



Appendix C-2

***Preliminary Due Diligence List
(Existing Resources)
for
2020 Request for Proposals
for
Combined-Cycle Gas Turbine
Capacity and Energy Resources
for
Entergy Texas, Inc.***

Entergy Services, LLC

April 28, 2020

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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PRELIMINARY DUE DILIGENCE LIST (EXISTING RESOURCES)

Bidders who intend to submit a proposal in the RFP based upon an existing resource must provide a comprehensive response to each question set forth in this Appendix C-2. Bidders should respond to any question that does not apply to the proposed existing resource with an “N/A” or “not applicable.” **Bidders must respond to each question by 5:00 pm CPT on the Proposal Submission Deadline.** Bidders are required to submit their response to the questions below in such a way that clearly identifies the question to which each response pertains, and then provide the response via PowerAdvocate to the Bid Event Coordinator.

If selected for the Preliminary Shortlist, Bidder’s complete responses to this Appendix C-2 and more detailed information that may be requested by ETI will be required to be provided to the Bid Event Coordinator no later than one week of the notice and request. Failure to provide a comprehensive response could negatively affect a proposal’s overall viability ranking. Bidders should keep in mind that this Appendix C-2 is not a prescriptive list of requirements for its facility, but instead is a list of items that the RFP evaluation teams will use to assess the viability of individual resources. Any item requested in this Appendix C-2 that is not available, not presently known, or not otherwise provided by Bidder may count against its final viability score, but will not necessarily, in and of itself, cause its proposal to be declared non-conforming.

PRELIMINARY DUE DILIGENCE LIST FOR ALL EXISTING RESOURCES

1. Resource Overview and MISO

- 1.1. Bidder must provide a thorough summary description of the resource, including, but not limited to, the location, site description, nameplate capacity and the capacity of the proposed Facility at Summer Conditions, technology technology/generating equipment, water source(s), and fuel source(s). Anything provided in the summary should not otherwise limit Bidder’s response to any of the requirements below.
- 1.2. Please provide a list and summary of all power supply contracts or other off-take agreements that are currently in place or that are expected to be in place anytime in the future (including ancillary services). This list and summary shall include any electrical utility supply, including transmission or distribution sources used for powering plant or site auxiliary loads.
- 1.3. Please provide a summary of the ownership or any joint ownership of the resource.
- 1.4. In detail, please describe Bidders experience within MISO or other RTO markets.

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- 1.5. Provide the details of the current MISO commercial model registration for the resource, including the market participant, MDMA and unit parameters.
- 1.6. Is the resource represented in the MISO market by an entity that isn't Bidder or Bidder's Affiliate? If so, please provide the details and a copy of any marketing agreements that may be in place regarding the resources' representation in MISO.
- 1.7. For any year the resource has participated in the annual MISO capacity auction, please provide the results, including the MW amount bid and the MW amount awarded.
- 1.8. For any year the resource has not participated in the annual MISO capacity auction, please explain why the unit was not made available to MISO for the annual capacity auction.
- 1.9. Provide all details, including sink nodes, for any Auction Revenue Right (ARR) Entitlements, if any, that are sourced from this resource.
- 1.10. For any year the resource had ARR entitlements, please provide the results, including the MW amount nominated and the MW amount awarded in the MISO ARR Allocation process.

2. Environmental

- 2.1. Does the resource have an Environmental Management System in place? If so, please describe the system in detail.
- 2.2. Provide a list and summary of any potentially contaminated activities at or nearby the facility/site that may have been identified or that Bidder may be aware of.
- 2.3. Provide a list and summary of all environmental permits/registrations, including any federal, state or municipal permits issued related to the facility or site.
- 2.4. Describe any pending permit-renewal proceedings, any pending requests for modification, and any expected hurdles to re-issuance.
- 2.5. Provide copies of any past or current environmental site assessments, including any draft and final reports of investigations or remediation studies of site or facility conditions, regarding past or current environmental conditions whether prepared on behalf of the owner or in the owner's possession or control.
- 2.6. Provide copies of any facility or site environmental audit reports, including results and corrective actions (including audits conducted internally and externally by federal or state agencies).

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- 2.7. Have there been any compliance actions as a result of prior environmental audit findings?
- 2.8. Describe the facility's environmental performance over the past five years (i.e., annual wastewater violations, excess air emissions unrelated to startup and shutdown, reportable spills and releases).
- 2.9. Are there any proposed or pending environmental regulatory changes that would affect the plant operating status? Will facility equipment changes be required? If so, please list and describe each pending change.
- 2.10. Has an assessment been made to determine if any material capital expenditures or material expenses need to be incurred to comply with any environmental regulations that have been proposed (whether in preliminary or final form) but have not become effective?
- 2.11. Has the site or facility been evaluated for a change in operations or alteration, including start-up and shut-down emissions and any expansion? Provide copies of all relevant documents, including any assessment, form, statement, or environmental report, and specify the status of such document(s) and the process.
- 2.12. Provide a list of all groundwater monitoring or production wells at the site or facility and provide copies of state registrations for each well. Additionally, provide copies of geological and hydro geological maps that provide details of the soil and groundwater underneath the plant.
- 2.13. Does documentation exist on the details of the geological and hydro geological nature of the soil and groundwater underneath the facility/site? If so, please provide the supporting information.
- 2.14. Has a wetlands survey been completed for the proposed site? Have any potential wetlands been identified on the property? Please provide a copy of any wetlands surveys which have been completed (including desktop reviews and on-site surveys).
- 2.15. Has the site been evaluated to determine if it is located in a flood hazard area? If so, identify the FEMA flood zone, the corresponding level of exposure and provide a copy of the study.
- 2.16. If the site is within a 100-year floodplain or flood prone area, provide a detailed flood mitigation plan.
- 2.17. Has the project site ever flooded? If so, for each flood event provide:
 - 2.17.1. The date(s) and duration of event, as well as the depth of water impacting the site.

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- 2.17.2. Confirmation if the resource was able to continue operating during the flood event. If the resource was taken out of service, confirm if the resource was taken offline as a precaution or if the flood event caused the resource to be inoperable.
- 2.17.3. A detailed list, which will include at a minimum a description and cost, of all repairs to any and all equipment as well as the project site.
- 2.17.4. A detailed list of all outages and derates caused by each flood event.
- 2.17.5. A list of all actions that have or will be taken in the future to prevent or reduce the likelihood the project site or resource will be impacted by future floods.
- 2.17.6. Confirm if a sea level rise (due to climate change) study has been performed and if so, please provide.
- 2.18. Describe the Cross-State Air Pollution Rule (CSAPR) (or the equivalent regulation in place or proposed) compliance requirements and the quantity of emission allowances allocated to the generating facility.
- 2.19. **Site Control and Assessment**

Please describe the project site, including the following:

 - 2.19.1. List the real estate and related facilities and real property interests with legal description(s), required for ownership, use, and/or operation of the resource.
 - 2.19.2. Provide a site map indicating the boundary of the full project site.
 - 2.19.3. Has the proposed site been formally assessed for risks related to environmental contamination, habitat or other pre-existing conditions? Please provide the executive summary of any formal reports.
 - 2.19.4. Is the proposed project site within a floodplain? If so, identify the FEMA zone and the corresponding level of exposure.
 - 2.19.5. Indicate what surveying or testing has been performed at the site and summarize the results or provide any executive summaries related to the surveying or testing.
 - 2.19.6. List all easements, rights-of-way, servitudes, and other land or facility use agreements entered into in order to own, use, and/or operate and maintain the Facility and associated infrastructure.
 - 2.19.7. Please provide the following details regarding the proposed site:
 - Please describe the exact location, i.e., street address or latitude and longitude if in a rural location.
 - Provide a property plat, if available.
 - Other available acreage adjacent to the site.
 - 2.19.8. Please provide the following documentation for the proposed site:
 - Title insurance commitments covering all real property (including appurtenant easements) comprising the proposed site.
 - ALTA surveys, referencing the above title commitments, covering all real property (including appurtenant easements) comprising the proposed site, showing all existing improvements and site features, access to nearest public roads, and plotting all plottable exceptions listed on such title commitments (or noting that such exceptions are either unplotable or do not affect the site).

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- Copies of the vesting instruments for the proposed site (including appurtenant easements), and all documents listed as exceptions in such title commitments or surveys.
- Copies of real property tax documentation.
- Other available real property documentation.

3. Transmission

- 3.1. Provide a description of interconnection facilities.
- 3.2. Provide a copy of the generator interconnection agreement and any and all related or similar agreements for the resource that have been executed or that are material for interconnection, deliverability, or transmission capabilities.
- 3.3. Provide the maximum generator/facility capability as studied in the generator interconnection agreement (PMAV Value).
- 3.4. If applicable, provide details regarding any pending requests for NRIS and/or ERIS for the facility including:
 - 3.4.1. The current status of interconnection agreement including status of any pending interconnection requests and any interconnection-related upgrades associated with those requests.
 - 3.4.2. List of mandatory thermal, stability and short circuit upgrades along with cost and time frames to implement the mitigation. (Based upon facility study, if completed and available.)
- 3.5. Provide details regarding any RTO-sponsored deliverability studies from the facility.
- 3.6. Provide any details that are available about any past system impact studies or facility studies for NRIS or ERIS for the facility.
- 3.7. Provide any information available that will help ETI evaluate the ability of the Bidder to qualify the facility (or portion thereof) as a Long-Term Network Resource in MISO.

4. Credit and Financial Information

- 4.1. Provide a detailed description and organizational chart of the current ownership structure for the project as well as any past ownership.
- 4.2. Provide a reasonably detailed summary Bidder's/seller's plan for meeting the credit/collateral requirements outlined in the RFP, include the form of collateralization

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Bidder or Bidder's Credit Support Provider intends to offer for purposes of meeting the RFP credit and collateral requirements.

- 4.3. Provide the entity that the Bidder proposes as the Seller Parent Guarantor (including, without limitation, as a financial co-signer) in respect of any Definitive Agreement and/or related agreements.
- 4.4. List any actual or expected:
 - 4.4.1. Plant-specific debt instruments.
 - 4.4.2. Credit agreements, indentures, letters of credit, reimbursement agreements, guarantees, indemnity or assumption agreements and agreements relating to contingent obligations and any amendments thereto
 - 4.4.3. Security or pledge agreements.
 - 4.4.4. Any agreements or instruments evidencing a lien or encumbrance on or other right with respect to any of the assets of the plant.
- 4.5. Provide, in PDF form, the current pro forma financial statements for the proposed project, the audited financial statements for Seller and/or Bidder's proposed Seller Parent Guarantor for the most recent two years, and the current-year reviewed quarterly financial statements, including the auditor's opinion and notes to the financial statements, the balance sheet, the income statement, and the cash flow statement (indicating which of the following are being submitted: 10-Ks; 8-Ks; 10-Qs; and Other (describe)), along with the long-term debt structure and lien information that might affect the creditworthiness of Bidder and/or its Seller Parent Guarantor.
- 4.6. Proposal must include the following information for the Bidder and any entity that Bidder proposes as a Credit Support Provider in respect of any Definitive Agreement:
 - 4.6.1. Type of Business
 - Corporation
 - Limited Liability Company
 - Partnership
 - Other (describe)
 - 4.6.2. Organization
 - Legal Corporate Name
 - Street Address
 - City, State, Zip Code
 - Dun & Bradstreet Number
 - Federal Tax ID Number
 - Beneficial Ownership
 - List of Executives and Directors
 - 4.6.3. Credit Contact
 - Name
 - Title

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- Phone Number
- Email Address
- 4.6.4. For Corporations/Limited Liability Companies
 - Date and State of Incorporation/Registration
 - Street Address
 - City, State, Zip Code
- 4.6.5. For General Partnerships
 - Name of General Partner
 - Address of General Partner/Registered Agent
 - City, State, Zip Code
- 4.6.6. Most recent credit rating as determined by Moody's and/or S&P (if available)
- 4.6.7. Most recent three (3) fiscal years and current fiscal year quarterly audited financial statements and accompanying notes. Please indicate which statements below are being submitted.
 - 10-K
 - 8-K
 - 10-Q
 - Other (describe)

To the extent the information in 4.5 and 4.6 was requested and provided as part of the Bidder Registration Process, Bidder may note this fact in its response and provide only the material and information not previously provided. If financial information is consolidated with other entities, the data related to Seller or Seller Parent Guarantor must be extracted and submitted as separate documents by Bidder.

- 4.7. A list and summary of any pending claims, actions, disputes or other proceedings currently pending or threatened against the resource.
- 4.8. A list and summary of all bankruptcy court orders, including the order discharging the project and debtor from the bankruptcy proceedings.
- 4.9. A list and summary of project contracts not rejected during the bankruptcy proceedings and still in effect, in any.
- 4.10. Advise as to whether any project funds are subject to a constructive trust or equitable lien in favor of third parties (per ruling of bankruptcy court).
- 4.11. A list and summary of any pending claims, actions, disputes or other proceedings currently pending or threatened against the project.
- 4.12. A list and summary of contracts rejected by the debtor/project and terminated during the bankruptcy proceedings.

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5. Taxes

- 5.1. Provide any tax abatement or other tax reduction or similar agreement executed by or on behalf of Bidder/Seller or any Affiliate with any federal, state, or local authority with respect to or affecting the project or the project site, including all amendments to any such agreement. If no such agreement is in place, identify and describe any proposed tax abatement or tax reduction proposed for the project or assumed in the proposed purchase price.
- 5.2. Provide relevant documents related to any formal or informal property tax protests, litigation filed, related correspondence, legal opinions received, and judicial or administrative decisions rendered during the last ten years and year-to-date, and current status of any such proceedings.
- 5.3. Provide copies of any formal or informal property tax agreements (*i.e.*, PILOT, TIP, etc.) with state or local authorities in force during the preceding five years, or effective in the current year or succeeding years.
- 5.4. List of all applicable tax jurisdictions, tax rates, millage rates, assessment ratios, current equalization ratio.

6. NERC/CIP Compliance

- 6.1. Information on what Regional Transmission Organization this plant was registered with and when.
- 6.2. Copy of current NERC/CIP compliance program documents pertaining to facility.
- 6.3. Copy of or explanation of any open mitigation plans and associated actions.
- 6.4. Copy of last audit report (public version).
- 6.5. Provide the CIP impact level of the interconnection and plant facilities.

7. Plant and Equipment

- 7.1. Summary of property, plant and equipment.
- 7.2. Site plan and general arrangement drawings, including fuel and transportation infrastructure, inventory storage (if applicable) and one-line diagrams.
- 7.3. Station description and major equipment list (e.g., turbines, air pollution control equipment, water supply and wastewater discharge, fuel and ash handling).

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7.4. Operational characteristics

- 7.4.1. Provide a description of the various modes of operation of the generating unit.
- 7.4.2. Provide the minimum and maximum load range in each mode of operation and the limiting factor(s) for each mode.
- 7.4.3. Provide declared maximum and historical ramp rates over the load range for each mode of operation.
- 7.4.4. Provide minimum run times and the basis for the established minimum run time.
- 7.4.5. Provide a typical start-up MW and fuel usage profile versus time for each type of start-up (hot, warm and cold).
- 7.4.6. Define hot, warm and cold start-up in terms of time off-line.
- 7.4.7. Provide the typical shutdown time.
- 7.4.8. Turbine generator ramp rate.
- 7.4.9. Cold start time.
- 7.4.10. Hot start time.
- 7.4.11. Minimum down time.
- 7.4.12. Provide the MVAR capability range of the generator. (Include 'as tested results').
- 7.4.13. Is the unit equipped with automatic generation control (AGC)?
- 7.4.14. What is the operating range of the unit under AGC?

7.5. Operating Parameters

The items below are required to be included or specifically addressed in any Definitive Agreement.

- 7.5.1. Start-Up Charge (\$/Completed Start/CT) for each a hot, warm and cold start.
- 7.5.2. Start Fuel Amount (MMBtu (HHV)) for each a hot, warm and cold start.
- 7.5.3. Maximum number of Completed Starts per day and per contract year.
- 7.5.4. Minimum Run Time following a Completed Start.
- 7.5.5. Minimum Down Time required between Completed Starts.
- 7.5.6. Maximum Start-Up time – the amount of time permitted to achieve a hot, warm and cold start.
- 7.5.7. Maximum Ramp Rate.

7.6. Plant design life

- 7.6.1. Provide the original COD for the resource and/or all major pieces of equipment (if different).
- 7.6.2. Provide the OEM design life of major pieces of equipment.
- 7.6.3. How many years of useful life remain?
- 7.6.4. Have any modifications, upgrades, improvements or practices been made to extend the resource an assumed 30-year life? If so, provide a detailed list of any and all modifications, upgrades, improvements or practices, including the cost.
- 7.6.5. Are modifications, upgrades, improvements or practices planned to that will extend the resource an assumed 30-year life? If so, provide a detailed list of any and all modifications, upgrades, improvements or practices, including the cost.

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8. Operations and Maintenance

- 8.1. Provide all Capital and Maintenance Expenditures from 2010 to current, by FERC accounting code, or if not available by FERC accounting code, then by significant category.
- 8.2. Provide a list the various entities that have been in charge of operation and maintenance of the plant, including any major sub-contractors to date, and provide a timeline if there have been multiple entities.
- 8.3. Provide all electric generating statistics including, but not limited to: (COD – present)
 - 8.3.1. Gross, auxiliary, and net generation and (if applicable) current UCAP (or unforced capacity) and ICAP (or installed capacity) recognized by MISO (or the RTO where the facility is located).
 - 8.3.2. Unit heat rate.
 - 8.3.3. Average annual unit heat rate.
 - 8.3.4. Actual heat rate curve (at unit minimum, 50%, 75%, unit maximum):
 - Summer months
 - Winter months
 - All other months
 - 8.3.5. Guaranteed Heat Rate Curves (at unit minimum, 50%, 75%, unit maximum):
 - Summer months
 - Winter months
 - All other months
 - 8.3.6. Provide all NERC GADS events from 2010 to current.
 - 8.3.7. Provide the following information from 2010 to current.
 - EFOR
 - Historic outage rates (forced, maintenance, planned, etc.)
 - Planned outage schedule
 - History of planned outages major units
 - Historic service hours
 - Accredited unit capacity
 - Derate causes, time, and kWh
 - 8.3.8. Turbine overhaul cycle (year) & outage time (weeks).
 - 8.3.9. Start fuel quantity (MMBtu) and start time (hours) for a hot, warm and cold start.
- 8.4. Provide the number of boiler and turbine cold, warm, and hot starts since COD, and a summary of LTSA limitations per year.
- 8.5. Provide the site black start capability, if applicable.

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- 8.6. Since 2010, provide the Spinning and operating reserve capabilities and historic performance.
- 8.7. Provide a list and summary of all existing and past (since 2010) operation/maintenance contracts (e.g., operating agreements, LTSA, water contract/rights).
- 8.8. Please confirm whether the site has any water usage restrictions that could potentially impact sustained operations.
- 8.9. Since 2010 provide all LTSA contractor related operation summaries / reports.
- 8.10. Provide a list and results summary of any boiler, turbine, or unit performance tests from commissioning and also since COD.
- 8.11. Since 2010 provide a list and copies of all inspection reports for boilers, turbines, generators, major pumps and motors, high energy pipe and condenser(s).
- 8.12. Capital Projects:
 - 8.12.1. Provide a list of all major capital expenditures (over \$1 million) that will be required over the next 10 years.
 - 8.12.2. Provide detailed information on all major capital expenditures (over \$1 million) made on the generating resource over the last three years.
 - 8.12.3. Provide capital work requests and major maintenance expenditures planned.
 - 8.12.4. Provide a list of all capital projects/commitment contracts, agreements and orders.
- 8.13. Provide a detailed list of site spares inventory (major components and value).
- 8.14. Provide a list and summary of any material contracts/commitments for the resource and any amendments thereto. In the list, also note which material contracts/commitments would be expected to be assigned to Buyer.

9. Fuel

- 9.1. Provide the projected delivered fuel costs, for the next five year, broken out by commodity and transportation.
- 9.2. Provide a list and summary of all commodity, transportation and storage tariffs and/or agreements. At a minimum, include counterparty name, execution date, contract term and cost for each.
- 9.3. Provide the current pipeline infrastructure, design capacity and contractual arrangements for all pipelines interconnected to the facility.
- 9.4. Provide the details (including distance and location) of any other pipeline located near the facility (but not current interconnected).

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Annex C-2

Form of Accounting Certification

2020 ETI CCGT RFP
ACCOUNTING CERTIFICATION

Bidder acknowledges that Entergy Texas, Inc. (“ETI”) will not enter into a power purchase agreement or any related agreement pursuant to the 2020 Request for Proposals for Combined-Cycle Gas Turbine Capacity and Energy Resources for Entergy Texas, Inc., that will or may result in the recognition of a long-term liability on the books of ETI (of any of its affiliates).

The undersigned individual hereby certifies that *{he/she}* is an Accounting Officer (as such term is defined in Section 6.1.5 of the Main Body of the RFP) and that, to the best of *{his/her}* knowledge, as of the date hereof, neither a PPA/Toll (Appendix B-1 or B-2 to the RFP) nor the transactions thereunder or contemplated thereby will require, under the accounting standards and generally accepted accounting principles in the United States (US GAAP) existing at the time of this certification or that will be in effect during the term of the proposed power purchase agreement with ETI, the recognition of a long-term liability by ETI or any of its affiliates on its or any of its affiliates’ financial statements by any means, including through lease, “variable interest entity” or derivative accounting or for any other reason.

Bidder Number *{Insert Bidder Number Assigned to Bidder}*

By:_____

Name:_____

Title:_____

Date:_____

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