Entergy Louisiana, LLC

REQUEST FOR SOLAR PHOTOVOLTAIC RESOURCES

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TECHNICAL & BIDDER CONFERENCE

APRIL 28, 2020

Entergy we power life

Creating sustainable value for all

LPSC Technical Conference:

Conducted in Compliance with Section 9 of the LPSC Market Based Mechanisms Order (General Order R-26127 C, dated 10/29/2008)

Lauren Temento Evans



Bidder Conference



Introduction

Purpose of the Conference

 To give participants a high-level overview of the 2020 Entergy Louisiana, LLC ('ELL') Request for Proposals ('RFP') for Solar Photovoltaic Resources and related processes

Questions

- Please submit all questions to the Bid Event Coordinator via email at <u>ellrfp@entergy.com</u> (to ensure that ELL has an accurate record of each question posted)
- Refrain from including bidder specific or confidential information in the question to preserve anonymity
- This presentation, along with RFP questions and responses, will be posted to the 2020 ELL RFP Website, <u>https://spofossil.entergy.com/ENTRFP/SEND/2020ELLRenewableRFP/Index.htm</u>
- To the extent ELL's posted response differs from the verbal response given during the conferences, the written response will control

✤ Administrative

- In the event of an inconsistency between the presentation and the RFP documents, the RFP documents will control
- All phones must be on mute
- Please do NOT place your phone on hold
- Email the Bid Event Coordinator at <u>ellrfp@entergy.com</u> with any technical issues or questions



Agenda





Introductions

Entergy Presenters

Shawn Allen
Emilee Bentz
Charles DeGeorge
David Wilcox
Ana Zitkus
Brian Sullivan
Ryan O'Malley
Laura Hamner

ELL Resource Planning Team RFP Administration Team RFP Administration Team Viability Assessment Team Economic Evaluation Team Transmission Evaluation Team Accounting Evaluation Team Credit Evaluation Team

Additional Entergy Participants

Larry Hand Harry Barton James Miller John Pietras Jonathan Bourg Elizabeth Ingram Misty Harris ESL Associate General Counsel ESL Sr. Counsel ESL Assistant General Counsel ESL Assistant General Counsel ELL Resource Planning Team ELL Regulatory Affairs RFP Administration Team

Louisiana Public Service Commission

Lauren Temento Evans Lane Kollen LPSC Counsel LPSC Staff Consultant

Independent Monitor

Wayne Oliver

Merrimack Energy Group, Inc.

RFP Overview and Scope

Shawn Allen



Rationale for the RFP

Three main drivers of the recommendation to proceed with the RFP for solar resources in Amite South / SELPA (Southeastern Louisiana Planning Area)

1	Legacy Unit Risks	ELL's legacy units in Amite South portion of SELPA may require significant sustainability dollars to maintain through their 60-year lives
2	Critical Local Reliability Needs	Local generation is critical to reliability in the Amite South/SELPA region



Stakeholder Interest

ELL's stakeholders have expressed significant interest in seeing incremental renewable generation added to Louisiana's generation portfolio



Location – Southeastern Louisiana Planning Area



- SELPA includes the Amite South & DSG sub-regions
- Prefer resources in Amite South
- This map is approximate
- If a bidder is unclear whether a resource is located within SELPA, the bidder can submit to the Bid Event Coordinator the MISO designated J number coordinates for the resource and the Bid Event Coordinator will respond with a determination whether the resource is located within SELPA or clarifying questions before making such a determination.

ELL Solar RFP - Scope

Scope Item	Solar RFP Detail
Guaranteed Start/COD Date	May 31, 2023, subject to extension by bidder election or change order (to be no later than December 31, 2023)
Transaction Type	Power Purchase Agreement (PPA) Transactions (developmental solar resources) Build-Own-Transfer (BOT) Acquisition Agreement Transactions (developmental solar resources)
Options	 Battery Energy Storage System (BESS) Option (4-hour discharge) Any size DC Coupled Only Commercially-proven lithium ion technology Short-term Operation & Maintenance Option: 2-5 years
Location	Must be interconnected to the ELL Transmission System and located within SELPA with a preference to resources located within Amite South
Capacity Sought (ICAP)	Max Total: Up to 250 MW (reserve right to take more or less) Min/Max Capacity (any individual resource): Min 50 MW; Max 100 MW PPA and 150 MW BOT Max Capacity (by transaction type): 100 MW PPA
Pricing	All-in energy-only pricing for PPAs Single fixed payment for BOTs (excludes investment tax credit for the project and includes all project interconnection, transmission, and deliverability costs)
MISO Interconnection	Existing GIA DPP-2018-APR DPP-2019-Cycle 1
Guaranteed Investment Tax Credit (ITC)	Guaranteed ITC level must be specified in proposal; Seller generally bears risk of ITC loss
Bidder Registration	\$5,000 per proposal + \$1,000 for each battery option after the first battery option for the proposal
Self-Build	Self-build options are not precluded
Entergy Regulated and Competitive Affiliates	Entergy Regulated Affiliates and Entergy Competitive Affiliates are not precluded from submitting proposals

RFP Schedule & Evaluation Process

Emilee Bentz



2020 ELL Solar RFP Overview

Key Milestones

Milestone	Completion Date
Draft Documents Posted	April 16, 2020
Bidder & Technical Conference	April 28, 2020
Comment Deadline for Draft RFP Documents	May 22, 2020
Final RFP Documents Posted	June 16, 2020
Bidder Registration Period (July 6 – 10)	July 10, 2020
Proposal Submission Fee Payment Deadline	July 24, 2020
Self-Build Proposal Submission Deadline	August 7, 2020
Proposal Submission Deadline	August 13, 2020
Notice to Bidders of Primary and Secondary Selections	October 22, 2020
Comprehensive ELL Due Diligence and Definitive Agreement Negotiations Begin	October 23, 2020
Bidder(s) Remaining on Secondary Selection List Released from Proposals	January 22, 2020
Definitive Agreements Executed	August 2, 2021
Regulatory Approval Process Complete	August 2, 2022

* RFP Schedule milestone events and dates are subject to change Entergy, we power LIFE*

Bidder Registration & Proposal Submission

- * Bidder registration and proposal submission will utilize forms and templates posted to
 - 2020 ELL RFP Website
 - Bidder Registration Form
 - PowerAdvocate
 - Proposal Package
 - Proposal Submission Template
 - Due diligence questionnaire(s)
 - Self Assessment Form
 - Proposal Submission Agreement
- ✤ All proposal-related document submissions must be made via Power Advocate
 - Executed Proposal Submission Agreement
 - Complete responses to Proposal Submission Template and diligence requests
 - Proposals not delivered through Power Advocate will not be accepted
- Email will be sent to bidder confirming receipt of documents



Bidder Registration & Proposal Submission

Proposal Submission Fees

- \$5,000 for each registered proposal (Solar PV + Optional O&M + Optional Battery)
 - Any change in COD or price will trigger an additional bid fee of \$5,000
 - A bidder that offers a proposal that also includes more than one alternative battery proposal would be required to pay an incremental charge of \$1,000 for each battery option offered after the first battery option
- Bidder invoiced within three business days after the end of the Bidder Registration Period
- ELL must receive the Proposal Submission Fee for each registered proposal no later than 5:00 p.m. CPT on July 24, 2020 (current schedule)
- If Bidder misses the payment deadline for a proposal the proposal may be subject to elimination



RFP Evaluation Process

- * The evaluation process is designed to be fair, impartial, and consistently applied
 - Prior to submitting proposals, bidders will receive sufficient information to understand the evaluation factors and general decision criteria
 - Detailed inputs and evaluation scenarios will be considered confidential and highly proprietary and will not be shared with potential bidders or the self-build team
 - To the extent practical, evaluation models and assumptions will be defined before proposals are received

Proposals will be reviewed and assessed for the following:

- Economics (Net Supply Cost)
- Production cost (Aurora)
- Interconnection/Deliverability/Transmission
- Viability
- Credit and Collateral Requirements
- Accounting Treatment

✤ Assessments will occur in the following stages:

- Phase I
 - Initial Threshold Determination
 - Preliminary Shortlist (if applicable)
- Phase II
 - Qualitative & Quantitative Assessments



Redaction & Initial Threshold Determination

Redaction

- The purpose of the Redaction Process is to ensure that:
 - Evaluation Teams receive information relevant to their respective areas
 - Bidder Name and identifying criteria is redacted from the information provided to the Economic Evaluation Team
 - Bid price is removed from the information provided to the Viability Assessment Team and the Transmission Evaluation Team (other than specified price approved by the RFP Administration Team that is needed)
- ✤ The RFP Administration Team will open and redact all proposals

Initial Threshold Determination

- ✤ Initial threshold determination will occur early in the proposal review process
- The purpose of this determination is to identify proposals that meet certain minimum threshold requirements for participation in the RFP
- Proposals not meeting threshold requirements will be subject to elimination
- Threshold requirements include, but are not limited to, those concerning:
 - Eligible Participants
 - Eligible Technology
 - Eligible Transactions
 - Eligible Resources

- Resource Location
- Minimum and Maximum Capacity Proposal Requirements
- PPA Delivery Terms (Min 10 Years, Max 20 Years)



Phase I & Phase II Evaluations

Phase I Evaluation will include evaluations primarily by

- Economic Evaluation Team
- Viability Assessment Team
- Transmission Evaluation Team
- Credit Evaluation Team
- * The purpose of the Phase I evaluation is to identify the most economic proposals and to eliminate:
 - Less economic proposals
 - Proposals determined to be unacceptably high-risk
- The purpose of the Phase II evaluation is to evaluate the short-listed proposals in greater detail and develop final rankings and conclusions
- * The output of Phase II will be a Final Report
- * The Final Report will be sent to ELL, which will make proposal selections



Selection

Primary selection list

- Bidder(s) with a proposal on the primary selection list will be invited to negotiate a definitive agreement
- Inclusion on primary selection list is not acceptance of proposal or related contract terms
- No requirement for ELL to place any proposal on the primary selection list

Secondary selection list

- Bidder(s) with a proposal on the secondary selection list may be invited to negotiate the terms of a definitive agreement or may simply be advised of proposal status
- Bidder(s) would proceed to definitive agreement negotiations only if a Bidder(s) on the primary selection list is removed from list
- Bidder(s) must hold offers open for three months after notification of secondary selection



Commercial Terms

David Wilcox



Commercial Terms Overview

Model contracts will be included for this RFP

- During the comment and question phases, Bidders are encouraged to submit questions and provide comments regarding proposed PPA & BOT terms
- In proposals, Bidders may propose exceptions to terms
 - ELL is under no obligation to agree to any exception
 - Significant requested changes could affect viability ratings or eligibility
- BOT Structure Seller will develop, design, build, commission and test the proposed project for ELL at a fixed price. This hybrid structure incorporates EPC principles and generation asset acquisition terms.
- PPA Structure ELL is entitled to all energy, environmental attributes, capacity, capacity-related benefits, and other electric products. Energy will be financially scheduled by Seller to ELL's Load Node.
- Interconnection Seller will be responsible for ALL costs and schedule risks associated with transmission and interconnection for the proposed resource, which should be included in proposal pricing.
- Credit Support Bidders are expected to provide liquid credit support, either Letter of Credit or Cash, and should ensure this in incorporated into bid submission. Bidder's are encouraged to thoroughly review Appendix F.



Commercial Terms Overview - BOT

Agreement Structure	 Bidders will develop, design, construct and test according to requirements in the BOT Agreement (App B-1) and the technical requirements of the Scope Book (App B-2) ELL will purchase the asset at Closing, at which point Title and Risk of Loss transfer to ELL; Care, Custody and Control remain with Seller through Substantial Completion
Purchase Price	 Bidders are required to provide an all-in purchase price Purchase price will be paid only at Closing, Substantial Completion and Final Completion; no progress payments will be made
Substantial Completion	 Guaranteed Substantial Completion requirements - delay damages, capacity re-sizing or buy-down, termination for extended delays Testing requirements include Availability, Capacity, BESS, etc.
ITC and In-Service Requirements	 Resource must be placed In-Service by December 31, 2023 Bidder will bear risk of loss related to ITC benefits due to schedule delays
Project Warranty	 Provide a comprehensive "wrap" warranty, 2 or 3 years "Wrap" may not be conditioned on ELL's selection of any O&M Agreements At the Closing, all unexpired warranties will transfer to ELL, not EPC contract itself

Commercial Terms Overview - PPA

Agreement Structure	 ELL will receive all Energy, Capacity Benefits, Other Electric Products and Environmental Attributes from the resource ELL will pay for delivered energy only, fixed or variable pricing, no indexing 	
COD and Delivery Requirements	 COD requirements - delay damages, capacity re-sizing, termination right for extended delay ITC - Resource must be placed In-Service by December 31, 2023; Bidder wears ITC risk Annual Guaranteed Energy Quantities (AGEQ) - LD's assessed for delivery below AGEQ(P90), 50% price for delivery over 115% of AEEQ(P50); annual shortfall termination rights 	
Financial Settlement	 PPAs are required to financially settle with the ELL Load Node Sellers will be responsible for imbalance charges, including, transaction fees, scheduling charges, revenue sufficiency charges, integration fees, etc. ELL will not accept negative pricing 	
Accounting Treatment	• The Agreement shall not result in the recognition of long-term liabilities to ELL's balance sheet, including lease treatment, derivative accounting or VIE	
Regulatory Disallowance	 Sellers are required to absorb the risks of regulatory disallowance after LPSC approval of the PPA, (e.g., disallowance of replacement energy costs), excluding certain limited cost recovery risks that remain with ELL (e.g., disallowance due to active buyer fault) 	

Viability Assessment

David Wilcox



Viability Assessment

- **The VAT includes subject matter experts from the following focus areas:**
 - · Commercial
 - Plant & Equipment/Operations
 - Environmental & Permitting
 - Renewable Technology
 - Deliverability/Interconnection
 - · Others as needed

* The VAT's key objectives are to:

- Review responses provided in due diligence questionnaires, proposal templates, and clarifying questions (if applicable)
- · Assess the viability of the resources and corresponding proposals bid into in the RFP
- · Confirm the operational characteristics and costs provided by Bidders are reasonable and credible
- * Two-phased analysis
 - Phase I: Evaluate and provide threshold compliance results and conduct high-level risk analyses
 - Phase II: Perform additional due diligence using Phase II scorecards and, if necessary, provide Bidders with clarifying questions



Viability Assessment

* The VAT's role includes evaluating the proposals consistent with the elements shown below





Viability Assessment – Phase I

- * Phase I will consist of an initial VAT assessment that includes confirmation of Bidder provided self-assessment
 - Self-assessment is required for each proposal
 - Proposal is for an eligible technology by an eligible participant from an eligible resource
 - Proposal offer meets MW minimums and delivery term
 - · Proposal is for years for which ELL is seeking resources in the RFP
 - Resource meets the appropriate design and operating specifications
 - Resource is free of fatal flaws and operational or permitting restrictions
 - Proposal aligns with all RFP requirements, including Threshold Requirements
- The VAT will confirm to each of the other evaluation teams that a Bidder's proposal meets the thresholds (or notify them of discrepancies)



Viability Assessment – Phase II

* During Phase II, the VAT will provide a more detailed evaluation and assessment. The VAT assessment will include:

- Evaluating a key list of attributes associated with each of the focus areas identified for the viability assessment
 - The attributes will be assessed in a pre-defined detailed scorecard, ultimately leading to a total viability rating for each proposal
- Confirming the Bidder information provided is reasonable and credible, including operating parameters, deliverability, project timeline, and permit feasibility
- Developing a final viability rating and risk analysis at the conclusion of the VAT's Phase II assessment

***** The VAT will provide the Economic Evaluation Team (EET):

- Confirmation that Bidder's proposal is reasonable, or will provide an alternative view for EET
- A final viability rating and risk analysis, with supporting documentation for further review and incorporation into the economic analysis



Economic Evaluation

Ana Zitkus



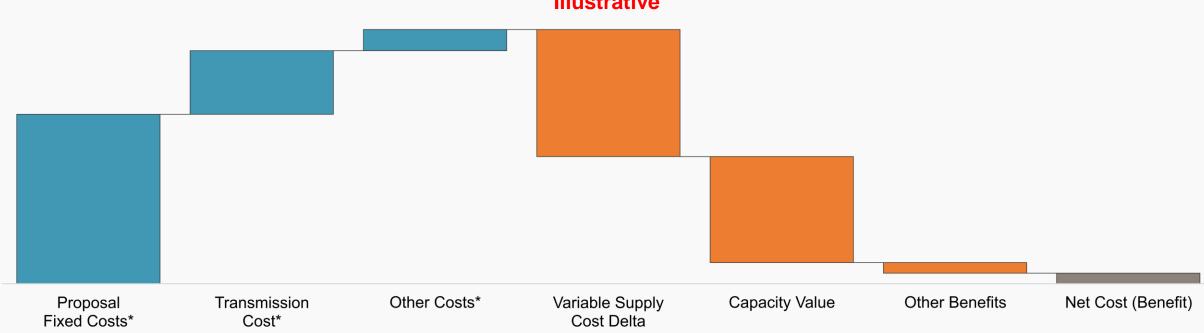
Economic Evaluation Introduction

- The EET will conduct an economic evaluation of proposals submitted in the RFP on a present value basis from the perspective of ELL's aggregate customer base
- ***** The economic evaluation will:
 - · Identify proposals that meet the RFP requirements and rank them based on relative economics
 - Utilize tools and methods commonly used by Entergy Louisiana for long-term planning and resource evaluations, including, but not limited to:
 - Variable supply cost analysis within the context of the MISO markets based on simulations using the Aurora
 production cost modeling software
 - Pricing based on proposal submissions and responses to clarifying questions issued to bidders
 - Property Tax estimates from Entergy's Tax Services group, if applicable
 - Transmission cost estimates, if applicable, from the TET for expected required projects to ensure NERC TPL-001-4 compliance for each proposal
 - ERIS (transmission owner interconnection upgrades (TOIF))
 - NRIS (network upgrades (NU), standalone network upgrades (SANU))
 - Long-term avoided capacity value
 - Alternative structures, such as tax equity partnership
 - · Terminal value, if applicable
 - · Lease accounting treatment, if applicable
 - Imputed debt, if applicable
 - Any other applicable economic benefits, taxes, or costs
 - Include qualitative risk considerations and sensitivity analysis (e.g. scenarios around natural gas and carbon prices) if needed



Economic Evaluation Process

- A net cost / benefit calculation will be performed for each proposal \Leftrightarrow
- The net cost / benefit will be presented in \$M, levelized-real \$/kW-year, and levelized-real \$/MWh to account for \Leftrightarrow differences in proposal size and expected energy production



ELL Customer Total Relevant Supply Cost

Illustrative

Notes:

*Proposal Fixed Costs, Transmission Costs, and Other Costs will be included as part of the all-in energy pricing provided for PPA proposals.

Transmission Evaluation

Brian Sullivan



Transmission Evaluation Team

* The objective of the TET is to:

- Ensure that with the addition of any resource, adequate area reliability is maintained
- Identify any upgrades associated with maintaining adequate reliability
- Assess costs of all transmission infrastructure related improvements required to incorporate each studied resource

* Interconnection requirements and deliverability

- Bidder will be responsible for and bear all the costs associated with the electric interconnection of the facility
- Interconnection costs should be included in Bidder's proposed pricing
- Bidders offering PPAs that require interconnection service need to identify separately the estimated interconnection costs
 - A proposal that omits these costs or takes "special exception" to this requirement will be considered non-conforming and may be eliminated on that basis
- Bidder facility must have existing GIA or be included in the 2018 or 2019 MISO DPP queue
- Resource must be located within SELPA and interconnect to the ELL transmission system
- Resources must remain in the interconnection queue until the resource is eliminated or interconnection service is obtained



Transmission Evaluation Team

- The Transmission Evaluation Team will perform standard analysis to ensure each proposal does not negatively impact the reliability of the transmission system
- **Analysis may include but is not limited to:**
 - NRIS deliverability analysis
 - ERIS deliverability analysis
 - Standard steady state power flow analysis to identify potential projects based on ESL's annual TPL-001-4 analysis and ESL's Local Planning Guidelines and Criteria
 - Transient Stability, Voltage Stability, and Short Circuit analyses per TPL-001-4 and ESL's Local Planning Guidelines and Criteria
 - Cost estimating and scheduling analysis for interconnection and transmission facilities
 - Fault Induced Delayed Voltage Recovery(FIDVR) analysis



Accounting Evaluation

Ryan O'Malley



Accounting Evaluation

- The Accounting Evaluation Team will assess potential accounting effects of PPA proposals, including, but not limited to:
 - Whether the proposal contains a lease resulting in the recognition of a long-term liability for ELL or its affiliates under the rules in effect during the term of the proposal (ASC 842 analysis)
 - Whether the legal entity owning the proposed generating asset is a variable interest entity ("VIE") and, if so, who will consolidate the VIE throughout the term of the agreement (ASC 810 analysis)
 - Whether the proposal is or includes a derivative and, if so, the appropriate accounting for the derivative (ASC 815 analysis)
 - · Other accounting impacts from the proposal

* The Accounting RFP requirements include:

- ELL will not accept proposals that would result in the recognition of a long-term liability for ELL or its affiliates ("on-balance sheet accounting")
- Bidder will certify that it has determined that, to the best of its knowledge, the proposed PPA will not result in on-balance sheet accounting for ELL or its affiliates
- Bidder will be required to make available all information required to verify and/or independently determine the accounting treatment associated with a proposal

ELL will not accept the risk of any transfer to its books of any long-term liability associated with a PPA arising out of the RFP



Credit Evaluation

Laura Hamner



Credit Evaluation

- * The Credit Evaluation Team (CET) will evaluate Bidder's credit and other credit-related matters
- * The Credit RFP requirements include:
 - Bidder must nominate the parent guarantor at bidder registration; limited to one nominee
 - Financial statements for Bidder and parent guarantor must be provided at bidder registration
 - Public credit ratings, if any, for Bidder and parent guarantor must be provided at bidder registration
 - Forms of acceptable incremental credit support have been narrowed (to letters of credit and cash holdbacks), reflecting ELL transaction experience
 - Specific liquid credit support amounts, available offset amounts, and credit events (which can eliminate credit offsets) will be set out in the credit appendix
 - Special exceptions to core credit terms are not permitted
 - Bidder must submit with its proposal(s) a credit compliance certification acknowledging its familiarity with the terms of the credit appendix and certifying that the proposal(s) (including proposal pricing) reflect and comply with credit appendix requirements



Credit Evaluation

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



Process Safeguards

Emilee Bentz



Process Safeguards

Code of Conduct

- All employees of ESL, any Entergy Operating Company, or any Entergy Competitive Affiliate must adhere to the applicable Affiliate Rules and Codes of Conduct
- Links will be provided on the 2020 Entergy Louisiana, LLC RFP website

Additional Protocols

- Each 2020 Entergy Louisiana, LLC RFP Proposal Evaluation Team is made up of designated personnel
- The RFP process is overseen by the IM
- ESL personnel involved with the 2020 Entergy Louisiana, LLC RFP evaluation process will adhere to the provisions of a confidentiality acknowledgement that governs access to and use of information contained in proposals and proposal related documents
- Additional protocols will be specified in the 2020 Entergy Louisiana, LLC RFP

RFP Process Design and Implementation

- RFP process has been designed to assure fair and impartial treatment of all Bidders
- Self-build proposal will be finalized and "locked down" with oversight from the IM prior to the receipt of third-party bids

Stakeholder Participation

- The RFP is posted on ESL's public 2020 Entergy Louisiana, LLC RFP website and is publicized to encourage robust market participation
- Bidders and Technical Conference
- Potential Bidders will be provided opportunities to ask questions about the RFP and seek clarification on the RFP process



Q&A Session

- Questions received during today's conference will be posted to the RFP Website: <u>https://spofossil.entergy.com/ENTRFP/SEND/2020ELLSOLARRFP/index.htm</u>
- * ELL will accept written questions/feedback about the RFP from market participants and other interested parties
- * Questions may be emailed to the Bid Event Coordinator at <u>ellrfp@entergy.com</u>



Q&A Session

ELL requests that Bidders submit all questions to the Bid Event Coordinator at <u>ELLRFP@ENTERGY.COM</u>

Submission deadline for todays Q&A session is 1pm.

