



Appendix E

Credit/Collateral Requirements
For
2010

Request For Proposals (RFP)
For
Long-Term Renewable Energy
Resources

Entergy Services, Inc.
December 10, 2010

The statements contained in this RFP are made subject to the Reservation of Rights set forth in this RFP and subject to the terms and acknowledgements set forth in the Proposal Submission Agreement.

APPENDIX E

Credit/Collateral Requirements

I. SUMMARY

ESI will evaluate all conforming proposals and will not disqualify a potential Bidder from participating in the preliminary phases of the RFP on the basis of credit. During the preliminary phases, ESI's Credit Evaluation Team will evaluate Bidder's creditworthiness, the Entergy Operating Companies' exposure to Bidder and the amount and type of credit support that will be required from Bidder.

1. Information provided in Bidder's response to the Project Structure and Finance section of Appendix D will be utilized during the credit evaluation process.
2. The CET will determine the CET Credit Rating. For Bidders having a Published Credit Rating, the CET Credit Rating will, in most cases, be equivalent to such Published Credit Rating. Based on Bidder's CET Credit Rating, the CET will determine whether Bidder will initially be required to provide credit support under the Definitive Agreement. For rough guidance, a Bidder with a CET Credit Rating equivalent to BB+ or below from S&P or Ba1 or below from Moody's will initially be required to provide credit support. Bidders that are required to provide credit support will be required to provide \$100,000 per MW of capacity allocated to Buyer under the applicable Definitive Agreement.
3. Bidder's CET Credit Rating and credit support requirements will be discussed with Bidder if it is selected for the Primary Selection List or the Secondary Selection List (as defined in the main body of the RFP). At the time of such discussions, Bidder will be asked to indicate the type of credit support it will provide in order to meet this RFP's credit support requirements. While such credit support will not, except as provided in item 4 below, need to be posted until the execution of the Definitive Agreement, Bidder's proposal may be eliminated from further consideration if, at the time of such discussions, Bidder either fails to describe adequately its strategy for providing (or does not have an adequate strategy), or communicates an unwillingness or inability to provide, the required credit support. In addition, in evaluating, determining and selecting Bidders for the Primary Selection List or the Secondary Selection List, the CET may establish limits for the aggregate amount of exposure (pursuant to this RFP plus existing transactions) of the Entergy Operating Companies to a Bidder or to certain groups of suppliers, including groups that are supported by the same Credit Support Provider (as defined below) and groups with weak CET Credit Ratings.
4. If a Bidder is selected for final negotiation of a Definitive Agreement, Bidder/Seller and Buyer will enter into a Letter of Intent setting forth key terms and conditions of the proposed Transaction. Upon execution of the LOI, Bidder will be required to provide to ESI or its designee a letter of credit in the amount of 0.5% of the projected notional value of the Definitive Agreement (including energy purchases), not to exceed \$2 million.

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APPENDIX E
Credit/Collateral Requirements

II. PROCESS DESCRIPTION

Article II contains a brief overview of the credit evaluation procedures expected to take place during the overall proposal evaluation process. These procedures seek to assure that Bidder's credit quality, when considered in the context of Bidder's proposal to ESI, complies with ESI's corporate risk management standards, and that any requirements for credit support associated with the proposal are identified.

A. Requirements for Submission of Proposal

For purposes of ESI's credit evaluation procedures, a conforming proposal must include the information requested in Section 8.7.1 of Appendix D for Bidder and any Credit Support Provider, including, if financial information is consolidated with other entities, all data related to Bidder or Credit Support Provider that must be extracted and submitted as separate documents by Bidder according to Section 2.2 of the main body of this RFP. If the data or information Bidder provides in support of a proposal falls below the Threshold Requirements for credit, Bidder must, upon ESI's request, provide reasonable evidence of its ability to provide the credit support required to meet this RFP's credit support requirements.

B. Determination of Credit Support Requirements

The CET will apply its own internal procedures to determine the CET Credit Rating of each Bidder that has submitted a conforming proposal. These procedures include, without limitation, a credit analysis of financial statements utilizing, among other things, leverage, liquidity and profitability metrics. If Bidder has a Published Credit Rating, the CET Credit Rating will, in most cases, be equivalent to such Published Credit Rating.

Based on Bidder's CET Credit Rating, the CET will determine whether Bidder will initially be required to provide credit support under the Definitive Agreement. For rough guidance, a Bidder with a CET Credit Rating equivalent to BB+ or below from S&P or Ba1 or below from Moody's will initially be required to provide credit support. Bidders that are required to provide credit support will be required to provide \$100,000 per MW of capacity allocated to Buyer under the applicable Definitive Agreement. Such credit support could take the form of:

- a parent guaranty
- a letter of credit from a bank acceptable to ESI
- cash collateral
- a lien on the power generation project and/or other assets
- other forms of credit support suggested by Bidder
- combinations of the foregoing,

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APPENDIX E

Credit/Collateral Requirements

provided that any form of credit support provided by Bidder is subject to ESI's satisfaction with the form and substance of such credit support.

Given the long-term nature of the products solicited in this RFP, if a Bidder is not initially required to provide credit support under the Definitive Agreement but its CET Credit Rating is sufficiently reduced at any time during the term of the Definitive Agreement, Buyer will have the right to require that credit support be provided at that time by Seller. Conversely, credit support may be returned to Bidder if its CET Credit Rating improves sufficiently during the term of the Definitive Agreement.

With respect to any credit support provided by a Credit Support Provider, the CET will undertake a similar process with respect to such Credit Support Provider as described in this Section B for Bidder in order to determine a CET Credit Rating for such Credit Support Provider. Bidder will get credit toward its credit support requirements for the credit support provided by such Credit Support Provider if and only if the CET Credit Rating for such Credit Support Provider meets the requirements for such type of credit support. For rough guidance, a Credit Support Provider with a CET Credit Rating equivalent to BBB- or higher from S&P and Baa3 or higher from Moody's that is the direct or indirect parent of Bidder will be eligible to provide a parent guaranty. The CET Credit Rating requirements are higher for a bank providing a letter of credit or holding cash collateral. If the CET Credit Rating assigned to a Credit Support Provider is sufficiently reduced at any time during the term of the Definitive Agreement, Buyer will be required to replace the credit support being provided by such Credit Support Provider.

With respect to any credit support that does not involve a Credit Support Provider (such as a lien on assets), the CET will apply its own internal procedures to determine the credit that Bidder will get toward its credit support requirements for such credit support. Such amount will be discussed with Bidder as part of the credit support discussion if such Bidder is selected for the Primary Selection List and/or the Secondary Selection List.

C. Bidder Selection

A Bidder whose proposal(s) is (are) selected to the Primary Selection List and/or the Secondary Selection List for further negotiation will be invited to discuss with the CET its CET Credit Rating and asked to indicate the type of credit support it will provide in order to meet the RFP's credit support requirements. During such discussions, ESI will also discuss with Bidder the CET Credit Rating for any Credit Support Provider and the value determined by the CET with respect to any proposed credit support that does not involve a Credit Support Provider. While such credit support will not, except as provided in Section D below, need to be posted until the execution of the Definitive Agreement, Bidder's proposal may be eliminated from further consideration if, at the time of such discussions, Bidder either fails to describe adequately its strategy for providing (or does not have an adequate strategy), or communicates an

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APPENDIX E
Credit/Collateral Requirements

unwillingness or inability to provide, the required credit support. Further, while ESI reserves the right to move forward with Bidders unwilling to offer satisfactory credit support, ESI will be reluctant to select any proposal from any such Bidder unless it is clearly superior to similar product offerings even taking that fact into account. Finally, please note that, in the selection of winning Bidders, the CET may establish limits for the aggregate amount of exposure (pursuant to this RFP plus existing transactions) of the Entergy Operating Companies to a Bidder or to certain groups of suppliers, including groups that are supported by the same Credit Support Provider (as defined below) and groups with weak CET Credit Ratings, and may take these limits into account in its evaluation of proposals.

D. LOI Execution and Contract Negotiation

Bidders notified that their proposals have been selected for final negotiation will be required to enter into an LOI setting forth key terms and conditions of the proposed Transaction. Upon execution of the LOI, Bidder will be required to provide to ESI or its designee a letter of credit in the amount of 0.5% of the projected notional value of the Definitive Agreement (including energy purchases), not to exceed \$2 million. The letter of credit must be issued by a U.S. commercial bank or the U.S. branch office of a foreign bank that has a Published Credit Rating of at least A from S&P and A2 from Moody's and will be in form substantially similar to the form letter of credit attached as Annex E-1.

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APPENDIX E
Credit/Collateral Requirements

Annex E-1
Form of Letter of Credit

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [BANK USE ONLY]
[ADDRESS]
ATTENTION: STANDBY LETTER OF CREDIT SECTION.

DATE: (L/C ISSUANCE DATE)

BENEFICIARY:
ENTERGY [_____]]
[INSERT ADDRESS]
[INSERT CITY/STATE/ZIP CODE]

APPLICANT:
[_____] }.
[On BEHALF OF [_____]]
[INSERT ADDRESS]
[INSERT CITY/STATE/ZIP CODE]

LADIES AND GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF [_____] (THE "APPLICANT"), [ADDRESS], [AND ON BEHALF OF [_____] (THE "ACCOUNT PARTY")], WE, [NAME OF BANK] (THE "ISSUER"), HEREBY ESTABLISH, EFFECTIVE IMMEDIATELY, IN FAVOR OF ENTERGY [_____] (THE "BENEFICIARY"), OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN THE AGGREGATE AMOUNT OF [_____] UNITED STATES DOLLARS (U.S. \$_____) (AS SUCH AMOUNT MAY BE REDUCED FROM TIME TO TIME BY PARTIAL DRAWS HEREUNDER, THE "STATED AMOUNT").

WE ARE INFORMED BY THE APPLICANT THAT THIS LETTER OF CREDIT IS BEING ISSUED PURSUANT TO, AND IN ACCORDANCE WITH, THAT CERTAIN LETTER OF INTENT, DATED [_____] , BETWEEN THE ACCOUNT PARTY AND THE BENEFICIARY (THE "AGREEMENT").

THIS LETTER OF CREDIT IS ISSUED, PRESENTABLE AND PAYABLE AT OUR OFFICE LOCATED AT [_____] AND, EXCEPT AS PROVIDED BELOW, EXPIRES WITH OUR CLOSE OF BUSINESS ON [_____] (THE "EXPIRATION DATE").

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT WRITTEN AMENDMENTS FOR PERIODS OF ONE (1) YEAR FROM THE PRESENT EXPIRATION DATE, AND THEREAFTER FOR ONE YEAR FROM EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN APPLICABLE EXPIRATION DATE WE NOTIFY YOU IN WRITING BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, OR COURIER SERVICE THAT WE HAVE ELECTED NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED BEYOND THE THEN APPLICABLE EXPIRATION DATE.

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APPENDIX E
Credit/Collateral Requirements

THIS LETTER OF CREDIT SHALL FINALLY EXPIRE ON [_____] (THE "TERMINATION DATE"), IF IT HAS NOT PREVIOUSLY EXPIRED IN ACCORDANCE WITH THE PRECEDING PARAGRAPH.

IN THE EVENT THAT (I) THIS LETTER OF CREDIT IS SCHEDULED TO EXPIRE IN ACCORDANCE WITH THE PRECEDING PARAGRAPH ON OR BEFORE THIRTY (30) DAYS OF THE TERMINATION DATE OR (II) WE HAVE NOTIFIED YOU IN WRITING BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, OR COURIER SERVICE THAT WE HAVE ELECTED NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED BEYOND THE THEN APPLICABLE EXPIRATION DATE AND THE APPLICANT HAS FAILED TO DELIVER A REPLACEMENT LETTER OF CREDIT OR EXTEND THE LETTER OF CREDIT IN ACCORDANCE WITH THE AGREEMENT AND SECURITY IS STILL REQUIRED UNDER THE AGREEMENT, THEN, NOTWITHSTANDING ANYTHING IN THIS LETTER OF CREDIT TO THE CONTRARY, THE BENEFICIARY MAY DRAW ANY OR THE ENTIRE AMOUNT AVAILABLE HEREUNDER BY PRESENTING THE DRAWING DOCUMENTS IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

FUNDS IN PAYMENT OF A DRAWING UNDER THIS LETTER OF CREDIT ARE AVAILABLE TO THE BENEFICIARY BY PAYMENT AGAINST PRESENTATION AT THE OFFICE AS STIPULATED HEREIN ABOVE OF THE BENEFICIARY'S SIGNED AND APPROPRIATELY COMPLETED SIGHT DRAFT(S) IN THE FORM OF EXHIBIT 1 ATTACHED HERETO, THE BENEFICIARY'S SIGNED AND APPROPRIATELY COMPLETED DRAWING CERTIFICATE(S) IN THE FORM OF EXHIBIT 2 ATTACHED HERETO, AND COPIES OF THE ORIGINAL LETTER OF CREDIT AND AMENDMENTS (IF ANY) (COLLECTIVELY, THE "DRAWING DOCUMENTS").

WE SHALL HAVE A REASONABLE AMOUNT OF TIME, NOT TO EXCEED TWO (2) BUSINESS DAYS FOLLOWING THE DATE OF OUR RECEIPT OF THE DRAWING DOCUMENTS, TO EXAMINE SUCH DOCUMENTS AND DETERMINE WHETHER TO TAKE UP OR REFUSE SUCH DOCUMENTS AND TO INFORM YOU ACCORDINGLY.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED HEREUNDER. ANY DRAWING HONORED HEREUNDER BY THE ISSUER SHALL REDUCE THE STATED AMOUNT AVAILABLE FOR DRAWINGS BY THE AMOUNT OF ANY DRAWING HONORED BY THE ISSUER. PRESENTATION OF DEMANDS FOR AMOUNTS IN EXCESS OF THE AMOUNT OF THIS LETTER OF CREDIT ARE ACCEPTABLE AND NOT DISCREPANT FOR THAT REASON; HOWEVER, THE AMOUNT PAYABLE ON ANY SUCH DEMAND WILL NOT EXCEED THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRATION DATE.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE, EXCEPT BY THE BENEFICIARY TO ANY OF THE ENTERGY OPERATING COMPANIES BY THE ISSUING BANK.

ALL BANKING CHARGES ASSOCIATED WITH THIS LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE APPLICANT.

AS USED HEREIN, "BUSINESS DAY" MEANS ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKS IN THE STATE OF CALIFORNIA ARE AUTHORIZED OR REQUIRED TO BE CLOSED, AND A DAY ON WHICH PAYMENTS CAN BE EFFECTED ON THE FEDWIRE SYSTEM.

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APPENDIX E
Credit/Collateral Requirements

THIS LETTER OF CREDIT IS SUBJECT TO AND GOVERNED BY THE INTERNATIONAL STANDBY PRACTICES, INTERNATIONAL CHAMBER OF COMMERCE (ICC) PUBLICATION NO. 590 ("ISP98"). AS TO MATTERS NOT ADDRESSED BY THE ISP98, AND TO THE EXTENT NOT INCONSISTENT WITH THE ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, ARTICLE 5 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF NEW YORK) AND APPLICABLE U.S. FEDERAL LAW.

THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING, AND SUCH UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED OR AMPLIFIED DUE TO OUR REFERENCE HEREIN TO ANY AGREEMENT OR INSTRUMENT OR ANY REFERENCE IN ANY OTHER AGREEMENT OR INSTRUMENT IN WHICH THIS LETTER OF CREDIT IS REFERRED TO.

SINCERELY,

[ISSUING BANK]

NAME: _____

TITLE: _____

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APPENDIX E
Credit/Collateral Requirements

*****DRAFT ONLY*****

EXHIBIT 1

[BENEFICIARY LETTERHEAD]

SIGHT DRAFT

[DATE]

[BANK NAME AND ADDRESS]

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

FOR THE VALUE RECEIVED, PAY TO THE ORDER OF _____ BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO THE FOLLOWING ACCOUNT:

[NAME OF ACCOUNT]
[ACCOUNT NUMBER]
[NAME AND ADDRESS OF BANK AT WHICH ACCOUNT IS MAINTAINED]
[ABA NUMBER]
[REFERENCE]

THE FOLLOWING AMOUNT:

[INSERT NUMBER OF DOLLARS IN WRITING] UNITED STATES DOLLARS
(US\$ [INSERT NUMBER OF DOLLARS IN FIGURES])

DRAWN UPON YOUR LETTER OF CREDIT NO. _____ DATED
[_____].

ENTERGY [_____]

BY: _____

NAME: _____

TITLE: _____

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APPENDIX E
Credit/Collateral Requirements

*****DRAFT ONLY*****

EXHIBIT 2

DRAWING CERTIFICATE

[DATE]

[BANK NAME AND ADDRESS]

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

LADIES AND GENTLEMEN:

THE UNDERSIGNED, A DULY AUTHORIZED OFFICER OF ENTERGY [_____] (THE "BENEFICIARY"), AS THE BENEFICIARY OF THE ABOVE-REFERENCED LETTER OF CREDIT (THE "LETTER OF CREDIT"), HEREBY CERTIFIES TO [_____] (THE "ISSUER") WITH RESPECT TO THE LETTER OF CREDIT THAT:

1. THE BENEFICIARY, AS AGENT FOR THE ENTERGY OPERATING COMPANIES, AND THE ACCOUNT PARTY ARE PARTIES TO THAT CERTAIN LETTER OF INTENT, DATED OCTOBER __, 2010 (AS AMENDED, MODIFIED OR OTHERWISE SUPPLEMENTED FROM TIME TO TIME, THE "LETTER OF INTENT").

[PICK ONE OF THE FOLLOWING ALTERNATIVES FOR PARAGRAPH 2]

[2. THE DRAW AMOUNT (AS DEFINED BELOW) IS DUE AND OWING BY THE APPLICANT TO THE BENEFICIARY UNDER THE TERMS OF THE LETTER OF INTENT.] OR

[2. THE LETTER OF CREDIT WILL EXPIRE ON OR BEFORE THIRTY (30) DAYS OF THE DATE OF THIS CERTIFICATE AND THE APPLICANT HAS FAILED TO DELIVER TO BENEFICIARY A REPLACEMENT LETTER OF CREDIT OR EXTEND THE LETTER OF CREDIT IN ACCORDANCE WITH THE LETTER OF INTENT AND SECURITY IS STILL REQUIRED UNDER THE LETTER OF INTENT.] OR

[2. THE ACCOUNT PARTY AND THE BENEFICIARY AGREE THAT THE DRAW AMOUNT (AS DEFINED BELOW) IS DUE AND OWING BY THE APPLICANT TO THE BENEFICIARY PURSUANT TO THE LETTER OF INTENT.]

3. THE BENEFICIARY IS ENTITLED TO MAKE A DRAWING UNDER THE LETTER OF CREDIT IN THE AMOUNT OF \$_____ (THE "DRAW AMOUNT").

THE TERMS DEFINED THEREIN AND NOT OTHERWISE DEFINED HEREIN SHALL HAVE THE MEANINGS SET FORTH THEREIN.)

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APPENDIX E
Credit/Collateral Requirements

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS DRAWING CERTIFICATE AS
OF THE ____ DAY OF _____ 20__.

ENTERGY [_____]

BY: _____

NAME: _____

TITLE: _____

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