



**2008**  
***Request For Proposals (RFP)***  
***For***  
***Western Region Limited-Term***  
***Supply-Side Resources***

Entergy Services, Inc.  
January 22, 2008

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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.

## APPENDICES

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Appendix B	Bidder Registration Form
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2008 WESTERN REGION RFP - January 22, 2008

## **1. GENERAL INFORMATION**

### **1.1. Introduction and Overview**

Entergy Services, Inc. (“ESI”), acting as agent for the Entergy Operating Companies,<sup>1</sup> is issuing this 2008 Request for Proposals for Western Region Limited-Term Supply-Side Resources (“2008 Western Region RFP” or “RFP”).<sup>2</sup> The 2008 Western Region RFP is part of the Entergy System’s<sup>3</sup> ongoing resource planning and acquisition process, and is being offered to meet specific geographic needs identified through the System’s resource planning processes. This RFP solicits proposals for the delivery of electric capacity, energy, and Other Associated Electric Products to satisfy certain Western Region supply procurement objectives for 2009 and beyond. This 2008 Western Region RFP can be accessed at ESI’s RFP Website: <https://emo-web.no.entergy.com/ENTRFP/index.htm>.

ESI invites proposals from all potential suppliers that are capable of meeting the conditions identified in this RFP, including proposals from other electric utilities, marketers, wholesale generators, independent power producers and QFs. Entergy Competitive Affiliates will not be eligible to participate in this RFP, and no self-supply options are being considered. ESI has engaged in discussions with one potential supplier whose resource could be utilized to meet the Western Region capacity needs. This potential supplier will be subject to the requirements of all Bidders in this RFP, including the bidder registration and proposal submission requirements set forth in Section 2.

The primary objective of this RFP is to solicit limited-term resources that meet the reliability and economic objectives of the Western Region of the Entergy System for the 2009-2014 timeframe. This RFP is targeting a total of 150MW-500MW of dispatchable capacity from combustion turbine (“CT”) or combined-cycle gas turbine (“CCGT”) resources to serve the Western Region of the Entergy System. ESI anticipates issuing another RFP to solicit CCGT resources for deliveries beginning summer 2011 and to test potential self-supply options; however, no specific issuance date has been determined.

### **1.2. Resource Eligibility**

The Western Region is the westernmost part of the Entergy System (generally west of the Trinity River to Montgomery County). The geographic boundaries of the Western Region are defined by the following map:

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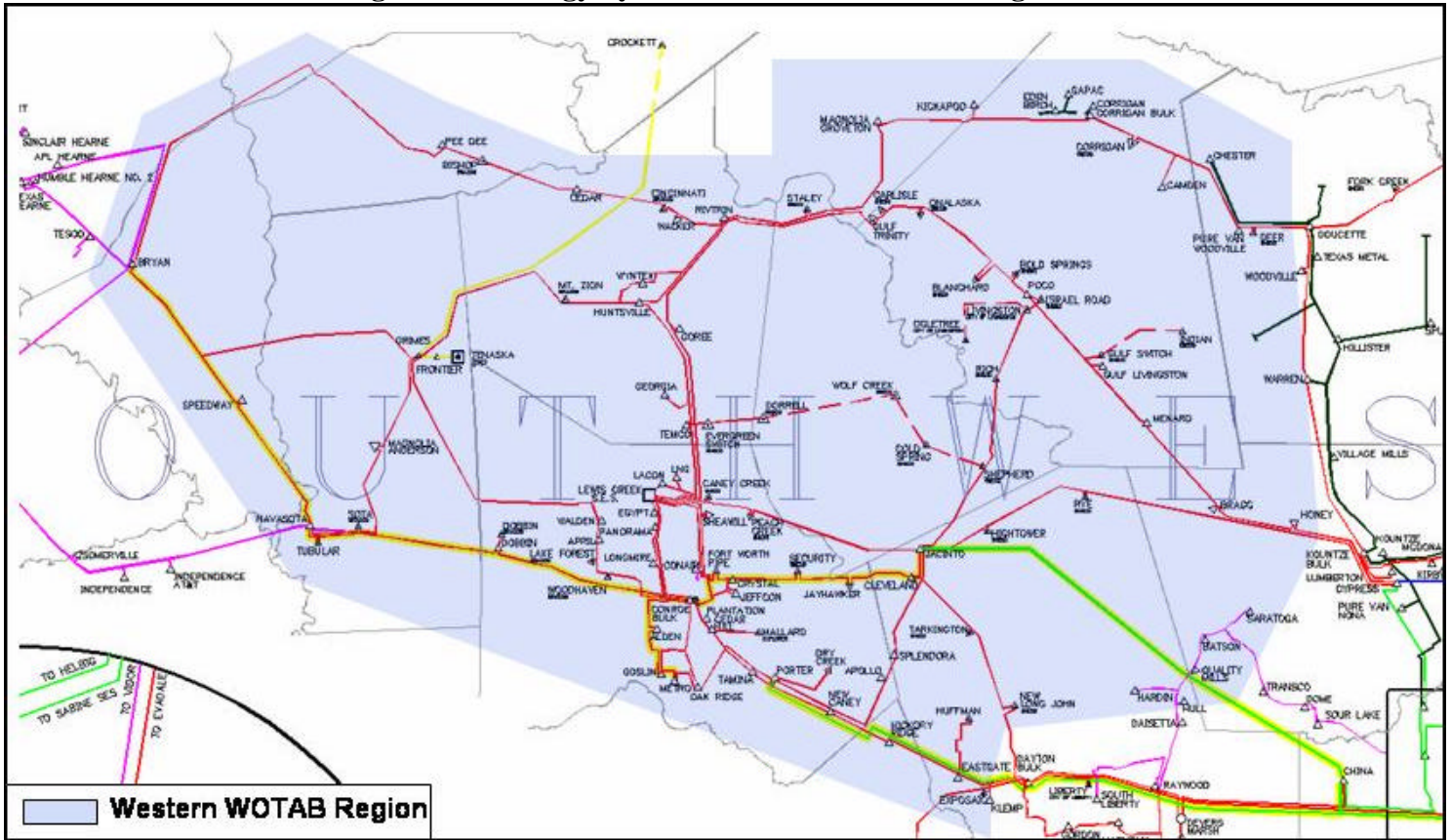
<sup>1</sup> The Entergy Operating Companies are Entergy Arkansas, Inc., Entergy Gulf States Louisiana, L.L.C., Entergy Louisiana, LLC, Entergy Mississippi, Inc., Entergy New Orleans, Inc., and Entergy Texas, Inc.

<sup>2</sup> All references to this “RFP” or the “2008 Western Region RFP” include and incorporate the Appendices to this RFP. Appendix D to this RFP contains a glossary of all capitalized terms used in this RFP that are not otherwise defined in this RFP.

<sup>3</sup> The Entergy System is comprised of the generation and bulk transmission facilities of the six individual Operating Companies, which facilities are operated as a single integrated electric system.

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**Figure 1 – Entergy System’s Western WOTAB Region**



In order to be considered an eligible resource for this RFP, the resource must be located in Entergy System’s Western Region. Refer to Figure 1 (above) for a map of the Entergy System’s Western Region.

In addition, peaking CT resources must be operational and able to begin deliveries by June 1, 2009, and CCGT resources must be operational and able to begin deliveries by May 1, 2010.

**1.3. Overview of Western Region Resource Planning Objectives**

ESI has identified a need for additional resources in the Western Region of the Entergy System. In order to meet this need over the 2009-2014 planning period, ESI is soliciting CT and CCGT generation resources. The table below identifies the potential supply needs of the Western Region over the identified timeframe.

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### Western Region Load and Capability

	2009	2010	2011	2012	2013	2014
Firm Load (MW)	1,963	2,022	2,082	2,145	2,209	2,275
Resources (MW)	1,909	1,859	2,059	2,059	2,059	2,059
Surplus/(Deficit) (MW)	(54)	(163)	(23)	(86)	(150)	(216)

The Entergy Operating Committee has determined that only Entergy Texas, Inc. will participate in peaking resources solicited through this RFP. Although Entergy Texas, Inc. desires the addition of peaking resources to their portfolio, it is not committing to any minimum amount. Furthermore, depending on the attractiveness of the proposals received, Entergy Texas, Inc. may acquire additional peaking resources.

No participation decisions have been made with respect to CCGT resources; therefore, all Entergy Operating Companies are eligible to participate in CCGT resources solicited through this RFP, and such decisions will be made after resource selections but prior to the execution of any Definitive Agreement.

#### 1.4. Summary Descriptions of Products Sought and Associated Term Sheets

In this RFP, ESI is seeking proposals for the following types of products, each of which is described in more detail in the Product Packages included in Appendix C:

- ❖ CCGT Multiple-Year Unit Capacity Purchase Agreement (“CCGT MUCPA”) (Product Package A);
- ❖ CCGT Multiple-Year Unit Capacity Call Option (“CCGT MUCCO”) (Product Package B);
- ❖ Peaking Multiple-Year Unit Capacity Purchase Agreement (“Peaking MUCPA”) (Product Package C); and
- ❖ Peaking Multiple-Year Unit Capacity Call Option (“Peaking MUCCO”) (Product Package D).

Although these products are similar to products solicited in previous RFPs, each contains some new or modified characteristics. Bidders are advised to review carefully the relevant term

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sheet (“Term Sheet”) included in this RFP for each product for which the Bidder intends to submit a proposal. The Term Sheets establish certain key terms and requirements for each product.

#### **1.4.1. CCGT Multiple-Year Unit Capacity Purchase Agreement (CCGT MUCPA)**

This product consists of a purchase of Capacity, energy and all Other Associated Electric Products from a CCGT generating unit, with output to be delivered to a designated Delivery Point on the Entergy System. Buyer must have the ability to Schedule and dispatch energy and all Other Associated Electric Products from a specific CCGT generating unit on a day-ahead and intra-day basis. Buyer will provide the fuel supply. If Bidder has specific operational accommodations for ESI to consider, such as off-peak or minimum dispatch requirements, please identify and describe each of the necessary accommodations in the Special Considerations section of the Proposal Submission Form.

Pricing for this product will be based on (i) an Option Premium, expressed in \$/kW-year, (ii) a Variable O&M Payment, expressed in \$/MWh, and (iii) a Fixed Start-up Payment, expressed in \$/MW per Start, all proposed by Bidder. Bidder will propose a Guaranteed Heat Rate that shall be guaranteed within a band width of plus or minus 3%.

In addition, Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by Buyer. These resources must be located in the Entergy System’s Western Region due to the reliability needs of the System in the Western Region.

This product can be offered for the delivery period beginning May 1, 2010 through April 30, 2011. Term Sheet A of Appendix C summarizes the specific requirements for this product, which are generally described herein.

ESI is seeking proposals for the full Capacity of the specified CCGT generating unit. In the event that the proposal is for less than 100% of the output of the facility, Bidders submitting proposals for this product must have (1) sufficient revenue quality fuel metering equipment in place to separate fuel inputs to each generating unit and (2) sufficient revenue quality metering for all electrical output associated with the generating unit or portion of the facility that is being proposed by the Bidder.

#### **1.4.2. CCGT Multiple-Year Unit Capacity Call Option (CCGT MUCCO)**

This product consists of a purchase of Capacity, energy and all Other Associated Electric Products from a CCGT generating unit with output to be delivered to a designated Delivery Point on the Entergy System. Buyer must have the ability to Schedule and dispatch energy and all Other Associated Electric Products from a specific CCGT generating unit on a day-ahead and

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intra-day basis. Seller will provide the fuel supply. If Bidder has specific operational accommodations for ESI to consider, such as off-peak or minimum dispatch requirements, please identify and describe each of the necessary accommodations in the Special Considerations section of the Proposal Submission Form.

Pricing for this product will be based on (i) an Option Premium, expressed in \$/kW-year, (ii) a Variable O&M Payment, expressed in \$/MWh, (iii) a Fixed Start-up Payment, expressed in \$/MW per Start, all proposed by Bidder and (iv) an energy payment based on (x) a Fixed Heat Rate proposed by Bidder and expressed in Btu/kWh, multiplied by (y) the Gas Price proposed by Bidder.

In addition, Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by Buyer. These resources must be located in the Entergy System's Western Region due to the reliability needs of the System in the Western Region.

To the extent that ESI does not Schedule or dispatch energy from the specified generating plant for the next day, the Seller would have the ability to sell this energy on a *non-firm, interruptible* basis to other markets or utilize it to serve its own load, subject to Buyer's rights, which include the right to submit a dispatch schedule on a real-time basis with four (4) hours prior notice (including start-up time)

This product can be offered for the delivery period beginning May 1, 2010 through April 30, 2011. Term Sheet B of Appendix C summarizes the specific requirements for this product, which are generally described herein.

#### **1.4.3. Peaking Multiple-Year Unit Capacity Purchase Agreement (Peaking MUCPA)**

The Peaking MUCPA product consists of a purchase of Capacity, energy and all Other Associated Electric Products from a peaking CT generating unit with output to be delivered to a designated Delivery Point on the Entergy System. Buyer must have the ability to Schedule and dispatch energy and all Other Associated Electric Products from a specific CT generating unit on a day-ahead and/or intra-day basis and also the ability to start-up and shut down the generating unit at Buyer's discretion based on the capabilities of the generating unit specified. Buyer will provide the fuel supply.

Pricing for this product will be based on (i) an Option Premium, expressed in \$/kW-year, (ii) a Variable O&M Payment, expressed in \$/MWh, and (iii) a Fixed Start-up Payment, expressed in \$/MW per Start, all proposed by Bidder. Bidder will propose a Guaranteed Heat Rate that shall be guaranteed within a band width of plus or minus 3%.

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In addition, Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by Buyer.

This product can be offered for the delivery period beginning June 1, 2009 through May 31, 2010 and/or the delivery period beginning June 1, 2009 through December 31, 2014. These resources must be located in the Entergy System's Western Region due to the reliability needs of the System in the Western Region.

ESI is seeking proposals for the full Capacity of the specified CT generating unit. In the event that the proposal is for less than 100% of the output of the facility, Bidders submitting proposals for this product must have (1) sufficient revenue quality fuel metering equipment in place to separate fuel inputs to each generating unit and (2) sufficient revenue quality metering for all electrical output associated with the generating unit or portion of the facility that is being proposed by the Bidder. If Bidder cannot fully comply with these requirements, Bidder's proposal may be rejected as non-conforming.

Term Sheet C of Appendix C summarizes the specific requirements for this Peaking MUCPA product, which are generally described herein.

#### **1.4.4. Peaking Multiple-Year Unit Capacity Call Option (Peaking MUCCO)**

The Peaking MUCCO product would provide ESI with unit-contingent call option rights to Capacity, energy and all Other Associated Electric Products from a specifically designated generating unit. Buyer must have the ability to pre-schedule energy from the unit for a minimum of four hours on a day-ahead or intra-day basis and also the ability to start-up and shut down the generating unit at Buyer's discretion based on the capabilities of the generating unit specified. Seller will provide the fuel supply.

Pricing for this product will be based on (i) an Option Premium, expressed in \$/kW-year, (ii) a Variable O&M Payment, expressed in \$/MWh, (iii) a Fixed Start-up Payment, expressed in \$/MW per Start, all proposed by Bidder and (iv) an energy payment based on (x) a Fixed Heat Rate proposed by Bidder and expressed in Btu/kWh, multiplied by (y) the Gas Price proposed by Bidder.

In addition, Bidders are responsible for all transmission service costs to deliver energy to the Delivery Point; all other transmission service costs will be borne by Buyer.

This product can be offered for the delivery period beginning June 1, 2009 through May 31, 2010 and/or the delivery period beginning June 1, 2009 through December 31, 2014. These resources must be located in the Entergy System's Western Region due to the reliability needs of the System in the Western Region.

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To the extent that ESI does not Schedule or dispatch energy from the specified generating plant for the next day, the Seller would have the ability to sell this energy on a *non-firm, interruptible* basis to other markets or utilize it to serve its own load, subject to Buyer's rights, which include the right to submit a dispatch schedule on a real-time basis with two (2) hours prior notice (including start-up time)

Term Sheet D of Appendix C summarizes the specific requirements for this Peaking MUCCO product, which are generally described herein.

## **2. RFP SOLICITATION AND PROPOSAL SUBMISSION PROCESS**

This RFP will use a multi-phase process consisting of: (1) Solicitation; (2) Electronic Bidder Registration; (3) Electronic Proposal Submission; and (4) Notification and Contract Negotiations.

Phases 1, 2 and 3 will be processed electronically via the RFP Website and electronic mail. Bidders should note that ESI will accept only electronic proposal submissions. The electronic submission process has been implemented to automate submission, receipt, and processing of Bidder proposals, to help streamline the RFP process, to support ESI's efforts to protect the confidentiality of proposal information, and to help ensure that all proposals are consistently, accurately and fairly evaluated by the RFP evaluation team.

This RFP and all appendices and forms will be available on the RFP Website. As further described in Appendix A, "Detailed Instructions for Bidder Registration and Proposal Submission," Bidders will be able to download the required forms and complete the forms in Microsoft Word format. Bidders must submit properly completed forms via electronic mail to the RFP Submission Email Address by the specified deadline.

If a Bidder wishes to submit a proposal contingent on the results of another company's request for proposals, the Bidder may do so provided that it indicates such conditions and reasons in the "Special Considerations" section of its electronic Proposal Submission Form.

### **2.1. Schedule**

The schedule for this 2008 Western Region RFP is presented below. This timeline is representative only and is subject to change.

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## Phase 1 — Solicitation

RFP issued January 22, 2008

Bidder Conference Call\* January 30, 2008

\*Conference call details will be posted on the ESI RFP Website prior to the conference call.

## Phase 2 — Bidder Registration

Bidder Registration Process begins January 29, 2008 at 8:00 a.m. CPT

Bidder Registration Process completed February 1, 2008 at 5:00 p.m. CPT

## Phase 3 — Electronic Proposal Submission

Proposal Submission Process begins February 4, 2008 at 8:00 a.m. CPT

Deadline for electronic submission of proposals February 7, 2008 at 5:00 p.m. CPT

## Phase 4 — Notification and Contract Negotiations

Bidders notified of selection or elimination from further consideration. On or about March 7, 2008

Initiate contract negotiation(s) with Bidders and additional due diligence, as appropriate On or about March 10, 2008

Execute and deliver Definitive Agreement(s) 2<sup>nd</sup> Quarter 2008

## 2.2. Contacts with ESI and RFP Questions

ESI has a designated “RFP Administrator” to serve as a liaison between all market participants and ESI with regard to 2008 Western Region RFP-related matters. Except with respect to transmission matters (which should be directed to Entergy’s Transmission Business Unit), all questions and requests and any other inquiries or contact about the RFP must be directed in writing to:

**Ms. Laura Berryman, RFP Administrator**  
Entergy Services, Inc., T-PKWD-3A  
10055 Grogans Mill Road  
The Woodlands, TX 77380

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Email: lberry@entergy.com  
Fax: 281-297-3937

All questions regarding the RFP, whether they arise before, during or after the Bidders' Conference, must be submitted in writing to the RFP Administrator. The RFP Administrator shall ensure that Bidder questions are addressed, with all questions and answers posted on the 2008 Western Region RFP Website, subject to confidentiality.

ESI has designed procedures that its employees, agents, and consultants will be required to follow in conducting the proposal review process and the proposal evaluation process phases of the 2008 Western Region RFP. Described in more detail in Appendix F, these procedures are designed to preserve, to the extent practicable, the confidentiality of any confidential information contained in Bidders' proposals, including, but not limited to, the identities of Bidders and the proposal prices and other terms and conditions of their proposals.

### **2.3. Bidder Registration and Proposal Submission**

Each Bidder must electronically submit a properly completed Bidder Registration Form (in Appendix B), which must include the number of proposals and product type of each proposal that the Bidder intends to submit in response to this RFP, by no later than 5:00 p.m. CPT on February 1, 2008 in order to be eligible to participate in the solicitation process. Upon receipt, Bidder Registration Forms will be automatically screened for completeness, and the Bidder will be automatically notified whether the form has been confirmed as received by ESI. All proposals submitted without prior registration will be rejected.

In Appendix C, ESI has provided electronic Proposal Submission Forms that Bidders will be required to complete and submit to the RFP Submission E-mail Address and which will provide the information that ESI needs in order to evaluate proposals. The forms are grouped in individual Product Packages that correspond to the particular products requested by this RFP. Proposals will be accepted electronically from Bidders only between 8:00 a.m. CPT on February 4, 2008 until 5:00 p.m. CPT on February 7, 2008. At the time of their submission, Proposal Submission Forms will be automatically screened for completeness and the Bidder will be notified automatically when the form has been received by ESI, including whether some required fields were incomplete or missing when the form was received.

See Appendix A for detailed instructions on the Bidder Registration and proposal submission processes.

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### 3. PROPOSAL REVIEW AND OVERALL EVALUATION PROCESS

ESI intends to utilize a multi-step evaluation process, conducted in a carefully controlled manner, to review and select proposals that meet resource planning objectives at the lowest reasonable cost.

Upon receipt of the proposals, the RFP Administrator will review and assess each proposal to ensure that it conforms to the following **threshold requirements**:

- ❖ The Bidder must have completed properly an electronic Bidder Registration Form (see Appendix B), which must have been submitted by the Bidder and received electronically by ESI between 8:00 a.m. CPT on January 29, 2008 and 5:00 p.m. CPT on February 1, 2008.
- ❖ The Bidder's proposal(s) must be completed properly on the electronic submission forms provided (see Appendix C) and submitted and confirmed as received by ESI between 8:00 a.m. CPT on February 4, 2008 and 5:00 p.m. CPT on February 7, 2008.
- ❖ The proposed resource must meet the eligibility requirements set forth in Section 1.2.
- ❖ The proposal must contain clear and complete pricing information as specified in the applicable Product Package (see Appendix C).
- ❖ The proposal must be signed by an officer or other representative of the Bidder who is duly authorized to sign and submit the proposal.
- ❖ Each Bidder acknowledges that ESI will not negotiate any material terms in the applicable term sheet unless (a) a resource is otherwise attractive but not physically capable of meeting a requirement specified in the applicable term sheet, *and* (b) the Bidder has explained the fact of and basis therefore in the Special Considerations section of its proposal.

Proposals that meet all of these threshold requirements shall move to the proposal evaluation process. Incomplete, non-conforming or unclear proposals may be rejected from further consideration. The process for evaluating proposals has been designed to treat all Bidders objectively and impartially and comply with all applicable legal and regulatory requirements. The overarching objective of the RFP is to procure resources to meet the supply objectives and provide power at the lowest reasonable total cost.

The proposal evaluation process will be conducted by the Proposal Evaluation Team, which consists of certain employees of ESI's System Planning and Operations group. As discussed in Appendix F, appropriate procedures will be used to ensure the protection of confidential proposal information from persons that are not members of the Proposal Evaluation

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Team and executives that must approve the selection of proposals and Definitive Agreements with bidders. Such persons will execute appropriate Acknowledgments that will restrict the dissemination of proposal information and will be expected to comply with the standards and codes of conduct that apply to employees of ESI and the Entergy Operating Companies.

The CT and CCGT products are to be evaluated separately, using similar processes. Proposals will be ranked from the one offering the lowest busbar cost to the highest, on a dollar per megawatt-hour basis (\$/MWh), levelized over the term of the offer, if appropriate. A fundamental economic analyses based on spreadsheet models will be used as the primary tool to perform the evaluation. The fundamental spreadsheet model will be used to develop a bus bar cost for proposal based upon its economics. Each proposal will be compared and ranked against other proposals within the same product category (CT or CCGT) over a range of operating conditions.

For proposals for which ESI would provide the fuel, the Fuel Evaluation Team (“FET”) will develop an estimate for ESI’s delivered cost of fuel to the specific plant associated with each such proposal. The delivered fuel costs will be provided to the Economic Evaluation Team for use in its analyses.

The FET also will conduct an evaluation process in which key fuel issues are evaluated for each proposal. This will include a quantitative assessment of the availability of firm transportation and/or access to storage for the fuel supply of the proposed resource. This evaluation also will consider qualitative factors that cannot be easily included in the economic evaluation, but are deemed to be important characteristics of the product evaluation. The FET will assess each proposal using pre-defined procedures.

The economic evaluation of the proposals will include costs identified in the fuel evaluation, the Deliverability Evaluation (discussed in Section 4, below), and the credit evaluation (discussed in Section 5 and Appendix E).

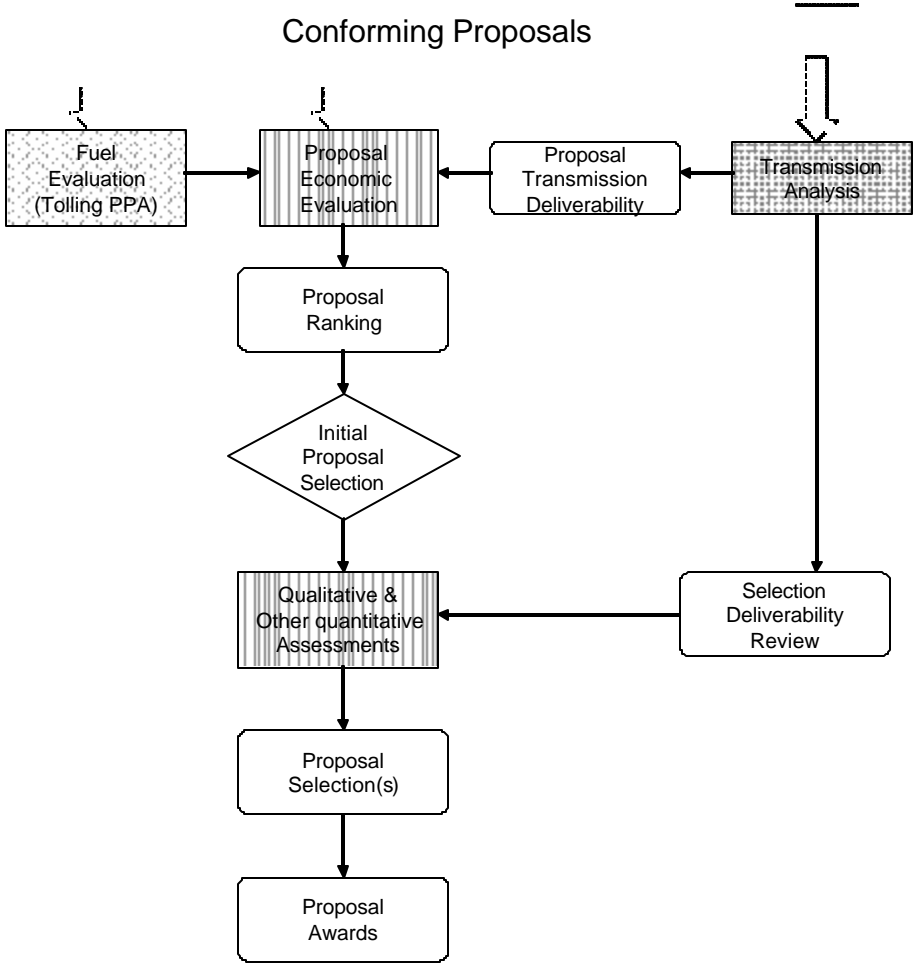
This document should be viewed as a general framework for evaluation and not as a prescriptive procedure. It is not possible to provide a comprehensive description of every analytical tool or approach that may be employed during the evaluation process, and the evaluation teams will retain the discretion to use the evaluation methods and assumptions that they consider appropriate to identify those proposals that best meet the planning objectives to procure resources to meet Entergy Operating Companies’ supply objectives and provide power at the lowest reasonable total cost.

Upon completion of the analyses, the Proposal Evaluation Team will create rankings for all proposals. This ranking process will result in a “Product Category Supply Cost Ranking” of proposals within each product type. At the completion of the proposal ranking, the Proposal

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Evaluation Team will select the proposal, or proposals, that best meet the supply objectives. Chart A below shows a high-level flow for the Proposal Evaluation Process.

**Chart A  
Proposal Evaluation Process**



In addition to fundamental analysis, other quantitative and qualitative assessments, including but not limited to fuel deliverability, may be employed on a consistent and impartial basis at the discretion of ESI to select the proposal or proposals that best meet the supply objectives of the Entergy System.

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#### **4. TRANSMISSION SERVICE AND TRANSMISSION DELIVERABILITY EVALUATION**

The Deliverability Evaluation of the Western Region RFP evaluation process seeks to analyze the potential for utilizing the generation and bulk transmission facilities of the Entergy System to deliver a balanced and diversified portfolio of resources resulting in the highest overall value to customers while maintaining the reliability of the grid. The methodology for the Deliverability Evaluation is intended to identify whether any transmission constraints exist for proposals submitted in response to the Western Region RFP.

The Deliverability Evaluation will be performed by the Transmission Analysis Group (“TAG”) within the Entergy System Planning and Operations organization, which is functionally separate from Entergy Transmission Business Unit (“TBU”), as required by Orders 888 and 889 issued by the FERC.

The Deliverability Evaluation generally utilizes publicly available transmission load flow model information posted on Entergy TBU’s OASIS website (<http://oasis.e-terrasolutions.com/OASIS/EES>), namely the seasonal load flow models. These seasonal cases will also be used to determine the effects of changes to the transmission system associated with certain identified upgrades.

The overall Deliverability Evaluation methodology seeks to identify transmission constraints that may limit deliveries and the ability to secure firm transmission service for proposals to prevent transmission flows from exceeding transmission limits. However, transmission service requests will be submitted to the Independent Coordinator of Transmission (“ICT”) to determine whether the designated generating unit qualifies as a firm network resource. The execution of any Definitive Agreement will be contingent upon the resource qualifying as a network resource.

##### **4.1. Individual Deliverability Analysis**

The Deliverability Evaluation to be performed by the TAG will be conducted with the following parameters:

- 1) For the Peaking MUCPA and MUCCO products with a delivery period of June 1, 2009 through May 31, 2010, the proposal will be analyzed using the summer 2009 seasonal case. For the Peaking MUCPA and MUCCO products with a delivery period of June 1, 2009 through December 31, 2014, the proposals will be analyzed using the summer 2009, 2010, 2011, 2012, 2013 and 2014 cases. For the CCGT MUCPA and CCGT MUCCO products, the proposals will be analyzed using the summer 2010 case.

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- 2) The resource must be located in the Entergy System's Western Region as described in Figure 1. ESI is responsible for the transmission reservation from the resource to the network customers.
- 3) Approved transmission projects that are in the TBU's Construction Plan will be included in the deliverability analysis. Transmission projects will be included in the seasonal cases that correspond to the in-service date of the project. The following is a list of transmission projects for the ETI area that are in the Entergy's 2008-2010 Construction Plan<sup>4</sup>:
  - a) Fawil : Upgrade 138/69 Auto (2008)
  - b) Newton Bulk: Replace/Re-tap CT to increase rating on Holly Springs line (2008)
  - c) Beaumont 69 kV Improvement Plan: Option 2 (2009)
  - d) College Station 138 kV Switch Station to close N.O. point (2009)
  - e) Line 886: Porter-Tamine-Cedar Hill Upgrade 138 kV line (2010)
  - f) Western Region Reliability Improvement Plan : Phase 3 (2011)
    - Convert 138 kV lines 524/824 (Jacinto-Lewis Creek) to 230 kV operation.
    - Construct a 230 kV transmission line from Cypress to Jacinto.
    - Install static and dynamic VAR support in the Western Region.
- 4) Proposals will be evaluated based on a preliminary assessment of their ability to obtain network resource status.
- 5) All transmission elements greater than 115 kV will be monitored during the pre-contingency and post-contingency analysis to determine the deliverability feasibility of the proposal. All transmission elements greater than 115 kV will be outaged during the contingency analysis.

#### **4.2. Software Models Used**

The MUST program will be used for all DC-based load flow and contingency analyses. The MUST program uses a DC-based network model to assess transmission overloads due to the injections of the proposals. MUST<sup>TM</sup> is commercially available from Shaw Power Technologies, Inc. (<http://www.shawgrp.com/PTI/software/must/index.cfm>). The information and load flow models used will be based on the OASIS posting as of February 8, 2008. The assessment of the transmission availability will be performed by TAG and used in conjunction with the overall evaluation. None of the proposals will be submitted to the ICT prior to notification of the final

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<sup>4</sup> The Fork Creek-Rayburn 138 kV project is identified in the ICT's 2008-2010 Base Plan but is not included in the Entergy's 2008-2010 Construction Plan. TAG will not treat this as a supplemental upgrade.

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selection. Once the final selection is made, ESI will submit the transmission service requests to the ICT from the appropriate resources for the respective timeframes. The results between TAG and the ICT may vary.

## **5. CREDIT AND COLLATERAL REQUIREMENTS**

In addition to the economic evaluation of the proposals, each conforming proposal will be analyzed by the Credit Evaluation Team (“CET”) to assess potential credit risks and collateral requirements. The credit evaluation seeks to assure that the Bidder’s credit quality, combined with its proposal to ESI, complies with ESI’s corporate risk management standards, and that any requirements for additional collateral or security associated with the proposal are identified. The critical credit risk management issue will be protecting the Buyer from the risk of a Bidder’s non-performance over the duration of the contract. This risk is tied to the necessity to replace power and/or capacity from higher cost resources than the contracted-for resources should a supplier become unable to perform. The specific collateral requirements are located in Appendix E.

Bidders should understand that the collateral requirements are meant to help reduce the Buyer’s credit exposure and that additional Seller representations, warranties, and indemnifications, and credit support to secure a Bidder’s obligations with respect thereto, will be addressed in the Definitive Agreement. The credit and collateral requirements in Appendix E apply only to Bidders and are designed to protect the Buyer from the risk of a Bidder’s non-performance.

## **6. NOTIFICATION OF EVALUATION RESULTS AND NEGOTIATIONS**

Pursuant to the schedule presented in Section 2.1 above, ESI will contact each Bidder to notify it of the status of its proposal and whether additional discussions or negotiations are warranted. Placement of a proposal on an award list does not indicate acceptance by ESI of any proposed contract terms. ESI shall not be bound to any obligations unless and until a Definitive Agreement is executed between the parties.

## **7. REGULATORY APPROVALS, AND OTHER PERMITS, LICENSES, AND/OR APPROVALS**

Certain transactions entered into as a result of this RFP process may require certification or other form of Regulatory Approval. Thus, the Definitive Agreement(s) with the selected

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Bidder(s) may be conditioned on, and/or provide a termination right with respect to the failure to obtain, any such Regulatory Approvals. Bidders should refer to applicable Product Packages for specific provisions regarding Regulatory Approvals.

Bidders will be responsible for having or obtaining and maintaining all necessary permits, consents, authorizations, licenses, and/or approvals required for performance under their proposals, other than any necessary Regulatory Approvals involving regulatory jurisdiction over the participating Entergy Operating Companies.

**8. RESERVATION OF RIGHTS**

A Bidder’s proposal will be deemed accepted only when a Definitive Agreement has been executed and delivered by ESI (on behalf of the participating Entergy Operating Companies) and by the chosen Bidder. Although ESI intends to enter into Transactions for resources that offer sufficiently attractive economic and/or reliability benefits, it has no obligation to accept any proposal, whether or not the stated price in such proposal is the lowest price offered in the RFP process, and may reject any proposal, in its sole discretion, for any reason.

By participating in the RFP process, each Bidder agrees that (a) except to the extent of any representations and warranties contained in a Definitive Agreement, any and all information furnished by or on behalf of ESI or the Entergy Operating Companies in connection with this RFP is being or will be provided without any representation or warranty, express or implied, as to the accuracy or completeness of such information, and (b) except as otherwise provided in a Definitive Agreement, neither ESI, the Entergy Operating Companies, nor any of their representatives or advisors shall have any liability to any Bidder or its representatives relating to or arising from the use of or reliance upon any such information or any errors or omissions therein.

This RFP does not commit ESI or the Entergy Operating Companies to pay any costs incurred by the Bidder in the preparation of a proposal in response to this RFP, or to procure or contract for any products or services. ESI, the Entergy Operating Companies, and their representatives and advisors may, and expressly reserve the right to, at any time and from time to time, without prior notice and without assigning any reason therefor:

- ❖ cancel, modify or withdraw this RFP, reject any and all Bidder proposals or responses, and terminate consideration of any proposal or negotiations with any Bidder;

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- ❖ discuss with any Bidder and its advisors the terms of any proposal submitted by the Bidder and obtain clarification from any Bidder and its advisors concerning the proposal;
- ❖ make all proposals the property of ESI, subject to the provisions of this RFP relating to confidentiality, and subject to any confidentiality agreement that may be executed in connection with this RFP process, and destroy or archive any information or materials provided in the proposal submission process (currently, ESI intends to retain all proposal information until any related regulatory approval processes to which that information relates have been completed);
- ❖ request from any or all Bidders information that is not explicitly detailed in this RFP but which is deemed by ESI or the Proposal Evaluation Team to be necessary or desirable for evaluation of the proposal;
- ❖ determine which proposals to accept, pursue or reject;
- ❖ evaluate and consider opportunities to acquire resources offered outside the formal RFP process from parties who are not Entergy Competitive Affiliates, as such opportunities arise and which are compelling in terms of economic benefit to its rate payers, with the understanding that any decision to commit to these resources would be fully subject to any applicable review and approval by the appropriate regulatory bodies;
- ❖ reject any proposals that are not complete or contain irregularities, or waive irregularities in any proposal that is submitted;
- ❖ reject any proposals determined by ESI to have been made with the intent or effect of creating artificial prices, terms, or conditions;
- ❖ elect to not accept proposals that provide the lowest cost based on the criteria and analyses described in this RFP, if a proposal review identifies issues detrimental to the Entergy Operating Companies or the Entergy System which are not specifically identified in the criteria and analyses described;
- ❖ determine which Bidders to allow to participate in the RFP process, including disqualifying a Bidder due to a change in the qualifications of the Bidder or in the event that ESI determines or believes that the Bidder has failed to conform with the requirements of this RFP;
- ❖ invite further submissions of proposals from all eligible RFP participants;
- ❖ modify any of the dates, times or places specified in the RFP;

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- ❖ conduct negotiations with any or all Bidders or other Persons; or
- ❖ sign one or more Definitive Agreements with any Bidder who submits a proposal or with any other Person or sign no Definitive Agreements related to this RFP.

If at any time ESI determines that there is a defect in the RFP process or a deviation from the requirements of this RFP, or that collusive or fraudulent bidding has occurred or appears to have occurred, ESI may suspend the RFP process in whole or in part as to any Bidder or Bidders.

Under all circumstances, each Bidder is responsible for all costs and expenses it incurs in connection with the RFP process. Under no circumstances, including ESI's termination of the RFP process at any time, will ESI or the Entergy Operating Companies be responsible for any costs or expenses of any Bidder incurred in connection with the RFP process.

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2008 WESTERN REGION RFP - January 22, 2008