

2011 Western Region RFP ESI's Bidders' Teleconference

ENTERGY SERVICES, INC.

October 25, 2011

Teleconference Introduction

- **Purpose of the Teleconference**
 - To give participants a high level overview of, and other information concerning, the RFP and related processes
 - In the event of an inconsistency between the presentation and the draft RFP documents, the draft documents will control

- **Questions**
 - Please submit all questions in writing to the RFP Administrator either through email at esirfp@entergy.com or through the webcast chat function to ensure that ESI has an accurate record of each question posted
 - After the teleconference, ESI will post questions asked during the teleconference and definitive responses on the Western RFP website
 - To the extent that ESI's posted response differs from the oral response given during the teleconference, the written response will control

- **Administrative**
 - All phones must be on mute
 - Please do NOT place your phone on hold
 - Email the RFP Administrator at esirfp@entergy.com with any technical issues or questions

Agenda Items

- **Introductions**
- **Independent Monitor Presentation – Potomac Economics**
- **Overview of 2011 Western Region RFP (RFP)**
 - Representative RFP Schedule
 - Key Elements and Objectives of RFP
 - Product Solicitation Overview
 - Additional Considerations
 - Bidder Registration and Proposal Submission Processes
 - RFP Process Safeguards
- **Proposal Evaluation Process**
 - Evaluation Overview
 - Economic Evaluation
 - Deliverability Evaluation
 - Viability Assessment
 - Credit/Collateral Requirements
- **Q&A Session**

Introduction

- **ESI Presenters**

- April Phelps Project Manager
- Stuart Barrett Director, Commercial Operations
- Seth Cureington Wholesale Executive, Supply Procurement
- Mary DeCuir RFP Administrator
- Anthony Walz Director, Supply Planning Analysis
- Mark Maddux Project Manager, Power Delivery & Technical Services
- John Zurita Wholesale Executive, Supply Procurement
- Rae Ann Dodds Manager, Market and Credit Risk

- **Additional Entergy Participants**

- Lee Kellough Director, Power Delivery & Technical Services
- James Miller Assistant General Counsel – Commercial
- Dick Westenburg Assistant General Counsel – Regulatory
- Paula Cyr Entergy Texas, Inc – Regulatory
- Carl Olson Entergy Texas, Inc – Regulatory
- Samrat Datta Supervisor, Transmission Planning

- **Independent Monitor**

- Bob Sinclair Potomac Economics
- Michael Chiasson Potomac Economics

- **Entergy's Independent Coordinator of Transmission**

- English Cook ICT

***Independent Monitor Presentation
Potomac Economics***

Overview of 2011 Western Region RFP

**Representative RFP Schedule
(April Phelps)**

Representative Schedule

Target RFP Schedule*

Milestone	Date
➤ Issue Draft Western Region RFP	September 30, 2011
➤ Bidders' Teleconference	October 25, 2011
➤ Final RFP Issued	December 2, 2011
➤ ESI Responds to Bidder Questions/Posts Answers to RFP Website	January 31, 2012
➤ Bidder Registration	February 6 – February 9, 2012
➤ Proposal Fees Due	February 22, 2012
➤ Proposal Submission Period	February 27 – March 1, 2012
➤ Announce Preliminary Shortlist (as necessary)	May 11, 2012
➤ Announce Primary/Secondary Selections	September 28, 2012
➤ Begin Comprehensive Due Diligence & Negotiations	October 2012
➤ Notify Secondary Selection List of Intent to Proceed	December 2012
➤ Execute Definitive Agreement	April 2013

**This schedule is representative only and subject to change. Any schedule changes will be posted to the RFP Website.*

**Key Objectives and Elements of RFP
(Stuart Barrett)**

Key Objectives and Elements of RFP

- **Primary objective**

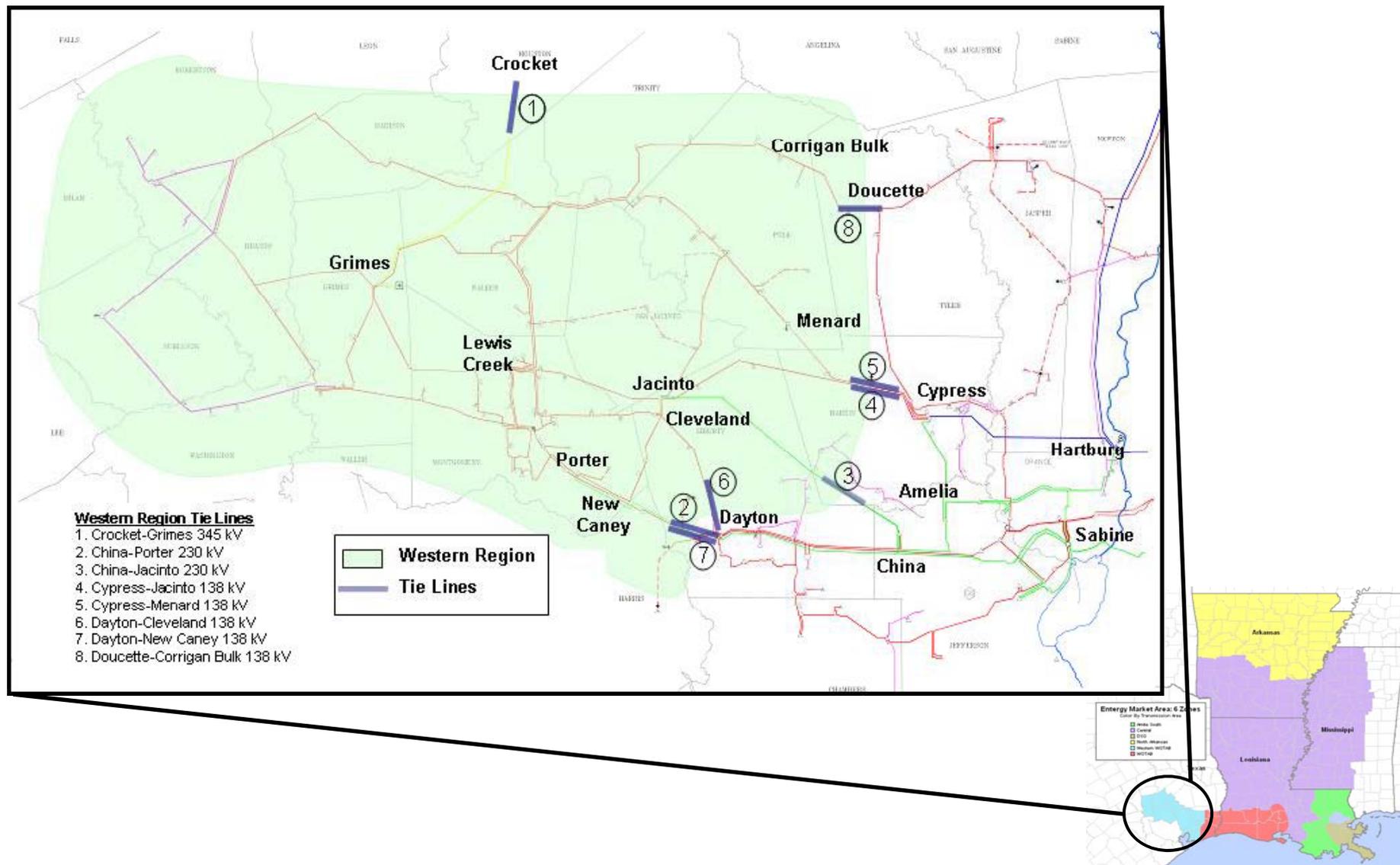
- Solicit competitive proposals
 - » ~300 MW of long-term (10 or more years), reliable capacity, energy and other electric products
 - » Cost-effective pricing
 - » For 2017 and beyond
 - » Resource capable of meeting Western Region needs
 - » Details provided later in presentation
- Buyer would be Entergy Texas (ETI), per Operating Committee allocation decision

- **Fundamental planning objectives**

- 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, and
- Reducing dependence on existing generation within the Western Region, specifically, ETI's Lewis Creek facility (as presently configured)

Key Objectives and Elements of RFP

Map of Western Region



Key Objectives and Elements of RFP

Other Basic Elements

- **Solicitation open to resources located inside or outside the Western Region**
 - Resource proposed must be able to meet the reliability and other Western Region needs
 - Resource proposed may be existing or developmental
 - Resources not directly interconnected to the Entergy transmission system will be responsible for obtaining firm transmission service to a specified point of delivery on the Entergy system
 - Resources may build/utilize a new “DC tie” or its equivalent

- **Eligible RFP participants**
 - Electric Utilities
 - Marketers
 - Wholesale generators
 - Independent power producers
 - Generation project developers
 - Qualifying facilities

Key Objectives and Elements of RFP

Other Basic Elements (Continued)

- **RFP will include a self-build option**
 - An ~ 300 MW combined cycle gas turbine (CCGT) resource
 - Located at ETI's "Lewis Creek" plant site
 - Will be evaluated and considered as an alternative to any proposal

- **Unregulated affiliates are ineligible to participate in RFP**

- **RFP affords ESI latitude to accommodate a potential move to MISO and address RTO-related developments**

- **RFP overseen by Independent Monitor**

Key Objectives and Elements of RFP

Resource Eligibility

- **Each generation resource proposed must be a single resource (or portion thereof)**
 - Generation resources located at separate facilities are not single resources
- **Developmental resources must be sufficiently developed to satisfy the requirements of Appendix J of RFP**
- **Eligible technologies include those that can operate in a baseload or load-following role**
 - Gas-fired CCGT
 - Solid fuel technologies (e.g., coal, pet coke and nuclear)
 - Other technologies capable of addressing the Western Region reliability needs and otherwise meeting RFP requirements
 - Ineligible technologies include DSM, energy efficiency, solar, etc.
- **Prefer technologies that have the operating and economic flexibility to serve either role**

Key Objectives and Elements of RFP

RFP Proposal Requirements

- **Only proposals submitted in accordance with and meeting the requirements of RFP can be assured full consideration**
- **Threshold requirements for proposals**
 - Delivery, Viability, and Credit
 - Specifics are described in Section 2.3 of the RFP Main Body and later in the presentation
 - Proposals not meeting the threshold requirements are non-conforming and may be eliminated from further consideration

Key Objectives and Elements of RFP

Locational Preference

- **Expectation: The farther a resource is located outside the Western Region, the less likely it will be able to meet Western Region needs at the lowest reasonable cost**
 - ESI strongly encourages Bidders to locate a resource being developed in response to the RFP within the Western Region

- **Preference will be given to resources located inside the Western Region**
 - Reliability
 - Transmission losses
 - Voltage regulation
 - Possible future retirements
 - Over-reliance on transmission
 - Stability
 - Service restoration
 - Import capability deterioration
 - Others

- **See Section 2.3 of the RFP Main Body for more details**

Product Solicitation Overview (Seth Cureington)

Product Solicitation Overview

- **Four types of products being solicited**
 - Baseload Product (Product Package A)
 - Tolling Product (Product Package B)
 - Flexible PPA Product (Product Package C)
 - Ownership Acquisition Product (Product Package D)

- **ESI prefers resources with greater operational flexibility**

- **“Load-following Capacity” (also termed “Flexible Capacity”)**
 - Defined in RFP
 - General Characteristics
 - » Day-ahead and intra-day scheduling and operational flexibility to respond to changing load requirements across a broad range of use and output levels
 - » Short-notice dispatchability, including start-up, swing between min and max load, shutdown
 - » See list of Plant & Equipment and Fuel Supply preferences for Load-following resources
 - AGC not required, but can contribute to a resource’s load-following capability

- **Baseload Capacity**
 - Generally, 7x24, round-the-clock

Product Solicitation Overview

General Terms and Conditions

- **General Contract Terms and Conditions (see Section 2.2 of RFP Main Body)**
 - ESI will not post model contracts
 - RFP/Term Sheets will contain key terms of purchase
 - Term Sheet (Appendix C) Terms and Conditions are basis for Bidders' proposals and are binding on Seller
 - Bidders are responsible for reviewing Term Sheets and factoring in Terms and Conditions applicable to product proposed
 - Bidders may propose special exceptions to discrete Terms and Conditions
 - » Must be contained in Bidder's proposal and must be specific
 - » ESI/Buyer not obligated to agree to any special exception
 - » Special exceptions that would result in widespread or wholesale changes to Term Sheet may serve as grounds for elimination

Product Solicitation Overview

Basic Commercial Terms

- **Products A, B and C (CCGT resources only)***
 - *Delivery Term*
 - » Minimum – 10 consecutive years
 - » Maximum – Not more than the resource's remaining useful life or 30 consecutive years, whichever is less
 - *Delivery Term Commencement*
 - » Prefer no earlier than June 1, 2016
 - » Required by June 1, 2017
 - *Contract Capacity* (applies to Product D as well)
 - » Minimum – 275 MW
 - » Maximum – 375 MW
 - *Monthly Availability Requirement*
 - » 98% in summer and winter months
 - » 96% in other months
 - *Capacity Payment Discount*
 - » 2% discount for each 1% shortfall below the monthly availability requirement
 - » 1% discount for each 1% shortfall due solely to force majeure
 - *Rolling 12-Month Availability Requirement* (gives rise to Buyer termination rights) – 85%
 - *No QF Put* - Seller waives any "QF" put right from facility (contract capacity) for delivery term
 - *Replacement Products* - Seller may elect to offer/not; buyer may elect to accept/not
 - *Capacity-related Benefits and Environmental Attributes* - Accrue to buyer

- **Product D (Ownership Acquisition)***
 - Conveyance Structure – Asset transaction
 - Plant Performance Tests – Required prior to closing

**List is incomplete and not an exhaustive listing of important commercial terms*

Product Solicitation

Basic Commercial Terms (Continued)

- **Pricing Terms**
 - Pricing for Products A, B, and C generally open for bid
 - » Option for escalation of certain components
 - Pricing for Product D generally open for bid

- **Regulatory approvals and other conditions precedent**
 - Any transaction under the RFP (regardless of product) will be conditioned on
 - » Buyer's receipt of regulatory approvals satisfactory to Buyer in its sole and absolute discretion
 - » Buyer's receipt of firm transmission service satisfactory to Buyer in its sole and absolute discretion
 - » Plant's achievement of commercial operation date (development resources only)
 - » Seller's posting of necessary credit support
 - » Other specified conditions
 - All conditions must be satisfied or waived for transaction to commence/occur

**Additional Considerations
(Seth Cureington/Mark Maddux)**

Additional Considerations

Developmental Resources – Preferences and Minimum Requirements

- **ESI has established resource design and operational preferences for developmental resources**
 - Described in RFP, with additional detail to be provided by ESI
 - Preferences based on Entergy Operating Companies' experience with existing generation fleet and third parties
 - Evaluations will consider costs required to address any operational limitations and other deficiencies of proposed resources (similar evaluations will occur for in-service resources)

- **Appendix J sets forth minimum requirements for developmental resources**

- **The Appendix J minimum requirements include areas of focus, such as**
 - Project overview
 - Bidder experience
 - Project development
 - Site control
 - Fuel supply & transportation
 - Environmental assessment & permitting
 - Electric interconnection
 - Water source
 - Project structure & finance

- **Bidders with proposals failing to meet the minimum requirements may be required to post credit (discussed later) or eliminated from consideration**

Additional Considerations

Interconnection

- **Interconnection Risk Allocation**
 - Bidder/Seller assumes all transmission interconnection risk of proposed resource, including
 - » Interconnection cost
 - » Costs of interconnection-related upgrades
 - » Charges associated with reliability requirements
 - » Compliance with tariff requirements
 - Applicable OATT terms apply to Bidder/Seller and host interconnection utility

- **Required Bidder submissions to RFP Administrator by proposal submission deadline**
 - Developmental or new DC tie resources
 - » Completed interconnection application for proposed resource in accordance with applicable interconnection requirements
 - » Acceptance letter from applicable authority confirming completion and validity of application
 - Existing resources or resources with an interconnection agreement in place
 - » Executed generation interconnection agreement for the proposed resource
 - Bidders failing to provide the required materials by the required time are ineligible to participate in RFP

- **Resources must remain in interconnection queue until resource is eliminated or interconnection service is obtained**

Additional Considerations Transmission

- **Transmission Risk Allocation**
 - Bidder/Seller assumes certain transmission risk to specified point of delivery on Entergy transmission system (EPOD)
 - » Resource must be capable of serving as an Entergy network resource
 - » Costs of transmission upgrades to EPOD (distinct from interconnection-related upgrades)
 - » Costs of firm service to EPOD
 - » Charges for reliability requirements
 - » Compliance with tariff requirements to EPOD
 - » Applies for all products, including acquisition product
 - Buyer assumes certain transmission risk from EPOD
 - » Costs of transmission upgrades from EPOD to Western Region load
 - » Costs of firm service from EPOD to Western Region load
 - » Costs to make resource deliverable within Entergy system
 - » Buyer receipt of transmission service is a condition precedent
- **Bidders should exclude cost of transmission service within Entergy transmission system from proposals**
- **Bidders must maintain eligibility for firm transmission service to EPOD and for network resource status**
- **Bidder's transmission-related information provided to ESI used for RFP evaluation purposes only**
 - Will not be used to confirm transmission service or grant an interconnection request

**Bidder Registration & Proposal Submission Process
(Mary DeCuir)**

Bidder Registration & Proposal Submission Process

- **Registration and Submission will utilize a secure, electronic web portal**
 - All Bidders must utilize the portal to complete Bidder registration and proposal submission process
 - Basic framework for Bidder Registration and Proposal Submission Processes will be found on RFP website in the “Web Portal Overview”
 - Some proposal-related document submission must be made via courier, fax or email
 - » Bidder registration signature page
 - » Proposal submission agreement signature page
 - » Responses to diligence requests (special delivery rules apply)

Bidder Registration & Proposal Submission Processes

- **Proposal Submission Fees**

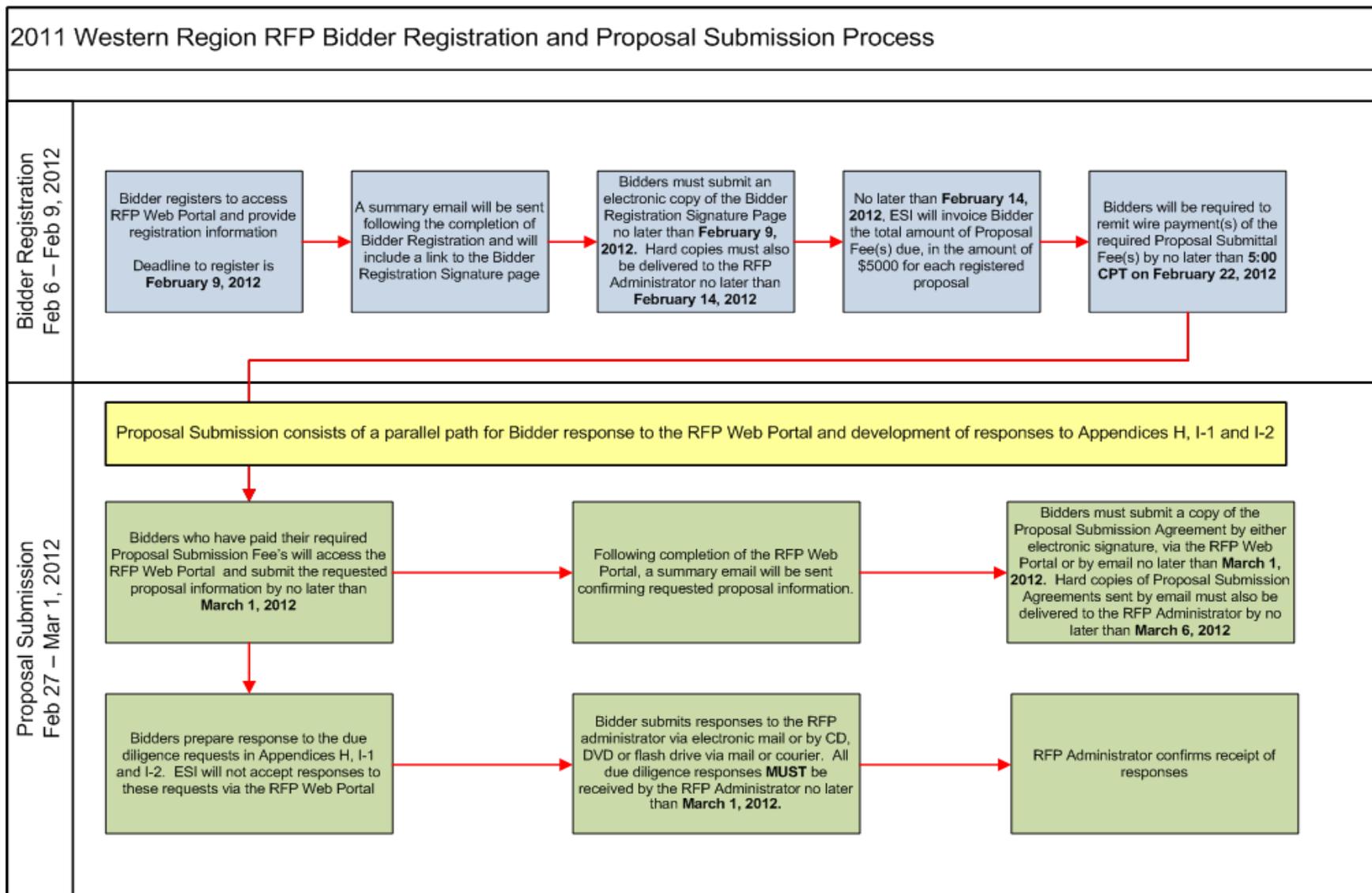
- \$5,000 for each registered proposal
- Bidder invoiced within three business days of ESI's receipt of executed Bidder registration signature page
- *ESI must receive the Proposal Submission Fee for each registered proposal no later than 5:00 p.m. CPT on February 22, 2012 (current schedule)*
- If Bidder misses the payment deadline for a proposal, Bidder will not be granted access to the proposal submission process for that proposal

- **RFP Hotline**

- An RFP hotline will be available during the bidder registration and proposal submission periods for Bidders to pose questions about either process

Bidder Registration & Proposal Submission Process

Process Diagram



* The dates shown here are based on the current schedule and subject to change

**RFP Process Safeguards
(April Phelps)**

RFP Process Safeguards

Independent Monitor

- **Potomac Economics is the Independent Monitor**
 - Experienced, independent third party
 - Working with ESI in development of the RFP solicitation, evaluation and selection process
 - Helping ESI ensure that the RFP and its evaluation process are objective and impartial and that no undue preference is provided to any proposal or Bidder, including the self-build option
 - IM's specific role is described in Scope of Work Activities of Independent Monitor (posted on the RFP website)

RFP Process Safeguards

Codes of Conduct, Protocols, Design

- **Code of conduct**
 - All employees of ESI, any Entergy Operating Company, or any Entergy Competitive Affiliate must adhere to the Affiliate Rules and Codes of Conduct
 - Link provided on ESI RFP Website

- **Additional protocols**
 - IM oversees the composition of the “RFP Proposal Evaluation Teams,” which review Bidder’s proposals and are made up of designated personnel
 - Interaction between RFP Proposal Evaluation Teams is limited
 - ESI personnel involved in the evaluation process must adhere to confidentiality restrictions that strictly limit communication with and access to the RFP Proposal Evaluation Team
 - See Appendix G for more detailed information

- **RFP process design and implementation**
 - The RFP process has been designed to assure fair and impartial treatment of all Bidders
 - Bidder identification is masked as appropriate and proposal information is redacted to remove information that might identify the Bidder

Proposal Evaluation Process

Evaluation Overview (April Phelps)

Evaluation Overview

- **Primary Objective**
 - Identify the proposal(s) that meet the RFP's supply objectives at the lowest reasonable cost consistent with the provision of reliable service

- **Process designed to be fair, impartial and consistently applied**

- **Four RFP Proposal Evaluation Teams will evaluate proposals**
 - Economic Evaluation Team (EET)
 - Delivery Assessment Team (DAT)
 - Viability Assessment Team (VAT)
 - Credit Evaluation Team (CET)

- **Two-stage evaluation process**
 - Phase I
 - » Proposals screened for compliance with minimum requirements to advance to Phase II (the Preliminary Threshold Requirements)
 - » Remaining proposals subjected to high-level analysis and assigned a preliminary economic ranking
 - » Preliminary shortlist of proposals developed at the end of Phase I
 - Phase II
 - » Proposals reviewed and assessed based on economics, deliverability, viability, transactional considerations, including credit and commercial terms, and other factors
 - » Based on qualitative and quantitative assessments, proposals assigned a final proposal ranking and recommendation
 - » Proposals placed on a primary selection list, a secondary selection list or eliminated from further consideration at the end of Phase II

Evaluation Overview

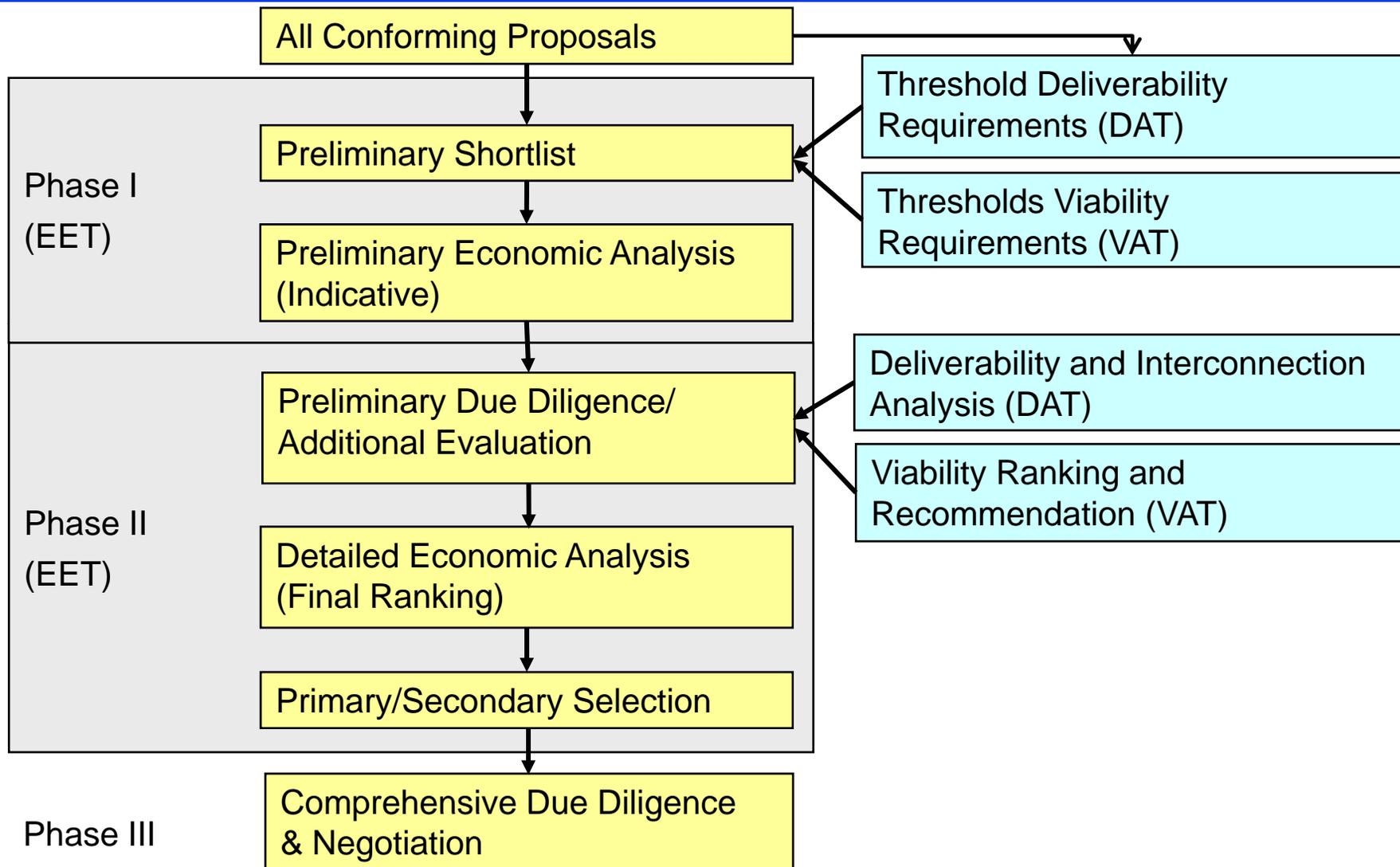
Primary and Secondary Selection Lists

- **Primary selection list**
 - Bidder with a proposal on primary selection list will be invited to enter into a letter of intent (LOI) to proceed to a definitive agreement
 - Due diligence/finalization and execution of definitive agreement would follow execution of LOI
 - Inclusion on primary selection list in not acceptance of proposal or related contract terms
 - No requirement for Bidder to place any proposals on primary selection list

- **Secondary selection list**
 - Bidder with a proposal on secondary selection list may be invited to negotiate the terms of a contingent LOI and/or definitive agreement or may simply be advised of proposal status
 - Bidder would execute a definitive agreement only if a Bidder on primary selection list is removed from list
 - Bidder must hold open offer for two months after notification of selection

Evaluation Overview

Evaluation Process Flow



**Economic Evaluation
(Anthony Walz)**

Economic Evaluation

- **Objective**
 - Identify proposals that meet the Western Region needs and other RFP requirements at the lowest reasonable cost, taking into account reliability, risk mitigation and other relevant factors
- **EET's (Economic Evaluation Team) ranking of proposals will be based on the results of a fundamental economic analysis and a net benefit analysis**
- **Economic evaluation will rely on tools and methods commonly used by the Entergy Operating Companies for long-term planning and resource evaluation, including fundamental analysis and production cost modeling**
- **Economic evaluation may utilize and rely on other methods, including qualitative analysis**
- **Sensitivity analysis may be performed as needed**

Economic Evaluation

Methodologies – Fundamental Economic Analysis

- **Compares the cost of each proposal based on a prescribed set of operating assumptions**
- **Estimates full-in economic cost for each proposal**
- **Utilizes an Excel-based spreadsheet model**
- **Estimates based on a consistent set of cost components, including**
 - Capacity payment
 - Fixed O&M
 - Fuel
 - Variable O&M
 - Start Charges
 - Imputed debt
 - Carbon and other emissions/environmental cost/value
 - Deliverability costs as applicable
- **Expressed in \$/MWh levelized over the evaluation period**

Economic Evaluation

Methodologies – Net Benefit (Production Cost) Analysis

- **Primary tool for net benefit analysis economic evaluation will be production cost models**
- **Primary economic evaluation measure for net benefit analysis; will model proposals' relative net benefits**
- **Production cost model will assess the effect of each proposal on total variable cost**
- **Production cost modeling results are coupled with an assessment of each proposal's fixed costs to determine proposal's net benefit on total production cost when included in the supply portfolio**
- **Estimated cost (or savings) expressed in \$/kW levelized over the evaluation period**

Economic Evaluation Phase I and Phase II

- **Phase I**
 - With input from DAT and VAT, EET will identify proposals that meet the Preliminary Shortlist Requirements
 - EET will also develop a high-level, preliminary economic ranking of the proposals
 - Phase I economic evaluations will exclude, among other things, transmission costs
 - EET will issue the Preliminary Shortlist at end of Phase I

- **Phase II**
 - EET will update and finalize the economic evaluation of proposals on Preliminary Shortlist
 - Based on the Phase II analysis, EET will prepare the Primary Selection and Secondary Selection lists

**Deliverability Evaluation
(Mark Maddux)**

Deliverability Evaluation

- **DAT (Delivery Assessment Team) is responsible for assessing the issues and costs resulting from delivery of a product offered by Bidder**

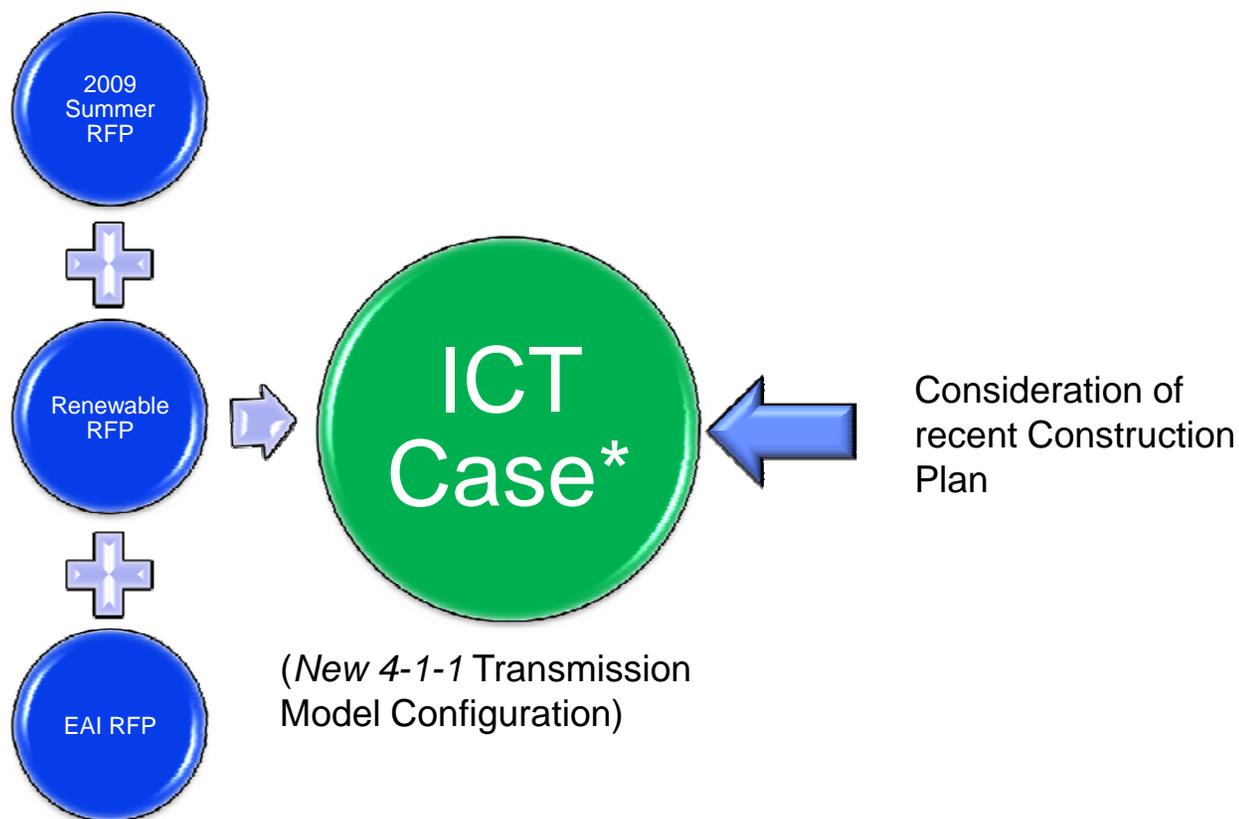
- **Phase I**
 - DAT will work with the VAT (Viability Assessment Team) to determine the preliminary viability of proposals
 - Review focused of identifying failures to satisfy the delivery assessment elements of the Preliminary Shortlist Requirements
 - » In general, resource must be able to qualify as a firm long-term network resource
 - » If off-system, resource must also be able to obtain firm point-to-point service to the delivery point on the Entergy transmission system specified by Bidder
 - » Resource must provide the offered amount of capacity and energy at such delivery point, which must be a single interface point on the Entergy transmission system
 - » Bidder must have provided the necessary generator interconnection documents

- **Phase II**
 - DAT will estimate cost to qualify the resource as a long-term network resource
 - DAT will also estimate cost for the resource to meet this RFP's defined planning objectives

- **Deliverability evaluation details are set forth in Appendix E**

Deliverability Evaluation

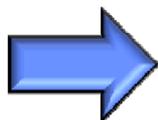
Deliverability Evaluation Case



* Public case(s) posted by the ICT on OASIS

Deliverability Evaluation High Level Process

Each
Resource



Step 1: Determine Location

- Off ETR Transmission System
- On ETR Transmission System



Step 1a: Define AC Point of Interconnection or DC Point of Interconnection

- Assess interconnection

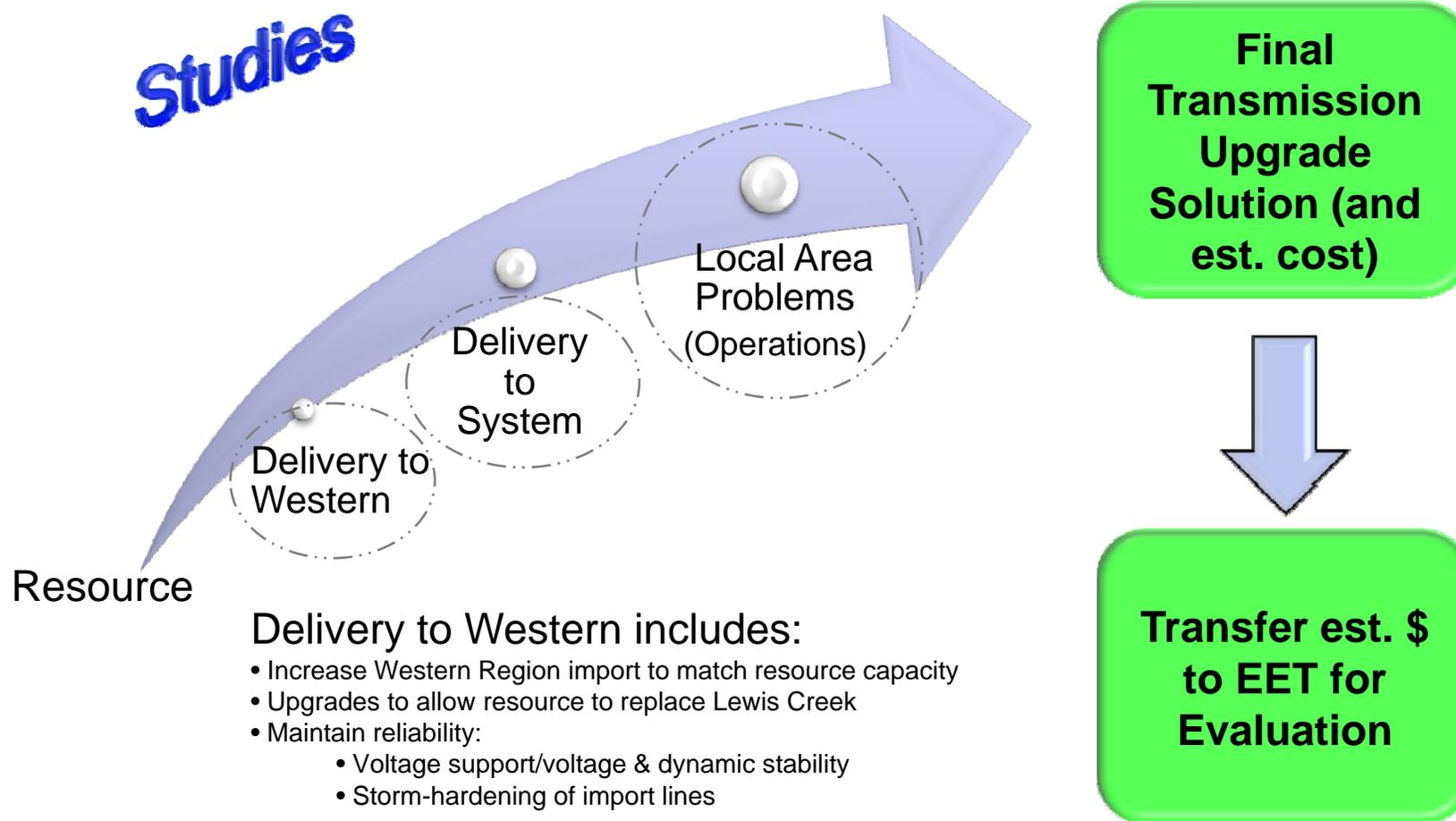


Step 2: Determine Applicable Transfer Studies

- Point-to-Point (off system)
- Inside ETR
 - To Western
 - To System
- Local Area Problems (Operations)

Deliverability Evaluation

High Level Process (Continued)



Note: Bidders have exclusive responsibility for any generator interconnection and/or off-system transmission service. Estimates (including cost), assessments or determinations used in or resulting from the studies are solely for the purpose of the deliverability evaluation

**Viability Assessment
(John Zurita)**

Viability Assessment

- **Review of technical, environmental, fuel supply/transportation, deliverability and commercial merits of resources/proposals submitted in response to RFP**

- **VAT (Viability Assessment Team) will consist of Subject Matter Experts (SME) primarily from the following focus areas**
 - Commercial
 - Project Status/Plant & Equipment/Operations & Maintenance
 - Environmental & Permitting
 - Fuel Supply & Transportation
 - Electric Interconnection and Transmission Service (provided by DAT)

- **Each SME will be responsible for assessing each proposal based on responses to RFP, including due diligence information**

- **Process based on following key assumptions, with IM oversight**
 - VAT and DAT will provide input to EET throughout evaluation process
 - VAT and DAT will coordinate and communicate during Phase II
 - VAT and DAT will be allowed to communicate directly with Bidders included on the Preliminary Shortlist (Phase II)

Viability Assessment

- **Phase I**

- VAT will evaluate proposals for compliance with Preliminary Shortlist Requirements' viability elements
 - » Proposed resource must be an "Eligible Resource"
 - » Bidder must be an "Eligible Participant"
 - » Proposal for Product A, B or C must have a delivery term of at least ten (10) years
 - » Bidder must offer at least 275 MW and not more than 375 MW from a single resource to a specified point on the Entergy transmission system
 - » For developmental resources
 - ◆ Bidders must meet the Appendix J "Minimum Requirements"
 - ◆ The proposed guaranteed commercial operation date for the resources must be no later than June 1, 2017
 - » Existing resources must be free of fatal design flaws and/or problematic operational or permitting restrictions

Viability Assessment

- **Phase II**
 - VAT will conduct a detailed assessment to develop a final viability ranking and recommendation
 - VAT will develop and evaluate a key list of attributes associated with each identified viability assessment focus area
 - VAT will develop, and seek the IM's concurrence with, a final viability ranking and recommendation and provide the recommendation to the EET for further review and incorporation into the economic analysis

**Credit Review/Collateral Requirement
(Rae Anne Dodds)**

Credit Review/Collateral Requirements

- **Generally, no Bidder will be excluded or prohibited from participating on the basis of credit**
- **No credit postings required of Bidders prior to LOI execution**
 - Exception for developmental proposals: if Bidder fails to meet the requirements of Appendix J, Bidder may be required to post collateral (up to \$5 million) to continue to proceed to Phase II
- **\$2 million letter of credit (L/C) will be required with any LOI signed between ETI and Bidder/Seller**
 - May be higher (up to \$5 million extra) if Bidder still has not met all Appendix J requirements
 - Form L/C attached to Appendix E
- **CET (Credit Evaluation Team)/ESI will determine the required amount(s) and form of collateral during negotiation of any definitive agreement**
 - Security requirements will be based on, among other things
 - » Creditworthiness of bidder or guarantor
 - » Entergy credit exposure
 - » Construction phase
 - » Operation phase
 - » Contract tenor and type
 - » Other contract/proposal terms; financial environment
- **Acceptable forms of collateral may include**
 - Parental guaranty, L/C, cash, asset lien, a credit solution suggested by Bidder/Seller or any combination of the foregoing

Credit Review/Collateral Requirements

- **The CET will assign a Bidder credit rating (or Bidder's credit support provider's credit rating) for all proposals, based on, among other things**
 - S&P and Moody's ratings
 - 10K/10Q/8K evaluation
 - If SEC reports unavailable, two years of audited financial statements provided by Bidder
 - » Financial statements include balance sheet, income statement and cash flow statement
 - » If financial information is consolidated with other entities, all data related solely to the offering entity will be extracted and submitted as separate documents by Bidder
 - » Credit-related diligence materials provided by Bidder

- **Bidder credit rating/exposure will be discussed with Bidder on primary or secondary selection list**
 - Bidders on either list will be invited to discuss the seller's proposed credit rating and the type of credit support the seller will provide to meet the RFP's credit support requirements

- **Bidder's credit rating will have no impact on selection of proposals for primary/secondary selection list**

- **Proposals placed on either selection list are, under certain circumstances, subject to elimination on basis of credit**

Q&A Session

ESI requests that Bidders submit all questions in writing to the RFP Administrator at esirfp@entergy.com

Q&A Session

Participant Questions and/or Feedback

- Questions received during today's conference will be posted to the RFP website:
<https://spofossil.entergy.com/ENTRFP/SEND/2011Western/Index.htm>
- ESI will accept written questions/feedback about the RFP from market participants and other interested parties
- Questions must be emailed to the RFP Administrator by January 31, 2012 (current date) at
esirfp@entergy.com