit to enter into a "MISO Agreement." Among other things, the MISO Agreement for a BOT resource will obligate Buyer or its designee to serve as the market participant for the resource, subject to the potential transfer of its market participant rights and duties to Seller if the BOT transaction terminates prior to the Closing. The costs that Buyer or its designee incurs as the market participant for the resource before the Closing generally will be for Seller's account. The MISO Agreement will include certain limitations on Buyer's or its designee's rights as the market participant and impose certain obligations on Seller during the period before the Closing that reflect Buyer's contingent rights to the resource. The MISO Agreement for the acquisition of an existing resource will address the transfer of market participant responsibilities for the resource to Buyer or its designee after the Closing and related matters.

2.5. Cost Recovery

As part of this RFP, ESL desires to evaluate the costs, benefits, risks, and other elements of PPA, Toll, and acquisition opportunities on a comparative basis against resources owned by ETI. The risk evaluation in this RFP will include an assessment of the risks of the possible disallowance, disapproval, or denial of recovery by the Public Utility Commission of Texas and/or other Governmental Authorities of Buyer costs incurred in connection with a Definitive Agreement due to reasons other than Buyer fault. Seller will be required to absorb certain cost recovery risks in any PPA or Toll arising out of a proposal submitted into this RFP by or on behalf of Seller, excluding certain limited cost recovery risks that will remain with Buyer. Bidders should submit any proposals for the allocation of cost recovery risk as part of their Special Considerations or as otherwise requested by ESL in the Proposal Submission Process.

2.6. Fuel Supply

ESL prefers resources that offer fuel supply flexibility and fuel stability. Fuel supply flexibility considerations in the evaluation of proposals will include supply liquidity, sourcing, and fungibility of supply, limitations on fuel supply or relating to the transportation of supply, and alternative fuel supply and transportation options. Fuel stability considerations in the evaluation of proposals will include price volatility, the energy pricing structure proposed (*e.g.*, fixed, not fixed), the inclusion and structure of any proposed fuel adder, and fuel reliability/deliverability risks.

A resource's fuel supply arrangements can affect its ability to provide Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes. To allow ESL to make a reasonable preliminary assessment of a resource's performance capabilities, Bidders will be required to provide information responsive to several fuel-related requests included in Appendix C-1 and Appendix C-2, as applicable. Bidders should be prepared to submit a comprehensive response to all such requests as part of their Proposal Packages.

For tolling arrangements arising out of this RFP, Seller may be required to post additional security to cover costs that may arise from any natural gas transportation or supply agreement entered into by ESL or ETI to support the generation resource in the event of Seller's default. ETI expects for BOT transactions that the precedent or comparable agreement for fuel interconnection and long-term gas transportation service for the proposed resource to be signed prior to or at execution of the BOT agreement and be on terms and conditions acceptable to ETI.

2.7. Design and Operating Considerations for Developmental Resources

The following is a list of required generating resource equipment and design features for Developmental Resources:

- automatic generation control ("**AGC**");
- evaporative cooling or inlet chilling;
- control technology for air emissions from the resource must include both a NOx and CO catalyst;
- net unit heat rate of no greater than 7,000 Btu/kWh (HHV) (Summer Conditions) at full output without duct-firing (if included as part of the facility);
- heat rejection systems for the resource that are based on a mechanical draft cooling tower, a cooling pond, or an air-cooled condenser;
- main condenser and heat rejection systems sufficiently sized to permit all combustion turbines to operate at or near full load with a complete bypass of the steam turbine;
- all combustion turbine designs must incorporate air-cooled combustors;
- two (2) x 100% boiler feed pumps on each HRSG;
- two (2) x 100% or three (3) x 50% condensate pumps;
- two (2) 100% air compressors to satisfy both service and instrument air requirements;
- vacuum pumps for condenser air evacuation;

- a demineralized water system capacity sufficient to support cyclic operation; and
- redundancy of the on-site natural gas compressors such that the loss of one compressor will not limit the output or restrict the operation of the resource.

Other equipment and design requirements for Developmental Resources are set forth in Appendix D and, for BOT resources, Appendix B-5. Eligible Developmental Resource equipment and design may NOT include steam injection for power augmentation, a single shaft combined-cycle design, or high-fogging equipment (*e.g.*, overspray, wet compression, spray inter-cooling).

The operational, performance, and design-related criteria described herein are key components of a resource's ability to meet the requirements for products solicited in this RFP and will be part of the quantitative and qualitative evaluation of proposals submitted in response to this RFP. Bidders should be prepared to submit a comprehensive response to the due diligence requests for information on these subjects.

2.8. Supplier Diversity

Any project arising out of this RFP is expected to generate commercial opportunities for businesses that supply goods and services to project or facilities. ETI has an interest in understanding the effects of proposed projects on businesses located in the State of Texas and on small and small disadvantaged businesses. Appendix I includes information regarding local and diverse suppliers that Bidders are required to provide as part of their Proposal Packages and/or should consider when developing the terms of their proposals.

3. SELF-BUILD OPTION

ETI intends to submit into this RFP a Self-Build Option. The Self-Build Option will be a CCGT facility that would be built at the Sabine site, an ETI-owned property in Orange, Texas. The Self-Build Option will optimize the proposed CCGT base configuration and may include options such as HRSG duct-firing or evaporative cooling to increase performance or output of the proposed unit. The Self-Build Option will be designed to run exclusively on natural gas. The unit's capacity will comply with the RFP requirements.

The Self-Build Option will utilize existing infrastructure and resources, including existing natural gas infrastructure (for gas transportation and related services). Two natural gas pipeline interconnections will be included in the proposed facility. The transmission interconnection will be at the existing 138 kV and the 230 kV transmission switchyards located at the existing Sabine electricity generation station site. The plant design will consider retrofitting evolving technology such as carbon capture and alternative low carbon fuel source.

The Self-Build Option will be considered as an alternative to third-party proposals submitted into the RFP. If one or more third-party resources from the RFP are selected for contract negotiations, ETI may continue to take the steps necessary to preserve the Self-Build Option as a

viable option in case negotiations with any third-party do not lead to a Definitive Agreement. If selected in this RFP, the Self-Build Option is planned to be placed into commercial service by no later than May 31, 2026.

ESL will require that the Proposal Package for the Self-Build Option, including the cost estimate, be submitted to the Bid Event Coordinator and the IM prior to the receipt of proposals from all other Bidders, and no later than 5 p.m. CPT on the Friday before the Proposal Submission Period begins.

After the Proposal Submission Deadline, the IM and the Bid Event Coordinator will provide redacted data and information from the proposals received to the Evaluation Teams (see Section 6 below) at approximately the same time. All proposals, including the Self-Build Option, will be evaluated on a consistent basis, as described in certain appendices to this RFP and in this Main Body, and, subject to the other terms hereof, on the time frame set forth in Section 4.1 below. As discussed in more detail in Appendix G, the Evaluation Teams will not include any member of the Entergy commercial team or support services team working on the Self-Build Option and will operate independent of these two teams.

The IM, in consultation with ESL, intends to retain an independent consulting engineer to evaluate the reasonableness of the construction cost estimates of the Self-Build Option and, potentially, to undertake a similar evaluation for any other Developmental Resource supporting a proposal submitted in this RFP. The IM will consult with ESL to (i) determine a process for selecting and retaining the independent consulting engineer, (ii) develop the scope of work to be performed by the consulting engineer, and (iii) determine how the engineer's report will be utilized in this RFP. In addition, ESL may retain an independent consulting engineer to estimate the cost to Buyer to have an independent owner/buyer's engineer monitor the development and construction of a proposed third-party resource after selection through the completion of construction and provide related engineering services to protect Buyer's interest.

4. RFP SCHEDULE

4.1. Schedule

The RFP Schedule is critical for Bidders interested in participating in this RFP. The RFP Schedule in the table below sets out milestone events and, as of the RFP issuance date, the corresponding target dates for this RFP. As provided in Section 4.2, the milestone events and dates are subject to change. After consultation with the IM, notice of any change to the then-current RFP Schedule will be posted on the 2020 ETI CCGT RFP Website.

Activity	**Scheduled Date**
RFP Issued	April 28, 2020
Bidder Registration Period	June 23 – June 30, 2020
Final Date for Completion and Submission of Required Interconnection Application to MISO	June 25, 2020

Proposal Submission Fee Payment Deadline	July 10, 2020
Deadline for Bidders to submit questions to ESL	August 3, 2020
Self-Build Option Proposal Submission Deadline (5 p.m. Central Prevailing Time)	August 21, 2020
Proposal Submission Period	August 24 – August 27, 2020
Notice to Bidders of Primary and Secondary Selection Lists	January 2021
Comprehensive ETI Due Diligence and Definitive Agreement Negotiations Begin	January 2021
Bidder(s) Remaining on Secondary Selection List Released from Proposals	March 2021
Definitive Agreement Executed	October 2021
Regulatory Approval Process Complete	November 2022

4.2. RFP Schedule Modifications

Without limiting the generality of Appendix E, ESL reserves the right to withdraw, suspend, cancel, or terminate this RFP, and to modify any term of this RFP, including, without limitation, any term concerning the RFP Schedule (including any date), at any time in its sole discretion. ESL will endeavor to notify all participants who have completed Bidder Registration of any such withdrawal, suspension, cancellation, termination, or modification made prior to the Proposal Submission Deadline and to post notice of any such action on the 2020 ETI CCGT RFP Website.

5. RFP MILESTONES AND PROCESSES - RFP ISSUANCE THROUGH PROPOSAL SUBMISSION

5.1. Bidders Conference

ESL hosted a teleconference/webcast for potential Bidders in this RFP and other stakeholders ("**Bidders Conference**") on March 17, 2020. The Bidders Conference gave participants a high-level overview of and other information concerning this RFP and related processes and was open to all interested Persons. The written materials presented during the teleconference are posted on the 2020 ETI CCGT RFP Website. Bidders are advised that those materials may not duplicate all of the information provided at the teleconference and some of the information could be outdated and no longer accurate.

Responses to questions received during the Bidders Conference are posted on the 2020 ETI CCGT RFP Website. Please refer to Section 7.1 below and Appendix G for additional information concerning questions submitted in connection with this RFP. To the extent inconsistencies exist between the RFP documents and the Bidders Conference presentation, the RFP documents will control.

5.2. Bidder Registration

To be eligible to submit a proposal, Bidder must complete the Bidder Registration Process, as described in this Section 5.2. Bidder Registration will begin at 8:00 a.m. CPT on the date specified in the applicable RFP Schedule and end at 5:00 p.m. CPT on the date specified in the applicable RFP Schedule (the "**Bidder Registration Period**," and such deadline for Bidder Registration, the "**Bidder Registration Deadline**").

To register for this RFP, all Bidders, including, for purposes of this Section 5, those sponsoring the Self-Build Option, will be required to submit a completed Bidder Registration Agreement (including the Bidder Registration Form attached thereto), available to Bidders on the 2020 ETI CCGT RFP Website, to the Bid Event Coordinator by electronic mail (as a pdf attachment) to the email address shown in Section 1.5 above by 5:00 p.m. CPT on the last day of the Bidder Registration Period. **Bidders will bear the risk of failing to submit a completed Bidder Registration Agreement by the specified deadline.** The Bidder Registration Agreement must be executed by an officer or other representative of Bidder who is authorized to sign on Bidder's behalf. Only Bidders registered in accordance with this RFP will be permitted to submit proposals in this RFP, and only proposals registered in accordance with this RFP will be eligible for submission.

Following submission of a valid Bidder Registration Agreement, Bidder will be issued a unique Bidder ID. In addition, each registered resource and proposal will receive its own Resource ID and Proposal ID. Bidder IDs, Resource IDs, and Proposal IDs will be used by Bidders in the Proposal Submission Process and in connection with the evaluation of proposal information received by ESL. The use of Bidder IDs, Resource IDs, and Proposal IDs is part of ESL's process to ensure that appropriate protections are in place to minimize the dissemination of information that explicitly identifies Bidders to Evaluation Team members who do not need to know that information.

Bidders are required to pay a Proposal Submission Fee of $10,000 for each proposal registered in the RFP.[1] Proposals that are alternatives to each other will be considered separate proposals and must be registered as such. ESL will bill Bidder the total Proposal Submission Fees due from Bidder within three (3) Business Days following the end of the Bidder Registration Period. Bidder will be required to remit payment of the Proposal Submission Fee(s) in full in accordance with the instructions provided in the invoice. Payment will be due by the date specified in the applicable RFP Schedule. **Bidder's failure to submit the Proposal Submission Fee for a proposal by the payment due date will result in the elimination of such proposal from this RFP.** In the event it is unclear which proposal was not supported by payment of the required Proposal Submittal Fee, ESL will have the discretion to determine which proposal to eliminate or other action(s) to take.

Proposal Submission Fees will be refunded to Bidders only in the following circumstances:

[1] Because payment of the Proposal Submission Fee would amount to a payment to itself, the sponsors of the Self-Build Option are exempt from the Proposal Submission Fee payment requirement.

1. Bidder registers a proposal and pays the Proposal Submission Fee but does not complete Proposal Submission for the registered proposal;

2. Bidder registers a proposal, properly completes Proposal Submission, but subsequently withdraws the registered proposal prior to the Proposal Submission Deadline; or

3. ESL cancels or terminates this RFP prior to the selection of proposals for the Primary Selection List or the Secondary Selection List.

If Bidder, or any proposal submitted by Bidder, becomes ineligible or is eliminated from this RFP for any reason other than a reason set forth in clauses (1) through (3) above, including, without limitation, if no proposals are selected for either the Primary Selection List or the Secondary Selection List for the RFP, as applicable, after ESL has completed its evaluation of proposals, Bidder's Proposal Submission Fee(s) will not be returned.

5.3. Proposal Submission

The Proposal Submission Process requires each Bidder to submit to ESL:

- a completed Proposal Submission Template (Commercial Tab in PowerAdvocate);
- completed responses to the applicable due diligence questionnaire (Appendix C-1 or C-2) and related attachments, including, without limitation:
  - the documents requested by the questionnaire;
  - a completed self-assessment questionnaire;
  - the required demonstration that Bidder or Seller has the requisite control over the project site;
  - executed accounting and credit-based certifications described in Sections 6.1.5 and 6.1.6;
  - any and all special considerations (see Section 2.2.4 above); and
  - a project summary; and
- a Proposal Submission Agreement signed by an officer or other representative of Bidder who is authorized to sign the agreement and tender the submitted proposal(s) on Bidder's behalf (collectively, the "**Proposal Package**").

A Proposal Submission Template will be made available to Bidders for use in preparation of proposals. Any Bidder inputs contemplated by the Proposal Submission Template may be made and provided only in PowerAdvocate.

Under the current RFP Schedule, the period during which any Bidder may submit a completed Proposal Package will begin at 8:00 a.m. CPT on August 24, 2020, and end at 5:00 p.m. CPT on August 28, 2020 (such period, as may be modified from time to time, the "**Proposal Submission Period**," and the deadline for submission, as may be modified from time to time, the "**Proposal Submission Deadline**").

All proposal submissions are required to be made through PowerAdvocate to the Bid Event Coordinator. Bidders should not send, and the Bid Event Coordinator will not accept, paper copies of proposals or proposals delivered other than through PowerAdvocate. Bidder must deliver the complete Proposal Package(s) for its proposal(s) by the Proposal Submission Deadline in order for the proposal(s) to be considered for this RFP.

After the Bid Event Coordinator has electronically received Bidder's completed Proposal Package, Bidder will receive a confirmation of receipt from the Bid Event Coordinator. Bidder should contact the Bid Event Coordinator if a confirmation is not received within one (1) Business Day after Bidder's submission of the Proposal Package.

Bidder will bear the risk of any failure of Bidder to submit the completed Proposal Package by the Proposal Submission Deadline as required by this RFP. Proposals not delivered in accordance with the requirements of this RFP are untimely and may be eliminated from consideration in this RFP. Proposals that do not include all agreements, material, and information required by this RFP may be considered non-conforming and rejected on that basis.

6. RFP MILESTONES AND PROCESSES – PROPOSAL EVALUATION THROUGH CONTRACT NEGOTIATION

6.1. Overview and Assessments

Following the Proposal Submission Deadline, the RFP evaluation will begin. In Phase I of this RFP ("**Phase I**"), proposals will be assessed for compliance with the Threshold Requirements. Proposals remaining in this RFP after the Threshold Requirements compliance review will then be evaluated in Phase I to identify the most economic proposals and significant high-level risks or RFP nonconformities associated with such proposals. Based on the Phase I evaluation results, ESL may reduce the number of proposals under consideration and may develop a preliminary shortlist of proposals (the "**Shortlist**"). Phase I will end after the completion of the Phase I evaluation of proposals and the establishment of the Shortlist or the determination by ESL that the Shortlist is not necessary for this RFP. In Phase II of this RFP ("**Phase II**"), proposals placed on the Shortlist or otherwise remaining in this RFP will be evaluated in greater detail. Applying qualitative and quantitative assessments, the proposals in Phase II will be assigned a proposal ranking and a recommended disposition. A final list setting forth the proposal(s) (if any) selected for negotiation of a Definitive Agreement (the "**Primary Selection List**") and the proposal(s) (if any) selected for possible negotiation of a Definitive Agreement (the "**Secondary Selection List**") will be created.

After the selection process has been completed and any selections made, the Bid Event Coordinator will notify each Bidder, with respect to each proposal it submitted, whether the proposal is on the Primary Selection List (if any), the Secondary Selection List (if any), or has been eliminated from further consideration in this RFP. Without limiting its rights under Exhibit E, ESL expects to proceed to negotiate the terms of a Definitive Agreement with the Bidder having a proposal on the

Primary Selection List. If those negotiations terminate or are suspended, or if ESL determines negotiations with any Bidder having a proposal on the Secondary Selection List are appropriate, ESL may negotiate commercial terms with one or more Bidders on the Secondary Selection List.

The proposal evaluation process will be carried out by five (5) separate evaluation teams (each, an "**Evaluation Team**"):

- the Economic Evaluation Team ("**EET**");
- the Transmission Evaluation Team ("**TET**");
- the Viability Assessment Team ("**VAT**");
- the Accounting Evaluation Team ("**AET**"); and
- the Credit Evaluation Team ("**CET**").

The roles and responsibilities of the Evaluation Teams are described in this section. ESL may include as a member on any Evaluation Team, or contract with, any third-party agent, consultant, advisor, expert, contractor, or representative to assist in the evaluation of proposals as ESL deems necessary or appropriate.

Another team, the RFP Administration Team, will act to ensure that each Evaluation Team has the information needed to perform its analysis and act to facilitate the evaluation of proposals by all Evaluation Teams so that the evaluation process results in the proper assessment of the economics and other relevant elements of the proposals. The RFP Administration Team, with ETI's approval, may also eliminate proposals from this RFP based on the team's independent review of the proposals or recommendations or input provided by one or more of the Evaluation Teams. In addition, the Bid Event Coordinator may consult with members of the RFP Administration Team from time to time to assess whether proposal-related information may be needed by or should be made available to an Evaluation Team. The RFP Administration Team will also prepare and distribute the results of this RFP to appropriate individuals at ETI and may recommend to ETI the placement of proposals on the Primary Selection List or the Secondary Selection List or the elimination of proposals.

Each of the Evaluation Teams, the RFP Administration Team, and the Bid Event Coordinator will have the right to ask Bidder clarifying questions to obtain additional information that it believes may help with its understanding, review, or analysis of Bidder's proposal or the Self-Build Option. Clarifying questions from any of the Evaluation Teams, the RFP Administration Team, or the Bid Event Coordinator are expected to be communicated by the Bid Event Coordinator to Bidder(s) through PowerAdvocate. The Bid Event Coordinator may also request Bidder's participation in one or more meetings to obtain clarification or additional information regarding a proposal. Upon the Bid Event Coordinator's reasonable request and reasonable prior notice, Bidder will be expected to make available its duly authorized officers, representatives, and advisors to participate in meetings requested by the Bid Event Coordinator, ESL, or ETI and/or answer questions or provide information related to its proposal or participation in this RFP.

The evaluation process is designed to facilitate the fair and impartial evaluation of all proposals received in this RFP and to result in the selection of one or more proposals that meet the

RFP's requirements and ETI's needs at the lowest reasonable cost, taking into account reliability, risk, and other relevant factors. The process will be conducted in a carefully controlled manner, using procedures, methods, evaluation criteria, and assumptions that will be developed prior to the receipt of proposals. ESL will document key assumptions and model constructs and provide this documentation to the IM before the receipt of proposals; however, the Evaluation Teams will retain full discretion, subject to oversight by the IM, to use the evaluation methods and assumptions they consider appropriate to identify those proposals that best meet the needs of ETI and the requirements and objectives of this RFP.

The IM will oversee the evaluation and selection process to ensure that the process is fair, objective, and impartial to all Bidders. The IM's responsibilities will include monitoring the precautions taken to restrict access to proposal information only to appropriate members of the Evaluation Teams in order to preserve the confidentiality of information contained in the proposals.

Upon ESL's reasonable request and reasonable prior notice, Bidder will be expected to make available its duly authorized officers, representatives, and advisors for the purpose of answering questions or providing information related to its proposal or participation in this RFP. In addition, if ESL invites a Bidder to finalize a Definitive Agreement, such Bidder will be expected to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or appropriate to finalize, execute, and deliver such Definitive Agreement as promptly as possible.

6.1.1. Threshold Requirements Assessments

After the Proposal Submission Deadline, the necessary Evaluation Teams and/or the RFP Administration Team will review the proposals offered into this RFP in order to determine compliance with the Threshold Requirements. Proposals that fail to satisfy the Threshold Requirements may be eliminated from this RFP on that basis or may be allowed to continue in the evaluation process, subject to the oversight of the IM. The retention of a proposal that fails to fulfill the Threshold Requirements after the initial Threshold Requirements evaluation does not preclude the subsequent elimination of the proposal from this RFP on account of the Threshold Requirements failure(s) or for other reasons.

6.1.2. Economic Assessments

The EET is responsible for evaluating the economics of proposals received in this RFP and developing the economic ranking of such proposals. The EET's evaluation will rely on tools and methods commonly used by ESL and ETI for long-term planning and resource evaluations, including, without limitation, spreadsheet modeling and production cost modeling using the AURORA program. It may also utilize and rely on additional tools and methods that the EET deems necessary or appropriate for the effective assessment of proposal economics, including, but not limited to, qualitative considerations. The EET, in consultation with the IM, may perform sensitivity analyses.

A preliminary process for the economic evaluation of proposals offered into the RFP follows. The actual process is expected to reflect adjustments made from time to time to the preliminary process.

Economic Evaluation Methodology

The EET will perform a customer net benefit analysis to identify the most economic proposals submitted into this RFP. The economic evaluation will estimate each proposal's net benefit or cost by subtracting the total cost of a supply portfolio that includes that proposal from the total cost of a supply portfolio that does not. The analysis considers fixed and variable costs and benefits, including, but not limited to, proposal pricing, interconnection, and transmission upgrade costs, fixed gas reservation charges (if applicable), emissions credit costs (if applicable), property tax estimates, capacity value, terminal value (if applicable), variable supply cost impacts, and any other applicable costs or benefits. Variable supply cost impacts produced by each proposal when added to ETI's resource portfolio will be estimated using the AURORA production cost model. All costs and benefits will be evaluated over the full evaluation period. The variable supply cost assessment is described in greater detail below.

Variable Supply Cost Assessment

The Production Cost Assessment sub-team of the EET uses a production cost model (AURORA) to produce a forecast of variable costs, energy revenues, and projected operations for each proposal and to assess the effect of each conforming proposal on ETI's variable supply cost over the evaluation period. AURORA results will feed into the EET economic evaluation models as inputs for the net benefit analysis.

6.1.3. Transmission Assessments

The TET is responsible for assessing the interconnection, deliverability, and transmission considerations associated with each proposal received in the RFP, identifying and estimating for this RFP the timing, scope, and costs of transmission upgrades required to interconnect and deliver the energy output of the proposed resource to the applicable Electrical Interconnection Point, reviewing proposals for compliance with the interconnection, deliverability and transmission requirements of this RFP, evaluating other interconnection, deliverability and transmission aspects of proposals, and informing the RFP Administration Team of the results of its assessment. Its cost estimating responsibilities will include, without limitation, developing and providing to the RFP Administration Team cost estimates associated with interconnection, deliverability, or transmission upgrades not identified in a Bidder's proposal but identified by the TET or appropriately identified in the proposal but, in the TET's opinion, misestimated.

The TET will utilize existing tools, and may develop and/or utilize additional tools, to perform its evaluations in this RFP. The TET's proposal evaluation will include analysis similar to ESL's standard analysis for long-term transmission system reliability planning and deliverability matters. The TET may perform sensitivity and other analyses that the team finds to be of value. The

TET will use information Bidders provide in their Proposal Packages, any supplemental information Bidders provide to the TET or the RFP Administration Team regarding the proposal, and other information available to the TET and allowed to be used in such analysis.

The specific analyses the TET expects to perform in its evaluation of proposals includes the following:

- ERIS: Evaluate the ERIS upgrades and cost estimates associated with a proposal.
- NRIS: Evaluate the NRIS upgrades and cost estimates associated with a proposal.
- Reliability: Evaluate the proposal's ability to meet the NERC TPL-001-4 standard and the applicable Entergy Transmission Planning Criteria and determine any necessary upgrades and cost estimates to satisfy these standards.
- Transient Stability: Assess each proposal's impact on satisfying the NERC TPL-001-4 standard and the applicable Entergy Transmission Planning criteria. The evaluation will include the assessment of any upgrades, improvements, and costs necessary for the proposal to meet these standards and criteria.
- Consolidated Upgrades: Determine the incremental upgrades needed to satisfy the reliability standards and transient stability criteria in conjunction with Bidder's identified upgrades for obtaining ERIS and NRIS.

In conducting its proposal evaluations, the TET will be considering, among other things, the deliverability of power from the proposed resource, the resource's effect on system reliability and the deliverability of power from other resources, and the adequacy of interconnection, deliverability, and transmission cost estimates and upgrades identified in the proposals to meet all applicable NERC, MISO, and ELL requirements, criteria, and standards and all applicable laws.

6.1.4. Viability Assessments

The VAT reviews and assesses the technical, environmental, fuel supply and transportation, and commercial merits of proposals.

The viability assessment will be carried out by subject matter experts (each, an "**SME**") who are members of the VAT. The subject matter expertise of VAT team members for this RFP includes:

- Plant & Equipment/Operation & Maintenance;
- Environmental;
- Fuel Supply & Transportation;
- Commercial;
- Real Estate; and
- Other disciplines, as appropriate.

Each VAT SME will be responsible for providing an overview and assessment of each proposal with respect to his or her area(s) of expertise.

Each Bidder will be required to provide a self-assessment for each proposal it submits into this RFP. The VAT will use Bidder's completed self-assessment form, as well as the information provided in response to the questions and requests included in Appendix C-1 and/or Appendix C-2 for the VAT's evaluation. Bidders are expected to provide complete responses to the self-assessment, Appendix C-1 and/or C-2 at the time they submit their proposals. FAILURE TO PROVIDE A COMPREHENSIVE RESPONSE TO THESE DOCUMENTS COULD NEGATIVELY AFFECT A PROPOSAL'S OVERALL VIABILITY ASSESSMENT.

Phase I

In Phase I, near the beginning of the RFP evaluation, the VAT and/or the RFP Administration Team will review proposals for satisfaction of the VAT Assessment Threshold Requirements (see Section 2.3 above). The VAT and/or the RFP Administration Team will base its assessment on its review and analysis of proposal information obtained from Bidder through Appendix C-1 and/or Appendix C-2 and the completed self-assessment form. After completing its evaluation, the VAT will provide the results to the RFP Administration Team and other Evaluation Teams.

Phase II

In Phase II, the VAT will review the proposals remaining after completion of the Threshold Requirements screening process to develop a risk assessment and overall risk/viability profile of the proposals. These risk and viability evaluations will include assessments of resource capabilities, project development risks (if applicable), fuel procurement (including transportation) and price stability, environmental compliance risks, proposed commercial terms (including Special Considerations), regulatory considerations, and other factors the VAT determines may bear on a proposal's risk and viability. The VAT may seek and incorporate into its viability assessments input from other Evaluation Teams.

The VAT's viability evaluation will be based on a qualitative assessment of various criteria in the general risk categories. This qualitative assessment will incorporate quantitative measures that result in an overall quantitative ranking for a proposal. A criteria and category rating will be developed for the proposal by scoring multiple criteria in several risk categories, using defined ranking criteria. The weighted sum of each risk category's results will be totaled to determine the VAT's overall quantitative ranking for the proposal. The VAT will seek IM concurrence of the final viability ranking and VAT recommendation for each proposal assessed. The final viability ranking will be factored into the evaluation of proposals that will lead to the selection of resources, if any, for the Primary Selection List and/or the Secondary Selection List. Without limiting Appendix E, ESL will have the right to reject a proposal, in consultation with the IM, on the ground that the proposal, in the judgment of the applicable Evaluation Team(s) or ESL, does not meet the criteria for viability established in connection with this RFP or otherwise is not viable.

6.1.5. Accounting Assessments

The AET will perform an assessment of each proposed Definitive Agreement (and any related agreement where the AET determines such assessment to be advisable) to determine the accounting treatment with respect to such proposal. The assessment will include, but is not limited to, an analysis of:

- whether the proposed Definitive Agreement (or related agreement) contains a lease, and if so, whether the lease is a finance lease or an operating lease pursuant to Financial Accounting Standards Board ("**FASB**") Accounting Standards Codification ("**ASC**") 842;

- whether the legal entity owning the subject generation asset during the contract term is a variable interest entity ("**VIE**"), and if so, the entity required to consolidate the VIE throughout the term of the proposed Definitive Agreement, in accordance with FASB ASC 810;

- whether the proposed Definitive Agreement (or related agreement) is or includes a derivative and, if so, the appropriate accounting for the derivative, in accordance with FASB ASC 815; and

- whether there are any other adverse accounting implications or effects to ETI or any of its Affiliates arising out of the proposed Definitive Agreement (or related agreement).

The AET's accounting assessment proposals offered into this RFP will include assessments based on the existing accounting standards at the time of the AET's assessment. Its assessment may also include assessments based on future accounting standards if the AET determines that such standards will or may apply to any Definitive Agreement (or related agreement) arising out of a proposal and that it is feasible and appropriate for the AET to evaluate the proposal applying such standards.

ETI will not enter into a Definitive Agreement for a PPA, Toll, or any related agreement pursuant to this RFP that will or may result in the recognition of a long-term liability on the books of ETI (or any of its Affiliates), whether the long-term liability is due to lease accounting, the accounting for a VIE, or any other applicable accounting standard. If Bidder offers a PPA or Toll in a proposal submitted in this RFP, Bidder must include in the Proposal Package a certification from Bidder that, to the best of Bidder's knowledge, the proposed PPA or Toll will not result in, under the accounting standards in effect at the time of the certification or that will be in effect at any time during the contract term of the proposed PPA or Toll, the recognition of a long-term liability by ETI or any of its Affiliates on its or any of its Affiliates' books. The certification must be prepared under the direction of and signed by the Principal Accounting Officer (under the Securities and Exchange Commission rules) or other officer of Bidder, or a parent thereof, who performs a managerial accounting function, has expertise in the recognition of long-term liabilities by purchasers in PPAs or Tolls, and has been involved in the preparation of the proposal ("**Accounting Officer**"). The

certification must be prepared and dated reasonably contemporaneous with the date of submission of the Proposal Package.

After the submission of the Proposal Package containing his or her certification, the Accounting Officer must promptly notify the Bid Event Coordinator in writing of any development, event, or circumstance that would change, or could reasonably be expected to change, the accounting treatment of the proposed PPA or Toll included in the Proposal Package or otherwise would cause, or could reasonably be expected to cause, the certification of the Accounting Officer to be inaccurate or incomplete in any material respect.

Bidder will be required to make available to ESL all information and materials, including any and all assumptions made by Bidder, any of its Affiliates, or any of its or their representatives (*e.g.*, accounting firm), necessary for or reasonably requested by the AET or ESL to verify and/or independently determine the accounting treatment associated with a PPA or Toll proposed by Bidder and otherwise conduct its evaluation of Bidder's proposal.

6.1.6. Credit/Collateral Requirements

The CET will analyze each proposal except the Self-Build Option to assess potential credit risks and attendant collateral requirements and credit costs. The CET's evaluation seeks to assure that Seller's credit quality, when considered in the context of a Bidder's proposal to ETI, complies with Entergy's corporate risk management standards and that any requirement for material credit support associated with the proposal is made known to Bidder in advance and can be appropriately considered in the preparation and evaluation of the proposal. Appendix F contains important additional information about the credit evaluation process and the credit requirements for this RFP.

Bidder's Proposal Package must contain a completed certification, in substantially the form attached to Appendix F as Annex F-1, from Bidder that (i) it has reviewed and understands to its satisfaction the terms of Appendix F and the credit provisions of the term sheets applicable to its proposal, and has considered such terms in the development of the Proposal(s), (ii) its proposal pricing reflects to its satisfaction the costs, terms, and risks of the credit support that Seller and Seller Parent Guarantor is or may be required to provide for the proposed transaction under the terms of Appendix F and the applicable Definitive Agreement, and (iii) it accepts, and has taken no special exception to any of, the core credit terms of Appendix F or the applicable Definitive Agreement. The certification must be prepared under the direction of and signed by the Treasurer or other officer of Bidder, or a parent thereof, who performs a managerial credit oversight function, has expertise in solar project financing and providing credit support to buyers of new-build generation facilities or power therefrom, and has been involved in the preparation of the proposal ("**Treasury Officer**"). The certification must be prepared and dated reasonably contemporaneous with the submission of the Proposal Package.

6.1.7. Resource Selection

Using inputs provided by the Evaluation Teams, the RFP Administration Team will prepare a final report that provides the results of the RFP, and may make recommendations for selection of proposals on the Primary Selection List (if any) and, if it determines a Secondary Selection List is appropriate, on the Secondary Selection List. The RFP Administration Team will select proposals recommended to be included on the Primary Selection List (if any) or the Secondary Selection List (if any) based on a variety of factors, including, but not limited to, relative economics, ability to meet relevant planning objectives (including resource location considerations and resource composition), deliverability, viability, accounting, and transactional considerations. The RFP Administration Team will provide the final report to members of the ETI Operating Committee and other authorized recipients of the report that the RFP Administration Team deems appropriate. Any selections will be made by the President and CEO of ETI (or designee).

6.2. Notification of Evaluation Results; Commercial Negotiations

After completion of the RFP analysis, the Bid Event Coordinator will communicate to each Bidder the status of its proposal(s) and whether additional discussions or negotiations are warranted. As noted, ESL expects to negotiate the final terms of a Definitive Agreement with Bidder on the Primary Selection List (if any) and may negotiate such terms with Bidder(s) on the Secondary Selection List (if any). Proposals not making either list will be considered rejected. A Bidder with a proposal on the Secondary Selection List will be released from its proposal three (3) months after notification of the proposal's placement on the Secondary Selection List, unless within that period Bidder has been invited to negotiate the terms of a Definitive Agreement under this RFP based on that proposal.

ESL's receipt of a proposal or the placement of a proposal on any preliminary compliance list, the Primary Selection List, or the Secondary Selection List does not constitute or indicate ESL's or ETI's agreement, commitment, representation, or promise to transact on the basis of the proposal or ESL's or ETI's acceptance of any term of the proposal. Without limiting Appendix E, each of ESL and ETI (i) has no obligation, and makes no commitment or promise of any kind, to enter into a Transaction with any Bidder, including a Bidder with a proposal on the Primary Selection List, or to be bound by any term proposed by Bidder in this RFP, and (ii) more generally, has no obligation or liability of any kind whatsoever in connection with or arising out of this RFP except as and to the extent expressly set forth in a Definitive Agreement.

7. MISCELLANEOUS RFP MATTERS

7.1. Contact with ESL; RFP Questions and Comments

7.1.1 Authorized Bidder Communications Channels

The following communication restrictions became effective on February 7, 2020, and will continue through Bidder notification of the creation of the Primary Selection List (if any) and the Secondary Selection List (if any). Except as otherwise expressly provided in this RFP, all

communications, including questions, regarding this RFP must be submitted in writing to the Bid Event Coordinator (using the contact information provided above in Section 1.5). The IM will obtain and review all written communications between ESL and Bidders. The IM may comment on responses proposed by ESL prior to issuance, and ESL's responses may reflect input from the IM.

Any contact or communication concerning this RFP (i) between Bidders, or representatives of Bidders, on the one hand, and personnel or employees of ESL other than the Bid Event Coordinator, on the other hand, or (ii) between different Bidders, or representatives of different Bidders, made without the specific, prior written consent of the Bid Event Coordinator after consultation with the IM, is, in each case, not allowed and grounds for disqualification of the non-compliant Bidder(s). Bidders are, of course, permitted to communicate internally within their organizations and to their representatives with regard to this RFP as necessary. Bidders may also communicate with the IM at any time.

7.1.2 Posting Questions

Bidders and other interested Persons are invited to submit questions and comments about this RFP to the Bid Event Coordinator, copying the IM (using the contact information provided above in Sections 1.5 and 1.6). Alternatively, Bidder may submit questions to the IM (using the contact information provided in Section 1.6). All questions or comments regarding this RFP must be submitted via email at etirfp@entergy.com prior to Bidder's completion of the Bidder Registration Process and afterwards through PowerAdvocate. Interested Persons are requested to submit questions as promptly as possible to ensure the timely receipt of ESL's response. ESL requests that all questions be submitted to the Bid Event Coordinator or the IM no later than three weeks prior to the start of the Proposal Submission Period.

Subject to ESL's consideration of the confidentiality concerns described in Section 7.1.3 below, ESL intends to post all questions submitted by Bidders, as well as ESL's responses to those questions, to the 2020 ETI CCGT RFP Website. All questions will be posted anonymously, to shield the identity of Bidders who posed the questions. ESL's objective in posting questions and answers publicly is to afford Bidders equal access to information potentially relevant to their proposals.

ESL expects to provide answers to questions received during the Proposal Submission Period only to the extent the questions are specific to an actual proposal submission issue (and such answers may or may not be posted on the 2020 ETI CCGT RFP Website).

7.1.3 Questions Involving Confidential Information

Bidders should frame their questions, if possible, so that the answers do not require the disclosure of information that is confidential to ESL, or ETI, or any of their respective affiliates. If ESL receives a question that calls for, in its opinion, an answer that would contain such confidential information and the provision of such confidential information is necessary and appropriate for ESL's response, then ESL will notify the IM and will respond to the question in writing, via PowerAdvocate.

Similarly, Bidder's questions should be structured to avoid, if possible, the disclosure of Bidder's confidential information. If Bidder believes that certain Bidder information contained in a question it intends to submit is confidential, it is strongly urged to attempt to exclude such information, whether by redaction or other means, and then to submit the question. If Bidder believes it is necessary or advisable to submit the question without redacting or otherwise shielding its confidential information, Bidder should, without divulging its confidential information, notify the Bid Event Coordinator in writing of the purpose of the question and the nature of the confidential information so that ESL can determine whether Bidder's question requires the disclosure, either by Bidder or by ESL, of Bidder's confidential information, or whether such disclosure is unnecessary or can be avoided. If ESL determines that the disclosure of confidential Bidder information is necessary and appropriate, ESL will notify the IM. Questions containing confidential Bidder information that are submitted timely will be answered by ESL by electronic mail or via PowerAdvocate sent to Bidder.

7.2. Contact with MISO

Under the MISO Tariff, MISO currently provides functional supervision of the Entergy Transmission System and acts as transmission provider with respect to the granting of transmission service, including interconnection service, on the Entergy Transmission System or on other transmission systems under MISO's functional supervision. Inquiries about these aspects of the Entergy Transmission System or other transmission systems in MISO under MISO's functional supervision should be directed to MISO at its South Region Transmission Planning Office, (504) 846-7100. Bidders are directed to the MISO website, www.misoenergy.org, for information about MISO.

7.3. Confidentiality Procedures for Bidder Registration and Proposal Submission Information

ESL has procedures that its employees, agents, and consultants participating in the evaluation of proposals will be required to follow in order to protect the confidentiality of Bidder information provided in response to this RFP. The procedures are described in detail in Appendix G of this RFP – Process for Protection of Proposal Information.

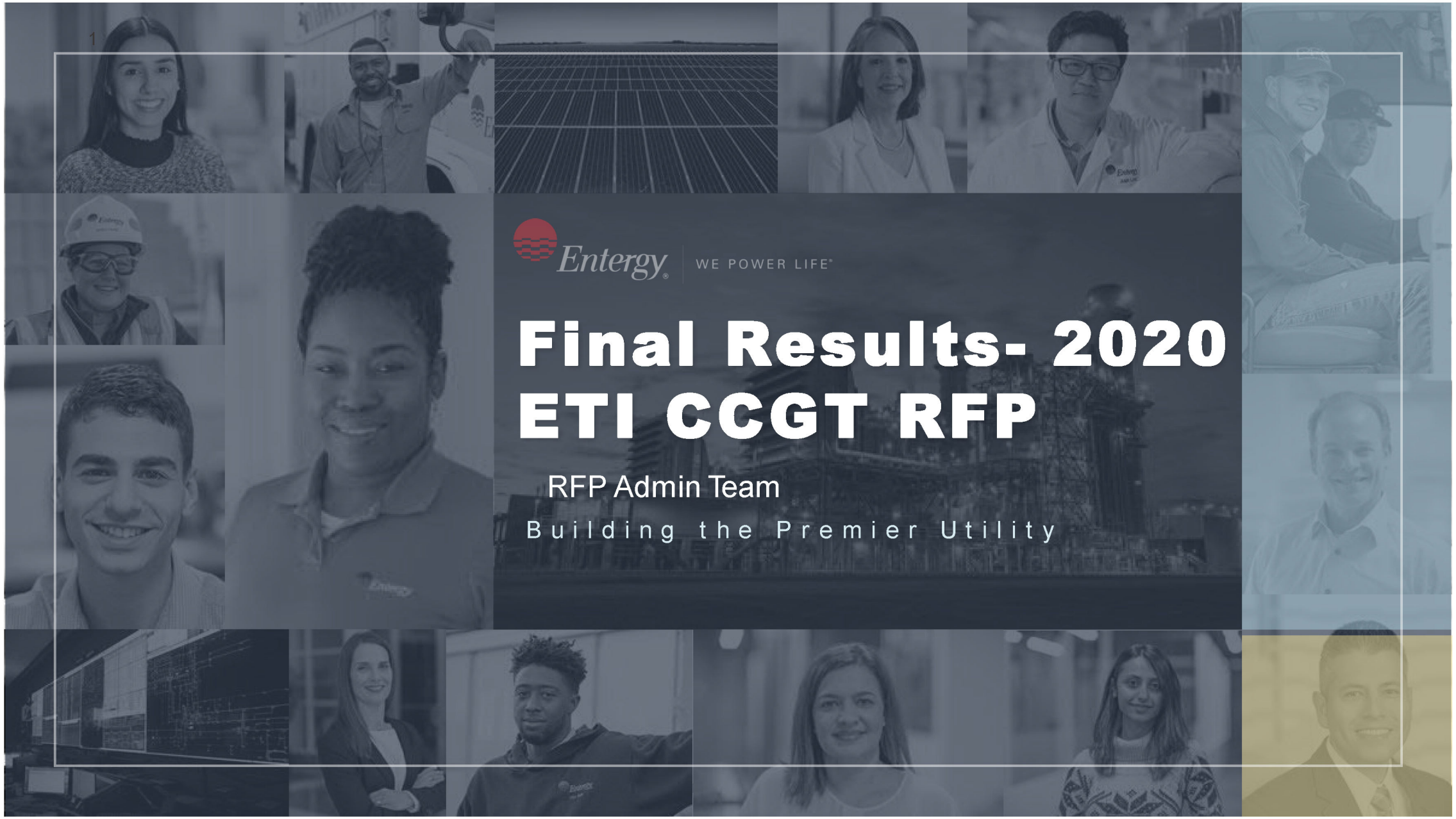
7.4. Affiliate Rules and Codes of Conduct

All employees of ESL, any Entergy Operating Company, or any Entergy Competitive Affiliate must adhere to the Affiliate Rules and Codes of Conduct as applicable. A link providing access to complete copies of the Affiliate Rules and Codes of Conduct is available at the 2020 ETI CCGT RFP Website.

7.5. Multi-Person Bids

If Bidder is comprised of more than one Person, the individual members may enter into contribution, indemnity, allocation, sharing, or other similar arrangements or agreements amongst

themselves to allocate their respective rights and obligations; however, no such agreement or arrangement may adversely affect any right reserved to ESL or ETI in connection with this RFP or otherwise disadvantage ESL relative to its position with other Bidders without ESL's prior written agreement, either on its own behalf or as agent of ETI. Bidder must fully disclose to the Bid Event Coordinator all such contribution, indemnity, allocation, sharing or similar arrangements or agreements. Disclosure may be accomplished by means of a written letter to the Bid Event Coordinator by the proposal submission deadline. Bidder may be required to respond to subsequent diligence inquiries concerning the arrangements or agreements.



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Final Results- 2020 ETI CCGT RFP

RFP Admin Team

Building the Premier Utility

2020 ETI CCGT RFP Final Results

Objective

The RFP Admin Team is requesting the following actions relating to the final summarized results of the 2020 ETI CCGT Request for Proposals ("RFP") evaluation process

ETI Operating Committee Concurrence:

- Request ETI Operating Committee concurrence on the recommended selection from the 2020 ETI CCGT RFP as outlined in this presentation

ETI CEO Approval:

- Request ETI CEO decision on selection from the 2020 ETI CCGT RFP as outlined in this presentation

2020 ETI CCGT RFP Final Results

RFP Overview

The RFP sought Combined-Cycle Gas Turbine ("CCGT") Resources from 1,000 to 1,200 MW in the "Eastern Region" of ETI's service area

- RFP Issuance April 28, 2020
- Bidder registration closed June 30, 2020
- Bidder 74 (ETI's Self-Build) was the only entity to register
  - Self-Build proposal was submitted August 21, 2020

2020 ETI CCGT RFP Final Results

Proposal Summary- Bidder 74

Bidder 74's Proposal 8237

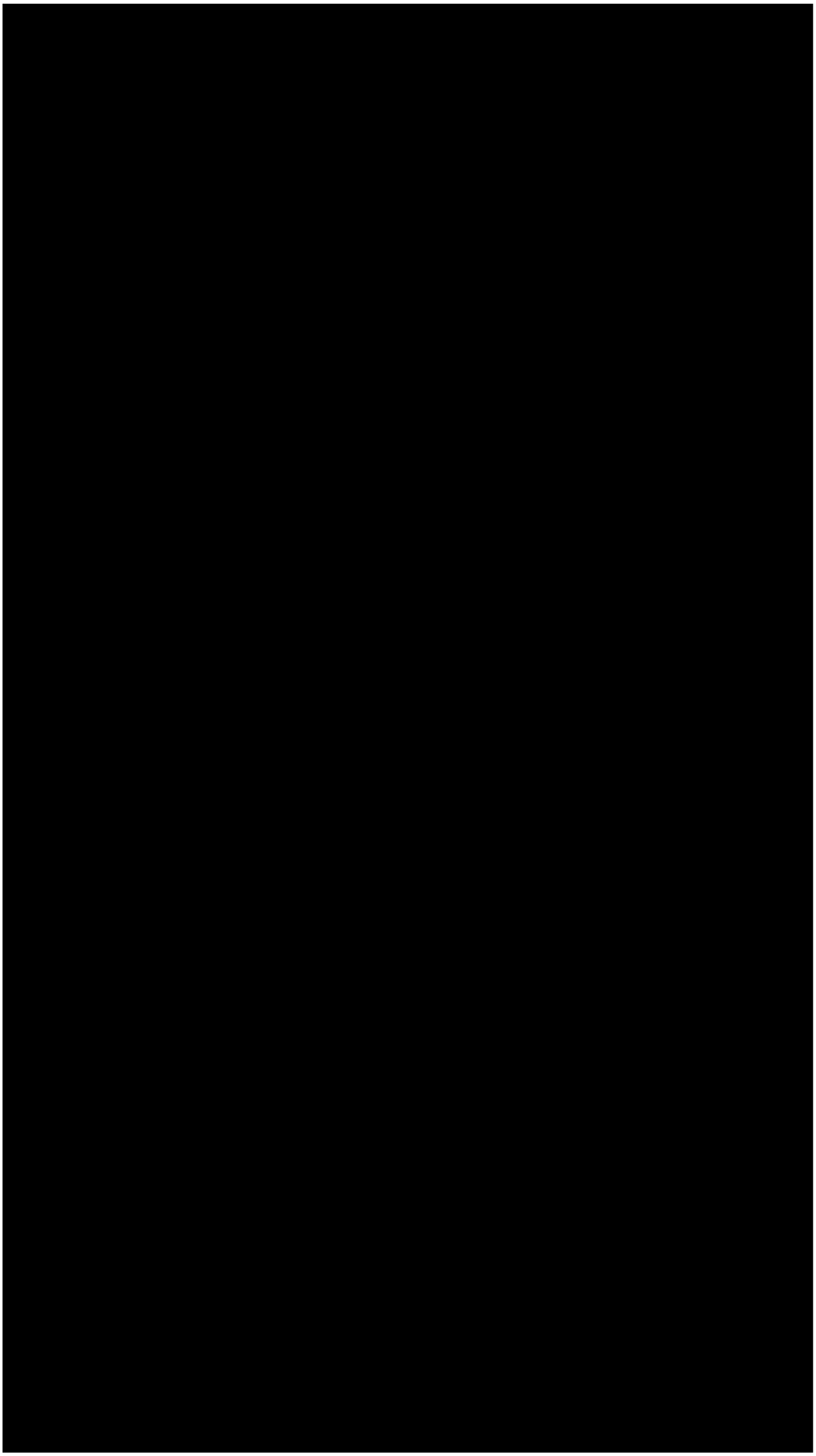
- The proposal is fully conforming to the RFP criteria:
  - The proposed resource is Commercially-Proven CCGT Technology that meets the minimum technology requirements for the RFP
  - The proposed resource is located within the Eastern region as defined in the RFP
- The proposal furthers the RFP's stated objectives:
  - The proposed resource will reduce dependency on and optimize resource timing with the anticipated deactivation of existing generation within the Region
  - The proposed resource will serve new load in the area at the lowest reasonable cost considering risk and meeting resource adequacy and energy requirements

PROPOSALS	
Bidder ID	74
Proposal ID	404
Resource ID	8237
In Service Date	5/31/2026
Term Type	Acquisition
Length of Term	N/A
Type	Developmental
Capacity Offered (MW)	1158/1243

2020 ETI CCGT RFP Final Results

Location of Resource

[redacted]



2020 ETI CCGT RFP Final Results

The proposal provides a positive net benefit across a range of natural gas and CO2 assumptions

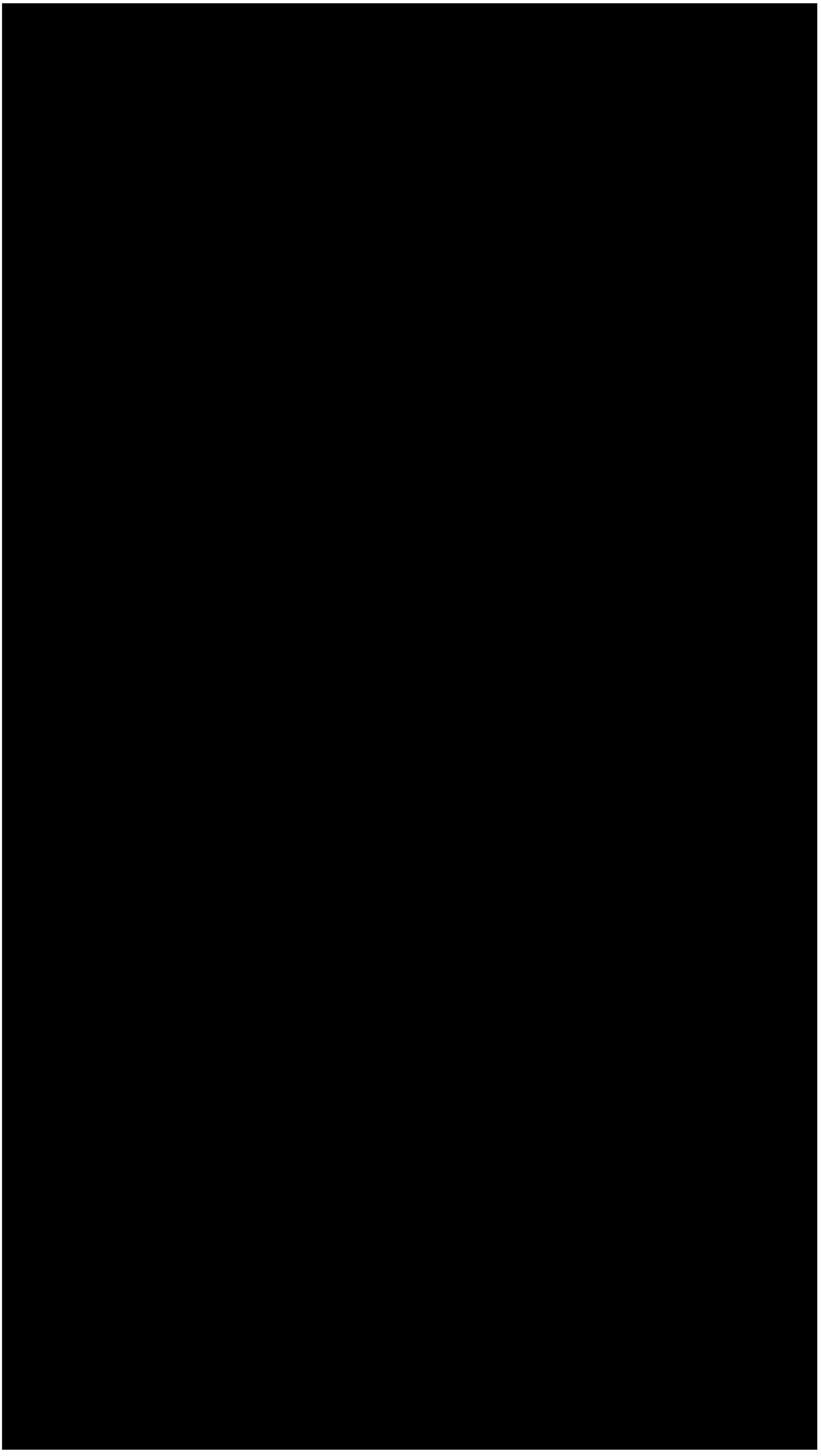
		Low gas & no CO_2	Reference gas & CO_2	High gas & CO_2
Net Benefit Present Value	[2020$M]	$1,559	$1,646	$2,462
Net Benefit Levelized Real	[2020$/kW-yr]	$101.28	$106.91	$159.89
Customer Commitment Breakeven Year	[Year]	2033	2033	2031
Proposal Specific Delivered Gas Price Levelized Real	[2020$/mmBtu]	[redacted]	[redacted]	[redacted]

- ETI customers are projected to break even under a committed cost vs. value framework in year 8 (2033) of project life for the reference case

2020 ETI CCGT RFP Final Results

Viability Assessment Process Results Summary

- The Viability Assessment Team ("VAT") reviewed and performed an assessment of the non-price attributes of the resource and corresponding proposal submitted in response to the RFP
- The Bidder received an 8.76 out of a total perfect possible score of 10.00
- The Bidder was scored across thirty-two (32) VAT subcategories
- The Bidder scored a perfect 10.00 in twenty-four (24) of those subcategories
- The Bidder did NOT receive a one (1) score "Meets Few Requirements" on any of the 32 VAT subcategories
- The Bidder achieved a Positive Evaluation/Not Applicable on all thirty-three (33) Thresholds except one (1)
  - However, this was because the Wastewater Plan for the project had not achieved Fully "Completed" Status at the time of the evaluation
- No significant or material deviations from the Meets All Requirements were identified



2020 ETI CCGT RFP Final Results

TET Process

- The Transmission Evaluation Team ("TET") evaluated the resource and its location to assess deliverability and transmission considerations of the proposed resource.

- Deliverability considerations included:
  - Resource location: Verifying the resource was in the Eastern Region as defined by the RFP
  - Electrical Interconnection: Verifying the MISO generator interconnection application (GIA) had been submitted by the appropriate deadline
  - Network Deliverability: Verifying the proposal identified transmission upgrades needed for the resource to be fully deliverable as a Network Resource in MISO as well as maintaining the Entergy Transmission systems reliability standards.
- The TET identified one (1) transmission upgrade that was not in the Bidder's Proposal
  - Upgrade/Replace Sabine 230/138kV Auto (+ $8.5M)
- The Bid Proposal contained one (1) transmission upgrade that was not identified by the TET
  - Upgrade E. Broad – Goosport – LCB 69kV Line L-602 (- $5.31M)
- Total delta of the evaluation was an addition of $1.9M to the estimated transmission upgrades
- The proposal transmission schedule supports the resource COD with some timing risk arising from the assumption that a CCN is not required for any necessary transmission upgrades

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TET Results: Bid Verification

Bidder ID	Proposal ID	Capacity [MW]	Proposal ISD	Location of Resource	Interconnection	Interconnection Service	GIA Submission Date	Meets Requirements
B74	P8237	1292	5/31/2026	Orange, TX	Sabine (138 kV / 230 kV)	NRIS Requested	7/30/2020	Yes

TET Results: Transmission Upgrades

Upgrade Type	Project	Cost
NRIS	Upgrade/Rebuild Nelson - Lake Charles Bulk Ckt 1 (Line# 698)	$56.6M
	Upgrade/Rebuild Nelson - (Goosport) - Lake Charles Bulk Ckt 2 (Line# 654)	
TPL / ERIS	Upgrade/Replace Sabine 230/138kV Auto	$8.5M
Interconnect	Sabine 138kV/230kV breaker upgrades and interconnect	$17.4M
	Total for Bidder 74 (P8237)	$82.5M

[redacted]

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Independent Engineer Conclusions

- Under the supervision of the Independent Monitor, the Independent Engineer performed an evaluation to provide an independent opinion on the reasonableness and completeness of the Self-Build proposal and cost estimate submitted
- No significant deficiencies were identified by the Independent Engineer
- The Proposal was represented as a Class III estimate, but the Independent Engineer determined that the total project price is more reflective of a Class II estimate
- Transmission costs are a reasonable estimation to support project planning and given the status of evaluation by MISO
- The EPC has presented a contingency/risk register as a basis for development of the contingency, and this is reasonable for the given project
- The Independent Engineer noted that the P30 contingency determination for Owner's contingency totaling $30 million may be aggressive but determined that the risk analysis appeared comprehensive and the need for additional Owner's contingency may be offset by conservative construction and engineering cost estimates

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Concurrence

The RFP Admin Team is requesting the following actions relating to the final summarized results of the 2020 ETI CCGT RFP evaluation process

ETI Operating Committee Concurrence:

- Request ETI Operating Committee concurrence on the recommended selection of the Self-Build proposal from the 2020 ETI CCGT RFP as outlined in this presentation

ETI CEO Approval:

- Request ETI CEO decision on the recommended selection of the Self-Build proposal from the 2020 ETI CCGT RFP as outlined in this presentation

Appendix

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Viability Assessment Process

- The Viability Assessment Team ("VAT") reviewed and performed an assessment of the non-price attributes of the resource and corresponding proposal submitted in response to the RFP in order to identify risks that may affect a proposal's ability to meet relevant planning objectives, commercial terms, or requirements of the RFP.

- The VAT was comprised of Subject Matter Experts from multiple critical areas, including:
  - Plant & Equipment/Operations & Maintenance
  - Environmental
  - Fuel Supply & Transportation
  - Commercial
  - Accounting/Tax
  - Risk Management/Insurance
  - NERC and CIP
- VAT used a criteria evaluation to score and compare relative risks of the proposal
  - Criteria and weightings were defined prior to the receipt of the proposals