

# 2014 REQUEST FOR PROPOSALS FOR LONG-TERM, SUPPLY-SIDE DEVELOPMENTAL RESOURCES IN AMITE SOUTH

*Technical and Bidders Conference*

**AUGUST 8, 2014**



## CONFERENCE INTRODUCTION

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- Purpose of the Conference
  - To give participants a high level overview of the 2014 Request for Proposals for Long-Term, Supply-Side Developmental Resources in Amite South (2014 Amite South RFP or RFP) and related processes
- Questions
  - For Bidders attending in person, questions should be submitted in writing using the paper provided at your tables
  - For Bidders attending remotely, please submit all questions to the RFP Administrator through email at [esirfp2@entergy.com](mailto:esirfp2@entergy.com) (to ensure that ESI has an accurate record of each question posted)
  - After the conference, ESI will post questions asked during the conference and definitive responses to those questions on the 2014 Amite South RFP Website
  - To the extent that ESI's posted response differs from the oral response given during the conference, the written response will control
- Administrative
  - In the event of an inconsistency between the presentation and the draft RFP documents, the draft documents will control
  - All phones must be on mute
  - Please do NOT place your phone on hold
  - Email the RFP Administrator at [esirfp2@entergy.com](mailto:esirfp2@entergy.com) with any technical issues or questions

# AGENDA

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- Introductions
- LPSC Technical Conference
- Independent Monitor Comments – Elizabeth Benson
- 2014 Amite South RFP Overview
- RFP Evaluation
- Break
- Q&A Session

## INTRODUCTIONS

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- Entergy Presenters
  - Antonette Harvey Project Manager
  - Misty Harris RFP Administrator
  - John Zurita Wholesale Executive-Procurement & Asset Optimization
  - Matt Drake Sr. Analyst-Procurement & Asset Optimization
  - Charles DeGeorge Manager, Supply Planning & Analysis
  - Christine Chen Sr. Planning Team Leader
  - Ji-Wen Le Sr. Financial Analyst-Market and Credit Risk
  
- Additional Entergy Participants
  - Larry Hand Assistant General Counsel – Regulatory
  - John Pietras Sr. Counsel – Commercial
  - James Miller Assistant General Counsel – Commercial
  - Phong Nguyen Manager, Price Forecasting & Analysis
  
- LPSC Technical Consultants
  - Debbie Barta Independent Consultant, Henderson Ridge
  - Steve Kabel Staff Attorney, LPSC
  
- Independent Monitor
  - Elizabeth Benson Energy Associates

# 2014 REQUEST FOR PROPOSALS FOR LONG-TERM, SUPPLY-SIDE DEVELOPMENTAL RESOURCES IN AMITE SOUTH

*LPSC Technical Conference*

**AUGUST 8, 2014**



**INDEPENDENT MONITOR COMMENTS**  
**ENERGY ASSOCIATES**

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**( ELIZABETH BENSON )**

## **2014 AMITE SOUTH RFP OVERVIEW**

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**KEY OBJECTIVES AND PARAMETERS OF RFP**

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**(ANTONETTE HARVEY)**



# KEY OBJECTIVES AND PARAMETERS OF RFP

## OBJECTIVES

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- Entergy Louisiana, LLC, Entergy Gulf States Louisiana, LLC, and Entergy New Orleans, Inc. (the Included Entergy Operating Companies) forecast an ongoing long-term need for capacity and energy and the need for generation resources incremental to existing plant
  
- Addition of the solicited resource will fulfill several important planning objectives:
  - Increase load-serving capability of the Included Entergy Operating Companies
  - Maintain reliability
  - Serve load of the Included Entergy Operating Companies at the lowest reasonable cost, factoring in reliability, risk mitigation, and other relevant considerations
  - Enhance power restoration capabilities after major storms or transmission service disruptions
  
- RFP's Amite South locational requirement supports other important planning objectives:
  - Add capacity to supply-constrained area
  - Support Amite South reliability objectives
  - Create delivery efficiencies
  - Enhance stability and voltage regulation
  - Bolster Amite South storm restoration capabilities

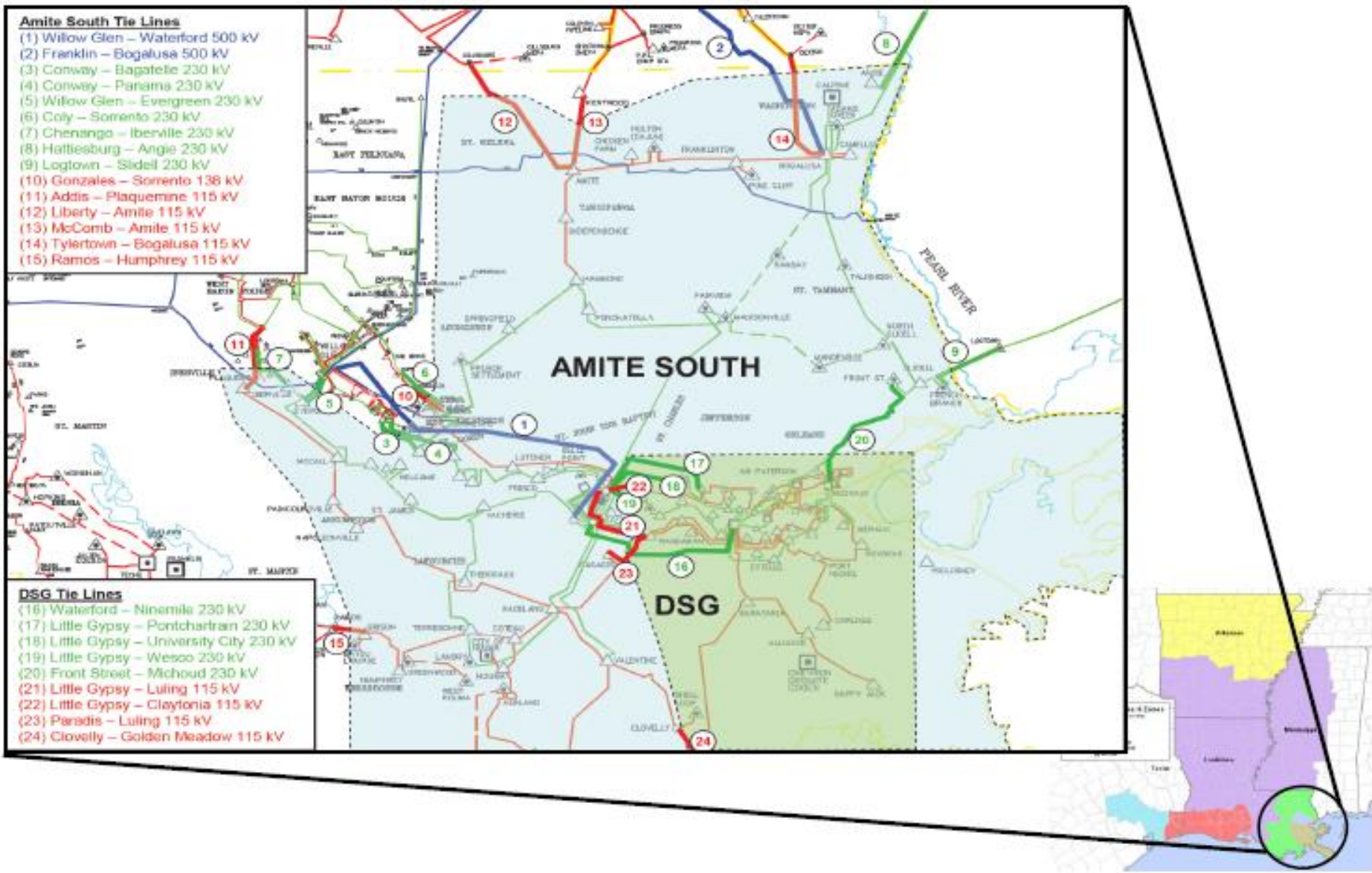
# KEY OBJECTIVES AND PARAMETERS OF RFP

## PARAMETERS

Scope Item	RFP Parameter
RFP Participation	EGSL, ELL, ENOI
Scheduled Start Date	On or before June 1, 2020
Eligible Resources	Developmental Resources only (including RFP Appendix D requirements [see slide 23])
Eligible Technology	CCGT only, with operating parameters that include a maximum heat rate of 7,000 Btu/kWh (HHV, summer conditions), at full load, without duct-firing; must have AGC and ability to operate in base load and load-following roles consistent with MISO operating requirements for units expected to provide ancillary services
Fuel Type	Natural gas
Location	Within Amite South only Preference for resources located in or in close proximity to DSG (Downstream of Gypsy)
Minimum/Maximum Resource Size	650-1,000 MW (ISO, at full load, including duct-firing)
Product Categories	Acquisition, PPA, or Tolling Agreement <sup>1</sup>
Delivery Term	10 years (minimum) – 20 years (maximum) (PPA or Toll)
Competitive Affiliates	Ineligible to participate
Self-Build	Location – Little Gypsy (Montz, LA) Size - 650-1,000 MW (ISO, at full load, including duct-firing)

<sup>1</sup> For PPA and Tolling Agreement proposals, Buyer will not be accepting the risk that long-term debt associated with the contract will be transferred to its books (via capital lease, "VIE," or other accounting treatment)

# KEY OBJECTIVES AND PARAMETERS OF RFP REQUIRED LOCATION - AMITE SOUTH, INCLUDING DSG



# KEY OBJECTIVES AND PARAMETERS OF RFP

## OTHER BASIC RFP ELEMENTS

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- Eligible RFP participants
  - Electric utilities
  - Marketers
  - Wholesale generators
  - Independent power producers
  - Qualifying facilities
  
- Each generation resource proposed must be a single resource (or portion thereof)
  - Generation resources located at separate facilities are not single resources
  - Prefer transactions for entire generation facility
  
- RFP overseen by Independent Monitor
  
- RFP administered by ESI
  - RFP 3<sup>rd</sup> party participant interface - RFP Administrator
  
- RFP includes numerous appendices, such as:
  - App. B-1, B-2, B-3 – Term sheets
  - App. C – Diligence questions/RFIs
  - App. D – Minimum Requirements for Developmental Resources
  - App. E – Reservation of ESI and Included Entergy Operating Company rights
  - App. G – Certain RFP protocols

## KEY OBJECTIVES AND PARAMETERS OF RFP RFP PROPOSAL THRESHOLD REQUIREMENTS

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- Only proposals meeting the requirements of the RFP can be assured full consideration
  
- Threshold requirements for proposals
  - Deliverability, viability, and credit threshold requirements as determined by the respective Evaluation Teams
  - Specifics are described in Section 2.3 of the Main Body and addressed later in the presentation
  - Proposals not meeting the threshold requirements are non-conforming and may be eliminated from the RFP

## KEY OBJECTIVES AND PARAMETERS OF RFP DESIGN FEATURES AND SUBMISSION OF SELF-BUILD OPTION

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- Select resource design features in addition to previously identified RFP parameters:
  - Evaporative cooling or inlet chilling
  - Duct burners for supplemental firing of HRSGs
  - Control technology for air emissions includes a CO catalyst
  - Heat rejection systems based on a mechanical draft cooling tower
  - Properly sized main condenser and mechanical draft cooling tower
  - Air-cooled combustors
  - 2 x 100% boiler feed pumps on each HRSG; 2 x 100% or 3 x 50% condensate pumps;  
2 100% air compressors
  - Vacuum pumps for condenser air evacuation
  - Properly sized demineralized water system capacity
  - Specified redundancy of on-site natural gas compressors
  - **Not** included/permitted:
    - steam injection for power augmentation
    - single shaft combined-cycle design
    - high-fogging equipment
- As discussed in more detail later in this presentation, the RFP requires the proposal package for Self-Build Option to be submitted before proposal packages from Bidders (no later than 5 p.m. CPT on the Friday before the proposal submission period begins)

**COMMERCIAL TERMS, DEVELOPMENTAL RESOURCES  
AND INTERCONNECTION**

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**(JOHN ZURITA)**

## COMMERCIAL TERMS OVERVIEW

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- ESI will not post model contracts
  
- ESI has included proposed Term Sheets in RFP documentation
  - PPA (Appendix B-1), Toll (B-2), Acquisition Agreement (B-3)
  - Currently posted Term Sheets (along with other RFP documents) are in draft form
    - Comments are encouraged
    - Comments due by August 15, 2014
  - Draft Term Sheets contemplate insertions directly to Term Sheets and other guidance to Bidders; uncertain whether the final Term Sheets will include this feature
  - Term Sheets expected to form the basis for any definitive agreement with 3<sup>rd</sup> party Bidder
  - Important for Bidders to familiarize themselves with Term Sheets before preparing/submitting proposals
  
- In proposals, Bidders may identify any “special exceptions” to RFP terms/Term Sheets
  - ESI is under no obligation to agree to any exception
  - Significant requested changes or reservations could affect viability scores or eligibility
  
- ESI will require access to the MISO portal or access to all necessary operational, transactional, settlement and other data and information to exercise its rights and discharge its obligations in MISO with respect to the transaction



# GENERAL COMMERCIAL TERMS FOR PPAs AND TOLLS

## Guaranteed COD

- Delay Damages
- Capacity re-sizing or buy-downs
- Termination rights for extended delays
- Multi-prong test for COD

## Capacity

- Dependable Capacity - ICAP or nameplate of facility
- Recognized Capacity - UCAP consistent with MISO
- Basis for monthly capacity payment to Seller
- Seasonally-shaped payments
- Buyer rights to Contract Capacity

## Availability Requirements

- Summer Months – 98%
- Winter Months – 98%
- Shoulder Months - 96%
- Long-Term (Rolling 12 Month) – 85% (Buyer termination right if less)

# GENERAL COMMERCIAL TERMS FOR PPAs AND TOLLS (CONT.)

Capacity Payment Discounts	<ul style="list-style-type: none"><li>• Based on availability of Dependable Capacity</li><li>• 2% discount for each 1% shortfall to monthly availability requirement</li></ul>
Accounting	<ul style="list-style-type: none"><li>• No capital lease</li><li>• No variable interest entities</li><li>• No transfer of other long-term liabilities to ESI's balance sheet</li></ul>
Imbalances	<ul style="list-style-type: none"><li>• In general:<ul style="list-style-type: none"><li>• Transaction, scheduling, imbalance, revenue sufficiency, integration, etc. charges, disallowances, penalties, and costs will be Seller's responsibility</li></ul></li><li>• Imbalances caused by Buyer will be Buyer's responsibility</li></ul>
Heat Rates	<ul style="list-style-type: none"><li>• Guaranteed heat rates expected to be consistent with the actual heat rates for the resource</li></ul>

# GENERAL COMMERCIAL TERMS FOR PPAS AND TOLLS (CONT.)

Negative Pricing

- Buyer will generally accept negative pricing risk

Buyer Conditions Precedent

- Include:
  - Regulatory approvals and consents
  - MISO requirements
  - Fuel supply and transportation (Toll)
  - Network deliverability (NRIS)
  - Transfer of capacity credits

Operational Flexibility

- Resource/contract should provide maximum operational flexibility to Buyer

## COMMERCIAL TERMS FOR PPAS AND TOLLS – PRICING

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- PPA
  - Capacity Rate (\$/kW-year):
    - Fixed (for term or defined annually) or
    - Inflation-Adjusted: Base Rate + CPI/PPI escalation (up or down)
  - Energy Price (\$/MWh):
    - Fixed (for term or defined annually) or
    - Floating (Average Heat Rate \* Fuel Rate + Fuel Adder)
      - Fuel Rate:
        - Day-Ahead: Henry Hub Index
        - Intra-day: Lower of actual or quoted rate
      - Fuel Adder: Fixed, Bidder-provided formula; optional
  - Variable O&M (\$/MWh):
    - Fixed (for term or defined annually) or
    - Inflation-Adjusted: Base Rate + CPI/PPI Escalation (up or down)
  - Start Charge:
    - Fixed (for term or defined annually) or
    - Inflation-Adjusted: Base Rate + CPI/PPI Escalation (up or down)
  - Start Fuel: Gas Price (\$/MMBtu) \* Start Fuel Amount (MMBtu)
- Toll
  - Capacity Rate (\$/kW-year): Same as for PPA
  - Variable O&M (\$/MWh): Same as for PPA
  - Start Charge: Same as for PPA

## COMMERCIAL HIGHLIGHTS FOR ACQUISITIONS

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- Asset purchase
- No assumed liabilities for period prior to effective closing date
- End-of-month closing date; closing before June 1, 2020
- Resource performance testing and consequences
- Hart Scott Rodino and Federal Power Act Section 203 approval timing
  - EPC Contractor-based approach
  - Open to Other Structures

## NOTE ON COMMERCIAL TERMS

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- ESI integrated into the MISO market on December 19, 2013
- As a recent market entrant, ESI continues to gain experience and information regarding the functioning of the MISO market
- ESI continually evaluates the applicability and importance of commercial terms to be included in transactions that may result from RFPs, including, most recently, any adjustments that will be needed as a result of ESI's entry into MISO
- ESI has not completed its analysis of all of the commercial terms applicable to the RFP (including, for example, determination of the market participant) and thus has not fully developed or finalized its position on all commercial terms
- Partly as a result, this presentation does not cover certain commercial terms that may be important to bidders
- ESI expects any open issues will be resolved by the time the final RFP documents are issued

## ADDITIONAL RESOURCE CONSIDERATIONS

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- In the RFP, ESI has established (Appendix D) a list of minimum requirements that Bidders must satisfy in order for Bidder to be assured that its proposal will be considered in the RFP (assuming Bidder compliance with all other RFP requirements)
- A list of the minimum requirements was posted with the RFP notice and the draft RFP. The list includes the following areas of focus:
  - Project overview
  - Bidder experience
  - Certain required project attributes
  - Project location
  - Project development
  - Site control
  - Fuel supply & transportation
  - Environmental compliance, assessment, & permitting
  - Electric interconnection
  - Water source
  - Project structure & finance
- Bidders will be required to submit detailed information supporting the minimum requirements as part of their proposal
- Bidders with proposals failing to meet the minimum requirements may be required to post credit (discussed later) or may be eliminated from consideration

## ELECTRIC INTERCONNECTION/DELIVERABILITY

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- Bidder/Seller will be responsible for and bear all the costs associated with the electric interconnection and deliverability of the proposed resource
  - These costs should be included in Bidder's pricing
  - Service must be long-term network service (NRIS)
  - Bidders will be required to separately identify the estimated interconnection and deliverability-related costs
    - Bidders may update the costs within 90 days after the deadline for proposal submissions
  
- Interconnection requirements
  - Bidders must have submitted a complete generator interconnection request for the proposed resource under the MISO Generator Interconnection process no later than November 17, 2014
  - Resources must remain in the interconnection queue until the resource is eliminated or interconnection service is obtained



**TENTATIVE RFP SCHEDULE, BIDDER REGISTRATION  
AND PROPOSAL SUBMISSION**

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**(MISTY HARRIS)**

## TENTATIVE RFP SCHEDULE

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Activity	Target Date*
Comments to Draft RFP Documents Due	August 15, 2014
Final RFP Documents Issued	September 17, 2014
Bidder Registration Period	October 20–23, 2014
Final Date for Proposal Fees Payment	November 12, 2014
Proposal Submission Period	November 17–20, 2014
Primary/Secondary Selection Lists Announced	May 21, 2015
Comprehensive Negotiations & Due Diligence (if any) Begin	June 2015
Bidder(s) Remaining on Secondary Selection List Released from Proposals	September 2015
Definitive Agreement (if any) Executed	December 2015
Regulatory Approval Process Complete	January 2017

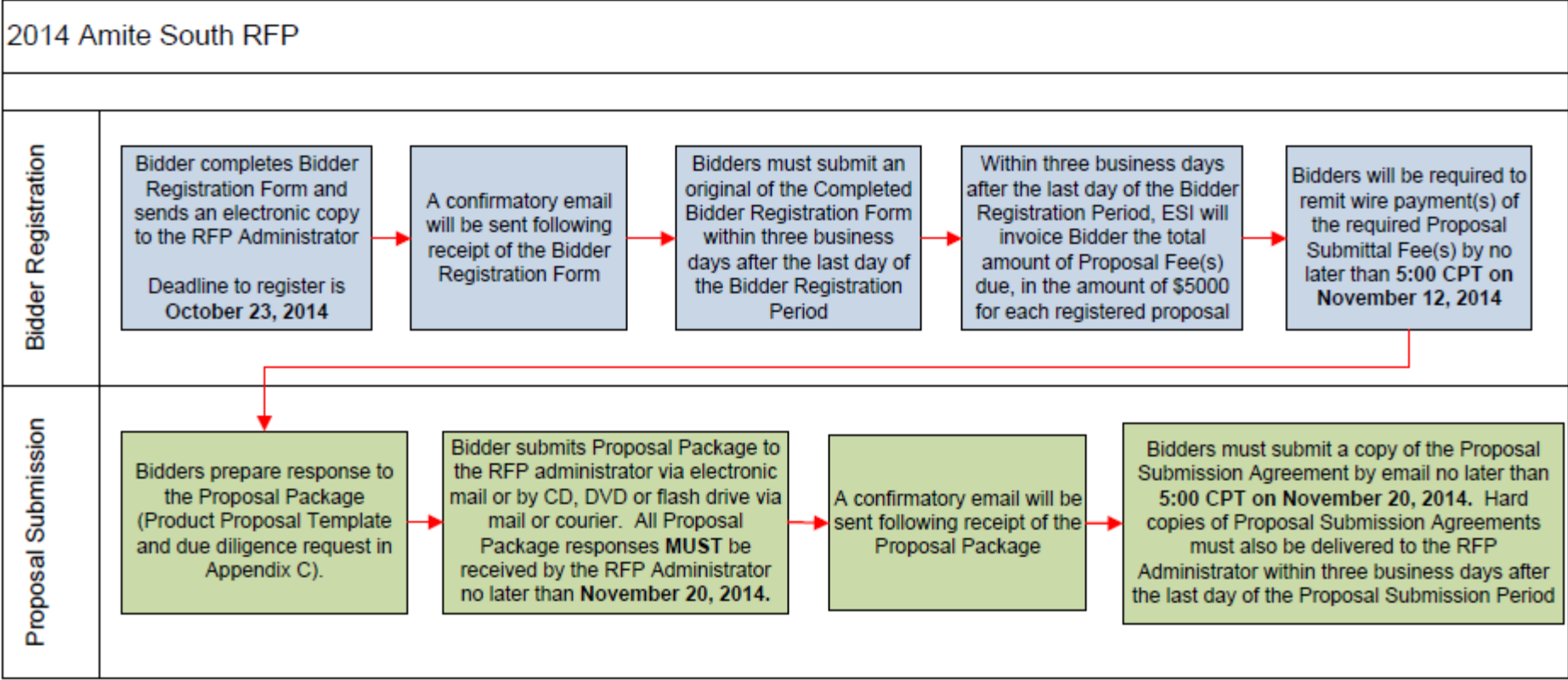
\* All dates and time periods in the schedule are tentative and subject to change

## BIDDER REGISTRATION AND PROPOSAL SUBMISSION

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- Bidder Registration and Proposal Submission will utilize forms and materials posted to the 2014 Amite South RFP Website, including:
  - Bidder Registration Agreement
  - Proposal Package
    - Product Proposal template
    - Due diligence questionnaire/VAT self-assessment
    - Completed Appendix B (possibly)
  - Proposal Submission Agreement
  
- All proposal-related document submissions must be made via courier or e-mail and submitted to ESI in accordance with RFP requirements
  - Subsequent delivery of original executed Bidder Registration Agreement
  - Subsequent delivery of original executed Proposal Submission Agreement
  - Responses to Proposal Submission Template and diligence requests (data limited to 10MB)
  - ESI will not accept paper copies of electronic proposals
  
- Bidders will be required to pay a fee of \$5,000 per registered proposal

# BIDDER REGISTRATION AND PROPOSAL SUBMISSION



- RFP Hotline
  - The RFP Hotline will be available during Bidder Registration and Proposal Submission Periods to assist Bidders with technical questions regarding either process
  
- Self-Build Proposal
  - ESI will require that the Proposal Package for the Self-Build Option, including the cost estimate for the Self-Build Option, be submitted to the RFP Administrator and the IM prior to the receipt of proposals from all other Bidders, and no later than 5 p.m. CPT on the Friday before the proposal submission period begins.

\* Dates are subject to change

## RFP EVALUATION

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**EVALUATION OVERVIEW**

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**(ANTONETTE HARVEY)**

## EVALUATION OVERVIEW

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- The RFP evaluation will seek to identify a proposal that meet the Included Entergy Operating Companies' needs and RFP requirements at a reasonable cost, taking into account reliability, risk mitigation, and other relevant factors
- Four RFP Proposal Evaluation Teams will evaluate proposals
  - Economic Evaluation Team (EET)
  - Non-Pricing Assessment Team (NPAT)
  - Viability Assessment Team (VAT)
  - Credit Evaluation Team (CET)
- Proposals will be reviewed and assessed for the following:
  - Economics (Fundamental and Net Supply Cost)
  - Production Cost (Aurora)
  - Qualitative Planning Assessment
  - Transmission/Delivery
  - Viability
- Process designed to be fair, impartial, and consistently applied

## OVERVIEW

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- Primary Selection List
  - Bidder with a proposal on primary selection list may be required to enter into a letter of intent (LOI) to proceed to a definitive agreement
  - Due diligence/finalization and execution of definitive agreement would follow execution of LOI
  - Inclusion on primary selection list is not acceptance of proposal or related contract terms
  - No requirement for ESI to place any proposals on primary selection list
  
- Secondary Selection List
  - Bidder with a proposal on secondary selection list may be invited to negotiate the terms of a contingent LOI and/or definitive agreement or may simply be advised of proposal status
  - Bidder would execute a definitive agreement only if a Bidder on primary selection list is removed from list
  - Bidder must hold open offer for three months after notification of secondary selection



ECONOMIC EVALUATION  

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**(CHRISTINE CHEN)**

# ECONOMIC EVALUATION

## INTRODUCTION

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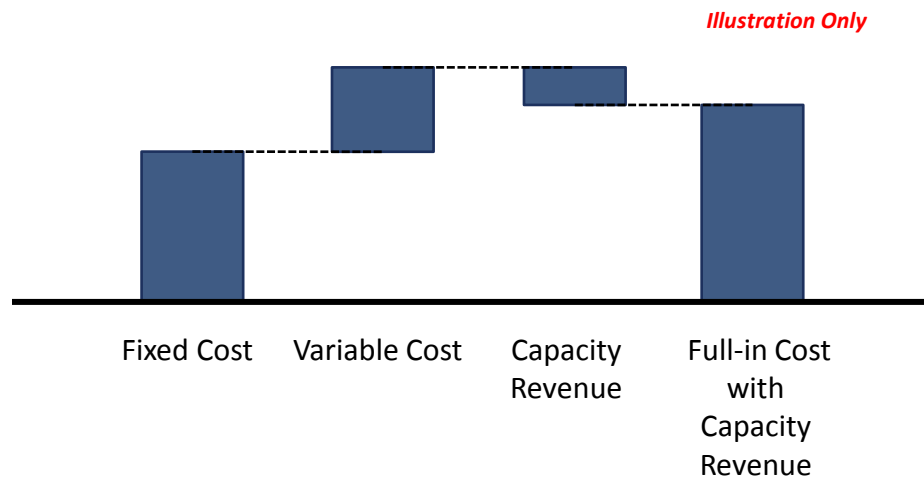
- The Economic Evaluation Team will conduct an economic evaluation of proposals submitted in the RFP and rank proposals
  
- The economic evaluation will
  - identify a proposal (if any) that meets the needs and requirements of the Included Entergy Operating Companies, as described in the RFP, at the lowest reasonable cost, taking into account reliability, risk mitigation, and other relevant factors
  - utilize tools and methods commonly used by Entergy Operating Companies for long-term planning and resource evaluation, including, but not limited to, fundamental economic analysis and net supply cost analysis with results from Aurora production cost modeling
  - involve additional tools as appropriate to effectively evaluate proposals relative to the objectives of the RFP, including, but not limited to, qualitative considerations
  
- The economic evaluation will include sensitivity analysis as needed
  
- Proposal rankings and selection(s) will be based on economic evaluation results and other relevant factors, including planning, deliverability, and viability assessment results and other qualitative considerations
  
- Economic evaluation details are set forth in Section 6.1.2 of the Main Body

# ECONOMIC EVALUATION

## FUNDAMENTAL ECONOMIC ANALYSIS

- The fundamental economic analysis will utilize an Excel-based spreadsheet model to estimate the full-in economic cost and capacity revenue for each proposal based on prescribed operating assumptions and all relevant cost components, including, but not limited to (as applicable):
  - Capacity payment / acquisition cost
  - Fixed O&M
  - Energy payment
  - Fuel
  - Variable O&M
  - Capacity Start Charges
  - Carbon and other emissions value/cost, and
  - Capacity revenue
- Result is a full-in cost expressed on a \$/MWh basis levelized over the evaluation period
- Sensitivity analysis will be conducted on imputed debt and others as needed

### Fundamental Economic Analysis



# ECONOMIC EVALUATION

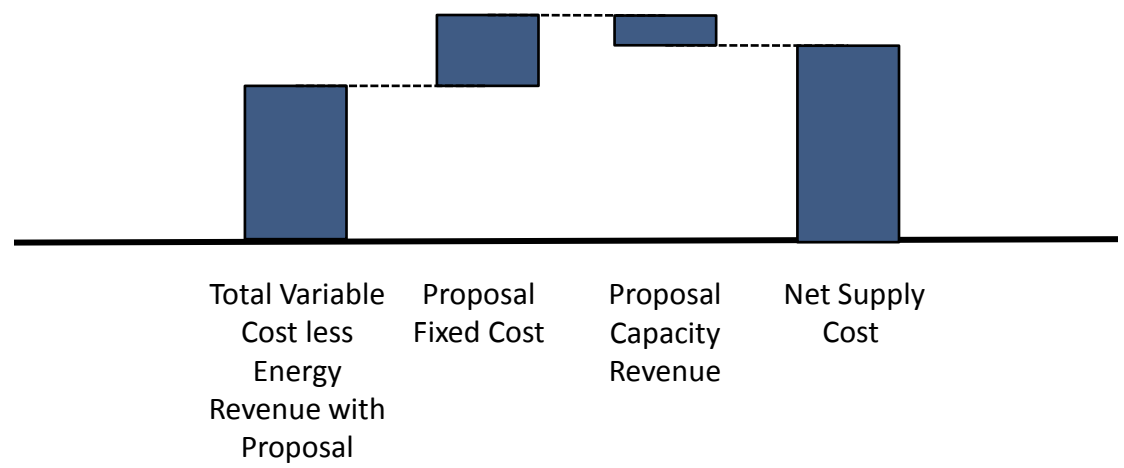
## NET SUPPLY COST ANALYSIS

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- The Net Supply Cost analysis assesses the relative effect of each proposal on the cost of serving Entergy customers
- The analysis utilizes projections of total variable cost and energy revenue from the Aurora production cost model, coupled with an assessment of each proposal's fixed costs and capacity revenue to determine the net supply cost with addition of the proposal to Entergy's generation portfolio.
- The effect of each proposal on total supply cost will be measured on dollar basis over the evaluation period
- Sensitivity analysis will be conducted on imputed debt and others as needed

### Net Supply Cost Analysis

*Illustration Only*



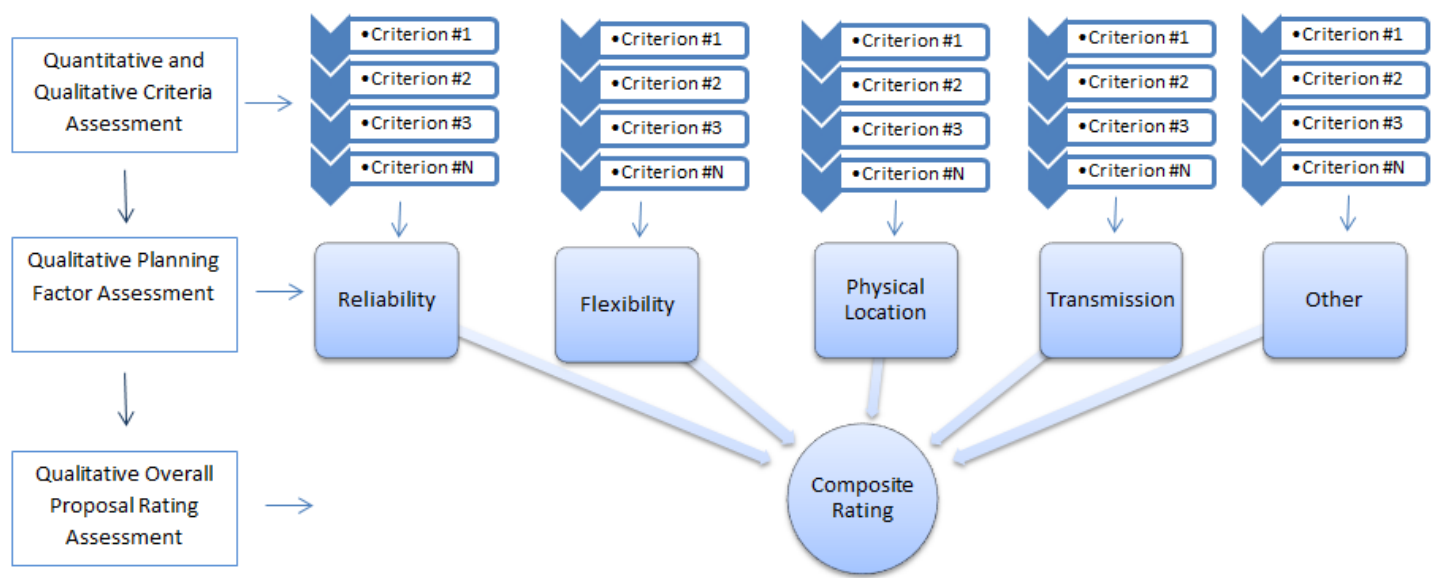
**NON-PRICING ASSESSMENT**

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**(CHARLES DEGEORGE)**

# NON-PRICING ASSESSMENT PLANNING

- The Planning Assessment Sub-team evaluates the extent to which proposals will or may achieve non-pricing planning objectives relevant to the RFP, including, but not limited to, risk and reliability
- Proposals will be assessed relative to each other based on the extent to which they are able to meet criteria associated with planning factors, including, but not limited to:
  - Reliability
  - Flexibility
  - Physical location
  - Transmission system interconnection
- The result will be an overall qualitative composite rating (High/Medium/Low) for each proposal



# NON-PRICING ASSESSMENT

## DELIVERABILITY

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- The objective of the Deliverability Assessment Sub-team is to assess transmission/deliverability considerations associated with a resource offered in a proposal
- Deliverability considerations may include, but are not limited to:
  - Resource location - verification that the resource is located in the Amite South region
  - Electric interconnection - verification that the interconnection application has been submitted
  - Network deliverability - verification that the resource will be eligible for designation as a network resource
- Deliverability evaluation details are set forth in Section 6.1.3 of the Main Body

## NON-PRICING ASSESSMENT PRODUCTION COST (AURORA)

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- The Product Cost Assessment Sub-team uses a production cost model (Aurora) to produce a forecast of variable costs and energy revenues for each conforming proposal
- Aurora results will feed into the EET economic evaluation models as inputs for the “Net Supply Cost” analysis



**VIABILITY ASSESSMENT**

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**(MATT DRAKE)**

## VIABILITY ASSESSMENT

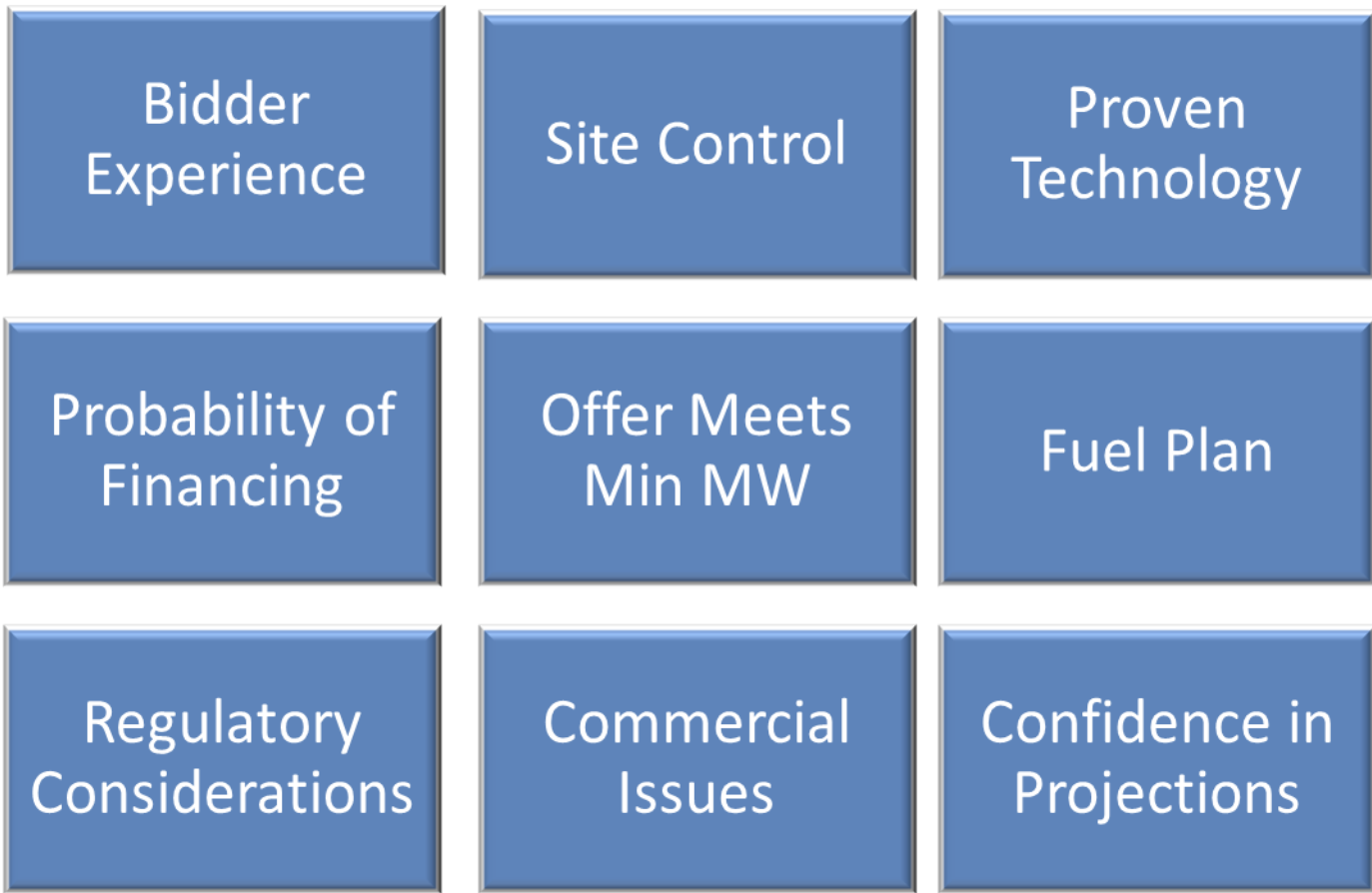
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- The Viability Assessment Team assesses the viability of proposals
- In general, the viability assessment will consist of a review and analysis of various non-price attributes of proposals submitted into the RFP and the supporting generation resources
- The VAT will consist of Subject Matter Experts from core areas critical to a thorough assessment of project viability, including:
  - Plant & Equipment/Operations & Maintenance
  - Environmental
  - Fuel Supply & Transportation
  - Commercial
- The viability assessment will:
  - Confirm Bidder’s project self-assessment
  - Evaluate and provide minimum threshold compliance results
  - Evaluate proposals based on a key list of attributes associated with each of the focus areas identified for the viability assessment
  - Advise the EET regarding any resource deficiencies so that appropriate steps can be taken to address the deficiencies in the economic evaluation, as necessary
  - Provide a final viability ranking and recommendation
- The VAT will confirm to each of the other evaluation teams that a Bidder’s proposal meets the minimum thresholds (or notify them of discrepancies)
- Viability assessment details are set forth in Section 6.1.4 of the Main Body

# VIABILITY ASSESSMENT

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- The VAT's role includes evaluating elements of the proposals not assessed by the EET, NPAT, or Credit Evaluation Team
- Some of these elements are shown below



CREDIT EVALUATION

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(JI-WEN LE)

## CREDIT EVALUATION

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- The Credit Evaluation Team evaluates Bidder's credit and other credit-related matters
- Generally, no Bidder will be excluded or prohibited from participating in the RFP on the basis of credit
- No credit postings will be required of Bidder prior to execution of an LOI with that Bidder
  - Exception: Bidders failing to meet the minimum developmental requirements may be required to post collateral (up to \$5 million) to continue to participate in the RFP
- \$2 million letter of credit (L/C) will be required with any LOI signed between ESI and Bidder/Seller
  - May be higher (up to \$5 million extra) if Bidder still has not met all minimum developmental requirements
  - Form L/C is attached to the credit appendix (Appendix F)
- CET/ESI will determine the required amount(s) and form of collateral during negotiation of any definitive agreement
  - Security requirements will be based on, among other things
    - Creditworthiness of bidder or guarantor
    - Entergy credit exposure
    - Construction phase
    - Operation phase
    - Contract tenor and type
    - Other contract/proposal terms; financial environment
- Acceptable forms of collateral may include
  - Parental guaranty, L/C, cash, asset lien, escrow, a credit solution suggested by Bidder/Seller and acceptable to ESI, or any combination of the foregoing

## CREDIT EVALUATION

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- The CET will assign a Bidder credit rating (or Bidder's credit support provider's 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
- Bidder credit rating/exposure will be discussed with Bidder on Primary or Secondary Selection List
  - Bidders on either list will be invited to discuss Seller's proposed credit rating and the type of credit support Seller will provide to meet the RFP's credit support requirements
- Bidder's credit rating will have no effect on selection of proposals for Primary or Secondary Selection List
- Proposals placed on either selection list are, under certain circumstances, subject to elimination following the RFP and during commercial negotiations on basis of credit

**BREAK**

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## Q&A SESSION

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ESI requests that Bidders attending remotely submit all questions regarding this presentation, in writing, to the RFP Administrator at [esirfp2@entergy.com](mailto:esirfp2@entergy.com)



## Q&A FOLLOW-UP

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- Questions received during today's Bidders Conference will be posted to the RFP Website: <https://spofossil.energy.com/ENTRFP/SEND/AmiteSouthRFP/Index.htm>
- ESI will accept written questions/feedback about the RFP from market participants and other interested parties
- Comments to the draft RFP documents must be emailed to the RFP Administrator by August 15, 2014
- Questions and other comments pertaining to the RFP must be communicated to the RFP Administrator at [esirfp2@entergy.com](mailto:esirfp2@entergy.com) or to the Independent Monitor at [erbens@aol.com](mailto:erbens@aol.com) or (703) 641-7948