



***DRAFT Minimum Requirements***

***For***

***2015 Request For Proposals  
For Long-Term Combined-Cycle Gas  
Turbine Developmental Capacity and  
Energy Resources and Limited-Term  
Capacity and Energy Resources  
for Entergy Texas, Inc.***

Entergy Services, Inc.  
May 7, 2015 Draft

## **DRAFT - MINIMUM REQUIREMENTS FOR DEVELOPMENTAL RESOURCES**

This draft Minimum Requirements for Developmental Resources sets forth certain minimum requirements that a Developmental Resource must satisfy in the 2015 Request for Proposals for Long-Term Combined-Cycle Gas Turbine Developmental Capacity and Energy Resources and Limited-Term Capacity and Energy Resources (the “RFP”) for Entergy Texas, Inc. (“ETI”) issued by Entergy Services, Inc. (“ESI”) on behalf of ETI (the “Minimum Requirements”). The portion of the RFP addressing long-term combined-cycle natural gas turbine (“CCGT”) developmental (*i.e.*, new-build) capacity and energy resources (“Developmental Resources”) is referred to herein as the “Long-Term RFP” and the portion of the RFP addressing limited-term capacity and energy resources is referred to herein as the “Limited-Term RFP.” The proposed Minimum Requirements are specified in the chart below, are in addition to other RFP requirements that a bidder in the RFP (“Bidder”) must satisfy, and apply to Developmental Resources offered in proposals submitted in connection with either the Long-Term RFP or the Limited-Term RFP. The Minimum Requirements are designed to ensure that a Developmental Resource offered in a proposal submitted into the RFP is developed to a degree meriting detailed, full-scale evaluation by the appropriate RFP evaluation teams and potential selection of the resource. Bidders are advised that the RFP will seek information from each Bidder related to the Developmental Resource(s) included in its proposal(s) that significantly exceeds the information necessary for its proposal(s) to meet the Minimum Requirements. Bidders are further advised that satisfaction of the Minimum Requirements does not ensure that a proposal will be eligible for participation in the RFP; other RFP eligibility requirements, to be specified in the RFP, must also be met. This draft Minimum Requirements document is subject to change and, when the RFP is issued, will take the form of an appendix to the RFP that will supersede this document.

<b>Criterion</b>	<b>Minimum Requirement</b>	<b>Information Required to Evaluate Proposals against the Minimum Requirements</b>
Project Overview	Complete project description.	Bidder must provide a reasonably thorough and accurate summary description of the project, including, but not limited to, the proposed location, site description, generation technology, major equipment, design basis, water source(s), fuel supply and transportation source(s), plan for engineering, procurement, and construction, environmental compliance, and permitting, status of interconnection and non-standard project components/considerations, as well as a summary of the work completed on each of the Minimum Requirements. The provision of information in the summary description does not limit the requirement for Bidder to provide the information sought below.

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Bidder Experience	Bidder (or the person that will be the seller under Bidder's proposal ("Seller")) must have completed at least one (1) utility-scale project with the generation technology to be offered in Bidder's proposal (e.g., for the Long-Term RFP, one utility-scale CCGT project) and have project team members who, in the aggregate, have had direct responsibility for the development of at least three (3) completed utility-scale projects, regardless of generation technology.	Bidder must provide a summary that includes the key project team members, their relationship to Bidder (e.g., employee of Bidder or Bidder parent), their backgrounds, current title/position, and development experience, and a description or list of relevant projects they and Bidder or Seller have completed.
Project Development	Bidder must provide reasonable evidence that project development for the proposed resource is beyond the conceptual phase for design, engineering, and plan for execution.	<ul style="list-style-type: none"> <li>○ <i>Engineering:</i> Bidder must provide reasonable evidence that the project has been translated from the screening and planning phase of development into a project definition of sufficient detail and quality to ensure the efficient progression of detailed engineering and procurement if the project is selected.</li> <li>○ <i>Cost Estimate:</i> Bidder must provide reasonable evidence that its project cost estimate is based on front-end engineering from a qualified external and/or internal source that supports a Class 3 (as defined by AACE standards) cost estimate (-20% to +30%). At a minimum, the cost estimate should account for the following: <ul style="list-style-type: none"> <li>i) mechanical and electrical equipment;</li> <li>ii) instrumentation and controls;</li> <li>iii) piping;</li> <li>iv) misc. buildings;</li> <li>v) structural steel;</li> <li>vi) site work and foundations;</li> <li>vii) retrofit allowance (if applicable);</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"><li>viii) sales tax;</li><li>ix) engineering costs;</li><li>x) indirect costs;</li><li>xi) spare parts;</li><li>xii) escalation;</li><li>xiii) construction financing costs;</li><li>xiv) fuel handling and storage equipment; <u>and</u></li><li>xv) any other category not listed here and reasonably expected to be included for the proposed technology.</li></ul> <ul style="list-style-type: none"><li>○ <i>Project Schedule:</i> Bidder must provide, at a minimum, a Level 2 (as defined by AACE standards) project schedule that supports all aspects of project execution, including development, design, engineering, financing, procurement, permitting, interconnection, construction, and testing, and project support materials that, along with the information provided in response to ESI's due diligence questions in the RFP, demonstrate Bidder's (or Seller's) capability to meet the date by which commercial operation of the Developmental Resource is guaranteed by Bidder to have occurred and related project milestones for the proposed resource (financial closing, partial and full notices to proceed for major project contractors, applications for and receipt of major permits, major equipment deliveries, foundation pours, completion of gas, power, water,</li></ul>
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		wastewater, and other material interconnections, etc.).
Certain Required Project Attributes	<p><b><u>Long-Term RFP</u></b></p> <p><b>Technology:</b> Commercially-proven CCGT technology.<sup>1</sup></p> <p><b>Developmental Resource:</b> Single integrated plant.</p> <p><b>Minimum Size:</b> 800 MW (summer conditions (97° Fahrenheit and 56% relative humidity (“<u>Summer Conditions</u>”), at full load, including duct-firing).</p> <p><b>Maximum Size:</b> 1,000 MW (Summer Conditions, at full load, including duct-firing).</p> <p><b>Net Unit Heat Rate at Summer Conditions:</b> No greater than 7,000 Btu/kWh (HHV) at full output, without duct-firing.</p>	<p>Bidder must identify the original equipment manufacturers of the major equipment being proposed and detail the (technology-based) operating parameters of each generating unit comprising the Developmental Resource (<i>e.g.</i>, net electrical generating capacity, net heat rate, and operating ranges at Summer Conditions, maximum ramp rates, start times (cold, warm, and hot), start restrictions (if any), minimum dispatch levels, and minimum down times) and the Developmental Resource as a whole.</p> <p>Note: For any power purchase or tolling agreement arising out of the RFP, ETI intends to have the flexibility to schedule and dispatch the Developmental Resource as if the resource were its own generation resource having the same or similar type of generation technology. To ensure clarity, the RFP will not permit a system sale from multiple resources.</p>

<sup>1</sup> For the Long-Term RFP, commercially-proven technology is technology that ESI determines has, as of the time of issuance of this draft Minimum Requirements, 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 ETI resource (*e.g.*, meeting local voltage support and load-serving responsibilities in a load pocket). Examples of CCGT technology determined not to be commercially proven for the Long-Term RFP include General Electric “7HA” technology and Mitsubishi “JAC” technology. If a Bidder is unclear whether a CCGT generation technology that Bidder intends to or may propose in the Long-Term RFP is commercially-proven technology for purposes of the Long-Term RFP, Bidder may submit a request to ESI and the Independent Monitor seeking the desired clarification and ESI will answer the request. Please see page 4 of the public notice of the RFP, dated April 30, 2015 (“Notice of RFP”), for information regarding the submission of questions about the RFP to ESI and the Independent Monitor. Bidder may be required to supply information concerning the subject CCGT technology and potential Developmental Resource to ESI and the Independent Monitor to assist ESI in the development of its answer.

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<p><b>AGC:</b> Required.</p> <p><b>Steam Injection for Power Augmentation:</b> Not permitted.<sup>2</sup></p> <p><b>Heat Rejection Systems, including the main condenser and mechanical draft cooling tower:</b> Must be sufficiently sized to allow continued operation of all combustion turbines in the event of a steam turbine trip.</p> <p><b>Joint Ownership (Acquisition Resources Only):</b> Not permitted.</p> <p><b><u>Limited-Term RFP</u></b></p> <p><b>Technology:</b> Technology for any baseload, load-following, or peaking resource eligible to obtain MISO capacity credits other than a demand-side management, distributed generation, energy efficiency, system sale or intermittent resource.</p> <p><b>Developmental Resource:</b> Single integrated plant; unit contingent product.</p> <p><b>Minimum Size:</b> 150 MW</p>	
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<sup>2</sup> Inlet evaporative cooling is not power augmentation for purposes of the RFP.

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	(Summer Conditions, at full load) Resources offering maximum operational flexibility are preferred.	
Project Location	<p><b><u>Long-Term RFP</u></b></p> <p>The resource must be electrically interconnected directly to the Entergy Transmission System within the Western Region. Please see Attachment 1 below for a map of the Western Region Transmission System (“Western Region”).<sup>3</sup></p> <p><b><u>Limited-Term RFP</u></b></p> <p>The resource needs to be located within MISO South.<sup>3</sup></p>	<p><b><u>Long-Term RFP</u></b></p> <ul style="list-style-type: none"> <li>○ The resource must be capable of satisfying local reliability/voltage stability requirements identified in the RFP.</li> <li>○ The resource must be interconnected at a transmission (as opposed to distribution) level.</li> </ul> <p>Note: As indicated in the Notice of RFP, based on Entergy Transmission planning analysis, new generation interconnected at the Lewis Creek, Ponderosa, Jacinto, or Porter substation is projected to be part of a least-cost, long-term solution to address ETI’s combined local voltage stability and overall capacity and energy needs. The locations of the Lewis Creek, Ponderosa, Jacinto, and Porter substations are shown on the map provided in Attachment 1. ESI expects that, all else being equal, a new generation resource directly interconnected to one of those four substations would have lower total transmission upgrade costs to meet local voltage stability transmission planning criteria than if directly interconnected to another substation in the Western Region.</p> <p><b><u>All Developmental Resources (including those for the Long-Term RFP)</u></b></p> <p>Bidder must include a map and plat of the project location.</p>
Site Control	Bidder must show that Seller (or an	<ul style="list-style-type: none"> <li>○ Bidder should provide a redacted copy of the definitive agreements or</li> </ul>

<sup>3</sup> If a Bidder is unclear whether a Developmental Resource that Bidder intends to or may propose in the RFP would be located within the Western Region (Long-Term RFP) or MISO South (Limited-Term RFP), Bidder may request that ESI advise Bidder whether the Developmental Resource is within the Western Region or MISO South and ESI will answer the request. Please see page 4 of the Notice of RFP for information regarding the submission of questions about the RFP to ESI and the Independent Monitor. Bidder may be required to provide information concerning the location and planned interconnections of the Development Resource and other relevant information to assist ESI in the development of its answer.

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	<p>affiliate under Seller’s control) has control of the site on which the project would be located <u>or</u> has a valid, binding, and enforceable contract to obtain control of the project site for the full delivery term proposed by Bidder or the expected useful life of the resource. A letter of intent, memorandum of understanding, or other similar document contemplating the subsequent negotiation of a definitive agreement, in each case regarding Bidder’s control of the project site, will not satisfy the foregoing site control requirement.</p>	<p>documents establishing the requisite control.</p> <ul style="list-style-type: none"> <li>○ Bidder must provide its own project site. ETI will not offer to third-party bidders the use or control of any potential project site that ETI owns or controls.</li> </ul>
Fuel Supply & Transportation	<p>Bidder must have a viable plan for fuel supply and transportation capable of meeting the RFP’s requirements for the resource, and provide reasonable support for the viability of the plan.</p>	<p>The fuel supply and transportation plan should include (and provide reasonable support for the viability of) the project’s fuel supply, source(s), transportation, storage (if applicable), and infrastructure for the delivery and processing of fuel for the resource.</p> <p><b><u>CCGT Technology (Long-Term RFP and Limited-Term RFP) and Other Gas-fired Technology (Limited-Term RFP Only)</u></b></p> <ul style="list-style-type: none"> <li>○ Bidder must identify all available natural gas pipelines that would reasonably be considered candidates for interconnection with the project.</li> <li>○ Bidder must provide an estimate of the cost to interconnect the resource with each natural gas pipeline that would be directly interconnected to the project.</li> <li>○ Bidder must identify the natural gas pipeline interconnection(s) covered in and supported by the project cost estimate, including the pipeline operating pressure(s) and whether firm transportation capacity is</li> </ul>



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	<p>available. For the Long-Term RFP, the resource, if and when constructed, will be required to be interconnected to a minimum of two separate natural gas pipelines that would provide fully redundant gas transportation service for the resource.</p> <ul style="list-style-type: none"><li>○ Bidder must provide reasonable evidence that the natural gas pipeline(s) that would serve the project can provide adequate flexibility to ensure load-following capability of the proposed resource (<i>e.g.</i>, non-ratable service, swing capability, imbalance provisions) and adequate reliability.</li><li>○ Bidder must identify the pipeline easements and rights-of-way necessary for each pipeline interconnection covered in and supported by the project cost estimate.</li></ul> <p><b><u>Solid Fuel Technologies (Limited-Term RFP Only)</u></b></p> <ul style="list-style-type: none"><li>○ Bidder must identify the source of, and detailed specifications for, the primary and secondary (if applicable) fuel supply required for the technology and design of the resource (<i>e.g.</i>, identify the fuel type and source, and provide a typical analysis of fuel specifications).</li><li>○ Bidder must demonstrate that an adequate supply of the primary fuel exists to support the contract life of the generating unit (<i>e.g.</i>, projected fuel supply availability for entire delivery term to be specified in the proposal).</li><li>○ Bidder must identify the primary mode of transportation for the primary (and secondary, if applicable) fuel supply (<i>e.g.</i>, anticipated quantity of daily deliveries and documentation of carrier capacity).</li><li>○ Bidder must provide a description of the fuel storage facility design, including assumptions used to develop storage capacity (<i>e.g.</i>, facility used to store fuel inventory).</li><li>○ Bidder must specify the capacity of the proposed inventory yard and the target inventory levels for on-site storage.</li><li>○ Bidder must provide a description of the design for all fuel handling facilities (including unloading, processing, and delivery) and demonstrate</li></ul>
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		<p>that the designs are sufficient in size and capacity to support plant operations (<i>e.g.</i>, equipment and facilities used to unload, handle, and recover fuel from delivery and storage).</p> <ul style="list-style-type: none"> <li>○ For solid fuel resources with a waste component, Bidder must provide its waste disposal plan, which should include reasonable descriptions of the types of waste to be disposed of, the means and manner of disposal, and any material environmental issues associated with disposal known to or reasonably foreseeable by Bidder, and provide reasonable support for the viability of the plan.</li> </ul>
Environmental Compliance, Assessment & Permitting	<p>Bidder must provide a viable environmental compliance plan, including reasonable descriptions of Bidder's plan to engineer, design, develop, procure, build, test, own/lease, operate, maintain, and repair the project (including the project site) in compliance with all applicable environmental laws, permits, authorizations, and other requirements, and provide reasonable support for the viability of the plan. Bidder must show that due diligence has been completed and action plans established to a level sufficient to support all permitting activities.</p>	<ul style="list-style-type: none"> <li>○ Bidder must provide a reasonable summary of the plan for complying with environmental laws and requirements applicable to the project.</li> <li>○ Bidder must show that all permitting due diligence necessary to prepare to apply for all required permits has been completed (<i>e.g.</i>, a copy of the draft permit application(s) <u>or</u> a summary of the permit application requirements, including descriptions of the plan to meet those requirements and obtain the permit(s)).</li> <li>○ Bidder must provide reasonably detailed plans to complete a Phase I environmental site assessment in accordance with ASTM E1527-13 and evidence and documentation of due diligence specific to the proposed site sufficient to support such an assessment (<i>e.g.</i>, documentation of work necessary to meet the primary components required under a Phase I according to ASTM E1527) or, if completed, an accurate summary of such assessment.</li> <li>○ Bidder must disclose any reasonably anticipated material permitting obstacles and any pending claim, action, or dispute related to permitting activities related to the resource.</li> <li>○ Bidder must submit its reasonably detailed local community engagement and action plans related to permitting activities related to the resource.</li> </ul>
Electric	Bidder must have submitted a	<ul style="list-style-type: none"> <li>○ Bidder must provide a copy of the IA application submitted to MISO and</li> </ul>

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Interconnection/ Transmission Service	complete generator interconnection application (“ <u>IA</u> ”) for the proposed resource in accordance with the MISO generator interconnection process. The resource must be able to be qualified as a designated network resource and fully deliverable.	<p>MISO queue number.</p> <ul style="list-style-type: none"> <li>○ Bidder’s IA application must have sought (i) a quantity of energy resource interconnection service (“<u>ERIS</u>”) from MISO sufficient for the resource to be fully deliverable and (ii) (a) a quantity of network resource interconnection service (“<u>NRIS</u>”) from MISO sufficient to allow the resource to receive the maximum capacity credits a resource of its capacity size could receive under applicable MISO rules or (b) alternatively, exclusively for NRIS for Limited-Term RFP resources, allocation and prioritization of NRIS for the resource such that the NRIS level associated with the resource capacity that would be under contract to ETI could not limit the amount of MISO capacity credits that ETI would receive for any planning period during the delivery term to be proposed.</li> <li>○ Bidder must provide a copy of the IA acknowledgement letter and/or IA study results from MISO.</li> <li>○ Bidder must identify the substation(s) to which the project would be directly electrically interconnected.</li> </ul> <p>Note: Electrical interconnection and deliverability costs and risks associated with a resource may be an important part of the evaluation of proposals in the RFP. Bidders should be prepared to develop and provide detailed information about the electrical interconnection and deliverability costs and risks associated with their resources/proposals. Some of this information could require significant time and the expertise of one or more third parties to develop and prepare. Bidders will bear exclusive responsibility for obtaining and paying for electrical interconnection and transmission service for their proposed resource, including, without limitation, the costs of interconnection upgrades and upgrades necessary for the required amounts of ERIS and/or NRIS for the resource, and for developing their proposals to include and account for, without limitation, all such upgrades.</p>
Water Source, Treatment, and	Bidder must have a viable plan for access to adequate and sustainable	Bidder must describe the proposed primary source(s) and quality of the project’s raw water supply, the physical and contractual requirements

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Disposal	supplies of water capable of meeting the maximum design requirements of the proposed resource at Summer Conditions, the treatment of water for the resource, and disposal of waste water, and provide reasonable support for the viability of the plan.	necessary to secure and properly utilize the water supply, the adequacy and availability of the water supply to meet the generating resource requirements at full load during Summer Conditions, the applicable water quality specifications for the resource and chemical or physical treatment requirements, and any reasonable available water supply and treatment alternatives. Bidder must also describe its wastewater disposal plan, which should include reasonable descriptions of the source(s) and type(s) of wastewater to be disposed of and the means and manner of disposal.
Project Structure & Finance	Bidder must have a viable plan for project structure and financing that is supported by recent experience and/or market intelligence.	<ul style="list-style-type: none"><li>○ Bidder must describe the plan to finance the project, including a detailed description of any application for publicly subsidized loans, debt guarantees, tax relief, bonds, or other public funding.</li><li>○ Bidder must describe the projected ownership structure of the Developmental Resource prior to the delivery term commencement date or closing (as applicable) and, if proposing a power purchase or tolling agreement, after the delivery term commencement date.</li><li>○ Bidder must be able to provide evidence of at least one recent successful project financing completed by Bidder, Seller, or the parent of Seller <u>or</u> that potential lenders have been engaged in initial, bona fide commercial discussions to ascertain interest, market conditions, and indicative terms.</li><li>○ Bidder must describe how it intends to meet the applicable credit/collateral requirements that will be specified in the RFP.</li></ul>

Bidders that fail to meet one or more of the Minimum Requirements may be required, at ESI's election (in consultation with the Independent Monitor), to provide, or to have Bidder provide, supplemental security (i) as a condition to continued participation in the RFP and (ii) to support any letter of intent entered into by Bidder or Seller (or a party acting on its behalf) in connection with the RFP. The security would be separate from, and in the case of clause (ii) above, incremental to, any letter of credit required to be posted in connection with clause (ii). The purpose of the enhanced collateral support would be to hedge the risk that Bidder (or Seller) will withdraw the proposal, will substantially change the material terms of the proposal, or will be unable or choose not to honor the terms of the proposal prior to completing the negotiation of a Definitive Agreement between Seller and ETI. The amount of the supplemental security would be determined by ESI on a case-by-case basis and would be dependent upon its assessment of the Minimum Requirements not satisfied by

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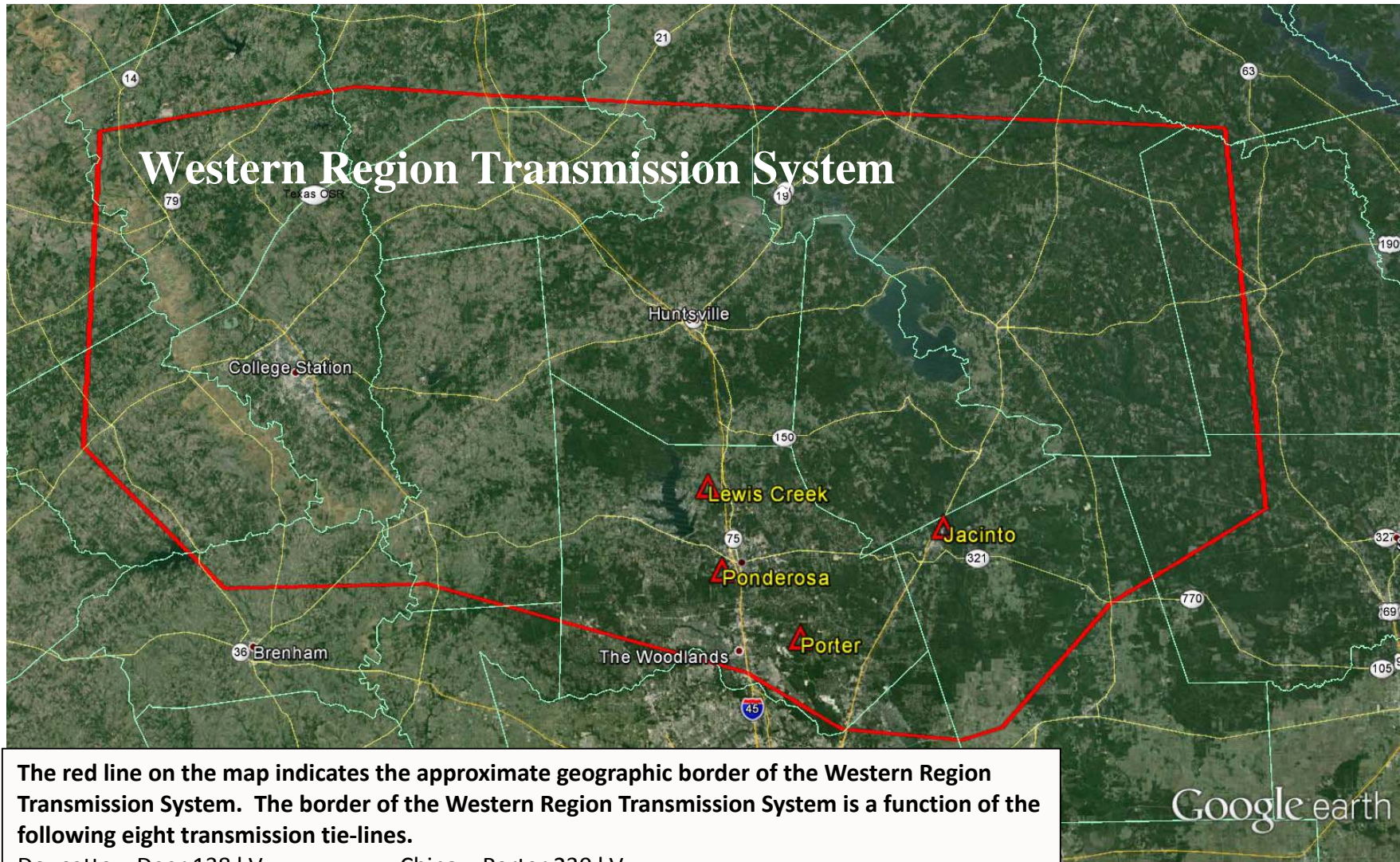
Bidder. ESI's assessment would take into consideration evidence provided by Bidder that it has been using, continues to use, and will continue to use good faith efforts to meet the Minimum Requirements that Bidder has failed to satisfy. The amount of supplemental security a Bidder may be required to post would not exceed \$5 million.

If called upon to post supplemental security, Bidder will have the option either to post (or have Seller post) the required amount of supplemental security or to withdraw the proposal(s) that failed to meet the Minimum Requirements from the RFP. The proposal(s) of any Bidder that posts the required amount of supplemental security according to the terms of the RFP will be allowed to remain in the RFP, subject to compliance with the other participatory terms of the RFP.

Supplemental security posted as a condition to continued participation in the RFP may be replaced with other security upon execution of a definitive agreement between Seller and ETI. If Bidder is required to post supplemental security pursuant to clause (i) above and (a) is not selected for negotiation or potential negotiation of a definitive agreement with ETI or (b) is selected but is subsequently released from its proposal(s) as allowed for in the RFP, the supplemental security will be returned to Bidder, subject to and in accordance with the terms of the RFP and the letter of credit. ETI will have no obligation to return and may retain any and all funds drawn under the letter of credit in accordance with the terms thereof.



Attachment 1  
Map of Western Region Transmission System



**The red line on the map indicates the approximate geographic border of the Western Region Transmission System. The border of the Western Region Transmission System is a function of the following eight transmission tie-lines.**

Doucette – Deer 138 kV	China – Porter 230 kV
Cypress – Honey Island 138 kV	Dayton Bulk – New Long John 138 kV
Cypress – Rye 138 kV	Dayton Bulk – Eastgate 138 kV
Batiste Creek – Jacinto 230 kV	Crockett – Grimes 345 kV