

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

Entergy Services, Inc.
January 15, 2009

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

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1. GENERAL INFORMATION

1.1. Introduction

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

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

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

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

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

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

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

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Table 1-1

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

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

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

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

Note 4: Little Gypsy 3

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

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

1.2. Independent Monitor

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

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

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

1.3. Overview of the January 2009 Western Region RFP

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

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

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

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

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

1.3.1 Resource Eligibility

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

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

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

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

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

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

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

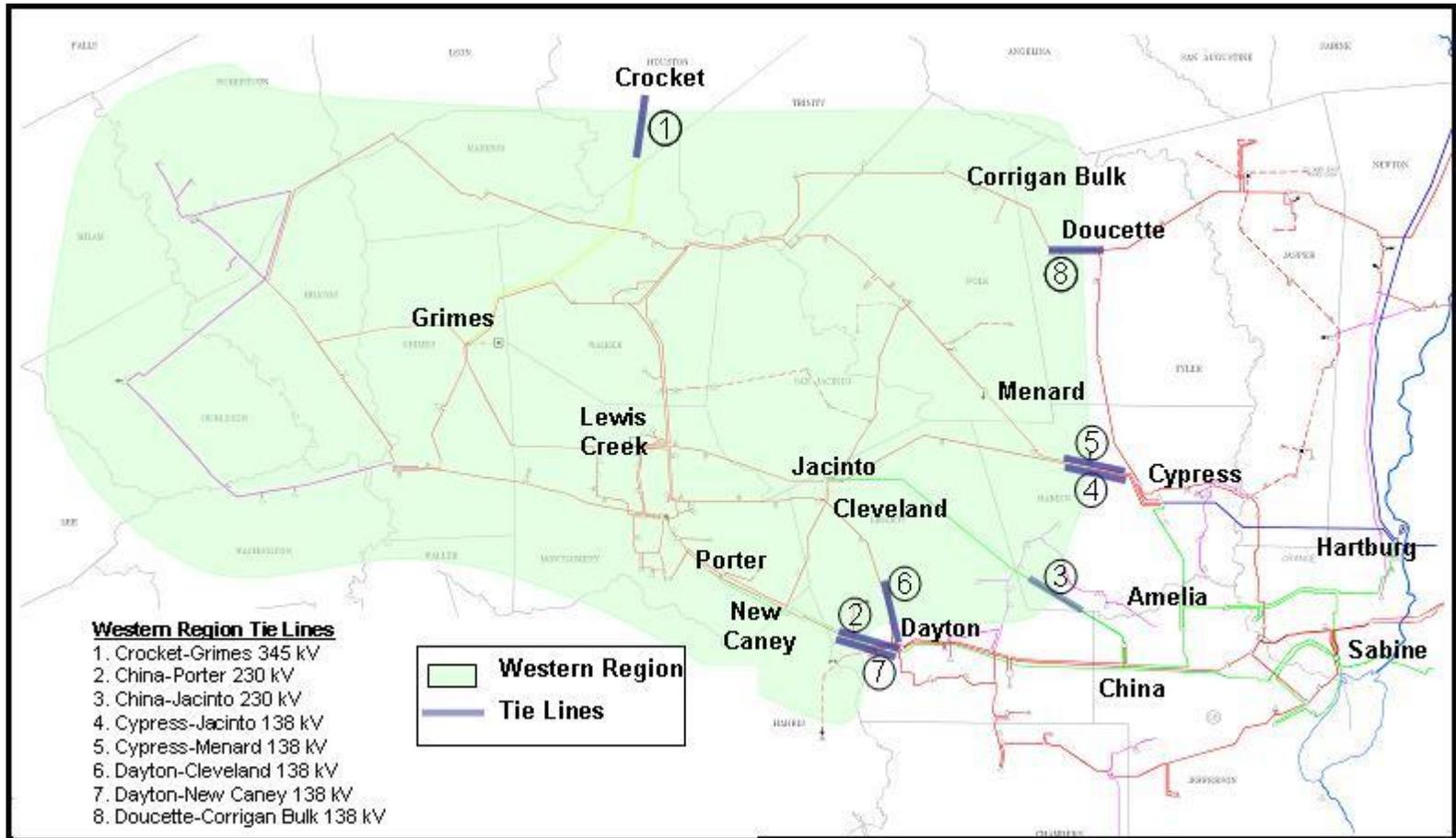
- Transmission Considerations
 - Remote resources used to serve load within the Western Region will use existing available transmission import capability and that import capability may be subject to reduction due to changes in generating unit commitment, generating unit dispatch, and load distribution.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

1.3.2 Delivery Term

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

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



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1.3.3 Self-Build Option

In order to manage its risks relating to longer-term supply availability, reliability, and cost for supply resources, ESI intends to develop and maintain self-build and/or self-supply options to provide supply resources to the Entergy System. ESI plans to continue to take steps to preserve the potential that these supply options can be implemented, if needed, as an alternative to power purchases or the acquisition of existing or developmental merchant facilities. As part of the January 2009 Western Region RFP process, ESI will evaluate a proposal for a self-build option as identified for the Western Region in the Entergy Electric System Strategic Supply Resource Plan published June 2008.⁴ The self-build option will be considered an alternative to any proposals submitted in response to the RFP. ESI plans to evaluate all proposals received in response to the RFP, including the self-build option, for their ability to support a target commercial operation date of June 1, 2014, however, ESI will consider proposals for an earlier target Commercial Operation Date.

The self-build option being developed for consideration in this RFP is a CCGT unit located at Entergy's Lewis Creek site in Willis, Texas. If constructed, the self-build CCGT unit would be an incremental third generating unit added to the Lewis Creek site, which is currently the location of two existing generating units owned by Entergy Texas, Inc. The self-build CCGT would consist of two (2) "F" class combustion turbines, (2) two heat recovery steam generators, and one (1) steam turbine generator and associated auxiliary equipment. In support of the self-build CCGT option, ESI filed a draft air permit with the Texas Commission of Environmental Quality in January 2008. If constructed, the unit would be placed in operation by June 1, 2014.

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

1.4. Summary Descriptions of Products Sought and Associated Term Sheets

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

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

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

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

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

Bidders are advised to carefully review each term sheet (“Term Sheet”) included in Appendix C to this January 2009 Western Region RFP for each product for which the Bidder intends to submit a proposal. The Term Sheets establish certain key terms and requirements for each product. Bidders should be aware that ESI expects these key terms and requirements will be a part of the definitive agreement ultimately executed for the proposal, and ESI does not expect to negotiate any of these key terms and requirements for the products *unless* (a) an otherwise economic resource is physically unable to meet, or is prevented by substantial and material circumstances from meeting, a requirement specified in the applicable Term Sheet; *and* (b) the Bidder has explained the fact of and basis for this situation in the Special Considerations section of its proposal. Bidders are responsible for reviewing all terms and conditions specified in the relevant Term Sheet and taking these terms and conditions into consideration in developing their proposal(s) in response to this RFP.

ESI is not providing a Model Contract for the Long-Term Tolling PPA offered in this RFP. However, ESI plans to use the term sheets provided in Appendix C as the basis for the negotiations for products solicited in this RFP. Bidders that do not wish to agree to the terms and conditions outlined in the applicable product package located in Appendix C must identify the specific term or condition to which the Bidder declines to agree and should provide a detailed explanation of the basis for the Bidder’s position. For a Long-Term Tolling PPA – Load-Following CCGT proposal selected for award, ESI anticipates negotiating a long-term tolling purchase power agreement based on the terms and conditions outlined in the term sheet for Product Package A to facilitate a transaction. For an Ownership Acquisition – Load-Following CCGT proposal selected for award, ESI anticipates negotiating a Purchase and Sale Agreement based on the term sheet for Product Package B to facilitate a transaction.

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

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

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

With respect to Product Package B, ESI is soliciting proposals for the acquisition of an undivided ownership interest in a load-following CCGT generating unit, including all ancillary facilities, that has been placed in commercial operation or developmental resources that meet the requirements for a developmental resource to participate in this RFP, as discussed in Section 1.3.1 above, Section 1.4.2 and 1.5 below, and the product package term sheet located in Appendix C. ESI seeks proposals for 100% of the specified generating unit. Pricing will be based on a single fixed payment that is inclusive of all monetary consideration for the generating unit and all ancillary facilities.

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

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

This product consists of a long-term purchase of Capacity, energy and all Other Associated Electric Products from a load-following CCGT generating unit with output to be delivered to a designated Delivery Point on the Entergy System. ESI must have the ability to Schedule and dispatch energy and all Other Associated Electric Products from a specific CCGT generating unit on a day-ahead and intra-day basis. ESI prefers proposals with no minimum annual energy dispatch requirements, and also the ability to start-up and shut down the generating unit at ESI's discretion based on the capabilities of the generating unit specified, but will consider proposals with certain minimum dispatch requirements. ESI prefers proposals for which it can provide the fuel supply; however, proposals in which Bidder/Seller proposes to provide the fuel supply will not be rejected as non-conforming. Term Sheet A of Appendix C summarizes the specific requirements for the Long-Term Tolling PPA product, which are generally described herein.

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

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

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

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

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

Environmental Change in Law

ESI recognizes the potential for an Environmental Change in Law to impose additional costs on Bidder/Seller in the performance of a power sales contract with ESI and is willing to consider proposals to transfer certain risks associated with an Environmental Change in Law to ESI.

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

For Product Package A, if a Bidder is willing to assume the risk of an Environmental Change in Law, the Bidder should specify with particularity in the Special Considerations section of the Proposal Submission Form the risk it is willing to absorb. For example, if a Bidder will shoulder the risk of future CO₂ compliance costs but not the risk of future NO_x compliance costs, the Bidder should so specify in its bid. When a Bidder elects to bear the full risk of a specific Environmental Change in Law, ESI will reflect such election in its modeling of Bidder's proposal.

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For Product Package A, Bidders unwilling to assume the full risk of an Environmental Change in Law must provide the following information in the Special Considerations section of the applicable product package:

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

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

This product consists of the acquisition of an undivided ownership interest in a load-following CCGT generating unit with output to be delivered to a designated Delivery Point on the Entergy System. ESI seeks proposals for 100% of the specified generating unit. Pricing will be based on a single fixed payment that is inclusive of all monetary consideration for the generating unit and all ancillary facilities. For developmental proposals, the proposed generating unit in this product category must be able to support a target Commercial Operation Date of no later than June 1, 2014. ESI will consider proposals with an earlier target Commercial Operation Date. Term Sheet B of Appendix C summarizes the specific requirements for this product,

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

1.5. Special Considerations for CCGT Developmental Resources

In this RFP, ESI is soliciting competitive proposals for a flexible and cost-effective load-following CCGT generating resource for the Western Region. ESI seeks to procure a long-term CCGT resource through a transaction with a wholesale power market participant(s) for products solicited in this RFP. This RFP seeks up to 550 MW of load-following CCGT capacity, as more thoroughly described and discussed above, that is needed to meet the reliability needs of the Western Region of the Entergy System over a long-term planning horizon. Bidders should be aware that, for CCGT developmental resources, ESI will require that certain criteria and/or standards be met as more thoroughly described herein and in the applicable product package term sheet located in Appendix C.

1.5.1 Transmission Considerations for a Developmental Resource

This section describes transmission issues Bidders should be aware of and need to address as they prepare proposals in response to this RFP. A description of how transmission issues will be evaluated by the RFP Evaluation Team and its Transmission Analysis Group (“TAG”), and when a transmission service request will be submitted through OASIS to Entergy’s Independent Coordinator of Transmission (“ICT”) for selected proposals, is located in Section 4 of this RFP and discussed in detail in Appendix E-2.

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

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

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interconnection process must have been initiated with the ICT, including the submission of the information required by the ICT, and confirmation of receipt that the information for the new facility is complete and valid.

The Bidder/Seller assumes all risks with regard to transmission interconnection with the Entergy Control Area including, but not limited to, the cost of interconnection, the treatment of any associated transmission service credits, and any charges associated with reliability requirements. For CCGT developmental resources, Bidders are being asked to exclude any estimates of the cost to interconnect with the Entergy System from their proposal pricing. During the proposal submission process, Bidders will be required to submit a copy of the completed Large Generator Interconnection Procedures (“LGIP”) application submitted to the ICT. ESI intends to utilize a third party to obtain an expedited estimate of interconnection costs for all conforming developmental proposals received in response to this RFP. In doing so, ESI will ensure that the same criteria and methodologies are applied to all developmental proposals in estimating the cost to interconnect with the Entergy System. To the extent Bidders have already developed and/or been provided an estimate of interconnection costs by the ICT, ESI encourages Bidders to submit that information as a special consideration to the proposal, and ESI requests those costs be excluded from any proposal pricing.

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

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

In addition, any transmission service credits existing or forthcoming associated with upgrades constructed as a result of the interconnection studies discussed above will be retained

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by the Bidder/Seller and will be subject to the applicable contemporaneous rules in effect. Therefore, Bidders are encouraged to exclude from their proposal, but are not prohibited from including, interconnection costs that qualify for transmission service credit.

1.5.2 Operational and Performance Requirements for a Developmental Resource

The Entergy System requires generating units to provide a range of operational functions and “flexible capacity” to maintain the operational flexibility needed to meet the ever-changing demands of the Entergy System. The ability of a resource to meet the flexible capability requirement requires the resource at a minimum to:

- i) have scheduling or operational flexibility to respond to changing load requirements;
- ii) be capable of cycling (*i.e.*, start-up and shut-down) on a day-ahead and intra-day basis;
- iii) be able to operate across a range of utilization and output levels; and
- iv) at the direction of the System Dispatcher, dispatch between the unit minimum and unit maximum in a timely manner based on short notice changes (with the notice period to be specified in the Definitive Agreement), including hourly swings, start-ups and shutdowns.

Although AGC is not required, the ability of a unit to be placed on AGC is considered to contribute to the load-following capability of the resource. Bidders should be prepared to submit a comprehensive response to the due diligence requests for information that would support a resource developed under these general criteria.

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

- i) planned and/or existing pipeline interconnections;
- ii) type and sources of supply as well as points of receipt;
- iii) type of service (e.g. firm, interruptible, ratable, instantaneous);

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- iv) ability/obligation of interconnected pipelines to provide adequate pipeline pressure to serve the generating unit(s) over the full operational output range;
- v) pipeline market zone applicable for the delivery point into the generating facility;
- vi) information regarding existing/planned supply and/or transportation agreements currently in place;
- vii) number of pipes to be directly connected to the facility; and
- viii) plans for dual or alternative fuel capability.

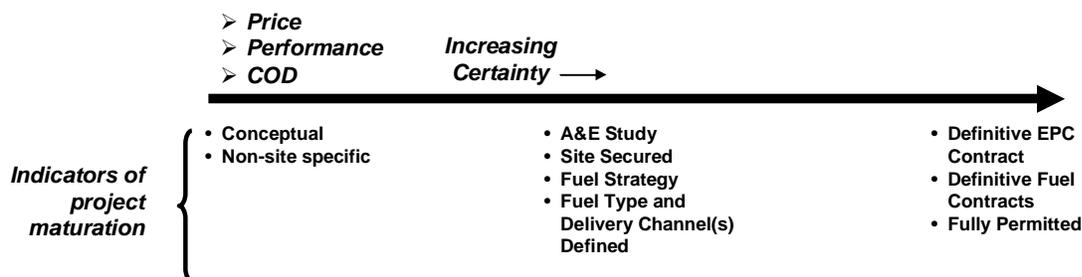
Bidders should be prepared to submit a comprehensive response to these and other fuel-related questions during the proposal submission process.

The operational and performance-related criteria described above are key components of a resource’s ability to meet the requirements for products solicited in this RFP and will therefore be part of the quantitative and qualitative evaluation of proposals submitted in response to this RFP. Bidders are encouraged to review the relevant product package and associated term sheet located in Appendix C, along with the due diligence request (as applicable) located in Appendices H and I, to facilitate an understanding of the commercial terms and conditions associated with a specific product, as well as the proposal specific information ESI intends to solicit during the registration and proposal submission processes, as further described in Appendix B.

1.5.3 Treatment of Development Risk During the Evaluation Process

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

Figure 3 – Spectrum of Development Status



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

During the evaluation process, the RFP Evaluation Team will consider how much of this price and cost uncertainty will be borne by ESI versus the Bidder/Seller based on the respective proposal under consideration. Although greater precision in costs and other characteristics is preferred, uncertainty on these factors will not necessarily disqualify a proposal from further consideration.

2. RFP SOLICITATION AND PROPOSAL SUBMISSION PROCESS

The January 2009 Western Region RFP will use a multi-step process consisting of: (1) Solicitation; (2) Electronic Bidder Registration; (3) Electronic Proposal Submission; (4) Proposal Receipt and Screening; (5) Review and Evaluation; and (6) Notification and Contract Negotiations.

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

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

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

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

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

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

2.1. Representative Schedule

This schedule is representative only and is subject to change.

Step 1 — Solicitation

Final RFP issued	January 15, 2009
ESI Bidders' Teleconference (dial-in provided below)	February 17, 2009 at 10 a.m. CPT

Step 2 — Bidder Registration

Bidder Registration Process begins	March 30, 2009 at 8:00 a.m. CPT
Bidder Registration Process completed	April 2, 2009 at 5:00 p.m. CPT
Deadline for payment of Proposal Submittal Fees	April 9, 2009 at 5:00 p.m. CPT

Step 3 — Electronic Proposal Submission

Proposal Submission Process begins	April 13, 2009 at 8:00 a.m. CPT
Deadline for electronic submission of proposals via the RFP Web Portal, and for Bidders' response to the due diligence requests located in Appendix H and I (as applicable)	April 16, 2009 at 5:00 p.m. CPT

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Step 4 — Proposal Receipt and Screening for Conformance

Proposals received and proposal data reports for Proposal Evaluation Team members are reviewed by the Independent Monitor. Proposal data reports subsequently forwarded to Proposal Evaluation Team members.	On or about April 17, 2009 but not prior to review by the Independent Monitor.
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Step 5 — Review and Evaluation Process⁵

Evaluation of proposals begins	As early as April 17, 2009, but not prior to completion of the process for reviewing and segregating proposals.
Announce Preliminary Shortlist	ESI reserves the right select a Preliminary Shortlist from the proposals received in response to this RFP based on the results of the initial assessment. If necessary, the Preliminary Shortlist will be announced on or about June 1, 2009.

Step 6 — Notification of Final Selection and Contract Negotiations

Bidders notified of their inclusion on either the Primary or Secondary Award List or notified of elimination from further consideration	September 2009
Initiate contract negotiations with Bidder(s) on Primary Award List	As early as October 2009, but not prior to announcement of Primary/Secondary Award Lists
Bidders on Secondary Award List notified of Proposal Status	December 1, 2009
Execute and deliver Definitive Agreements	2 nd Quarter 2010

ESI will require that all proposals are the Bidder's **good faith best offer** for all material terms of the applicable product package. ESI does not intend to contact any Bidder to clarify its

⁵ ESI reserves the right, as dictated by the length of the evaluation process and market conditions, to allow Bidders to update their proposals prior to announcing the Primary/Secondary Award Lists by providing a best and final offer to ensure the most accurate, complete, and up-to-date proposal information is incorporated into the overall evaluation. If ESI determines that it is necessary to make such a request of Bidders, it will be done with the concurrence of the IM.

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proposals, although ESI reserves the right to do so in accordance with Section 2.4. In addition, except under extraordinary circumstances and with the concurrence of the IM, no proposal may be modified, and each proposal must be signed by an officer (or similarly situated representative) of the Bidder who is authorized to sign and submit the proposal. If a Bidder wishes to submit a proposal contingent on a prior sale or commitment (for example, another company's request for proposals), the Bidder may do so provided that it indicates such conditions and reasons in the "Special Considerations" section of its electronic proposal submission form.

2.2. Cancellation, Modification or Withdrawal of the RFP

ESI reserves the right, after appropriate consultation with the IM, to cancel, modify or withdraw this RFP or to revise the schedule specified above in order to meet its objectives. ESI will endeavor to notify all participants who have completed Bidder Registration of any such cancellations, modifications or schedule changes that are made prior to the applicable deadline for submission of proposals and will post any such actions on its RFP Website. However, ESI will have no responsibility for failing to do so.

2.3. ESI Bidders' Teleconference

On February 17, 2009, ESI will host a Bidders' Teleconference to review and discuss the January 2009 Western Region RFP. This conference is open only to Potential Bidders for purposes of discussing and clarifying issues relating to the RFP. ESI personnel and the IM will be available during the teleconference to answer specific questions about the RFP, including System needs, technical issues, product terms and conditions, the evaluation process, the Bidder registration and proposal submission processes, and to respond to other pertinent information requests.

All questions regarding the RFP, whether they arise before, during or after the teleconference, should be submitted in writing to the RFP Administrator (using the contact information provided in Section 2.4). In order to provide all interested parties with access to information elicited through the submission of questions, ESI intends to provide written responses to all written questions regardless of when received, and to post the questions and answers on the RFP Website. While questions, including previously submitted questions, may be answered orally by ESI personnel during the teleconference, the written response may contain information that is different from or in addition to information that was provided orally, and the written response will be deemed to supersede the oral response. Potential Bidders are encouraged to submit written questions to the RFP Administrator prior to the Bidders' Teleconference, and any questions raised by Potential Bidders during the teleconference should be subsequently submitted in writing to the RFP Administrator.

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ESI's Bidders' Teleconference

Date: February 17, 2009
Time: 10 a.m. CPT
Dial-in: Toll Free: (888)622-5357
Participant Code: 103677

Potential Bidders are strongly encouraged to participate in the Bidders' Teleconference, but are not required to do so. ESI will post on the RFP Website the materials presented during the Bidders' Teleconference. Potential Bidders are advised that those materials cannot be expected to provide or explain all of the information that was provided or explained during the Bidders' Teleconference.

By no later than February 10, 2009, Potential Bidders are requested to notify the RFP Administrator by electronic mail of the names of all of the individuals representing the Potential Bidder who are planning to participate in the Bidders' Teleconference, with said notice specifying the company name of the Potential Bidder, as well as names and telephone numbers of all individuals representing the Bidder who are planning to participate in the Bidders' Teleconference.

2.4. Contact with ESI and RFP Questions

Consistent with previous RFPs, ESI has a designated "RFP Administrator." The multi-purpose role of the RFP Administrator is described in Appendix G. Except as described in the next section with respect to transmission matters and in Appendix D with respect to the RFP Hotline, all questions and requests and any other inquiries or contact about the RFP must be directed in writing to:

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

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

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Beginning January 15, 2009, unsolicited contact or communication between market participants and personnel or employees of ESI or any of the Entergy Operating Companies **(other than the RFP Administrator or those employees within Entergy's Transmission Business Unit as described in Section 2.5, below)** concerning the January 2009 Western Region RFP, without the specific, prior written consent of the RFP Administrator after consultation with the IM, is not allowed and may, depending on the circumstances, constitute grounds for disqualification of a Bidder.

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

Subject to ESI's consideration of confidentiality concerns as described in the next two paragraphs below, ESI intends to post all questions submitted by Bidders, as well as ESI's responses to these questions, on the RFP Website. Such questions, therefore, must be submitted in writing. ESI's objective in posting these questions and answers is to ensure that all Bidders have equal access to information that potentially may be relevant to their proposals. Bidders are urged to submit questions as early as possible, in consideration of the proposal submission deadlines set forth in Section 2.1. During the proposal submission period, ESI expects to provide answers only to questions that are specific to an actual proposal submission issue.

ESI does not expect that, in response to Bidders' questions, it will be required to provide information that is confidential to ESI or any of the Entergy Operating Companies. If, however, ESI determines that (1) a Bidder's question calls for an answer that would contain such confidential information and (2) the provision of such confidential information is necessary and appropriate, then, ESI will notify the IM and will respond to that question in writing via certified mail to all Bidders who have timely executed and returned to ESI the confidentiality agreement that is posted on the RFP Website.

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

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

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

2.5. Contact with Entergy's Transmission Business Unit/Independent Coordinator of Transmission

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

2.6. Bidder Registration

In order to be eligible to participate in the solicitation process, each Bidder must electronically submit via the RFP Web Portal a properly completed Bidder Registration Form, which must include the number of proposals and product type of each proposal that the Bidder intends to submit in response to this RFP. Bidder registration begins at 8:00 a.m. CPT on March 30, 2009 and ends at 5:00 p.m. CPT on April 2, 2009. During the web-based registration process, Bidders will not be able to submit a registration form until all requisite information has been provided. The RFP Web Portal will allow only properly completed Bidder Registration Forms to be submitted, and therefore Bidders will know their information has been accepted when the RFP Web Portal allows them to submit their Bidder Registration Form. Once the web-based registration process is complete, Bidders may request that their completed registration be

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summarized and sent to a specified email address. To participate in the proposal submission process, a Bidder must complete the following by the indicated dates and times: (1) by April 2, 2009 at 5:00 p.m. CPT, a Bidder must have registered its company, generation resource(s), and the associated proposals it intends to submit; and (2) by April 9, 2009 at 5:00 pm CPT, a Bidder must have paid the entire amount of proposal submittal fees . During proposal submission, Bidders will only be able to submit proposals that were registered during Bidder registration. See Appendix D for detailed instructions on the Bidder Registration Process.

2.7. Proposal Submittal Fees

Consistent with previous RFPs, ESI will require all Bidders to pay a proposal submittal fee (“Proposal Submittal Fee”) for each registered proposal. Within two (2) Business Days of receiving the executed Bidder Registration Form, ESI will invoice Bidder, by Proposal Identification Number, the Proposal Submittal Fee that is due for each registered proposal in the amount of \$5,000.00 for the each registered proposal. **A Bidder may submit one or more proposals, which may be alternatives to each other, but each alternative proposal will be considered a separate proposal and will require the payment by Bidder of an additional Proposal Submittal Fee.** Bidder will be required to remit wire payment(s) of the required Proposal Submittal Fee for each individual registered proposal by no later than 5:00 p.m. CPT on April 9, 2009 per the instructions in the invoice. **Failure to submit the Proposal Submittal Fee(s) by this deadline will cause the registered proposal(s) to be rejected as non-conforming and Bidder will not be permitted to submit a proposal via the RFP Web Portal for such registered proposal(s).** See Appendix D for detailed instructions on the Proposal Submittal Fee process.

2.8. Other Bidder Requirements

ESI is making every reasonable effort to maximize fair and impartial competition and prevent or avoid collusion by any parties in this RFP process. Proposals determined by ESI, after consultation with the IM, to have been made with the intent or effect of creating artificial prices, terms, or conditions will be rejected. ESI expects all Bidders to comply with all the terms and conditions and conform to all of the requirements of this RFP in order to be eligible to participate in the solicitation process.

Bidders that are comprised of more than one Person may enter into contribution or indemnity arrangements or agreements among themselves to allocate their respective obligations, but no such agreements or arrangements will affect the rights of ESI or any of the Entergy Operating Companies without the express written agreement of ESI or the affected Entergy

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Operating Companies, which agreement will be negotiated upon the execution of a Definitive Agreement. Any Entergy Operating Company may agree to be affected by such agreements or arrangements only as to it, and no such agreement will be effective as to any other Entergy Operating Company or as to ESI. When proposals are submitted, all such contribution, indemnity, allocation, sharing and similar arrangements, agreements and understandings must be fully disclosed to ESI. Bidders may accomplish such disclosure by sending a written letter of disclosure to the RFP Administrator by the Proposal Submission deadline.

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

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

2.9. Proposal Submission

In Appendix C, ESI has provided examples of the proposal submission information ESI will require Bidders to complete and submit via the RFP Web Portal and will provide the information ESI needs in order to evaluate proposals. Appendix C, along with Appendix B and Appendix D, provides detailed proposal submission instructions. The forms are grouped in individual Product Packages that correspond to the particular products requested by this RFP.

The proposal submission process will be open to Bidders via the RFP Web Portal only between 8:00 a.m. CPT on Monday, April 13, 2009 until 5:00 p.m. CPT on Thursday, April 16,

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2009. Proposal information must be submitted via the RFP Web Portal and will be actively screened for completeness in real-time, where possible, as the Bidder completes the individual steps of the web-based process. Using a web-based process ensures information submitted to ESI for review is as complete as can be reasonably required prior to the actual submission.

3. PROPOSAL REVIEW AND OVERALL EVALUATION PROCESS

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

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

- ❖ The Bidder must have completed the Bidder registration process via the RFP Web Portal between the hours of 8:00 a.m. CPT on March 30, 2009 and 5:00 p.m. CPT on April 2, 2009;
- ❖ The Bidder must have paid all applicable Proposal Submittal Fees by 5:00 p.m. CPT on April 9, 2009;
- ❖ The Bidder's registered proposal(s) must be accessed, completed, and successfully submitted via the RFP Web Portal between the hours of 8:00 a.m. CPT on April 13, 2009 and 5:00 p.m. CPT on April 16, 2009;
- ❖ The proposal must contain clear and complete pricing information as specified in the applicable Product Package (see Appendix C);
- ❖ The proposal must be signed by an officer or other similarly situated representative of the Bidder who is duly authorized to sign and submit the proposal; and

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- ❖ The Bidder must have provided a response to the requests made in Appendix H or I (as applicable) by 5:00 p.m. CPT on April 16, 2009.

Proposals that meet all of these threshold requirements will be considered conforming and will move to the applicable proposal evaluation process.

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

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

4. ECONOMIC EVALUATION

The overarching objective in the evaluation and selection of generation resources is to procure resources that meet the supply objectives of the Entergy System at the lowest reasonable cost consistent with the provision of reliable service. The evaluation process described in Appendix E-1 has been designed to facilitate the fair and impartial economic evaluation of all proposals received in response to this January 2009 Western Region RFP.

The primary objective in evaluating individual proposals will be to identify proposals that meet the planning objectives of the Western Region at the lowest reasonable cost. The analysis will use production costing models and/or fundamental economic analysis. The Fundamental Economic analysis will be based on spreadsheet models that compare the cost of each proposal in meeting various supply roles. Additionally, the evaluation process will review specific

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proposal characteristics to assess any additional quantitative and qualitative issues associated with each proposal. See Appendix E-1 for details.

5. TRANSMISSION SERVICE AND TRANSMISSION DELIVERABILITY EVALUATION

The January 2009 Western Region RFP Deliverability Evaluation process seeks to analyze the potential for utilizing the generation and bulk transmission facilities of the Entergy System to deliver a balanced and diversified portfolio of resources resulting in the highest overall value to customers without materially degrading supply reliability. Appendix E-2 describes the process, criteria, and methods ESI intends to use to evaluate the proposals for the Transmission Deliverability Evaluation (“TDE”) and Generation Interconnection Evaluation (“GIE”) in this RFP.

The overall TDE methodology seeks to identify transmission constraints that may limit deliveries from resources proposed into the RFP and to evaluate the ability to secure firm transmission service for proposals to prevent transmission flows from exceeding transmission limits, including possible mitigation strategies to alleviate such constraints. The GIE methodology seeks to identify transmission interconnection facilities required to interconnect a CCGT developmental resource to the Entergy transmission system. The GIE will utilize a process similar to the process outlined in the FERC Large Generator Interconnection Procedures (LGIP). The TDE and GIE will be performed by the ICT and Ampirical Solutions, LLC. All of the studies received from ICT and Ampirical Solutions, LLC prior to the final selection for the RFP will be used for evaluation purposes only.

6. VIABILITY ASSESSMENT

Because the Western Region has a limited amount of in-region generating capacity, ESI anticipates that the majority of proposals received in response to the RFP will be proposed to originate from CCGT developmental resources. Therefore, in order to determine the overall viability of proposals for developmental resources received in response to this RFP, a Viability Assessment Team (“VAT”) has been established to review and assess the technical, environmental, and commercial merits of a proposal for a resource to be located in the Western Region. Appendix E-3 describes the process and general criteria with which the VAT will conduct its assessment.

Among its responsibilities, the VAT will evaluate whether, based on a fatal flaw review and analysis, each proposal for a developmental resource planned to be located within the Western Region is capable of meeting the target Commercial Operation Date. As the evaluation

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process matures, the VAT will conduct a more thorough review of proposals in order to develop a final ranking and recommendation. For proposals received that originate from an existing asset currently in commercial operation, the VAT will also provide an assessment under the same timeframe and consistent with the scope of the process outlined in Appendix E-3.

7. CREDIT/COLLATERAL REQUIREMENTS

In addition to the economic, deliverability, and viability evaluations of the proposals, each conforming proposal will be analyzed by the Credit Evaluation Team (“CET”) to assess potential credit risks and collateral requirements. The credit evaluation seeks to assure that the Bidder’s credit quality, combined with its proposal to ESI, complies with ESI’s corporate risk management standards, and that any requirements for additional collateral or security associated with the proposal are identified. The critical credit risk management issue protects ESI from the risk of a Bidder’s non-performance over the duration of the contract. This risk is tied to the necessity to replace power and/or capacity from higher cost resources than the contracted-for resources should a supplier become unable to perform. See Appendix F for details.

8. NOTIFICATION OF EVALUATION RESULTS AND NEGOTIATIONS

Pursuant to the schedule presented in Section 2.1 above, the RFP Administrator will contact each Bidder to notify it of the status of its proposal and whether additional discussions or negotiations are warranted.

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

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

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

- Preliminary Shortlist – ESI reserves the right to select a Preliminary Shortlist based on the results of an initial assessment of proposal viability. If necessary, ESI will notify Bidders on or about June 1, 2009.

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- Primary/Secondary Award List – For Proposals in this category, Bidders will be advised during September 2009
- Proposals that have not been selected for further consideration as an incremental resource. For Proposals in this category, Bidders will be advised during September 2009.

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

ESI will obtain all applicable regulatory approvals, which may include, but not necessarily be limited to authorization from the PUCT and FERC under applicable law or regulations. Thus, the Definitive Agreement(s) with the selected Bidder(s) may be conditioned on, or provide a termination right with respect to the failure to obtain, any such Regulatory Approvals. Bidders should refer to applicable Product Packages for specific provisions regarding Regulatory Approvals.

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

10. RESERVATION OF RIGHTS

A Bidder's proposal will be deemed accepted only when a Definitive Agreement has been executed and delivered by ESI (on behalf of one or more of the Entergy Operating Companies) or by any of the Entergy Operating Companies and by the chosen Bidder. Although ESI intends to enter into Transactions for resources that offer sufficiently attractive economic and/or reliability benefits to the Entergy System, ESI has no obligation to accept any proposal, whether or not the stated price in such proposal is the lowest price offered in the RFP process, and may reject any proposal, in its sole discretion, for any reason.

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

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any Bidder or its representatives relating to or arising from the use of or reliance upon any such information or any errors or omissions therein.

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

- ❖ cancel, modify or withdraw this RFP, reject any and all responses, and terminate negotiations at any time during the RFP process;
- ❖ discuss with any Bidder and its advisors the terms of any proposal submitted by the Bidder and obtain clarification from any Bidder and its advisors concerning the proposal (this will be done under the oversight of the IM as set forth in Appendix G);
- ❖ consider all proposals to be the property of ESI, subject to the provisions of this RFP relating to confidentiality, and subject to any confidentiality agreement that may be executed in connection with this RFP process, and destroy or archive any information or materials provided in the proposal submission process (currently, ESI intends to retain all proposal information until all related regulatory approval processes to which that information relates have been completed);
- ❖ request from any or all Bidders information that is not explicitly detailed in this RFP but that, in the sole opinion of ESI is necessary for evaluation of the proposal;
- ❖ determine which proposals to accept, pursue or reject;
- ❖ evaluate and consider opportunities to acquire resources offered outside the formal RFP process from parties that are not Entergy Competitive Affiliates or the Self-Build Commercial Team, as such opportunities arise and which are compelling in terms of economic benefit to its ratepayers;
- ❖ reject any proposals that are not complete or that contain irregularities, or waive irregularities in any proposal that is submitted;
- ❖ decline to accept proposals that provide the lowest cost based on the criteria and analyses described in this RFP and Appendices E-1, E-2, E-3, and F if a proposal review identifies issues detrimental to the Entergy System not specifically identified in the criteria and analyses described and after discussion of these circumstances with the IM;

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- ❖ determine which Bidders to allow to participate in the RFP process, including disqualifying a Bidder due to a change in the qualifications of the Bidder or in the event that ESI determines or believes that the Bidder has failed to conform with the requirements of this RFP;
- ❖ after consultation with and concurrence of the IM, invite further submissions of proposals from all eligible RFP participants;
- ❖ after consultation with and concurrence of the IM, modify and/or accelerate the January 2009 Western Region RFP process, including without limitation the evaluation processes provided for in E-1, E-2, and E-3, as needed to ensure that economically attractive proposals are not withdrawn;
- ❖ conduct negotiations with any or all Bidders or other Persons; or
- ❖ sign one or more Definitive Agreements with any Bidder who submits a proposal or with any other Person or not sign Definitive Agreements related to this RFP.

If at any time ESI determines that there is a defect in the RFP process or a deviation from the requirements of this RFP, or that collusive or fraudulent bidding has occurred or appears to have occurred, ESI may suspend the RFP process in whole or in part as to any Bidder or Bidders.

Under all circumstances, each Bidder is responsible for all costs and expenses it incurs in connection with the RFP process. Under no circumstances, including ESI's termination of the RFP process at any time, will ESI or any of the Entergy Operating Companies be responsible for any costs or expenses of any Bidder incurred in connection with the RFP process.

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