

**July 8, 2011**

**Updated Notice of Intent to Issue a Request for Proposals  
Entergy Services, Inc.'s 2011 Western Region RFP**

On March 31, 2011, Entergy Services, Inc. ("ESI") published notice of its intent to issue a Request for Proposals for Long-Term Supply Side Resources for the Western Region of the Entergy System (the "RFP"). ESI is issuing this updated notice in order to reflect certain changes to the RFP, including reductions in the minimum size of the capacity to be sought and modifications to the RFP schedule. This notice supersedes and replaces the March 31, 2011 notice. Henceforth, interested parties should reference this notice (or any subsequently issued notice) and the information available on the website created for the RFP (see the link below) in planning for involvement in the RFP. ESI retains the right to make additional modifications to the notice and the RFP, including the rights not to issue and to withdraw the RFP, as it deems appropriate.

Updated Notice

ESI hereby notifies interested parties that it intends to issue the RFP in the fourth quarter of 2011 with proposals expected to be due in the first quarter of 2012. ESI plans to release preliminary draft RFP documents in late August 2011, although the date of actual issuance and the proposal due date remain uncertain and subject to change. The draft RFP documents, as well as subsequent RFP documents and other information about the RFP, will be posted on the official website for the RFP, <https://spofossil.entergy.com/ENTRFP/SEND/2011Western/Index.htm>.

The Entergy System forecasts an ongoing long-term need for capacity and energy in the "Western Region" of Entergy Texas, Inc.'s ("Entergy Texas") service territory (generally, the Entergy Texas service territory west of the Trinity River).<sup>1</sup> The RFP will solicit proposals for resources capable of meeting needs of the Western Region, including resources not yet constructed ("Developmental Resources"). The RFP is targeting resources that will satisfy several important planning objectives, including:

- increasing load-serving capability in the Western Region
- maintaining reliability within the Western Region
- serving load in the Western Region at the lowest reasonable cost
- reducing dependence on existing generation within the Western Region, including in particular Entergy Texas' Lewis Creek facility (as presently configured).

The RFP will be open to resources located inside or outside of the Western Region, including resources that will utilize a new "DC tie" or its equivalent. Resources located outside of the Western Region ("Outside Resources") will be evaluated on a

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<sup>1</sup> A map showing the current approximate boundaries of the Western Region is available on the RFP website.

basis that reflects any transmission upgrade or other costs determined to be necessary to increase the total net energy import capability of the Western Region such that (i) the resource is fully deliverable to the Western Region and (ii) the total energy import capability of the Western Region, excluding the energy import capability required for such resource, is not reduced. In addition, consistent with the objective of reducing reliance on Lewis Creek generation, the evaluation will assess each proposal's effect on reliability in the Western Region, including, but not limited to, reactive power and stability effects, under conditions in which Lewis Creek generation (as presently configured) is unavailable or offline. It is anticipated that the farther an Outside Resource is from the Western Region, the less likely the Outside Resource will be able to meet Western Region needs at the lowest reasonable cost. For these and other reasons, ESI strongly encourages potential bidders to site Developmental Resources within the Western Region.

The RFP will seek a minimum of 300 megawatts ("MW") of capacity and energy for the Western Region. Proposals will be required to offer at least 300 MW of capacity and energy from a single resource and may offer more than 300 MW. Proposals will be solicited for power supply and asset acquisition agreements. The minimum delivery term for power supply agreements will be ten (10) years. The delivery term will be required to commence by no later than June 1, 2017. Asset acquisitions will be required to be completed by the same date.

The RFP will seek resources with technologies capable of operating in a load-following (e.g., combined-cycle natural gas turbine technology ("CCGT")) or baseload mode (e.g., coal and nuclear) or in both modes. Technologies like CCGT that, at current and expected gas prices, have the operational flexibility to serve both roles in an economical fashion are preferred. ESI also will consider other technologies, including energy storage devices, to the extent that they are capable of addressing the Western Region reliability needs. ESI will not accept proposals for intermittent and/or non-dispatchable technologies, including demand-side management and energy efficiency technologies.

As noted, Developmental Resources will be permitted to participate in the RFP - so long as, at the time of proposal submission:

- (i) the Developmental Resource satisfies, in addition to the RFP's other requirements for participation, the RFP's threshold criteria for Developmental Resources (described in the "Minimum Requirements for Developmental Resources" posted on the RFP website<sup>2</sup>); and
- (ii) a Large Generator Interconnection Application for the Developmental Resource has been submitted to Entergy's Independent Coordinator of

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<sup>2</sup> Bidders interested in submitting a proposal based on a Developmental Resource are urged to review the Minimum Requirements for Developmental Resources in advance of the issuance of RFP draft documents. ESI in consultation with the IM may allow variances from some areas of the minimum requirements.

Transmission (“ICT”) (or, for Outside Resources located outside the Entergy System, a comparable application has been submitted to another applicable balancing authority area) and the applicant has received written confirmation from the ICT (or other balancing area authority) that the application was submitted and deemed complete; and

- (iii) the bidder has provided a complete response to each question in the RFP’s list of preliminary project status questions for Developmental Resources (the list will be issued on or before the release of the final RFP).

As part of the RFP, ESI will evaluate an approximately 300 MW CCGT “self-build” option at the Lewis Creek site. The self-build option will be considered and evaluated as an alternative to any proposal submitted in response to the RFP. Additional details regarding the scope and design of the self-build option and the capacity need to be fulfilled through the RFP are anticipated to be included in the RFP. Competitive affiliates of ESI will be ineligible to participate in the RFP.

ESI has engaged Potomac Economics to serve as the independent monitor (“IM”) for the RFP. The IM will assist ESI in the design, review and implementation of the RFP to ensure impartiality, objectivity, and consistency in the treatment of proposals, including the self-build option.

Questions regarding this notice and the RFP can be directed to the RFP Administrator at [esirfp@entergy.com](mailto:esirfp@entergy.com). ESI and the IM each encourage open communication between the IM and market participants as needed. The IM point of contact for the RFP is Mr. Michael (“Mike”) Chiasson, who can be contacted at the following email address: [mchiasson@potomaceconomics.com](mailto:mchiasson@potomaceconomics.com).