



***2015 Request For Proposals***

***For***

***Long-Term Developmental and Existing  
Capacity and Energy Resources***

Entergy Services, Inc.  
September 29, 2015

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

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## APPENDICES

| Appendices                   | Title  |
|------------------------------|--|
| Appendix A                   | Glossary   |
| Appendices B-1, B-2, and B-3 | Commercial Term Sheets for PPAs, Tolls, and Acquisitions                     |
| Appendix C-1 and C-2         | Preliminary Due Diligence for Developmental Resources and Existing Resources |
| Appendix D                   | Minimum Requirements for Developmental Resources                             |
| Appendix E                   | Reservation of Rights  |
| Appendix F                   | Credit/Collateral Requirements   |
| Appendix G                   | Process for Protection of Proposal Information                               |

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## **Main Body**

# **2015 REQUEST FOR PROPOSALS FOR LONG-TERM DEVELOPMENTAL AND EXISTING CAPACITY AND ENERGY RESOURCES**

## **1. GENERAL INFORMATION**

### **1.1. Introduction**

Entergy Services, Inc. (“**ESI**”), acting as agent for Entergy Gulf States Louisiana, L.L.C. (“**EGSL**”), and Energy Louisiana, LLC (“**ELL**”) (collectively, the “**Companies**”), hereby issues this 2015 Request for Proposals for Long-Term Developmental and Existing Capacity and Energy Resources (including all appendices, this “**RFP**”).

This RFP seeks up to 1,000 MW of long-term capacity, energy, and related products from Developmental Resources (to be located in the Louisiana portion of WOTAB) and/or existing resources (to be located within the MISO South footprint) with service beginning on or before June 1, 2020, although the Companies reserve the right to select more than the targeted amount. This RFP will include the market-test of a combined-cycle gas turbine (“**CCGT**”) self-build alternative that would be constructed at EGSL’s Nelson site in Westlake, Louisiana (near Lake Charles, LA) within the West of the Atchafalaya Basin planning region (“**WOTAB**”) (“**Self Build Option**”). Section 2.7 and Section 3 below include additional information on the Self-Build Option.

The specific products being solicited by this RFP (the “**Products**”) are described in Section 2.2 below and in the Term Sheets.

### **1.2. EGSL and ELL; WOTAB; MISO South**

The Companies provide retail electric service to more than one million customers in the state of Louisiana. This RFP is being conducted, and any Definitive Agreement arising out of this RFP would be, for the benefit of the Companies’ customers and, if the Entergy System Agreement is in effect at the time service commences under any such agreement, the customers of the other Entergy Operating Companies then in the System Agreement, as determined by the Entergy Operating Committee.

EGSL and ELL anticipate completing the combination of their businesses into a single company to be known as Entergy Louisiana Power, LLC (“**ELP**”) on or about October 1, 2015. As part of the business combination transaction, ELL will transfer the rights to its name to ELP, and upon closing, ELP will assume the name “Entergy Louisiana, LLC.” If, as expected, the business combination closes prior to execution of any Definitive Agreement arising out of this RFP, ELP (as Entergy Louisiana, LLC) would be the purchaser under such Definitive Agreement; otherwise, it is expected that EGSL would be the purchaser.

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For purposes of this RFP, the Louisiana portion of WOTAB is the portion of Louisiana that runs roughly from west of Baton Rouge, Louisiana, to the Texas state line and from just north of the Gulf of Mexico to the northern edge of EGSL's service area in southwest Louisiana. A map showing the Louisiana portion of WOTAB and the Lake Charles area is provided in Figure 1 below and is also available on the 2015 ELL/EGSL RFP Website.

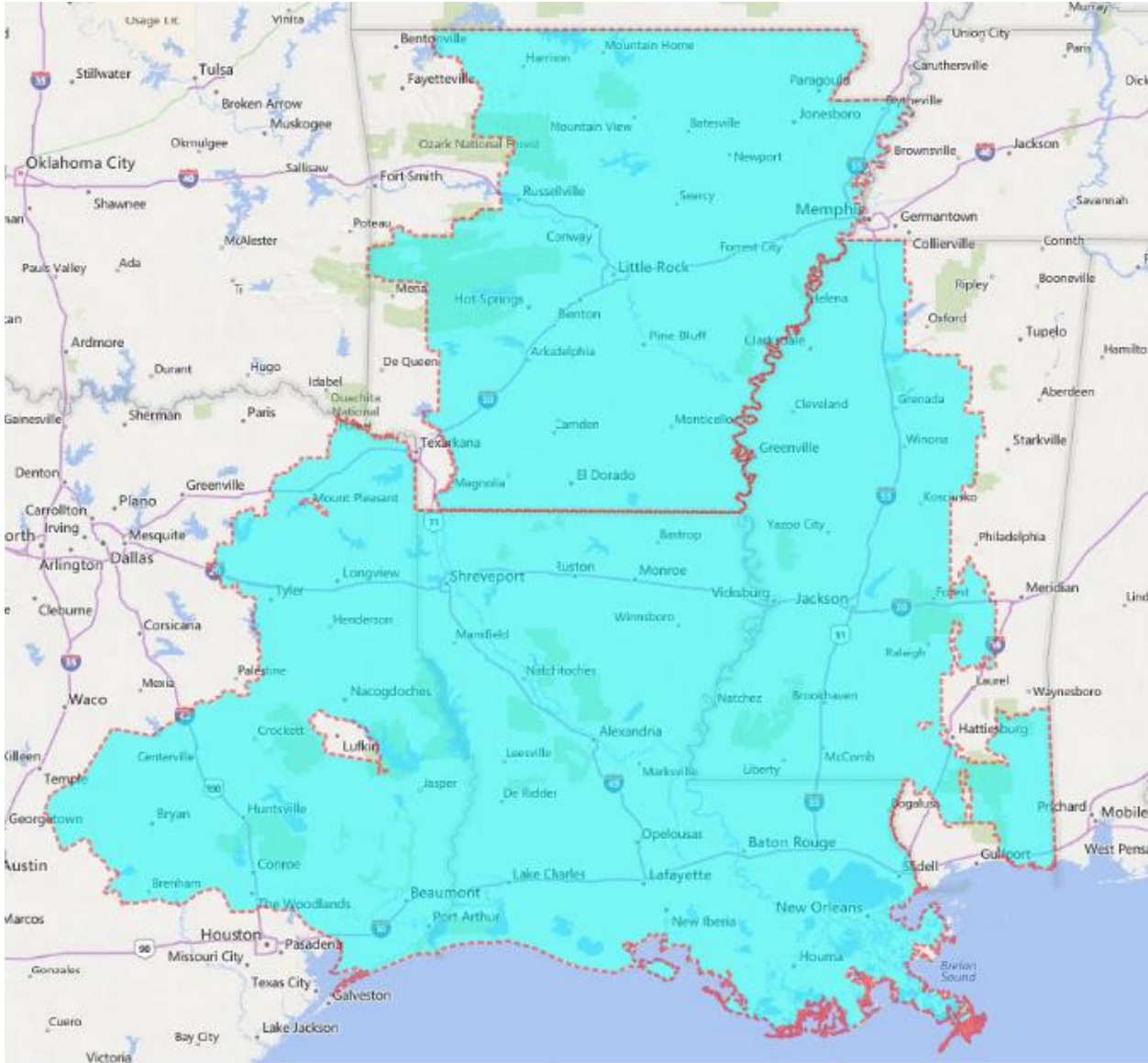


A map of MISO South is shown on the following page.

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## Main Body



### 1.3. RFP Documents

This RFP consists of the Main Body and ten appendices. Among other things, the Main Body (i) offers general information pertaining to this RFP; (ii) describes the purpose and drivers of this RFP, the Product types and certain Product features that ESI seeks from Bidders, and high-level considerations for Bidders; (iii) addresses the Self-Built Option being market-tested in this RFP; (iv) includes a milestone schedule for this RFP; (v) sets forth terms governing the registration of Bidders, the registration, preparation, and submission of proposals, and RFP-related communications with ESI

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## Main Body

and the IM; and (vi) provides an overview of the process for evaluating proposals submitted in response to this RFP and resource selection.

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

Appendices B-1, B-2, and B-3 are three term sheets (each, a “**Term Sheet**”), one for power purchase agreements (“**PPAs**”), one for tolling agreements (“**Tolls**”), and one for acquisitions of generation assets. The Term Sheets are discussed in more detail in Section 2.2.1 below.

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

Appendix D describes the Minimum Requirements for Developmental Resources that Bidders must satisfy for Bidder to submit a conforming proposal for a Developmental Resource into this RFP and addresses certain potential consequences of a failure to meet those requirements. Appendix D is not an exhaustive list of this RFP’s requirements for conforming proposals for Developmental Resources; other terms of the RFP documents specify additional proposal requirements.

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

Appendix F generally describes the process by which the Credit Evaluation Team will analyze Bidder’s credit quality and Bidder’s proposal(s) to assess potential credit risks and to establish collateral requirements for proposals selected for the Primary Selection List or the Secondary Selection List. Appendix F (along with Appendix D) addresses credit postings that may be required in the event a proposal does not satisfy the Minimum Requirements for Developmental Resources.

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

Bidders are responsible for familiarizing themselves with and being fully aware of the terms of this RFP, including the terms of each Appendix, the Bidder questions and answers to those

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questions posted on the 2015 ELL/EGSL RFP Website, and other information provided on the 2015 ELL/EGSL RFP Website.

### **1.4. 2015 ELL/EGSL RFP Website**

The official website for this RFP is <https://spofossil.entergy.com/ENTRFP/SEND/2015ELLEGLRFP/Index.htm> (“**2015 ELL/EGSL RFP Website**”). This RFP and related material and information are posted on the 2015 ELL/EGSL RFP Website. The 2015 ELL/EGSL RFP Website will be updated from time to time with additional material and information related to this RFP. Interested Persons are responsible for monitoring the 2015 ELL/EGSL RFP Website to ensure the timely receipt of information about this RFP.

### **1.5. RFP Administrator**

ESI has designated an “**RFP Administrator**” for this RFP. The RFP Administrator’s responsibilities include (i) acting as a liaison between the participants in this RFP and ESI on all RFP-related matters, (ii) ensuring that Bidder questions that ESI receives are addressed in an appropriate manner, (iii) receiving, recording, and maintaining Bidder proposals, (iv) interacting with the IM, and (v) managing other administrative matters relating to this RFP. The RFP Administrator is also a member of the “**RFP Administration Team**.” The full set of the RFP Administrator’s duties, and the role of the RFP Administration Team, are set forth in Appendix G.

The RFP Administrator for this RFP is Ms. Jaime Williamson. The contact information for the RFP Administrator is:

Ms. Jaime Williamson  
RFP Administrator  
Entergy Services, Inc.  
Parkwood II Building  
10055 Grogans Mill Road, Suite 300  
The Woodlands, TX 77380  
Email: [esirfp@entergy.com](mailto:esirfp@entergy.com).

As detailed in Section 7.1 below, all questions, requests, and other inquiries or communications from Bidders to ESI about this RFP must be directed in writing or via email to the RFP Administrator and the IM, except for communications made via the RFP Hotline (which will often be staffed by the RFP Administrator), as provided in Section 5.4 below.

### **1.6. Independent Monitor**

ESI has retained Mr. Wayne Oliver of Merrimack Energy Group, Inc. to act as the Independent Monitor (“**IM**”) for this RFP. The role of the IM is defined in the IM’s “Scope of Work Activities,” which is posted on the 2015 ELL/EGSL RFP Website. In summary, the IM’s role will be

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to (i) monitor the design and implementation of the RFP solicitation, evaluation, selection, and contract negotiation processes to ensure their impartiality and objectivity and (ii) provide an objective third-party perspective on ESI's efforts to ensure that all proposals are treated consistently and without undue preference to any Bidder. Bidders wishing to communicate with Mr. Oliver may reach him by email at [waynejoliver@aol.com](mailto:waynejoliver@aol.com) or by phone at (781) 856-0007.

### **1.7. Louisiana Public Service Commission Staff**

The Louisiana Public Service Commission (“**LPSC**”) has assigned Staff to consult on various aspects of this RFP during its development and implementation. Bidders wishing to communicate with Staff about this RFP should use the following contact information:

Ms. Melanie Verzwuyvelt  
Staff Attorney  
Louisiana Public Service Commission  
P.O. Box 91154  
Baton Rouge, Louisiana 70821-9154  
Email: [Melanie.Verzwuyvelt@LA.GOV](mailto:Melanie.Verzwuyvelt@LA.GOV).

### **1.8. Eligible Participants**

ESI invites proposals from all potential suppliers capable of meeting the conditions and requirements identified in this RFP (the “**Eligible Participants**”), including other electric utilities, marketers, wholesale generators, electric cooperatives, independent power producers, and QFs. Proposals from QFs will not be provided any preference in this RFP solely by virtue of the QFs’ status. Entergy Competitive Affiliates are ineligible to participate in this RFP. As discussed in more detail in Sections 2.7 and 3 below, ESI will consider and market-test a Self-Build Option in this RFP. A “Bidder” may consist of more than one entity. (For additional information concerning multi-party Bidders, please see Section 7.5 below.) Otherwise Eligible Participants that do not comply in all material respects with the terms, conditions, and requirements of this RFP may be determined by ESI, after consultation with the IM, to be ineligible to participate in this RFP.

### **1.9. Eligible Technology**

The generation technologies permitted for proposals offered into this RFP (“**RFP-Eligible Technologies**”) are as follows.

Proposals based on Developmental Resources must utilize CCGT technology that is equipped with functioning automatic generation control (AGC), has operating parameters that include the ability to operate in base load and load-following roles consistent with MISO operating rules for resources expected to provide ancillary services, and is Commercially-Proven CCGT Technology that meets the minimum technology requirements for this RFP set forth in Appendix D to this RFP. “**Commercially-Proven CCGT Technology**” is technology that ESI determines has, as of June 24,

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2015 (the date the initial draft of Appendix D was submitted as part of the Companies' required advanced notification of this RFP to the LPSC), a sufficient amount of operational and performance data and information demonstrating, to ESI's satisfaction, (i) sustained, reliable, and otherwise acceptable performance in the CCGT configuration proposed and (ii) the CCGT technology's suitability for service in the resource's intended roles as an ELL/EGSL resource. Examples of CCGT technology determined, as of June 24, 2015, not to be Commercially-Proven CCGT Technology for this RFP include General Electric "7HA" technology and Mitsubishi "JAC" technology. If a Bidder is unclear whether a CCGT generation technology it may propose in this RFP is Commercially-Proven CCGT Technology, it may submit a request to ESI and the IM seeking the desired clarification and ESI will answer the request. (Please see Section 7.1 of this RFP for information regarding the submission of questions about this RFP to ESI and the IM.) Bidder may be required to supply information concerning the subject CCGT technology and potential Developmental Resource to ESI and the IM to assist ESI in the formulation of its answer.

RFP Eligible Technologies for proposals based on existing generation resources are gas-fired CCGT, stand-alone combustion turbine ("CT"), and stand-alone steam turbine ("ST") generation technologies.

Proposals based on demand-side management, load reduction, system sale, distributed generation, energy efficiency, or intermittent resources are not being solicited in the 2015 ELL/EGSL RFP and are not considered RFP-Eligible Technologies.

### 1.10. Eligible Resources

This RFP is limited to resources that are RFP-Eligible Resources. "**RFP-Eligible Resources**" are generation resources that:

- (i) are Developmental Resources that will be physically located in the Louisiana portion of WOTAB, preferably near the Lake Charles area, or existing generation resources physically located in the MISO South footprint;
- (ii) will utilize an RFP-Eligible Technology permitted for the proposed resource to make available and generate the products contracted to Buyer in the Definitive Agreement;
- (iii) will be a single integrated resource [generation resources located at separate facility sites are considered multiple resources and may not be combined to form an RFP-Eligible Resource]; and
- (iv) meet the other requirements for generating resources participating in this RFP.

### 1.11. RFP Scope Summary

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

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## Main Body

| Scope Item                                   | RFP  |
|--|--|
| <b>Products Solicited</b>                    | Acquisitions (Developmental Resources only), PPAs, and Tolls (Unit Contingent)   |
| <b>Start Date</b>                            | In general, on or before June 1, 2020 (see Sections 2.1 and 2.2, Appendix D)   |
| <b>RFP Capacity Target</b>                   | Up to 1,000 MW (Summer Conditions, at full load, including, if applicable, duct-firing); the Companies may select more than 1,000 MW and may select more than one proposal for contract negotiations (see Sections 2.1 and 2.2)  |
| <b>Eligible Resources</b>                    | RFP-Eligible Resources (see Section 1.10); Developmental Resources must meet specified minimum requirements (see Section 2.7 and Appendix D)   |
| <b>Eligible Technologies</b>                 | RFP-Eligible Technology (see Section 1.9); Developmental Resources must meet specified technical minimum requirements (see Appendix D)   |
| <b>Resource Location</b>                     | Developmental Resources: Within the Louisiana portion of WOTAB, preferably in close proximity to Lake Charles, Louisiana (see Sections 1.2 and 1.10, Appendix D)<br><br>Existing resources: Within the MISO South footprint (see Sections 1.2 and 1.10)  |
| <b>Proposal Capacity Sizing Requirements</b> | Developmental Resources (see Sections 1.1, 2.1, 2.2 and Appendix D:<br>Minimum Capacity: 650 MW (Summer Conditions, at full load, including duct-firing)<br>Maximum Capacity: 1,000 MW (Summer Conditions, at full load, including duct-firing)<br><br>Existing Resources:<br>Minimum Capacity: 250 MW (Summer Conditions, at full load, including, if applicable, duct-firing)<br>Maximum Capacity: 1,000 MW (Summer Conditions, at full load, including, if applicable, duct-firing) |
| <b>Delivery Term</b>                         | 10-20 consecutive years (PPA and Tolls) (see Section 2.2, Appendix D for Developmental Resources). Proposals may offer an extension option (same)  |
| <b>Self-Build</b>                            | Developmental CCGT; 650-1,000 MW (Summer Conditions, at full load, including duct-firing); Nelson site (see Sections 2.7 and 3)  |

The table omits several items that are or could be considered key scoping items. The scope of this RFP is established by terms set forth in the entirety of the RFP, including other sections of this

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## Main Body

Main Body and other RFP documents. The table is not, and should not be construed as, a substitute for the other provisions of this RFP.

## 2. RFP OVERVIEW

### 2.1. RFP Purpose

The Companies project an ongoing long-term need for Capacity and energy. The primary objective of this RFP is to solicit competitive proposals for resources that could help the Companies satisfy those needs and meet important planning objectives. The particular proposals sought are for one or more long-term, cost-effective, reliable gas-fired generation resources that provide up to 1,000 MW of long-term capacity, energy, and related products from developmental and/or existing resources with service beginning on or before June 1, 2020. This RFP will also market-test a Self-Build Option.

Without limiting its rights in Appendix E, given the Companies' projected long-term resource needs, the Companies reserve the right to contract for more or less than the target amount stated in the prior paragraph to meet the long-term planning needs described above and to contract with one or multiple counterparties to meet the objectives of this RFP.

The addition of a Developmental CCGT capacity and energy generating resource in the Louisiana portion of WOTAB<sup>1</sup>, preferably in close proximity to Lake Charles, Louisiana, would satisfy several important long-term planning objectives, including, but not limited to:

- *Bolster Reliability in WOTAB.* Installation of a Developmental Resource would promote reliability in the region by, among other things, reducing dependence on existing resources within WOTAB. It would also contribute additional reliability benefits due to the resource's proximity to WOTAB load, in particular, load in the Lake Charles area.
- *Improve economics in WOTAB.* Securing incremental generation within a constrained region could lower reliance on less efficient generation within the region and reduce the cost to serve load (e.g., lower locational marginal prices in the region).
- *Satisfy the Companies' Long-Term Capacity and Energy Requirements.* Adding a Developmental Resource would provide capacity and energy that will meet the Companies' load shaped needs and protect customers from price uncertainty in capacity and energy prices.

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<sup>1</sup> The Companies' need for additional generation in WOTAB is discussed at length in the 2015 Integrated Resource Plan Report that was filed in LPSC Docket No. I-33014 and has been posted to the 2015 ELL/EGSL RFP Website.

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Similarly, adding long-term capacity and energy from existing resources in MISO South would help the Companies satisfy their long-term capacity and energy needs and other resource planning objectives.

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

### **2.2. Transactions Solicited and Select Terms**

#### **2.2.1. Overview**

As noted, through this RFP, ESI is seeking the acquisition or procurement of long-term resources that will reduce the Companies' future resource requirements and help satisfy several resource planning objectives. Proposals responsive to this RFP may be submitted for PPAs and Tolls. Acquisitions may be proposed as well, but only for Developmental Resources. The three permitted transaction types for the RFP are described in the Term Sheets forming Appendix B.

Each Term Sheet generally describes certain terms for a particular Product. Appendix B-1 contains the Term Sheet for PPAs. Appendix B-2 contains the Term Sheet for Tolls. Appendix B-3 contains the Term Sheet for asset acquisitions in this RFP. The RFP Term Sheets for PPAs and Tolls provide detailed summaries of commercial terms that would apply to any PPA or Toll, as applicable. Select highlights of the different transaction types are provided later in this Section 2.2.

Bidder is responsible for taking into consideration all terms and conditions included in the Term Sheet(s) corresponding to its proposal(s) when developing and preparing its proposal(s). ESI expects that the terms and conditions summarized in the Term Sheet applicable to the proposed Transaction will be included in any Definitive Agreement executed for a proposal. Bidders are advised to carefully review the Term Sheet for the Product and Transaction for which Bidder intends to submit a proposal. Bidders should be guided by the descriptions and terms in the Term Sheets in formulating proposals. In the event of any inconsistency between a provision in the Term Sheet and any other part of this RFP, including the Main Body, the Term Sheet will control.

Bidders not wishing to agree to a term set forth or described in the applicable Term Sheet must identify the specific term to which Bidder takes exception and provide a reasonably complete and detailed explanation of Bidder's position in the "**Special Considerations**" section of its proposal. Special Considerations will be taken into account in the evaluation of proposals. Special Considerations in which Bidder (i) reserves wholesale rights to make comments on terms or conditions included in a Definitive Agreement, (ii) makes widespread, wholesale, or fundamental

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changes to material terms or conditions set forth in the applicable Term Sheet, (iii) conditions its bid on the acceptance of material terms or conditions not accepted by ESI in the ordinary course of business or that would materially diminish the value of the resource to the Companies, or (iv) takes actions the effect of which would be similar to those resulting from the actions described in clauses (i)-(iii) are not contemplated and may be grounds for elimination from consideration in this RFP. Notwithstanding anything in this RFP to the contrary, ESI's acceptance or selection of a proposal containing exceptions in the Special Considerations section of Bidder's proposal does not mean that ESI or either of the Companies agrees with the exceptions or will agree to or accept the exceptions (or variants of the exceptions) in any negotiation of a Definitive Agreement. ESI and the Companies reserve all rights in any negotiation involving the exceptions, including, without limitation, the right not to accept or agree to any of the exceptions (or any variant thereof), the right not to pay Bidder or Seller any incremental amount or consideration if ESI or the Companies do not accept or agree to any particular exception, and the right to terminate negotiations if Bidder or Seller requires Bidder or Seller to agree to any particular exception as a condition to continued discussions.

Any purchase of Capacity and energy pursuant to a PPA or Toll arising out of this RFP will also include any and all capacity-related benefits (such as Capacity Credits), Other Electric Products, and Environmental Attributes associated with such Capacity and/or energy, Buyer's share of the proposed resource, or the Transaction. Bidders are encouraged to review the Term Sheets for PPAs and Tolls for terms and conditions applicable to the products and services to be provided to and acquired by the Companies under the Definitive Agreement.

### **2.2.2. PPAs and Tolls**

In this RFP, the PPAs and Tolls being sought are for the long-term purchase of unit-contingent Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes from an Eligible Resource and related services. ESI will consider proposals for "financial" PPA or Toll structures (such as a PPA or Toll providing for settlement with MISO for energy and ancillary service products via financial schedules).

ESI will accept for evaluation PPA and Toll proposals that offer less than the entire Capacity of the generation resource (whether the resource is an existing resource or a Developmental Resource) and meet the requirements for participation in this RFP. Except for certain PPA proposals for QF resources described below, any proposal for a PPA or a Toll submitted into this RFP must offer generating capacity in increments of whole integrated generating units and must have fuel supply and transportation, fuel and power metering, permitting, dispatch flexibility, and other attributes required or appropriate to support registration and operation in MISO, in accordance with applicable MISO requirements and laws, as a reliable, dispatchable independent generating resource. PPA proposals for QFs that have base load generating requirements due to existing agreements or, with respect to self-supply, arrangements with the Facility's steam and/or power host(s) may limit the dispatchability of the proposed Capacity consistent with those requirements.

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Pricing for a PPA will be based on:

- (i) a Capacity Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in \$/kW-year or (y) based on a base Capacity Rate (expected to be as proposed by Bidder), expressed in \$/kW-year, and escalated annually by CPI or PPI (as proposed by Bidder);
- (ii) an energy price (expressed in \$/MWh), which will be based on a guaranteed heat rate (expected to be as proposed by Bidder), multiplied by, for deliveries of scheduled “day-ahead energy,” the applicable *Gas Daily* daily fuel index for Henry Hub or East Texas - Houston Ship Channel (as proposed by Bidder), or, for deliveries of scheduled “intra-day energy,” the lower of (x) Seller’s average purchase price for the gas used to generate such energy and (y) the applicable price quoted by Seller to and accepted by Buyer for the gas used to generate such energy, plus a fuel adder (if any) that is fixed or based on a Bidder-provided formula and expressed in \$/MMBtu;
- (iii) a Variable O&M Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in \$/MWh or (y) based on a base Variable O&M Rate (expected to be as proposed by Bidder), expressed in \$/MWh, and escalated annually by CPI or PPI (as proposed by Bidder);
- (iv) a Start Charge (if proposed by Bidder and to the extent applicable), which will be either (x) fixed for the entire Delivery Term or defined annually (expected to be as proposed by Bidder) and expressed in \$/completed Start or (y) based on a base Start Charge (expected to be as proposed by Bidder), expressed in \$/completed Start, and escalated annually by CPI or PPI (as proposed by Bidder); and
- (v) a Start Fuel Charge (if proposed by Bidder and to the extent applicable), which will be based on the product of the Start fuel amount (expressed in MMBtu per completed Start) and the applicable gas price (expressed in \$/MMBtu).

For QF and ST resources with a base load component, Start Charges and Start Fuel Charges will not apply with respect to Starts for the base load component.

Pricing for a Toll will be based on:

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

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

In addition, a guaranteed heat rate curve will apply. The heat rate curve could affect Seller's compensation for providing fuel conversion and electric generation services. The guaranteed heat rate curve is expected to be as provided by Bidder. The points along the guaranteed heat rate curve are required to correspond to the actual and projected heat rates of the resource at the available dispatch levels.

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

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

- *Monthly and Long-Term Availability Requirements* - The Monthly Availability Requirement depends on the technology utilized by the resource. The Monthly Availability Requirement will be (i) for CCGT resources, 98% in the Summer Months and the Winter Months and 96% in the other months, (ii) for CT resources, 99% in all months, and (iii) for ST resources, 95% in all months. A failure to meet the Monthly Availability Requirement will result in a payment reduction to Seller. The Rolling 12 Month Availability Requirement will be 85% for CCGT and ST resources and 90% for CT resources. A failure to meet the Rolling 12 Month Availability Requirement may result in termination and a termination payment to Buyer. Please see Appendices B-1 and B-2 for additional details.
- *Delivery Term* - The Delivery Term for PPAs and Tolls will be a minimum of ten (10) consecutive years and a maximum of twenty (20) consecutive years. The Delivery Term is expected to be based upon the Delivery Term specified in the proposal giving rise to the PPA or Toll. Bidders may include in PPA and Toll proposals an option for the

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Companies to purchase power beyond the ten (10) to twenty (20)-year Delivery Term specified in the proposal. In order to be considered in the evaluation of the proposal, (i) the terms of the option, including pricing and the extension delivery term, must be firm, unconditional, and unambiguous; (ii) the option must be for the sale of power from the same generation resource and meet the other supply requirements of the RFP; (iii) the option must be viable; (iv) the option must be exercisable exclusively by the Companies in their sole and absolute discretion; (v) any deadline for the Companies to exercise the extension option must be no earlier than three (3) years prior to the expiration of the base Delivery Term; and (vi) pricing under an extension option must be readily determinable at the time of proposal submission and evaluation. Bidders are reminded that the Companies are not soliciting PPA or Toll proposals with base Delivery Terms longer than 20 years and inclusion of an extension option in a proposal may or may not have adverse accounting or other adverse implications for the proposal.

- *Delivery Term Commencement* - The guaranteed Delivery Term commencement date for any PPA or Toll arising out of this RFP will be no later than June 1, 2020. Buyer prefers that the Delivery Term start at the beginning of the planning period recognized by the applicable Balancing Authority (June 1 under the current MISO Rules). Seller will be required to begin to provide to Buyer the contracted amount of Capacity Credits from the resource for the earlier of (i) the MISO planning period beginning June 1, 2020 (if applicable), or (ii) the MISO planning period starting on or first following (as applicable) the guaranteed Delivery Term commencement date. The guaranteed Delivery Term commencement date is expected to be based upon the guaranteed Delivery Term commencement date specified in the proposal giving rise to such PPA or Toll. For proposals backed by a Developmental Resource, Bidder may be subject to delay damages (which may include damages for Buyer's loss of Capacity Credits) and "buy-down" damages and a potential re-sizing of the PPA or Toll and/or, for extended delays, contract termination and a termination payment if the actual commercial operation date is later than the guaranteed commercial operation date. Bidders that wish to participate in the RFP but otherwise could not because the existing resource supports a bilateral PPA or Toll that ends after May 31, 2020, but no later than May 31, 2022, will be allowed to offer a short-term "bridge" agreement in its proposal to supply the Companies with the unavailable amount of capacity, or capacity and energy, starting on June 1, 2020 and ending upon the termination of such bilateral PPA or Toll (no later than May 31, 2022). To the extent that a Bidder with such a bilateral PPA or Toll does not offer such a short-term "bridge" agreement in its proposal, Bidder's proposal will be evaluated based on the Companies' assumption regarding the replacement cost of capacity, or capacity and energy, for the period during which the resource is subject to such bilateral PPA or Toll.
- *Contract Capacity* - For Developmental Resources, the amount of generating Capacity to be made available for purchase under a PPA or Toll will be no less than 650 MW (Summer Conditions, at full load, including duct-firing) and no more than 1,000 MW

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(Summer Conditions, at full load, including duct-firing). For existing resources, the amount of generating Capacity to be made available for purchase under a PPA or Toll will be no less than 250 MW (Summer Conditions, at full load, including, if applicable, duct-firing) and no more than 1,000 MW (Summer Conditions, at full load, including, if applicable, duct-firing). Buyer may not be allocated less than all of the Capacity of the entire Facility or a whole integrated generating resource at the Facility that can function in MISO as a reliable, fully dispatchable independent generating resource (subject to the exception for QFs described earlier in this section). The amount of Contract Capacity in any PPA or Toll is expected to be based upon the Contract Capacity specified in the proposal giving rise to the PPA or Toll.

- *Conditions Precedent* - Any PPA or Toll arising out of this RFP will include numerous conditions precedent, including a condition for the benefit of Buyer(s) that Buyer(s) have obtained regulatory approvals and regulatory treatment on terms and conditions satisfactory to Buyer(s) in their respective sole and absolute discretion.
- *Scheduling and Dispatch Flexibility* - The scheduling and dispatch flexibility and rights of Buyer under a PPA or Toll will be substantially equivalent to those that Buyer would have if Buyer owned the physical Capacity being purchased. Bidders should structure the terms of all PPA and Toll proposals accordingly.
- *Liability Transfer* – ESI will not accept the risk that any long-term liability will or may be recognized on the books of the Companies (or any of its Affiliates) in connection with any PPA or Toll entered into pursuant to this RFP, whether the long-term liability is due to lease accounting, the accounting for a variable interest entity, or any other applicable accounting standard.

The foregoing is not, and should not be construed, as an exhaustive listing of important commercial terms of any PPA or Toll arising out of this RFP. Please refer to Appendices B-1 and B-2 for a broader-based summary of select PPA and Toll terms and Sections 1.8 through 1.11 above, Sections 2.3 through 2.7 below, Section 3 below, and Appendix D for certain other commercial provisions or considerations relevant to PPA or Toll Products.

### 2.2.3. Acquisitions

Acquisition Products for Developmental Resources are being solicited in this RFP. This RFP is not seeking, and Bidders should not propose, Acquisition Products for existing resources. The purchase price must be expressed as a single fixed payment for the proposed acquisition of the Developmental Resource. The amount of Capacity to be obtained under any asset purchase agreement arising out of this RFP must be no less than 650 MW (Summer Conditions, at full load, including duct-firing) and no more than 1,000 MW (Summer Conditions, at full load, including duct-firing).

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

- *Closing* - The closing of the acquisition will be scheduled to occur before June 1, 2020. Seller may be subject to delay damages (which may include damages for Buyer's loss of Capacity Credits) and "buy-down" damages and, for extended delays, contract termination and termination damages if the actual commercial operation date is later than the guaranteed commercial operation date (expected to be as specified by Bidder in its proposal).
- *Purchased Assets* - The assets to be sold must include the entire Facility. Proposals for an acquisition of a resource that would be jointly owned after closing or would reasonably be expected to require a joint ownership and operation agreement or similar agreement will not be considered.
- *Durability of Authorizations* - Seller will retain the risk that the acquisition is unable to close in the event that any FERC, HSR, or other required authorization becomes invalid or ineffective prior to the closing. Bidders are encouraged to consider this risk in the development of their acquisition proposals and to include in their proposals acquisition structures that address and/or mitigate any identified risk. ESI's evaluations of acquisition proposals may assess the risk that a required authorization will not be obtained or will become invalid or ineffective prior to the closing of the proposed Transaction and may assess the effectiveness of proposed risk mitigation measures.

The foregoing is not, and should not be construed as, an exhaustive listing of important commercial terms for any asset purchase transaction arising out of this RFP. Please refer to Appendix B-3 for a broader-based summary of select contract terms for acquisition transactions and Sections 1.8 through 1.11 above, Sections 2.3 through 2.7 below, Section 3 below, and Appendix D for certain other commercial provisions or considerations relevant to Acquisition Products.

### 2.3. RFP Proposal Requirements

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

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### **2.3.1. Delivery Assessment Threshold Requirements**

The following Threshold Requirements are the “**Delivery Assessment Threshold Requirements**”:

- The proposed resource must be eligible to qualify as a Long-Term Network Resource of ELL/EGSL under the MISO Tariff.
- The proposed resource must be capable of providing the offered amount of Capacity, energy, and Other Electric Products to Buyer at the Electric Interconnection Point.
- If the proposed resource is a Developmental Resource or is an IS Deficient Existing Resource, Bidder, Seller, or a third party acting on its or their behalf must complete and submit to MISO the interconnection service application for the resource required by this RFP by no later than November 16, 2015. The application must request at least the amount of NRIS necessary for the resource to have the Required NRIS Quantity. The completed application must identify the location of the proposed resource, the Balancing Authority substation to which the proposed resource would be interconnected, and the Electric Interconnection Point. As part of its Proposal Package, Bidder must provide a complete and accurate copy of the submitted application, a copy of either the letter from MISO acknowledging and validating the application or, if available, the actual study results for the requested interconnection service and the associated MISO queue number.

### **2.3.2. Viability Assessment Threshold Requirements**

The following Threshold Requirements are the “**Viability Assessment Threshold Requirements**”:

- The resource supporting Bidder’s proposal must be an RFP-Eligible Resource, and Bidder must provide evidence satisfactory to ESI demonstrating that the proposed resource is an RFP-Eligible Resource.
- Bidder must be an Eligible Participant.
- For Developmental Resources, Bidders must meet the applicable Minimum Requirements for Developmental Resources set forth in Appendix D and the requirements of Section 2.7 below. Without limiting ESI’s rights under Appendix D or E, ESI, in consultation with the IM, may allow variances from the Minimum Requirements for Developmental Resources.
- For Developmental Resources, the resource must be free of fatal design flaws and/or non-standard operational or permitting restrictions that would reasonably be expected to

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prevent it from meeting the requirements of this RFP, including, without limitation, Section 2.7 below and the applicable minimum requirements listed in Appendix D.

- If the proposal is for a PPA or a Toll, the proposal must offer generating capacity in increments of whole integrated generating units and the resource must have fuel supply and transportation, fuel and power metering, permitting, dispatch flexibility, and other attributes required or appropriate to support registration and operation in MISO, in accordance with applicable MISO requirements and laws, as a reliable, fully dispatchable independent generating resource (subject to the exception for QFs described in Section 2.2.2 of this Main Body).
- For proposals offering a PPA or Toll Product into this RFP, the proposed Delivery Term must be no less than ten (10) and no more than twenty (20) consecutive years (excluding any proposed extension option permitted under this RFP), and the Bidder-proposed guaranteed start date for the Delivery Term must be no later than June 1, 2020. The Bidder-proposed closing date for an acquisition Product offered into the RFP must be no later than May 31, 2020.
- For Developmental Resources, Bidder must offer no less than 650 MW (Summer Conditions, at full load, including duct-firing) and no more than 1,000 MW (Summer Conditions, at full load, including duct-firing) of Capacity and related products from an Eligible Resource to the Electric Interconnection Point. For existing resources, Bidder must offer no less than 250 MW (Summer Conditions, at full load, including, if applicable, duct-firing) and no more than 1,000 MW (Summer Conditions, at full load, including, if applicable, duct-firing) from an Eligible Resource to the Electric Interconnection Point.

### **2.3.3. Accounting Assessment Threshold Requirements**

The following Threshold Requirements are the “**Accounting Assessment Threshold Requirements**”:

- If Bidder offers a proposal for a PPA or Toll into this RFP, Bidder must include in the Proposal Package the accounting certification required under, and prepared, executed, and submitted in accordance with the requirements of, Section 6.1.5 below.

### **2.3.4. Credit Assessment Threshold Requirements**

The following Threshold Requirements are the “**Credit Assessment Threshold Requirements**”:

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

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- Bidder must provide the annual audited financial statements (and accompanying notes) for the past two (2) years and the current-year reviewed quarterly financial statements (and accompanying notes) of Bidder or, if different from Bidder, Seller.
- If Bidder proposes that a Person serve as a Credit Support Provider for Bidder's proposal, each of the two previous Threshold Requirements will apply to the proposed Credit Support Provider. Bidder must extract and submit as separate documents by the Proposal Submission Deadline all financial data and information of Bidder, Credit Support Provider, or both (as applicable) that is consolidated with financial data or information of another Person and required under this Section 2.3.

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

### 2.4. Interconnection and Energy Deliverability

#### 2.4.1. Required Interconnection, Deliverability, and Transmission Service

Seller will be required, under the terms of any Definitive Agreement, to have obtained interconnection, deliverability, and firm transmission service for the proposed resource and qualified the resource as a Long-Term Network Resource in MISO (or have a third party obtain such service or so qualify the resource) with full deliverability. The resource interconnection service required for this RFP includes ERIS and NRIS (or, in the event that MISO changes its interconnection rules or service options such that ERIS or NRIS, or ERIS or NRIS as contemplated by this RFP, is no longer available or MISO is no longer an applicable Balancing Authority, the equivalent interconnection and deliverability service). The submission to MISO of a generator interconnection application under the applicable generator interconnection process is a requirement for receipt of interconnection service from MISO, including ERIS and NRIS.

For proposals based on Developmental Resources, the generator interconnection application must request, and the Developmental Resource must have received prior to the time specified in the applicable Definitive Agreement (if any), at least the Required NRIS Quantity. The “**Required NRIS Quantity**” is the quantity of NRIS that (i) is sufficient to allow the resource to receive the maximum Capacity Credits a resource of its Capacity size can receive under the MISO Rules (for proposals offering the full amount of the Capacity of the resource) or (ii) can and will be allocated and prioritized such that the NRIS level associated with the resource's Capacity under contract to Buyer cannot limit the amount of MISO Capacity Credits that Buyer would receive for any planning period during the Delivery Term (for proposals offering less than the full amount of the Capacity of the resource). In addition, Bidder will be required to request the Required ERIS Quantity for the Developmental Resource in accordance with the MISO Rules. The “**Required ERIS Quantity**” is the quantity of ERIS that is equal to the winter capacity rating that corresponds to the Required NRIS Quantity.

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For proposals based on an existing resource that has obtained from MISO, or that MISO has conditionally granted, the Required ERIS Quantity and the Required NRIS Quantity, Bidder, Seller, or a third party acting on its or their behalf will be required to maintain the Required ERIS Quantity and the Required NRIS Quantity for the resource or to take the actions required to preserve or satisfy the conditions set forth in the conditional grant.

For proposals based on an existing resource that has not obtained from MISO, or that MISO has not conditionally granted, the Required ERIS Quantity and the Required NRIS Quantity (an “**IS Deficient Existing Resource**”), Bidder, Seller, or a third party acting on its or their behalf will be required to request from MISO, through a generator interconnection service application or other means required by or acceptable to MISO, at least the amount of ERIS necessary for the existing resource to obtain the Required ERIS Quantity and at least the amount of NRIS necessary for the existing resource to obtain the Required NRIS Quantity, as applicable.

### 2.4.2. Interconnection Service Requests and Applications

For Developmental Resources or IS Deficient Existing Resources, Bidder, Seller, or a third party acting on its or their behalf must complete and submit the required interconnection service application to MISO by no later than November 16, 2015, and Bidder must provide a complete and accurate copy of the submitted application as part of its Proposal Package. The completed application must identify the location of the proposed Developmental Resource or IS Deficient Existing Resource, the Balancing Authority substation to which the proposed Developmental Resource or IS Deficient Resource would be interconnected, and the Electric Interconnection Point. It must also request at least the amount of NRIS necessary for the resource to have the Required NRIS Quantity. In addition, Bidder must request in accordance with the MISO Rules at least the amount of ERIS necessary for the resource to have the Required ERIS Quantity. Bidder must provide in its Proposal Package a copy of either the MISO letter acknowledging and validating the application or, if available, the actual study results related to such application, as well as the associated MISO queue number.

Except to the extent ESI otherwise agrees, the interconnection service application will be required to remain in the queue for interconnection service until the proposal supported by the application is eliminated from this RFP or the interconnection service required by this RFP is obtained or conditionally granted. If a resource proposed by a Bidder in this RFP does not remain in the queue to obtain the required interconnection service or loses the right to obtain or receive such service during the pendency of this RFP, Bidder must promptly notify the RFP Administrator, and any Bidder proposal backed by such resource will be subject to elimination. Bidders should bear in mind that MISO’s generator interconnection processes operate on timelines and contain requirements that are independent of this RFP and may necessitate the expenditure of costs by Bidders for their proposed resources to remain in the queue.

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### 2.4.3. Product Deliveries

For PPAs and Tolls arising out of this RFP, Seller will be required to make available Capacity and deliver energy and Other Electric Products from the resource to Buyer at the Electric Interconnection Point. For PPAs and Tolls associated with existing resources located outside of the Load Zone for the load of either of the Companies, the financial settlement of (i) energy and Other Electric Products provided to Buyer thereunder at the Electric Interconnection Point will reflect the basis differential, if any, between the CP Node at the Electric Interconnection Point and the CP Node for the load of the Buyer (EES.ELILD, if ELP or ELL is Buyer, or EES.EGILD, if EGSL is Buyer) (the “**Buyer Load Node**”) at the time of delivery and related congestion costs (the “**Energy/Other Electric Products Basis Differential**”) and (ii) if Seller’s resource is located in a Local Resource Zone that does not include Buyer’s service territory, capacity-related benefits (e.g., Capacity Credits) provided to Buyer thereunder will reflect the basis differential, if any, with respect to the applicable capacity-related benefit between the Local Resource Zone in which the resource is located and the Local Resource Zone in which Buyer’s service territory is located and related costs. As further described in the Term Sheets for PPAs and Tolls, any Auction Revenue Right (as defined in the MISO Rules) (“**ARR**”) and/or Financial Transmission Right (as defined in the MISO Rules) (“**FTR**”) revenues or charges allocated to Buyer will be used to offset any Basis Differential; provided, however, that, for the avoidance of doubt, Seller (if the MISO settlement price is greater at the Buyer Load Node) or Buyer (if the MISO settlement price is greater at the CP Node at the Electric Interconnection Point) will remain responsible for any portion of the Basis Differential that is not offset by any such ARR and/or FTR revenues or charges.

### 2.4.4. Network Resource Designation

ESI expects for Buyer to designate any resource (or portion thereof allocated to Buyer) under a Definitive Agreement arising out of this RFP as a Long-Term Network Resource of Buyer under the MISO Tariff with full deliverability, and, as provided above, requires that any such resource qualify as a Long-Term Network Resource in MISO. Seller will be responsible for and bear any and all out-of-pocket costs associated with causing the resource to be recognized as a Long-Term Network Resource of Buyer under the MISO Tariff, including, without limitation, any and all registration, application, study, upgrade, improvement, or deliverability fees, charges, losses, or other costs.

### 2.4.5. Scope of Responsibility

Seller will be responsible for, and bear the full costs and risks of, the arrangement, procurement, receipt, and maintenance (for PPAs and Tolls, prior to and throughout the Delivery Term, and for acquisitions, through closing) of the interconnection, deliverability, and transmission service required by this RFP, including, without limitation, (i) the electric interconnection of the Facility to the host utility and the establishment of the Electric Interconnection Point and (ii) the transfer and delivery of Capacity, energy, and Other Electric Products to, and the injection of energy and Other Electric Products at, the Electric Interconnection Point. Without limiting the foregoing,

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Seller will bear (a) all related interconnection, deliverability, or transmission request, application, study, registration, and comparable fees, charges, or costs, (b) all upgrade, improvement, and other fees, charges, and costs arising out of the requested interconnection, deliverability, or transmission service, except to the extent stated to be the exclusive responsibility of the host utility or an applicable transmission provider, transmission owner, or Balancing Authority under the applicable tariffs, rules, regulations, or requirements of, or generator interconnection or other agreements with, the host utility or such transmission provider, transmission owner, or Balancing Authority, (c) the fees, charges, and costs to receive interconnection, deliverability, transmission, or, if applicable, financial settlement service, (d) all transformer, line, energy, capacity, and other losses or costs related to the interconnection, deliverability, transmission, or financial settlement service with respect to the Facility, and (e) all costs assigned or allocated to Seller or to a financially settling party under the applicable tariffs, rules, regulations, or requirements of, or agreements with, the host utility, transmission provider, transmission owner, or any applicable Balancing Authority. Bidder will be responsible for reflecting these costs in Bidder's proposed pricing.

For acquisition proposals, the assets purchased by Buyer from Seller will include, without limitation, any and all transmission-related rights held by or for Seller or any Affiliate thereof as of the closing (including, without limitation, ARRs, FTRs, and other transmission or congestion-related rights), to the extent related to the acquired generation assets, and all rights to own, hold, manage, and control those rights.

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

### **2.4.6. Interconnection/Deliverability/Transmission Pricing Break-Outs**

Bidder is required to break out and separately identify in its Proposal Package the interconnection (ERIS) and deliverability (NRIS) related projects and costs included in its pricing. As part of this requirement, Bidder should break-out and provide a separate high-level summary of each of the interconnection (ERIS) projects (and related costs) and deliverability (NRIS) projects (and related costs).

## **2.5. Cost Recovery**

As part of this RFP, the Companies desire for ESI to evaluate the costs, benefits, risks, and other elements of PPA, Toll, and acquisition opportunities on a comparative basis against resources owned or controlled by the Companies. The risk evaluation in this RFP will include an assessment of

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the risks of the possible disallowance, disapproval, or denial of recovery by the LPSC and/or other Governmental Authorities of Buyer costs incurred in connection with a Definitive Agreement due to reasons other than Buyer fault. Seller will be required to absorb certain cost recovery risks in any PPA or Toll arising out of a proposal submitted into this RFP by or on behalf of Seller, excluding certain limited cost recovery risks that will remain with Buyer. Bidders should submit proposals for the allocation of cost recovery risk as part of their Special Considerations or as otherwise requested by ESI in the Proposal Submission Process.

### **2.6. Fuel Supply**

ESI prefers resources that offer fuel supply flexibility and fuel stability. Fuel supply flexibility considerations in the evaluation of proposals will include supply liquidity, sourcing, and fungibility of supply, limitations on fuel supply or relating to the transportation of supply, and alternative fuel supply and transportation options. Fuel stability considerations in the evaluation of proposals will include gas price volatility, the energy pricing structure proposed (*e.g.*, fixed, not fixed), the inclusion and structure of any proposed fuel adder, and fuel reliability/deliverability risks. A proposal that provides for only one effective means of gas transportation (*e.g.*, only one gas pipeline) or gas supply to the resource may be subject to material qualitative and/or quantitative adjustments in evaluations of the proposal.

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

For tolling arrangements arising out of this RFP, Seller may be required to post additional security to cover costs that may arise from any natural gas transportation or supply agreement entered into by ESI or Buyer to support the generation resource in the event of Seller's default.

### **2.7. Design and Operating Considerations**

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

- automatic generation control (“**AGC**”);
- evaporative cooling or inlet chilling;
- duct burners for supplemental firing of the resource's heat recovery steam generators (“**HRSGs**”);

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- control technology for air emissions from the resource that includes a CO catalyst;
- net unit heat rate of no greater than 7,000 Btu/kWh (HHV) (Summer Conditions) at full output without duct-firing;
- heat rejection systems for the resource that are based on a mechanical draft cooling tower;
- main condenser and heat rejection systems sufficiently sized to permit all combustion turbines to operate at or near full load with a complete bypass of the steam turbine;
- all combustion turbine designs must incorporate air-cooled combustors;
- two (2) x 100% boiler feed pumps on each HRSG;
- two (2) x 100% or three (3) x 50% condensate pumps;
- two (2) 100% air compressors;
- two (2) natural gas pipelines interconnected to the Facility;
- vacuum pumps for condenser air evacuation;
- a demineralized water system capacity sufficient to support cyclic operation; and
- redundancy of the on-site natural gas compressors such that the loss of one compressor will not limit the output or restrict the operation of the resource.

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

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

### **3. SELF-BUILD OPTION**

ESI intends to develop and submit into this RFP a cost estimate for the Self-Build Option. The Self-Build Option is a CCGT facility that would be built at EGSL's Nelson site in Westlake, Louisiana. The Self-Build Option will attempt to optimize the maximum Capacity of the proposed

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self-build resource by including in the base plant design HRSG duct-firing and options for either chilling or evaporative cooling to the combustion turbine inlet. The Self-Build Option will not have dual-fuel capability and will be sized at no less than 650 MW (Summer Conditions, at full load, including duct-firing) and no more than 1,000 MW (Summer Conditions, at full load, including duct-firing).

The Self-Build Option is expected to utilize existing infrastructure and resources at the Nelson site, including existing natural gas infrastructure (for gas transportation and related services). The Self-Build Option will be designed to interconnect to two natural gas pipelines that would provide fuel to the facility. Generation from the resource is expected to interconnect with the MISO System at a 138 kV, 230 kV, and/or a 500 kV transmission switchyard located at or near the Nelson site.

The Self-Build Option will be considered an alternative to third-party proposals submitted into this RFP. If ESI selects a third-party resource for contract negotiations, the Companies may continue to take the steps necessary to preserve the Self-Build Option as a viable option in case negotiations with the third party do not lead to a Definitive Agreement. If selected in this RFP, the self-build facility is expected to be placed into commercial service by no later than June 1, 2020.

ESI will require that the Proposal Package for the Self-Build Option, including the cost estimate for the Self-Build Option, be submitted to the RFP Administrator and the IM prior to the receipt of proposals from all other Bidders, and no later than 5 p.m. CPT on the Friday before the first day of the Proposal Submission Period. After the Proposal Submission Deadline, the IM and the RFP Administrator will provide redacted data and information from the proposals received to the Evaluation Teams (see Section 6 below) at approximately the same time. All proposals, including the Self-Build Option, will be evaluated on a consistent basis, as described in certain appendices to this RFP and in this Main Body, and, subject to the other terms hereof, on the time frame set forth in Section 4.1 below. As discussed in more detail in Appendix G, the Evaluation Teams (see Section 6 below) will not include any member of the Entergy self-build commercial team or support services team working on the Self-Build Option and will operate independent of these two teams.

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

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### **4. RFP SCHEDULE**

#### **4.1. Schedule**

The RFP Schedule is critical for Bidders interested in participating in this RFP. The RFP Schedule in the table below sets out milestone events and dates for this RFP. The milestone events and dates are subject to change. After consultation with the IM, notice of any change to the then-current RFP Schedule will be posted on the 2015 ELL/EGSL RFP Website.

| <b>Activity</b>  | <b>Scheduled Date</b>          |
|--|--------------------------------|
| Final RFP Documents Issued   | September 29, 2015             |
| Bidder Registration Period   | November 2 - November 5, 2015  |
| Final Date for Completion and Submission of Required Interconnection Application to MISO                   | November 16, 2015              |
| Final Date for Proposal Fee Payment  | November 20, 2015              |
| Proposal Submission Period   | December 7 - December 10, 2015 |
| Final Date for Bidder Updates to Proposal Package Interconnection and Network Deliverability-Related Costs | January 9, 2016                |
| Primary/Secondary Selection Lists Announced  | April 2016                     |
| Comprehensive Negotiations and Due Diligence Begin   | April 2016                     |
| Bidder(s) Remaining on Secondary Selection List Released from Proposals                                    | July 2016                      |
| Definitive Agreement Executed  | October 2016                   |
| Regulatory Approval Process Complete   | September 2017                 |

#### **4.2. RFP Schedule Modifications**

Without limiting the generality of Appendix E, ESI reserves the right to withdraw, suspend, cancel, or terminate this RFP, or to modify any term of this RFP, including, without limitation, any term concerning the RFP Schedule (including any date), at any time in its sole discretion. ESI will endeavor to notify all participants who have completed Bidder Registration of any such withdrawal, suspension, cancellation, termination, or modification made prior to the Proposal Submission Deadline and to post notice of any such action on the 2015 ELL/EGSL RFP Website.

### **5. RFP MILESTONES AND PROCESSES – RFP ISSUANCE THROUGH PROPOSAL SUBMISSION**

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### 5.1. Technical and Bidders Conference

The LPSC Staff hosted a technical conference/webcast for this RFP (“**Technical Conference**”) on August 17, 2015. Immediately following the Technical Conference, ESI hosted a conference/webcast for potential Bidders in this RFP and other stakeholders (“**Bidders Conference**”). The conferences/webcasts gave participants a high-level overview of, and other information concerning, this RFP and related processes and were open to all interested Persons. ESI personnel and the IM were available at the conferences to answer questions about the RFP Schedule, the Bidder Registration Process, the Proposal Submission Process, the evaluation process, technical RFP issues, and proposed Transaction terms and conditions, and to respond to other requests for information about this RFP. ESI has posted the written materials presented during the conferences to the 2015 ELL/EGSL RFP Website. Bidders are advised that those materials may not duplicate all of the information provided at the conferences and some of that information is outdated and no longer accurate due to changes in the terms of this RFP.

Responses to questions received during the Technical Conference and the Bidders Conference are posted on the 2015 ELL/EGSL RFP Website. Please refer to Section 7.1 below and Appendix G for additional information concerning questions submitted in connection with this RFP. In the event of an inconsistency between the RFP documents and the Technical Conference or the Bidders Conference presentation or the responses to questions received during the conferences posted on the 2015 ELL/EGSL RFP Website or provided verbally, the RFP documents will control.

### 5.2. Bidder Registration

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

To register for this RFP, all Bidders, including, for purposes of this Section 5, those sponsoring the Self-Build Option, will be required to submit a completed Bidder Registration Agreement (including the Bidder Registration Form attached thereto) to the RFP Administrator via courier or electronic mail (as a pdf attachment) by 5:00 p.m. CPT on the last day of the Bidder Registration Period. **Bidders will bear the risk of failing to submit a completed Bidder Registration Agreement by the specified deadline.** The Bidder Registration Agreement must be executed by an officer or other representative of Bidder who is authorized to sign on Bidder’s behalf. If delivery is made by electronic mail, Bidder must subsequently deliver to the RFP Administrator an original of the duly executed Bidder Registration Agreement by 5:00 p.m. CPT within three (3) Business Days after the last day of the Bidder Registration Period. Only Bidders registered in accordance with this RFP will be permitted to submit proposals in this RFP, and only proposals registered in accordance with this RFP will be eligible for submission.

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

Bidders are required to pay a Proposal Submittal Fee of \$5,000 for *each* proposal registered.<sup>2</sup> Proposals that are alternatives to each other will be considered separate proposals and must be registered as such. ESI will bill Bidder the total Proposal Submittal Fees due from Bidder within three (3) Business Days following the end of the Bidder Registration Period. Bidder will be required to remit payment of the Proposal Submittal Fee(s) in full in accordance with the instructions provided in the invoice. Payment will be due by the date specified in the applicable RFP Schedule. **Bidder's failure to submit the Proposal Submittal Fee for a proposal by the payment due date will cause Bidder to become ineligible to participate in this RFP with respect to such proposal.**

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

1. Bidder registers a proposal and pays the corresponding Proposal Submittal Fee but does not complete Proposal Submission for that registered proposal;
2. Bidder registers a proposal, properly completes Proposal Submission, but subsequently withdraws the proposal prior to the Proposal Submission Deadline; or
3. ESI cancels or terminates this RFP prior to the selection of proposals for the Primary Selection List or the Secondary Selection List.

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

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<sup>2</sup> Since payment of the Proposal Submittal Fee would amount to (from a corporate perspective) a payment to themselves, the sponsors of the Self-Build Option are exempt from the Proposal Submittal Fee requirement.

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### 5.3. Proposal Submission

Subject to Section 5.2 above and Section 6.1.4 below, in order to have its proposal(s) evaluated under this RFP, the Proposal Submission Process requires each Bidder to submit to ESI:

- a completed Proposal Submission Template;
- a completed VAT self-assessment (discussed in Section 6.1.4 below);
- a completed accounting certification (discussed in Section 6.1.5 below);
- a complete set of the documents required to be provided by Bidder pursuant to Section 2.4 above; and
- completed responses to Appendix C-1 (for Developmental Resource proposals) or Appendix C-2 (for existing resource proposals) (collectively, the **“Proposal Package”**).

Under the current RFP Schedule, the period during which any Bidder may submit a completed Proposal Package will begin at 8:00 a.m. CPT on December 7, 2015, and end at 5:00 p.m. CPT on December 10, 2015 (such period, as may be modified from time to time hereunder, the **“Proposal Submission Period,”** and the deadline for submission, as may be modified from time to time, the **“Proposal Submission Deadline”**).

To submit proposals in this RFP, Bidders must deliver their completed Proposal Package to the RFP Administrator, by the Proposal Submission Deadline, (i) as files attached to electronic mail or other electronic/digital media acceptable to ESI or (ii) in a digital form acceptable to ESI (*e.g.*, a CD, a flash drive) delivered to the RFP Administrator by courier. Bidders must deliver their completed Proposal Submission Template in its native Excel form. The Entergy electronic communications network will not accept “zip” files or electronic mail with file attachments containing, individually or collectively, approximately ten (10) megabytes or more of data. Proposal information that is not accepted by the Entergy electronic communications network or is not properly addressed to and not timely received by the RFP Administrator will be considered undelivered. Proposals failing to provide complete responses as required may be considered non-conforming. Bidders should not send, and the RFP Administrator will not accept, paper copies of electronic proposals.

Bidders are also required to execute and deliver to the RFP Administrator the Proposal Submission Agreement by the Proposal Submission Deadline. The Proposal Submission Agreement must be executed by an officer or other representative of Bidder who is duly authorized to sign the Proposal Submission Agreement and tender the submitted proposal(s) on behalf of Bidder. Electronic or stamp signatures are not permitted. The Proposal Submission Agreement may be delivered to the RFP Administrator via courier or electronic mail (as a pdf attachment). If delivery is made by electronic mail, Bidder must subsequently deliver to the RFP Administrator an original of the duly executed Bidder Proposal Submission Agreement (including hand-signed signature page) by 5:00 p.m. CPT within three (3) Business Days after the Proposal Submission Deadline.

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After the RFP Administrator has electronically received Bidder's completed Proposal Package, Bidder will receive a confirmatory email from the RFP Administrator. Bidder should contact the RFP Administrator if a confirmatory email is not received within one (1) Business Day after Bidder's submission of the Proposal Submission Template and Proposal Submission Agreement.

**Bidder will bear the risk of any failure of Bidder to submit the completed Proposal Package by the Proposal Submission Deadline as required by this RFP. Proposals for which Bidder does not submit all agreements, information, and material as required by this RFP may be considered non-conforming and eliminated from consideration.**

### **5.4. RFP Hotline**

A dedicated phone line ("**RFP Hotline**") will be available to Bidders from 8:00 a.m. to 5:00 p.m. CPT on each Business Day throughout the Bidder Registration Period and the Proposal Submission Period. Bidders may use the RFP Hotline to ask technical or other questions regarding the Bidder Registration Process or the Proposal Submission Process. The RFP Hotline is not intended to serve as a means for Bidders to obtain general information about this RFP or other information that is not directly related to the Bidder Registration Process or the Proposal Submission Process, and Bidders are asked to refrain from attempting to use the RFP Hotline for this purpose. The number of the RFP Hotline is (281) 297-3758.

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

### **6.1. Overview and Assessments**

After the Proposal Submission Deadline, the RFP evaluation will begin. Early in the proposal review process, proposals will be evaluated for compliance with the Threshold Requirements. Proposals remaining in this RFP after the Threshold Requirements compliance evaluation will be assessed based on economics, deliverability, viability, accounting, transactional considerations (including credit and commercial terms), and other factors. Applying qualitative and quantitative assessments, proposals will be assigned a proposal ranking and a recommended disposition. A final list setting forth the proposal(s) (if any) selected for negotiation of a Definitive Agreement (the "**Primary Selection List**") and the proposal(s) (if any) selected for possible negotiation of a Definitive Agreement (the "**Secondary Selection List**") will be created.

Once selections have been made, ESI will notify each Bidder that ESI has completed its evaluation of proposals and will inform Bidder, with respect to each proposal submitted by Bidder, whether the proposal is on the Primary Selection List (if any), the Secondary Selection List (if any), or has been eliminated from further consideration in this RFP. Without limiting its rights under Exhibit E, ESI expects to proceed to negotiate the terms of a Definitive Agreement with a Bidder having a proposal on the Primary Selection List. If those negotiations terminate or are suspended, or

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if ESI determines negotiations with any Bidder having a proposal on the Secondary Selection List are appropriate, ESI may negotiate commercial terms with that Bidder.

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

- the Economic Evaluation Team (“**EET**”);
- the Deliverability Assessment Team (“**DAT**”);
- the Viability Assessment Team (“**VAT**”);
- the Accounting Evaluation Team (“**AET**”); and
- the Credit Evaluation Team (“**CET**”).

The roles and responsibilities of the Evaluation Teams are described in Sections 6.1.2 through 6.1.6 below. ESI may include as a member on any Evaluation Team, or contract with, any third-party agent, consultant, advisor, contractor, or representative to assist in the evaluation of proposals as ESI deems necessary or appropriate.

Another team, the RFP Administration Team, will act to ensure that each Evaluation Team has the information needed to perform its analysis and act to facilitate the evaluation of proposals by all Evaluation Teams so that the evaluation process results in the proper assessment of the economics and other relevant elements of the proposals. In addition, the RFP Administrator may consult with members of the RFP Administration Team from time to time on matters related to questions whether information regarding a proposal may be needed by or should be made available to an Evaluation Team. The RFP Administration Team will also determine which proposals (if any) will be placed on the Primary Selection List and the Secondary Selection List.

Each of the Evaluation Teams, the RFP Administration Team, and the RFP Administrator will have the right to ask Bidder clarifying questions to obtain additional information that it believes may help with its understanding, review, or analysis of Bidder’s proposal or the Self-Build Option. All clarifying questions will be communicated through the RFP Administrator by means of a clarifying letter.

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

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

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

### **6.1.1. Threshold Requirements Assessments**

Soon after the Proposal Submission Deadline, the RFP Administration Team, with input from the involved Evaluation Teams (see Section 2.3 above), will identify proposals that meet the Threshold Requirements and issue a list of the proposals that meet the Threshold Requirements or have, in the exercise of ESI's sole discretion, after consultation with the IM, been allowed to remain in this RFP. The list is expected to exclude only those proposals that fail to satisfy the Threshold Requirements, although ESI reserves the right to exclude, subject to the oversight of the IM, proposals on other grounds. Proposals not on the list will be eliminated from further consideration in this RFP.

### **6.1.2. Economic Assessments**

The EET is responsible for evaluating the economics of proposals received in this RFP and, with input from the DAT, the VAT, the AET, and the CET, the relative economic ranking of such proposals.

The EET's economic evaluation estimates the full-in economic cost and benefit to the Companies' customers of each proposal evaluated. The evaluation will rely on tools and methods commonly used by ESI and the Companies for long-term and limited-term planning and resource evaluations, including, without limitation, a "Net Supply Cost" (production cost) analysis.

#### **Net Supply Cost Analysis**

The "Net Supply Cost" analysis relies on production cost modeling and spreadsheet models to project the cost of serving the Companies' customers with the addition of a proposed RFP resource to the generation portfolio. The analysis considers fixed and variable costs, as well as forecast energy and Capacity revenues. The effect of each proposal on total supply cost will be compared over the evaluation period. The "Net Supply Cost" analysis may also include a portfolio evaluation that

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compares the Companies' generation portfolio with multiple resources from proposals offered into the 2015 ELL/EGSL RFP, as applicable.

In addition to the Net Supply Cost analyses, the economic evaluation may utilize and rely on additional tools and methods the EET deems necessary or appropriate for the effective assessment of proposal economics, including, but not limited to, qualitative considerations. The EET, in consultation with the IM, may perform sensitivity analyses as it deems appropriate in connection with its evaluations.

### **Production Cost Assessments**

The Production Cost Assessment sub-team uses a production cost model (Aurora) to produce a forecast of variable costs and energy revenues for each proposal. Aurora results will feed into the EET economic evaluation models as inputs for the Net Supply Cost analysis. This sub-team relies on production cost modeling to assess operating projections and the energy value of each conforming proposal.

### **6.1.3. Deliverability Assessments**

The DAT is responsible for conducting the deliverability evaluation process in this RFP. The deliverability assessment process is used to assess interconnection, deliverability, and transmission considerations associated with a resource offered in a proposal, including, without limitation, resource location, electric interconnection, network deliverability, and status of interconnection, transmission, deliverability service requests or applications, and the pricing in Bidder's proposal with respect to ERIS-related costs, NRIS-related costs, and other costs for interconnection, transmission, and deliverability service for the resource.

As part of the Deliverability Assessment, ESI's Transmission Planning group will evaluate the transmission upgrades and related costs associated with each proposed resource. This evaluation will include, without limitation, the following assessments and determinations:

- **ERIS**: Evaluate the ERIS upgrades and cost estimates associated with a proposal.
- **NRIS**: Evaluate the NRIS upgrades and cost estimates associated with a proposal.
- **Reliability**: Evaluate the proposal's ability to meet the Entergy Transmission Planning Reliability Standards and determine any necessary upgrades and cost estimates to satisfy these standards.
- **Consolidated Upgrades**: Determine the incremental upgrades needed to satisfy reliability standards in conjunction with Bidder's identified upgrades for obtaining ERIS and NRIS.

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The DAT will review and assess generator interconnection and deliverability or transmission service requests and applications associated with a resource offered in a proposal. Without limiting the foregoing, the DAT will screen proposals for compliance with the Deliverability Assessment Threshold Requirements.

### **6.1.4. Viability Assessments**

The VAT reviews and assesses the technical, environmental, fuel supply and transportation, and commercial merits of proposals. Each Bidder will be required to provide a self-assessment for each proposal it submits into this RFP. The VAT will use the self-assessment to determine Bidder's compliance with the RFP's requirements for proposals.

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

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

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

The VAT will use the information provided in response to the questions and requests included in Appendix C-1 or C-2 (as applicable) and in Bidder's completed self-assessment form for the VAT's evaluation. Bidders are encouraged to provide complete responses to Appendix C-1 or C-2 (as applicable) at the time they submit their proposals. Failure to provide a comprehensive response could negatively affect a proposal's overall viability ranking.

Near the beginning of the RFP evaluation, the VAT will review proposals for satisfaction of the VAT Assessment Threshold Requirements (see Section 2.3.2 above). The VAT will base its assessment on its review and analysis of proposal information obtained from Bidder through Appendix C-1 or C-2 and the completed self-assessment form. After completing its evaluation, the VAT will provide the results to the RFP Administration Team and other Evaluation Teams.

Additionally, the VAT will review the proposals remaining after completion of the Threshold Requirements screening process to develop a risk assessment and overall risk/viability profile of the proposals. These risk and viability evaluations will include assessments of resource capabilities, project development risks (if applicable), fuel procurement (including transportation) and price stability, environmental compliance risks, proposed commercial terms (including Special

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Considerations), resource deliverability, regulatory considerations, and other factors the VAT determines may bear on a proposal's risk and viability. The VAT may seek and incorporate into its viability assessments input from other Evaluation Teams.

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

### **6.1.5. Accounting Assessments**

The AET will perform an assessment of each proposed Definitive Agreement for a PPA or Toll to determine the accounting treatment with respect to such proposal. The assessment will include, but is not limited to, an analysis of:

- whether the proposed Definitive Agreement contains a lease, and if so, whether the lease is a capital lease or an operating lease pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 840;
- whether the legal entity owning the subject generation asset during the contract term is a variable interest entity ("VIE"), and if so, the entity required to consolidate the VIE throughout the term of the proposed Definitive Agreement, in accordance with FASB ASC 810;
- whether the proposed Definitive Agreement is or includes a derivative, and if so, the appropriate accounting for the derivative, in accordance with FASB ASC 815; and
- whether there are any other adverse accounting implications or effects to the Companies or any of its Affiliates arising out of the proposed Definitive Agreement.

The AET's accounting assessment of PPA and Toll proposals offered into this RFP will include assessments based on the existing accounting standards at the time of the AET's assessment. Its assessment may also include assessments based on future accounting standards if the AET determines that such standards will or may apply to any Definitive Agreement arising out of a

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proposal and that it is feasible and appropriate for the AET to evaluate the proposal applying such standards.

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

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

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

### **6.1.6. Credit/Collateral Requirements**

The CET will analyze each proposal except the Self-Build Option to assess potential credit risks and attendant collateral requirements. The CET's evaluation seeks to assure that the credit quality of Bidder (or, if different, Seller), when considered in light of its RFP proposal(s), complies with Entergy's corporate risk management standards and that any associated requirements for collateral or security to protect ESI's interest in connection with a Definitive Agreement arising out of Bidder's proposal are identified. Subject to the proposal satisfying the Credit Assessment Threshold Requirements set forth in Section 2.3.4 above, the CET will not reject a proposal from

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consideration solely on the basis of credit. Appendix F contains additional information about the credit evaluation process and the credit requirements for this RFP.

### **6.1.7. Resource Selection**

Using inputs provided by the Evaluation Teams, the RFP Administration Team will prepare the Primary Selection List and, if it determines a Secondary Selection List is appropriate, the Secondary Selection List. The RFP Administration Team will select the proposals included on the Primary Selection List (if any) and the Secondary Selection List (if any) based on a variety of factors, including, but not limited to, relative economics, ability to meet relevant planning objectives, deliverability, viability, accounting, and transactional considerations.

### **6.2. Notification of Evaluation Results; Commercial Negotiations**

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

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

As indicated in Appendix F, Bidder (or its designee) may be required to enter into a letter of intent (an "**LOI**") with ESI or the Companies with respect to the proposed Transaction pending the negotiation and execution of the Definitive Agreement. Upon execution of the LOI, Seller will be required to provide a letter of credit meeting the requirements set forth in Appendix F in the amount of \$2,000,000.00 (and up to \$7,000,000.00 in the event the content in Bidder's Proposal Package failed to meet the Minimum Requirements for Developmental Resources set forth in Appendix D).

## **7. MISCELLANEOUS RFP MATTERS**

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### **7.1. Contact with ESI; RFP Questions and Comments**

#### **7.1.1 Authorized Bidder Communications Channels**

The following communication restrictions became effective on July 27, 2015, and will continue through Bidder notification of the creation of the Primary Selection List (if any) and the Secondary Selection List (if any). Except as otherwise expressly provided in this RFP, all communications, including questions, regarding this RFP must be submitted in writing to the RFP Administrator (using the contact information provided above in Section 1.5). The IM will obtain and review all written communications between ESI and Bidders. The IM may comment on responses proposed by ESI prior to issuance, and ESI's responses may reflect input from the IM. Any contact or communication concerning this RFP (i) between Bidders, or representatives of Bidders, on the one hand, and personnel or employees of ESI other than the RFP Administrator, on the other hand, or (ii) between different Bidders, or representatives of different Bidders, made without the specific, prior written consent of the RFP Administrator after consultation with the IM, is, in each case, not allowed and grounds for disqualification of the non-compliant Bidder(s). Bidders are, of course, permitted to communicate internally within their organizations and to their representatives with regard to this RFP as necessary. Bidders may also communicate with the IM at any time.

#### **7.1.2 Posting Questions**

Bidders and other interested Persons are invited to submit questions and comments about this RFP, including, without limitation, the Term Sheets, to the RFP Administrator, copying the IM (using the contact information provided above in Sections 1.5 and 1.6). Alternatively, Bidder may submit any question exclusively to the IM (using the contact information provided in Section 1.6). All questions or comments regarding this RFP must be submitted in writing. Interested Persons are requested to submit questions as promptly as possible to ensure the timely receipt of ESI's response. ESI requests that all questions be submitted to the RFP Administrator or the IM by no later than one week prior to the start of the Proposal Submission Period.

Subject to ESI's consideration of the confidentiality concerns described in Section 7.1.3 below, ESI intends to post all questions submitted by Bidders, as well as ESI's responses to those questions, to the 2015 ELL/EGSL RFP Website. All questions will be posted anonymously, to shield the identity of Bidders who posed the questions. ESI's objective in posting questions and answers publicly is to afford Bidders equal access to information potentially relevant to their proposals.

ESI expects to provide answers to questions received during the Proposal Submission Period only to the extent the questions are specific to an actual proposal submission issue (and such answers may or may not be posted on the 2015 ELL/EGSL RFP Website).

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### **7.1.3 Questions Involving Confidential Information**

Bidders should frame their questions, if possible, so that the answers do not require the disclosure of information that is confidential to ESI, the Companies, or any of their respective Affiliates. If ESI receives a question that calls for, in its opinion, an answer that would contain such confidential information and the provision of such confidential information is necessary and appropriate for ESI's response, then ESI will notify the IM and will respond to the question in writing, via certified mail, but only if Bidder posing the question has executed and returned to ESI a confidentiality agreement in substantially the form of the confidentiality agreement posted on the 2015 ELL/EGSL RFP Website.

Similarly, Bidder's questions should be structured to avoid, if possible, the disclosure of Bidder's confidential information. If Bidder believes that certain Bidder information contained in a question it intends to submit is confidential, it is strongly urged to attempt to exclude such information, whether by redaction or other means, and then to submit the question. If Bidder believes it is necessary or advisable to submit the question without redacting or otherwise shielding its confidential information, Bidder should, without divulging its confidential information, notify the RFP Administrator in writing of the purpose of the question and the nature of the confidential information so that ESI can determine whether Bidder's question requires the disclosure, either by Bidder or by ESI, of Bidder's confidential information, or whether such disclosure is unnecessary or can be avoided. If ESI determines that the disclosure of confidential Bidder information is necessary and appropriate, ESI will notify the IM and enter into with Bidder a confidentiality agreement in substantially the form of the confidentiality agreement posted on the 2015 ELL/EGSL RFP Website so that the question may be submitted. Questions containing confidential Bidder information that are submitted timely will be answered by ESI by electronic mail or express mail sent to Bidder.

### **7.2. Contact with MISO**

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

### **7.3. Confidentiality Procedures for Bidder Registration and Proposal Submission Information**

ESI has procedures that its employees, agents, and consultants participating in the evaluation of proposals will be required to follow in order to protect the confidentiality of Bidder information provided in response to this RFP. These procedures are designed and used so that information will be disclosed to the Evaluation Teams only to the extent necessary for resource evaluation and to other

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employees, agents, and consultants of ESI or its Affiliates only to the extent necessary for them to perform their functions related to this RFP.

All Persons having access to Bidder's confidential information in connection with this RFP will be contractually and/or professionally bound to protect that confidential information and to use it for no other purpose besides activities related to the resource evaluation process or the 2015 ELL/EGSL RFP process or other legitimate needs after consultation with the IM. Notwithstanding the foregoing or anything to the contrary in this RFP, ESI and its Affiliates will have no, and expressly disclaim any, liability to a Bidder for losses or damages of any kind resulting from any disclosure of any Bidder or proposal information.

Proposals or other information or correspondence submitted in response to this RFP will not be returned to Bidders. At the conclusion of this RFP process (including regulatory review of any transactions resulting from this RFP), except as otherwise provided in any confidentiality agreement entered into between ESI and Bidder, all proposals will be either destroyed or archived by ESI, subject to the procedures described in this section providing for the treatment of such proposals as confidential and any applicable Codes of Conduct.

All information contained in a proposal (i) may be required or requested to be disclosed by ESI or the Companies pursuant to any applicable law, rule, or regulation or in any legal proceeding involving ESI, the Companies or any of their Affiliates and (ii) may be subject to review by one or more of the regulatory commissions, including their staffs, having jurisdiction over ESI and/or the Companies, in connection with any regulatory proceeding involving ESI or the Companies, or by any other Governmental Authority with jurisdiction over ESI, the Companies, or any Affiliate thereof over any matter related to this RFP, and may be subject to legal discovery or disclosure. By submitting a proposal into this RFP, Bidder agrees to allow ESI to use any of the information contained in the proposal as information, testimony, or evidence in any proceeding before any such regulatory commission or other Governmental Authority and to disclose any of such information when required or requested to do so as described above. In the event such information is to be so disclosed and such information is a pricing term, ESI will use its good faith efforts to obtain from the regulatory commission or other Governmental Authority to whom such disclosure is being made, a confidentiality agreement, protective order, or other mechanism to protect the confidentiality of such information and to limit its dissemination. ESI can provide no assurance of the outcome of any attempt to obtain a confidentiality agreement, protective order, or other mechanism. In addition, ESI advises Bidders that intervenors, including merchant generators, in prior regulatory proceedings have sought access to confidential Bidder information in proceedings relating to previous RFPs or in which ESI and the Companies have been involved, and similar requests for access could be made in proceedings relating to this RFP.

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### **7.4. Affiliate Rules and Codes 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 as applicable. A link providing access to complete copies of the Affiliate Rules and Codes of Conduct is available at the 2015 ELL/EGSL RFP Website.

### **7.5. Multi-Person Bids**

If Bidder is comprised of more than one Person, the individual members may enter into contribution, indemnity, allocation, sharing, or other similar arrangements or agreements among themselves to allocate their respective rights and obligations; however, no such agreement or arrangement may adversely affect any right reserved to ESI or the Companies in connection with this RFP or otherwise disadvantage ESI relative to its position with other Bidders without ESI's prior written agreement, either on its own behalf or as agent of the Companies. Bidder must fully disclose to ESI all such contribution, indemnity, allocation, sharing or similar arrangements or agreements. Disclosure may be accomplished by means of a written letter to the RFP Administrator by the Proposal Submission Deadline. Bidder may be required to respond to subsequent diligence inquiries concerning the arrangements or agreements.

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