



Entergy Louisiana, LLC

REQUEST FOR SOLAR PHOTOVOLTAIC
RESOURCES

TECHNICAL & BIDDER CONFERENCE

MARCH 24, 2021

Creating sustainable value for all



Entergy®

WE POWER LIFESM

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)

Theron Levi

Bidder Conference

Introduction

❖ Purpose of the Conference

- To give participants a high-level overview of the 2021 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 ellrfp@entergy.com (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 2021 ELL RFP Website, <https://spofossil.entergy.com/ENTRFP/SEND/2021ELLSolarRFP/Index.htm>
- To the extent ELL's posted responses differ from the verbal responses 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 ellrfp@entergy.com with any technical issues or questions

Agenda



Introductions

Entergy Presenters

Shawn Allen	ELL Resource Planning Team
Emilee Bentz	RFP Administration Team
Chris Sistrunk	Viability Assessment Team
Ana Zitkus	Economic Evaluation Team
Jonathan Valone	Transmission Evaluation Team
Ryan O'Malley	Accounting Evaluation Team
Laura Hamner	Credit Evaluation Team

Additional Entergy Participants

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

Louisiana Public Service Commission

Theron Levi	LPSC Counsel
Lane Kollen	LPSC Staff Consultant

Independent Monitor

Wayne Oliver	Merrimack Energy Group, Inc.
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RFP Overview and Scope

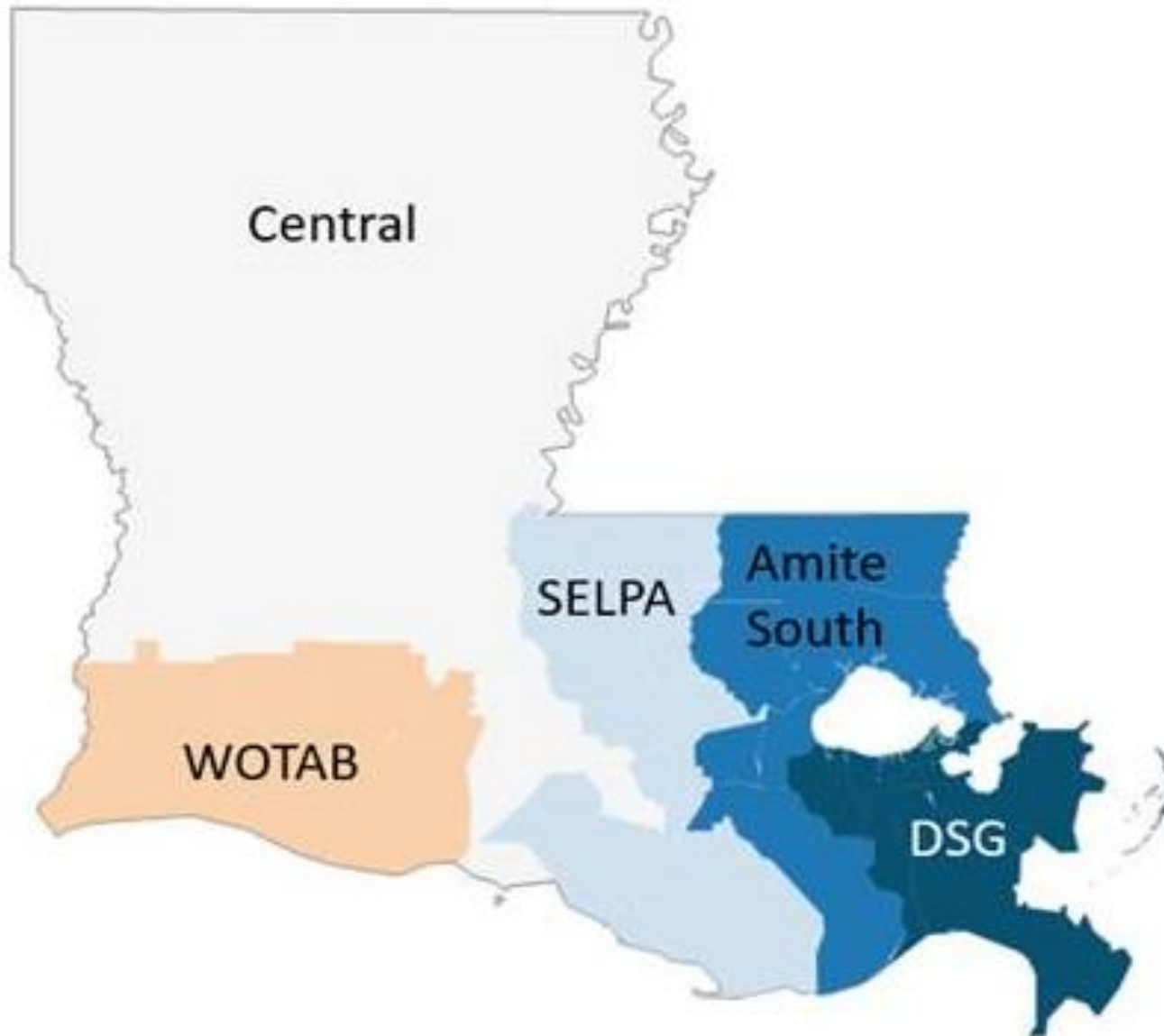
Shawn Allen

Rationale for the RFP

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

1	Growing Capacity Needs	Under the BP21 supply plan, ELL has growing capacity needs with the assumed deactivation of three units and one contract expiration, totaling over 900 MW, by 5/31/2025.
2	Critical Local Reliability Needs	Local generation is critical to reliability in the AMS/SELPA region.
3	Deployment Timeline	Solar generation can be constructed relatively quickly, mitigating financial exposure to MISO's in-region resource adequacy requirements.
4	Stakeholder Interest	ELL's stakeholders have expressed significant interest in seeing incremental renewable generation added to Louisiana's generation portfolio.

Location – Southeast Louisiana Planning Area



- SELPA includes the Amite South & DSG sub-regions
- Prefer resources in Amite South (which includes DSG)
- 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
- This map is approximate

2021 ELL RFP Scope

Scope Item	Solar RFP Detail
Guaranteed Start/COD Date	October 31, 2024, subject to extension by bidder election or change order
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 Option (4-hour discharge) <ul style="list-style-type: none"> • Any size • DC Coupled Only • Commercially proven lithium ion technology • 24/7 charging/discharging capability Short-term Operations & Maintenance Option: 3, 5, and 10 years
Location	Must be interconnected to the ELL Transmission System and located within SELPA, with a preference for resources located within Amite South
Capacity Sought (ICAP)	Max Total: Up to 500 MW (reserve right to take more or less) Min/Max Capacity (any individual resource): Min 50 MW; Max 250 MW PPA and 250 MW BOT Max Capacity (by product): 250 MW PPA
Pricing	All-in energy-only pricing for PPAs Single fixed purchase price 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 DPP-2020-Cycle
Guaranteed Investment Tax Credit (ITC)	Guaranteed ITC level for the project must be specified in proposal; Seller generally bears risk of ITC loss
Bidder Registration	\$5,000 per proposal + \$1,000 for additional Battery Options beyond original 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

2021 ELL RFP Timing Overview

Key Milestones

Milestone	Completion Date
Draft Documents Posted	March 10, 2021
Bidder & Technical Conference	March 24, 2021*
Comment Deadline for Draft RFP Documents	April 7, 2021*
Final RFP Documents Posted	May 11, 2021*
Bidder Registration Period (6/9 – 6/15)	June 15, 2021*
Proposal Submission Fee Payment Deadline	June 28, 2021*
Self-Build Proposal Submission Deadline	July 9, 2021*
Proposal Submission Deadline	July 15, 2021*
Notice to Bidders of Primary and Secondary Selections	October 8, 2021*
Comprehensive ELL Due Diligence and Definitive Agreement Negotiations Begin	October 9, 2021*
Bidder(s) Remaining on Secondary Selection List Released from Proposals	January 10, 2022*
Definitive Agreements Executed	August 10, 2022*
Regulatory Approval Process Complete	August 10, 2023*

**The milestone dates accompanied by an asterisk are target dates.*

Bidder Registration & Proposal Submission

- ❖ **Bidder registration and proposal submission will utilize forms and templates posted to**
 - **2021 ELL RFP Website**
 - Bidder Registration Form
 - **PowerAdvocate**
 - Proposal Package includes but is not limited to:
 - 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 alternative COD, price, location, or other significant feature of a proposal will trigger an additional bid fee of \$5,000
 - A bidder offering a proposal that also includes more than one battery proposal/option will be required to pay an incremental charge of \$1,000 for each additional battery proposal/option
- Bidder will be invoiced proposal submission fee(s) within three business days after the end of the Bidder Registration Period
- ELL must receive payment of the proposal submission fee for each registered proposal no later than 5:00 p.m. CPT on June 28, 2021 (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)
 - 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 are 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 Determinations

❖ Initial threshold determinations will occur early in the proposal review process

❖ The purpose of these determinations 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 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

Chris Sistrunk

Commercial Terms Overview

❖ **Model contracts are included in the 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 from the proposed project. Energy will be financially scheduled by Seller to ELL's Load Node in MISO.**

❖ **Interconnection - Seller will be responsible for (and account for in its proposal(s)), ALL costs and schedule risks associated with transmission and interconnection of the proposed resource.**

❖ **Credit Support - Seller will be required to provide both a parent guaranty and liquid credit support, in the form of an acceptable letter of credit or cash. Bidders are encouraged to thoroughly review Appendix F to the RFP.**

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; project care, custody, and control remain w/ 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 – guaranteed date no later than October 31, 2024, the contract includes provision for delay damages, capacity re-sizing or buy-down, and ELL termination rights for extended completion delays
- Testing requirements include availability, capacity, BESS, etc.

ITC and In-Service Requirements

- Bidder will bear risk of loss related to ITC benefits due to schedule delays
- Modified contract terms will apply to projects that start construction for ITC purposes in 2019 and 2020 (e.g., earlier GSCD, lost ITC LDs, potential incremental credit support)

Project Warranty

- Provide a comprehensive “wrap” warranty, 2 or 3 years
- “Wrap” may not be conditioned on ELL’s selection of an O&M Agreement
- At the Closing, all unexpired warranties will transfer to ELL (not EPC contract itself)

Commercial Terms Overview - PPA

Agreement Structure	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• COD requirements – linked to delay damages, capacity re-sizing, termination right for long delays• ITC - Resource must be placed in-service by October 31, 2024; Bidder wears ITC risk• Annual Guaranteed Energy Quantities (AGEQ) - LDs assessed for delivery below AGEQ(P90), 50% price for delivery over 115% of AEEQ(P50); annual shortfall termination rights
Financial Settlement	<ul style="list-style-type: none">• 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 risk
Accounting Treatment	<ul style="list-style-type: none">• The PPA may not result in the recognition of long-term liabilities to ELL's balance sheet, including lease treatment, derivative accounting, or VIE liabilities
Regulatory Disallowance	<ul style="list-style-type: none">• 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

Chris Sistrunk

Viability Assessment

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

- ❖ **The VAT's key objectives are to:**
 - Perform a review and assessment of the non-price attributes of the proposals
 - The review will be based information provided by bidders in response to the RFP and include the due diligence questionnaires, proposal summary, and clarifying questions.

- ❖ **Two-phased analysis**
 - Phase I: A minimum requirements review for each proposal and an equivalent standard validation across all proposals.
 - Phase II: An Assessment of the individual projects on the risk associated with key aspects, including but not limited to bidder experience, technological specifications, site environmental conditions, real estate terms and requirements, and exceptions to the terms of the agreement.

Viability Assessment – Phase I

- ❖ **Phase I will consist of an initial VAT assessment that includes confirmation of Bidder-provided self-assessments**
 - 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 requirements
 - 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
 - Also confirming the Bidder information provided is reasonable and credible, including operating parameters, deliverability, project timeline, and permit feasibility
 - The attributes will be assessed in a pre-defined detailed scorecard, ultimately leading to a total viability rating for each proposal (High Risk, Medium Risk, Low Risk, etc.)

Economic Evaluation

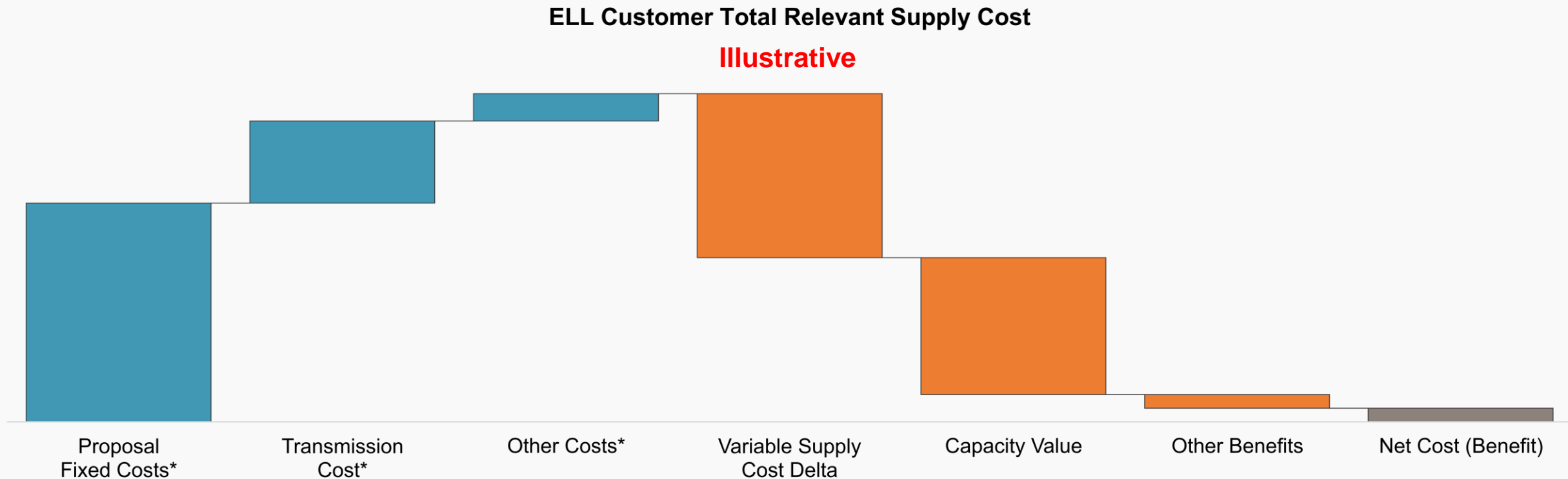
Ana Zitkus

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 ELL 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
 - Estimated property tax expense, considering obtained or identified property tax abatements or similar tax benefits, if applicable
 - Transmission cost estimates, if applicable, from the TET for expected required projects
 - ERIS (transmission owner interconnection upgrades (TOIF))
 - NRIS (network upgrades (NU), standalone network upgrades (SANU))
 - Long-term avoided capacity value
 - Alternative structures, such as a 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
- ❖ The net cost / benefit will be presented in \$M, levelized-real \$/kW-year, and levelized-real \$/MWh to account for differences in proposal size and expected energy production



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

Jonathan Valone

Transmission Evaluation Team

❖ **The objective of the TET's evaluation 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 included and remain in the 2018, 2019, or 2020 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”)
 - If requested, 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 parent guaranty-based offsets to liquid credit postings, 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, cash flow statement, notes to the financials, as should include the auditor's opinion
 - 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, Protocols, Design, Stakeholder Participation

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 2021 ELL RFP website

Additional Protocols

- Each 2021 ELL RFP Proposal Evaluation Team is made up of designated personnel
 - Team composition is overseen by the IM
- ESL personnel involved with the 2021 ELL 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 2021 ELL 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 2021 ELL RFP website and is publicized to encourage robust market participation
- Technical and Bidder Conference
- Potential Bidders will be provided opportunities to ask questions about the RFP and seek clarification on the RFP process

Q&A Session

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