

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A)
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

DOCKET NO. 15-014-U

DIRECT TESTIMONY

OF

H. MATT WOLF

MANAGER, RESOURCE PLANNING

ENTERGY ARKANSAS, INC.

ON BEHALF OF

ENTERGY ARKANSAS, INC.

APRIL 14, 2015

1 **I. BACKGROUND AND INTRODUCTION**

2 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.

3 A. My name is H. Matt Wolf. My current position is Manager, Resource
4 Planning, for Entergy Arkansas, Inc. (“EAI” or the “Company”), and my
5 business address is 324 Malvern Avenue, Hot Springs, Arkansas.

6

7 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

8 A. I am submitting this direct testimony to the Arkansas Public Service
9 Commission (“APSC” or the “Commission”) on behalf of EAI.

10

11 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
12 PROFESSIONAL EXPERIENCE.

13 A. I have a Bachelor of Science in Industrial Engineering and a Master of
14 Science in Engineering from the University of Arkansas. I joined Entergy
15 Services, Inc. (“ESI”)¹ in 1985 in the Operations Engineering/Planning
16 Group of the System Operations Center (“SOC”) in Pine Bluff, Arkansas.
17 While in Pine Bluff, I held various analyst and engineering positions,
18 eventually reaching the position of Senior Lead Engineer. My duties
19 included performing power flow studies, production cost studies,
20 evaluations of wholesale purchases and sales, development of load

¹ ESI is a subsidiary of Entergy Corporation that provides technical and administrative services to all the Operating Companies. The Entergy Operating Companies include EAI; Entergy Gulf States Louisiana, L.L.C.; Entergy Louisiana, LLC; Entergy Mississippi, Inc.; Entergy New Orleans, Inc.; and Entergy Texas, Inc.

1 forecasting models, and optimization studies. In 1994, I transferred to the
2 Wholesale Transactions Group in Little Rock, Arkansas. In this group, I
3 held various positions, including Senior Lead Strategic Analyst, Wholesale
4 Executive, and Senior Wholesale Executive. My duties consisted of
5 negotiating long-term and limited-term wholesale power sales and
6 purchases. In 1996, I was promoted to Manager of Power Marketing,
7 where I was responsible for short-term wholesale purchases and sales for
8 the Entergy Operating Companies. In 1997, I moved to The Woodlands,
9 Texas where I continued in the role of the Manager of Power Marketing as
10 part of the ESI Energy Management Organization (“EMO”). In 1999, I
11 moved back to the SOC in Pine Bluff, Arkansas as the Manager of
12 Transmission Business Operations. In that position, I was responsible for
13 Open Access Transmission Tariff administration, Open Access Same
14 Time Information System operations, transmission and ancillary services
15 billing, North American Electric Reliability Corporation (“NERC”) and
16 Federal Energy Regulatory Commission (“FERC”) compliance, and
17 implementation of the Entergy Generator Imbalance Agreement. In 2001,
18 I accepted a position as Manager, Policy for EMO and relocated to Hot
19 Springs, Arkansas. My responsibilities included monitoring and
20 participating in policy issues related to Regional Transmission
21 Organization (“RTO”) development and implementation as well as other
22 NERC and FERC policy issues. In 2004, I moved into the position of
23 Manager of Operations Support where I continued working on RTO

1 development and implementation issues as well as the EAI transition plan
2 for post-System Agreement² operations. In 2012, I moved into my current
3 position as Manager, Resource Planning for EAI. In my current role, I am
4 responsible for EAI resource planning activities and participating in the
5 Midcontinent Independent System Operator, Inc. (“MISO”) stakeholder
6 process related to resource planning.

7

8 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE A REGULATORY
9 COMMISSION?

10 A. Yes. I have provided testimony before the Arkansas Public Service
11 Commission (“APSC” or the “Commission”) in Docket Nos. 10-011-U and
12 14-118-U. I have also presented testimony before the Public Utility
13 Commission of Texas in Docket No. 25089.

14

15 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

16 A. The Company executed a proposed 20-year power purchase agreement
17 (the solar “PPA” or “Agreement”) with Stuttgart Solar, LLC (“Stuttgart
18 Solar”)³ on April 3, 2015, for a renewable energy resource. The Stuttgart
19 Solar Project (“Project”), which will be located near Stuttgart, Arkansas, is

² EAI exited the Entergy System Agreement on December 19, 2013.

³ Stuttgart Solar, LLC is an indirect wholly-owned subsidiary of NextEra Energy Capital Holdings, Inc., a subsidiary of NextEra Energy, Inc.

1 planned to be an 81 MW solar photovoltaic project interconnecting to the
2 existing 115kV Ricuskey-Almyra transmission line.

3 My direct testimony supports the Company's request for a finding
4 that the long-term⁴ 81 MW solar PPA is in the public interest and that the
5 Company's Application should be approved by the Commission. The
6 Company contends, pursuant to Act 1088 of 2015 ("Act 1088"), that 1) the
7 cost of the PPA is reasonable and prudent; 2) the PPA will provide
8 savings for retail customers as compared to other generation and power
9 supply options over the term of the PPA; 3) the PPA is required by public
10 convenience and necessity; 4) the PPA is necessary to supplement or
11 replace the utility's existing generation sources; and 5) approval of the
12 PPA is in the public interest.⁵ In addition, my testimony supports the
13 Company's proposal that the costs incurred under the solar PPA, together
14 with an additional sum determined pursuant to Act 1088 of 2015 in this
15 proceeding, would be properly recovered through EAI's Rate Schedule
16 No. 38, Energy Cost Recovery Rider ("Rider ECR"). In my direct
17 testimony, I:

- 18 • describe the 2014 EAI Request for Proposals for Long-Term,
19 Supply-Side and Renewable Generation Resources ("2014 EAI
20 RFP"), including the role of the Independent Monitor ("IM"), and
21 other protocols EAI utilized for the 2014 EAI RFP;

⁴ The Company considers a PPA greater than five years to be long-term.

⁵ Act 1088, adding Ark. Code Ann. §23-18-108(c) (1)-(5).

- 1 • describe the analyses conducted for proposals submitted in
2 response to the 2014 EAI RFP and how Stuttgart Solar's
3 renewable proposal compared to other non-traditional proposals
4 in the 2014 EAI RFP, resulting in a determination that Stuttgart
5 Solar's proposal was an attractive renewable resource for EAI's
6 customers; and
- 7 • provide a brief overview of the proposed solar PPA, including a
8 review of certain key provisions of that agreement.

9

10 **II. THE 2014 EAI RFP**

11 Q. PLEASE DESCRIBE THE 2014 EAI RFP.

12 A. The 2014 EAI RFP solicited proposals for generation resources and
13 associated products from traditional resources and renewable resources.
14 EAI issued the 2014 EAI RFP in May 2014. It consisted of a main body
15 and eight appendices, which I have attached to my testimony as EAI
16 Direct Exhibit HMW-1. It and other information related to the 2014 EAI
17 RFP also are available on a website maintained by the Company.⁶

18 Through the 2014 EAI RFP, the Company sought to obtain up to
19 200 to 600 MW of capacity, energy and associated products from
20 traditional resources for service beginning in 2017 and up to 200 MW from

⁶ http://entergy-arkansas.com/transition_plan/

1 renewable resources, with deliveries as early as 2015 to help the
2 Company meet its long-term resource planning objectives⁷.

3

4 Q. WHY DID EAI ISSUE THE 2014 EAI RFP?

5 A. As indicated above, EAI sought to address several long term planning
6 objectives. With respect to EAI's request for renewable proposals, this
7 effort was consistent with the Action Plan of EAI's 2012 Integrated
8 Resource Plan, where EAI indicated that it planned to explore
9 opportunities to add additional renewable resources to EAI's existing
10 portfolio, assuming economic renewable resources could be obtained. Mr.
11 Castleberry provides a detailed discussion as to the benefits of adding
12 renewable resources to EAI's portfolio to address a variety of long-term
13 planning issues facing EAI.

14

15 Q. WHAT DO YOU MEAN BY TRADITIONAL RESOURCES AND
16 RENEWABLE RESOURCES?

17 A. Those terms were defined in Appendix A to the 2014 EAI RFP, but
18 generally speaking, traditional resources contemplated generation
19 facilities powered by natural gas-fired combined cycle gas turbines
20 ("CCGT"), combustion turbines ("CT"), or solid-fuel technologies with a

⁷ The Company's Resource Planning objectives are included as Attachment A to the Company's 2012 Integrated Resource Plan which is available at http://entergy-arkansas.com/content/transition_plan/2012_IRP_Filing_103112.pdf

1 variety of environmental controls. Renewable resources contemplated
2 biomass, run-of-river hydroelectric, solar photovoltaic, and wind-powered
3 resources.

4

5 Q. WHAT SUPPLIERS WERE ELIGIBLE TO PARTICIPATE IN THE 2014
6 EAI RFP?

7 A. The 2014 EAI RFP sought proposals from any potential supplier capable
8 of meeting the conditions and requirements identified in the request,
9 including other electric utilities, marketers, wholesale generators,
10 independent power producers, and qualifying facilities. EAI excluded
11 other Entergy Operating Companies and competitive affiliates of EAI from
12 the 2014 EAI RFP. A notice of intent regarding the 2014 EAI RFP was
13 posted on EAI's website on February 12, 2014 and was also emailed to a
14 list of potential suppliers.

15

16 Q. DID THE COMPANY UTILIZE AN IM FOR THE 2014 EAI RFP?

17 A. Yes, consistent with EAI's commitment in Docket No. 12-038-U to use an
18 IM in future RFPs, EAI engaged an IM for the 2014 EAI RFP. The IM's
19 role was to 1) monitor the design and implementation of the 2014 EAI RFP
20 solicitation, evaluation, selection, and contract negotiation processes to
21 ensure that they are impartial and objective and 2) provide an objective,
22 third-party perspective on EAI's efforts to ensure that all proposals are
23 treated consistently and without undue preference to any bidder.

1

2 Q. HOW MANY PROPOSALS FOR RENEWABLE RESOURCES WERE
3 RECEIVED IN RESPONSE TO THE 2014 EAI RFP?

4 A.

5

6

7

8

9 Q. WOULD YOU PLEASE DESCRIBE THE 2014 EAI RFP PROCESS FOR
10 EVALUATING THE PROPOSALS?

11 A. Yes. Once proposals were submitted, the 2014 EAI RFP administrator
12 worked with the IM to disperse proposal information to the evaluation
13 teams. The IM monitored the precautions taken to restrict access to
14 proposal information only to appropriate members of the evaluation teams
15 in order to preserve the confidentiality of information contained in the
16 proposals. This process was carried out through a combination of
17 electronic and manual processes.

18 The 2014 EAI RFP team conducting the evaluations included a
19 number of individuals from both EAI and ESI (the "Project Team"). The
20 roles and responsibilities of the Project Team were reviewed with EAI's
21 Resource Planning and Operations Committee ("RPOC") in a presentation
22 I gave at its February 2014 meeting, excerpts of which are attached to my
23 testimony as Highly Sensitive EAI Direct Exhibit HMW-2. While that

1 presentation provides additional details regarding the respective role of
2 each team/individual in the 2014 EAI RFP, I will highlight a few key
3 elements of the framework.

4 To begin, EAI's President and Chief Executive Officer ("CEO"),
5 Hugh T. McDonald, provided executive oversight, reviewing information
6 that would be considered in the ultimate resource selections he would
7 make from the 2014 EAI RFP. The RPOC served in its support role,
8 providing oversight and input to the processes, reviewing summary
9 results, and making recommendations regarding the ultimate resource
10 selections presented to Mr. McDonald.

11 EAI's Resource Planning Team was a key contributor to the
12 process. As reflected on slide two of Highly Sensitive EAI Direct Exhibit
13 HMW-2, EAI's Resource Planning Team was responsible for ensuring that
14 the 2014 EAI RFP remained consistent with EAI's resource needs and
15 objectives. I served as the lead for the project for EAI's Resource
16 Planning Team, providing the key point of contact between EAI and the
17 various sub-teams set forth in that exhibit: the Delivery/Operations
18 Assessment Team, the Economic Evaluation Team ("EET"), the Viability
19 Assessment Team, and the Credit Evaluation Team. Our team worked
20 with all of these 2014 EAI RFP sub-teams to ensure that they had
21 appropriate information and direction on the analyses they were
22 conducting.

23

1 Q. DESCRIBE THE ANALYSIS CONDUCTED FOR THE RENEWABLE
2 PROPOSALS.

3 A. Section 5.1 of the 2014 EAI RFP describes two phases contemplated for
4 the proposal evaluation process.⁸ In Phase I, renewable proposals were
5 evaluated for satisfaction of certain requirements set forth in the 2014 EAI
6 RFP, while the EET developed a fundamental economic analysis to
7 determine the average energy cost (\$/MWh) and average capacity value
8 (\$/MWh) of each proposal. The EET also developed projected energy
9 margins for calendar years 2021 and 2022 based on production cost
10 simulations using the AURORA Electric Market Model (“AURORA”). The
11 information developed during the Phase I analysis was integrated and
12 utilized by the EAI Resource Planning team to develop a recommendation
13 on which renewable proposals should move to Phase II of the 2014 EAI
14 RFP process.

15
16 Q. HOW MANY RENEWABLE PROPOSALS WERE SELECTED FOR
17 FURTHER ANALYSIS IN PHASE II OF THE 2014 EAI RFP?

18 A. [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]

⁸ The 2014 EAI RFP process consisted of three phases, which are described in Section 5 of the 2014 EAI RFP (see EAI Direct Exhibit HMW-1).

1 The presentation supporting this recommendation is shown as Highly
2 Sensitive EAI Direct Exhibit HMW-3. This Exhibit provides significant
3 detail on the Phase I analysis and factors that were considered in
4 developing the recommendation.

5

6 **III. PHASE II EVALUATION RESULTS FOR RENEWABLE RESOURCE**
7 **PROPOSALS IN THE 2014 EAI RFP**

8 Q. DESCRIBE THE ANALYSIS OF THE RENEWABLE RESOURCES THAT
9 WERE MOVED TO PHASE II OF THE 2014 EAI RFP PROCESS.

10 A. All of the 2014 EAI RFP teams were involved with the Phase II process.
11 Conference calls were held with each bidder to request clarifying
12 information and discuss additional details of the proposals. The IM was
13 also present for each conference call. The EET conducted a more
14 detailed production cost analysis of each proposal using the AURORA
15 model to project the energy benefits from each proposal for each year of
16 the proposed term. [REDACTED]

17

18 These sensitivity analyses varied the projected natural gas price
19 assumptions and the carbon price assumptions. Additional sensitivity
20 cases were conducted on specific proposals regarding the financial
21 delivery points and the production or investment tax credit assumptions as
22 warranted. As with the Phase I analysis, all information developed in
23 Phase II was analyzed by the EAI Resource Planning team to develop a

1 recommendation for the EAI RPOC as to which proposals should be
2 carried to Phase III of the 2014 EAI RFP process.

3

4 Q. WHAT RECOMMENDATIONS WERE BASED UPON THE PHASE II
5 ANALYSIS FOR THE RENEWABLE PROPOSALS?

6 A. As with the Phase I 2014 EAI RFP process, a presentation detailing the
7 results of the Phase II analysis was developed and presented at a
8 November 19, 2014 RPOC meeting. That presentation is attached as
9 Highly Sensitive EAI Direct Exhibit HMW-4. I will highlight a few key
10 takeaways from the presentation:

11

[REDACTED]

12

[REDACTED]

13

[REDACTED]

14

[REDACTED]

15 2) The sensitivity analyses conducted on select proposals
16 indicated that the projected savings are robust but only if the tax
17 incentives can be realized at the level assumed in the
18 proposals.

19

20 Q. WERE THE RECOMMENDATIONS MADE AT THE NOVEMBER 19,
21 2014 RPOC APPROVED?

1 A. Yes. The solar based proposal submitted by Stuttgart Solar projected the
2 highest level of EAI customer savings of the solar based proposals and,
3 as such, was placed on the primary selection list for Phase III.

4

5 **IV. THE PROJECT AND THE SOLAR PPA**

6 Q. PROVIDE A MORE DETAILED OVERVIEW OF THE PROJECT.

7 A. The Project is planned to be an approximately 81 MW solar photovoltaic
8 facility located near Stuttgart, Arkansas. The Project will cover nearly 500
9 acres of land and fundamentally will be comprised of solar panels
10 mounted to a racking system and cabled to intermediate field
11 transformers, inverters and ultimately to a step-up transformer which is
12 interconnected to the Entergy Transmission System. The facility will
13 produce power and inject it into the grid during the daylight hours based
14 on the intensity of the solar energy reaching the panels. On a given
15 summer day, the facility may begin producing energy around 6:00 a.m. in
16 the morning and reach its maximum output around 10:00 a.m. The facility
17 may stay at or near that maximum output level until approximately 3:00
18 p.m., at which point production will begin to decrease to a zero output
19 level by dusk. On other days with significant cloud cover, the production
20 may be more intermittent and only produce a small amount of energy over
21 the course of a day. [REDACTED]

22 [REDACTED] The actual amount in any

1 given year could vary significantly, and the annual expected amount will
2 decrease slightly each year due to normal solar panel degradation.

3

4 Q. HOW WILL EAI BUY THIS SOLAR ENERGY AND UTILIZE IT TO SERVE
5 CUSTOMERS?

6 A. [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]

14 This energy would be utilized
15 for the benefit of EAI's retail customers in a manner similar to the energy
16 received from EAI's nuclear, hydro, natural gas and coal fueled resources.
17 Energy from this Project is projected to displace other higher cost energy
18 sources over the term of the solar PPA.

19 Q. UNDER THE PROPOSED TERMS, WILL EAI HAVE THE RIGHT TO
20 STOP TAKING DELIVERY FROM THE PROJECT?

21 A. Yes. Under the terms of the solar PPA, EAI would pay for all energy that
22 the facility is capable of producing and putting on the transmission grid. If
23 there are reliability problems with the transmission grid, EAI would not be

1 required to pay for the associated lost production. In addition, while the
2 agreement is effectively a take-or-pay contract, EAI can stop or decrease
3 delivery of energy that the facility is capable of producing and delivering
4 and only pay the energy price. This protects EAI in case taking delivery
5 from the Project would result in additional costs being incurred, such as
6 periods when Locational Marginal Prices (“LMPs”) at the delivery point are
7 negative.

8

9 Q. WHAT WILL BE THE DELIVERY POINT FROM THE SOLAR PPA?

10 A. The delivery to EAI will be at the point where the Project interconnects
11 with the EAI transmission system on the 115kV Stuttgart Ricuskey-Almyra
12 transmission line. EAI would be responsible for any congestion costs or
13 receive congestion benefits between the delivery point and EAI’s load.
14 EAI would manage this risk as it does with its other generation resources.

15

16 Q. HOW DOES EAI BELIEVE THE COMMISSION SHOULD VIEW THIS
17 RISK BORNE BY EAI AND ITS CUSTOMERS?

18 A. EAI believes this is a reasonable risk for this solar resource given its
19 unique characteristics. Those characteristics include the fact that the
20 resource is located on the lower voltage EAI transmission system near a
21 significant amount of EAI customer load; the resource would be
22 interconnected to the grid using Network Resource Interconnection
23 Service (“NRIS”); the resource can be curtailed if reliability problems

1 occur; and finally, EAI expects to be able to utilize curtailment rights
2 should congestion cost become extreme resulting in negative LMPs at the
3 delivery point. The net benefit analysis for this Project accounts for the
4 risk.

5

6 Q. GIVEN THAT THE RESOURCE WOULD BE AN INTERMITTENT
7 RESOURCE, WOULD EAI BE SUBJECT TO SIGNIFICANT CHARGES
8 FROM MISO ASSOCIATED WITH THAT UNCERTAINTY?

9 A. No. Potentially, imbalance charges (*i.e.*, MISO charges associated with
10 the difference between the energy scheduled in MISO's Day Ahead
11 market process and the energy actually delivered in MISO's Real Time
12 market) may arise from the uncertainty associated with a solar resource's
13 energy production. However, the terms of the proposed agreement
14 allocate the cost caused by the resource's intermittency to Stuttgart Solar
15 with certain limited exceptions.

16

17 Q. WHAT ARE SOME OF THE OTHER KEY RISK MITIGATION
18 PROVISIONS OF THE SOLAR PPA?

19 A. The solar PPA provides compensation and/or termination rights for
20 several key areas including:

21

█ [REDACTED]

22

█ [REDACTED]

1

[REDACTED]

2

[REDACTED]

3

[REDACTED]

4

[REDACTED]

5

[REDACTED]

6

A copy of the proposed, executed solar PPA is included as Highly

7

Sensitive Direct Exhibit HMW-5.

8

9 Q.

WILL THE SOLAR PPA PROMPT CAPITAL LEASE ACCOUNTING

10

RULES?

11 A.

Yes, based on our understanding of current accounting rules, we believe

12

this solar PPA would be treated as a capital lease. However, given that

13

there are limited fixed payments that are independent of the actual energy

14

production, there are no lease payments that would materially affect EAI's

15

balance sheet.

16

17 V.

CONTRACT BENEFITS

18 Q.

WHAT ARE THE KEY CATEGORIES OF BENEFITS THAT YOU

19

DISCUSS THAT CAN BE REALIZED FROM THE SOLAR PPA?

20 A.

The benefits for this solar PPA that I discuss fall into two main categories:

21

projected energy and capacity benefits and diversity and risk mitigation

22

benefits. Mr. Castleberry discusses other benefits of the solar PPA.

23

1 Q. IN THE COURSE OF DEVELOPING THE AGREEMENT, DID THE
2 EXPECTED BENEFITS OF THE SOLAR PPA CHANGE FROM THE
3 EARLIER BENEFITS FORECASTED DURING PHASE II OF THE 2014
4 EAI RFP?

5 A. [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]

19
20 Q. DO THE NET BENEFIT PROJECTED CHANGES DISCUSSED ABOVE
21 SUPPORT SELECTION OF AN ALTERNATIVE PROPOSAL IN THE
22 2014 EAI RFP TO THAT OF STUTTGART SOLAR?

1 A. No. The total net benefits projected for this proposal are still superior to
2 the projected benefits available with the next best solar proposal.

3

4 Q. WHEN WILL EAI KNOW THE ACTUAL AMOUNT OF THE UP-FRONT
5 PAYMENT STUTTGART SOLAR WILL RECEIVE WHEN THE FACILITY
6 BECOMES OPERATIONAL?

7 A. [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED] [REDACTED]
17 [REDACTED]
18 [REDACTED]

19

20 [REDACTED]
21 [REDACTED]
22 [REDACTED]
23 [REDACTED]

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]

9

10 Q. HOW DOES EAI PROPOSE TO RECOVER THE UP-FRONT PAYMENT
11 OF THE PPA?

12 A. [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED] A
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 [REDACTED] Company witness Scott M.

1 Celino describes this cost recovery mechanism further in his direct
2 testimony.

3

4 Q. WHAT ARE THE PROJECTED NET PRESENT BENEFITS?

5 A. The projected net present value of the benefits are \$25 million. The
6 sensitivity analysis projects that benefits could be as high as \$91 million
7 dollars given higher than expected gas prices and implementation of a
8 carbon cost beginning in 2023. The low gas price sensitivity case projects
9 the benefits to be \$3 million dollars. These values are shown in Highly
10 Sensitive EAI Direct Exhibit HMW-6.

11

12 Q. ARE THESE PROJECTED SAVINGS SIGNIFICANT?

13 A. Yes. The fact that the net benefits are projected to be positive even in the
14 low gas case is important because it indicates that entering into this solar
15 PPA has minimal risk over the term of the PPA.

16

17 Q. DESCRIBE THE DIVERSITY AND RISK MITIGATION BENEFITS OF
18 THE SOLAR PPA.

19 A. In 2014, EAI customers received about 71 percent of their energy
20 requirements from nuclear generation. Fossil fueled generation provided
21 about 24 percent and hydro powered generation provide less than one
22 percent. This solar PPA would provide for about 0.8 percent of EAI
23 customers' current total energy needs and would likely displace fossil

1 based generation over the term of the solar PPA. [REDACTED]
2 [REDACTED]
3 [REDACTED] As such it would provide a
4 hedge against the risk associated with other types of generation
5 technologies over the twenty-year delivery term. Again, Mr. Castleberry
6 discusses the diversity benefits in his direct testimony.
7

8 Q. WHAT OTHER POSSIBLE CHANGES TO EAI'S GENERATION FLEET
9 HAS EAI IDENTIFIED OVER THE TERM OF THE AGREEMENT?

10 A. Before the solar PPA term expires (approximately 2036), it is possible that
11 EAI will retire some or all sources of coal generation (1031 MW), retire its
12 Lake Catherine 4 gas fired generator (516 MW), decommission the ANO 1
13 nuclear unit (834 MW), retire the Hot Spring and Ouachita CCGT units
14 (1,085 MW) and, retire the UPP PB2 (495 MW) should it be approved. No
15 decision has been made to deactivate or retire any of those resources,
16 and the possibility of those retirements is based merely on nominal life
17 expectancies, the current license expiration date of ANO 1, and proposed
18 environmental compliance rules and regulations. Nonetheless, the
19 uncertainties are real, and the magnitude of such uncertainty warrants
20 taking steps now to address those potential future planning issues.
21 Stuttgart Solar will help the Company meet the future needs of its
22 customers.
23

1 Q. WHAT ARE THE PROJECTED IMPACTS ON EAI CUSTOMER BILLS
2 DURING THE TERM OF THE SOLAR PPA?

3 A. The projected impacts on customer bills are shown in Highly Sensitive
4 Direct Exhibit HMW-7. The values shown include the additional sum as
5 described by Mr. Castleberry. Over the 20 year term of the PPA, typical
6 residential customer bills are projected to be lower by an average of 11
7 cents per month than they would otherwise be projected. During the first
8 five years of the solar PPA, EAI customers are projected to realize a small
9 cost of between 2 and 16 cents per month on a typical residential bill.
10 During the remaining fifteen years of the PPA, customers are projected to
11 save between 1 to 36 cents per month on a typical residential bill.

12
13 Q. IS IT REASONABLE FOR EAI TO ENTER INTO THIS SOLAR PPA
14 NOW?

15 A. Yes. It is reasonable for EAI to enter into this PPA, however, absent the
16 current tax incentives that are available for solar projects, the projected
17 savings under this PPA would not be available and the proposal would not
18 show benefits. It is not certain whether those tax incentives will be
19 available in the future at the current level or the extent to which solar
20 technologies will improve. But with the projected benefits of this solar
21 PPA combined with the projection of EAI's future needs discussed by Mr.
22 Castleberry, I strongly support entering into this Agreement at this time as
23 good for customers.

1

2 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

3 A. Yes, it does.

CERTIFICATE OF SERVICE

I, Laura Landreaux, do hereby certify that a copy of the foregoing has been served upon all parties of record by forwarding the same by electronic mail and/or first class mail, postage prepaid, this 14th day of April, 2015.

/s/Laura Landreaux
Laura Landreaux

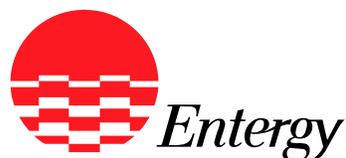
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EAI DIRECT EXHIBIT HMW-1

2014 EAI RFP



***2014 Request For Proposals
For
Long-Term, Supply-Side
and Renewable Generation
Resources***

Entergy Arkansas, Inc.
May 5, 2014

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APPENDICES

Appendices	Title
Appendix A	Glossary
Appendices B-1 and B-2	Commercial Term Sheets for PPAs and Tolls and Acquisitions
Appendices C-1 and C-2	Preliminary Due Diligence for Developmental and Existing Resources
Appendix D	Minimum Requirements for Developmental Resources
Appendix E	Credit/Collateral Requirements
Appendix F	Reservation of Rights

2014 REQUEST FOR PROPOSALS FOR LONG-TERM, SUPPLY-SIDE AND RENEWABLE GENERATION RESOURCES

1. GENERAL INFORMATION

1.1. Introduction

Entergy Arkansas, Inc. (“EAI”) hereby issues this 2014 Request for Proposals for Long-Term, Supply-Side and Renewable Generation Resources (including all appendices, this “RFP”). EAI is seeking to acquire through this RFP from 200 to 600 MW of Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes (if any) from Traditional Resources for deliveries beginning in 2017 and approximately 200 MW of the same products from Renewable Resources for deliveries starting as early as 2015, on the terms set forth herein, to help EAI meet its long-term resource planning objectives.

1.2. Entergy Arkansas

EAI provides retail electric service to approximately 700,000 customers in the state of Arkansas through the interconnected, coordinated electric generating and bulk transmission facilities of EAI. EAI owns and manages in excess of 5,200 MW of electric generation capacity in order to serve the needs of its customers. Purchases made by EAI pursuant to a Definitive Agreement entered into as a result of this RFP would be for the benefit of EAI and its customers.

1.3. RFP Documents

This RFP consists of a Main Body and eight appendices. Among other things, the Main Body (i) offers general information pertaining to this RFP, (ii) describes the purpose and drivers of this RFP and provides high-level considerations for Bidders, (iii) includes a milestone schedule for this RFP, (iv) sets forth terms governing the preparation and submission of proposals and RFP-related communications with EAI, and (v) provides a high-level overview of the process for evaluating and selecting proposals submitted in response to this RFP.

Appendix A to this RFP is a glossary of certain capitalized terms used in this RFP.

Appendices B-1 and B-2 are two term sheets (each, a “Term Sheet”), one for power purchase agreements (“PPAs”) and tolling agreements (“Tolls”), the other for acquisitions of generation assets. The Term Sheets summarize some of the key commercial terms that would apply to any PPA, Toll, or asset acquisition Transaction arising out of this RFP.

Appendices C-1 and C-2 contain questions or information Bidders will be required to answer or provide for proposals based on a Developmental Resource or an existing resource.

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

Appendix D describes the Minimum Requirements that Bidders must satisfy in order for Bidder to be assured that a conforming proposal offering a Developmental Resource will be considered in this RFP.

Appendix E generally describes the process by which the Credit Evaluation Team will analyze Bidder's credit quality and Bidder's proposal(s) to assess potential credit risks and to establish collateral requirements for proposals selected for the Primary Selection List or the Secondary Selection List.

Appendix F contains an express reservation of EAI's rights in connection with this RFP; warranty, liability, and contract acceptance disclaimers; terms addressing the disclosure of RFP-related information by EAI, Entergy Services, Inc. ("ESI") and Bidders in this RFP, Bidder's responsibility for RFP-related costs, and regulatory approvals; and Bidder's deemed acceptance of the rights and terms contained in Appendix F and EAI's and ESI's reliance upon such acceptance.

Bidders are responsible for familiarizing themselves with and being fully aware of the terms of this RFP, including the terms of each Appendix.

1.4. 2014 EAI RFP Website

The official website for this RFP is http://entergy-arkansas.com/transition_plan/ ("2014 EAI RFP Website"). This RFP and related material and information are posted on the 2014 EAI RFP Website and available for review. The 2014 EAI RFP Website will be updated from time to time with additional information related to this RFP. Interested Persons are responsible for monitoring the 2014 EAI RFP Website to ensure the timely receipt of information about this RFP.

1.5. RFP Administrator

EAI has engaged ESI to administer this RFP and has designated an employee from ESI to serve as the "RFP Administrator". The RFP Administrator's responsibilities include (i) acting as a liaison between the participants in this RFP and EAI on all RFP-related matters, (ii) ensuring that Bidder questions EAI receives are addressed in an appropriate manner, (iii) receiving, recording and maintaining Bidder proposals, (iv) interfacing with the IM, and (v) managing other administrative matters relating to this RFP.

The RFP Administrator for this RFP is Ms. April Phelps. The contact information for the RFP Administrator is:

April Phelps
RFP Administrator
Entergy Services, Inc., T-PKWD-3A
10055 Grogans Mill Road, Suite 300

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

The Woodlands, TX 77380
Email: eaifp@entergy.com
Fax: (281) 297-5350

As detailed in Section 6.1 below, all questions, requests, and other inquiries or communications from or on behalf of Bidders to EAI about this RFP must be directed in writing or via email to the RFP Administrator, except with respect to the RFP Hotline, as discussed in Section 4.4.

1.6. Independent Monitor

EAI has retained Ms. Elizabeth (Betsy) Benson of Energy Associates to act as the Independent Monitor (“IM”) for this RFP. The role of the IM is defined in the “Scope of Work Activities” for the IM, the specifics of which are posted on the 2014 EAI RFP Website. In summary, the IM’s role will be to (i) monitor the design and implementation of the RFP solicitation, evaluation, selection, and contract negotiation processes to ensure that they are impartial and objective and (ii) provide an objective, third-party perspective on EAI’s efforts to ensure that all proposals are treated consistently and without undue preference to any Bidder. Bidders wishing to communicate with Ms. Benson may reach her by email at erbens@aol.com or phone at (703) 641-7948.

1.7. Eligible Participants

EAI invites proposals from all potential suppliers capable of meeting the conditions and requirements identified in this RFP (“Eligible Participants”), including other electric utilities, marketers, wholesale generators, independent power producers, and QFs. Proposals from QFs will not be provided any preference in this RFP solely by virtue of their QF status. Entergy Regulated and Competitive Affiliates are ineligible to participate in this RFP. A “Bidder” in this RFP may consist of more than one entity. For additional information concerning multi-party Bidders, please see Section 6.2 below. Otherwise Eligible Participants that do not comply with the terms, conditions, and requirements of this RFP may be determined by EAI, after consultation with the IM, to be ineligible to continue to participate in this RFP.

1.8. Eligible Technologies

Generation technologies permitted for proposals responsive to this RFP (“Eligible Technologies”) include (i) combustion turbine (“CT”) technology, combined-cycle natural gas turbine (“CCGT”) technology, and solid fossil fuel technologies that incorporate (a) scrubbing technology capable of removing greater than 90% of SO₂ emissions, (b) selective catalytic reduction, or “SCR,” technology, and (c) controls capable of achieving all of the 2015 Mercury and Air Toxics Standards, or “MATS,” limits (collectively, “Traditional Resources”) and (ii) biomass, run-of-river hydroelectric, solar photovoltaic, and wind resources (collectively, “Renewable Resources”).

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Technologies that do not meet the requirements of this RFP, including, without limitation, nuclear, demand-side management, distributed generation, transmission line, energy efficiency technologies, and any other technology not listed above or that does not meet the requirements of this RFP, are not Eligible Technologies. Two or more forms of generation technologies (whether in a single facility or separate facilities) may not be combined to create a permitted Eligible Technology.

1.9. Eligible Resources

Generation resources that are or will be powered by an Eligible Technology and meet the other criteria for participation in this RFP are permitted, subject to the other terms of this RFP (“Eligible Resource”). Generation resources proposed may be existing resources or Developmental Resources. EAI prefers resources located within Local Resource Zone 8 of MISO; however, resources located outside Local Resource Zone 8 that meet the requirements for participation in this RFP are eligible to participate, including resources outside of MISO. Each generation resource proposed must be a single resource (or portion thereof) in order to support a proposal submitted in this RFP. Generation resources located at separate facilities will be considered multiple resources and may not be combined or aggregated to form a “system” of generation resources.

2. RFP OVERVIEW

2.1. RFP Purpose

To satisfy a projected long-term need for generation resources beginning in 2017 (as may be modified from time to time, the “Identified Generation Need”), EAI is seeking to acquire from 200 to 600 MW of baseload, load-following, and/or peaking Capacity, capacity-related benefits, energy, and Other Electric Products from Traditional Resources in this RFP. Given the nature of utility resource planning, the Identified Generation Need is subject to change. Accordingly, the amount of Capacity and related products that EAI targets and may select in this RFP, as well as the timing for the commencement of service, to meet the Identified Generation Need could differ from that specified in this RFP.

In addition to the Identified Generation Need, EAI is seeking to acquire, for service starting as early as 2015, approximately 200 MW of baseload, intermittent, and/or dispatchable intermittent renewable Capacity, capacity-related benefits, energy, and Other Electric Products and Environmental Attributes from Renewable Resources in this RFP. As of the issuance date of this RFP, EAI is not bound by any Renewable Portfolio Standard (RPS) mandating the inclusion of any set or target amount of renewable generation resources in EAI’s resource plan.

Without limiting its rights in Appendix F, EAI reserves the right to contract for more or less than the amounts stated in the prior two paragraphs to meet the long-term resource planning needs and/or Renewable Resource target described above. EAI may elect to contract with one or multiple counterparties to meet the objectives of this RFP. EAI may also select proposals out of rank order to promote diversity of supply in this RFP, gain experience with different renewables technologies, limit

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exposure to a particular counterparty, technology, or resource or a particular set of risks, or achieve other commercial goals EAI deems appropriate.

To address future uncertainties that may affect EAI's resource planning process, EAI may consider proposals received in this RFP in connection with any near-term determination by EAI whether or not to replace or refurbish, upgrade, or otherwise modify existing generation in EAI's portfolio with other supply-side resources (a "Modification Decision"). RFP proposals could also be selected to meet a resource need (other than the Identified Generation Need) in the 2018-2020 time frame, should the need arise. No proposal submitted in this RFP may have a start time later than the beginning of June 1, 2020.

Proposals offered into this RFP will be evaluated for their ability to meet the Identified Generation Need or the stated Renewable Resource target in accordance with the terms of this RFP at the lowest reasonable cost, taking into account, without limitation, reliability, risk mitigation, and other relevant factors. The RFP evaluation results and related information could also be used by EAI in its assessment of alternatives in the event EAI makes a Modification Decision or identifies a separate EAI resource need beyond the Identified Generation Need. Interested Persons are advised that any Modification Decision or decision to fill a separate EAI resource need are planning decisions distinct from any decision to meet the Identified Generation Need or the Renewable Resource target and are beyond the scope of this RFP.

2.2. Transactions Solicited and Selected Terms

Overview

Through this RFP, EAI is seeking Capacity, energy, and related products from Traditional Resources and Renewable Resources that can help EAI meet its long-term resource planning objectives. Proposals responsive to this RFP may be submitted for PPAs, Tolls, or acquisitions. Proposals for PPAs will be considered for Traditional Resources and Renewable Resources. Proposals for Tolls will be considered only for Traditional Resources utilizing CT or CCGT technology. Proposals for acquisitions of Renewable Resources are outside the scope of this RFP and will not be accepted.

The different transaction types are described in the Term Sheets forming Appendix B. Each Term Sheet generally describes certain key terms for a particular transaction type. Appendix B-1 contains the Term Sheet for PPAs and Tolls, and Appendix B-2 contains the Term Sheet for acquisitions. Select highlights of the different transaction types are provided later in this Section 2.2.

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Bidder is responsible for taking into consideration all terms and conditions included in the Term Sheet(s) corresponding to its proposal(s) when developing and preparing its proposal(s).¹ EAI expects that these terms and conditions will be reflected in any Definitive Agreement executed for a proposal. Bidders are advised to carefully review the Term Sheet applicable to the transaction for which Bidder intends to submit a proposal. Bidders should be guided by the descriptions and terms in the Term Sheets in formulating proposals. In the event of any inconsistency between a provision in the Term Sheet and any other part of this RFP, including the Main Body, the Term Sheet will control.

Bidders not wishing to agree to a term or condition set forth or described in the applicable Term Sheet must identify the specific term or condition to which Bidder takes exception and provide a reasonably complete and detailed explanation of Bidder's position in the "Special Considerations" section of its proposal. Submission of an exception in the Special Considerations section of Bidder's proposal does not mean that EAI will accept (and EAI is under no obligation to accept or agree to, in whole or in part) the exception in any negotiation of a Definitive Agreement.

Special Considerations will be taken into account in the evaluation of proposals. Special Considerations in which Bidder reserves all rights to make comments on terms or conditions included in a Definitive Agreement, makes widespread, wholesale, or fundamental changes to material terms or conditions, conditions its bid on the acceptance of material terms or conditions not accepted by EAI in the ordinary course of business, or takes similar actions are not contemplated and are grounds for disqualification.

Any purchase of Capacity and energy made pursuant to this RFP, whether under a PPA or Toll and whether from a Traditional Resource or a Renewable Resource, will also include any and all capacity-related benefits (such as Capacity Credits), Other Electric Products, and Environmental Attributes associated with such Capacity and/or energy, EAI's share of the proposed resource, or the Transaction. Bidders are encouraged to review the Term Sheet for PPAs and Tolls regarding terms and conditions applicable to the products and services to be provided to and acquired by Buyer under the Definitive Agreement.

PPAs and Tolls

In this RFP, the PPAs and Tolls being sought are for the long-term purchase of unit contingent Capacity, energy, capacity-related benefits, Other Electric Products, and Environmental Attributes from an Eligible Resource and related services. EAI will consider proposals for purely

¹ The Term Sheet for acquisitions is generally based upon the acquisition of CCGT resource. If a resource selected for negotiation of a Definitive Agreement for acquisition of a generation resource is based upon a technology other than CCGT technology, the terms of the Definitive Agreement will be adjusted and revised as necessary to reflect, in a manner consistent with the approach taken in the Term Sheet for acquisitions when possible and appropriate, the differences attributable to or arising out of the selection of such other technology.

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“financial” PPAs (such as a firm financial schedule contract in MISO) and, as discussed in Section 2.4 below, EAI contemplates the use of financial schedules in support of PPAs and Tolls.

Pricing for a PPA will be based on:

- (i) exclusively for Traditional Resources and biomass Renewable Resources, a Capacity Rate, which will be fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/kW-year;
- (ii) an energy price, which will be one of the following: (x) for Renewable Resources (including biomass), fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/MWh; (y) for biomass Renewable Resources, based on a base energy price proposed by Bidder, expressed in \$/MWh, and escalated annually by CPI or PPI (as proposed by Bidder); or (z) for Traditional Resources, based on a guaranteed heat rate multiplied by the applicable fuel index, as proposed by Bidder, plus a fuel adder (if any) that is fixed or based on a Bidder-provided formula, and expressed in \$/MMBtu;²
- (iii) exclusively for Traditional Resources and biomass Renewable Resources, a Variable O&M Rate which will be either (x) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/MWh or (y) based on a base Variable O&M Rate proposed by Bidder, expressed in \$/MWh, and escalated annually by CPI or PPI (as proposed by Bidder);
- (iv) exclusively for Traditional Resources utilizing CT or CCGT technologies, a Start Charge (if proposed by Bidder), which will be either (x) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/completed Start or (y) based on a base Start Charge proposed by Bidder, expressed in \$/completed Start, and escalated annually by CPI or PPI (as proposed by Bidder); and
- (v) exclusively for Traditional Resources utilizing CT or CCGT technologies, a Start Fuel Charge (if proposed by Bidder), which will be based on the product of the start fuel amount (expressed in MMBtu per completed Start) and the applicable gas price (expressed in \$/MMBtu), as proposed by Bidder.

Pricing for a Toll will be based on:

² To ensure clarity, Bidders of biomass Renewable Resources are permitted to offer an energy price as provided in either clause (x) or (y) (but may not offer an energy price that is a combination of the pricing in clause (x) and clause (y)).

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- (i) a Capacity Rate, which will be fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/kW-year;
- (ii) a Variable O&M Rate, which will be either (x) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/MWh or (y) based on a base Variable O&M Rate proposed by Bidder, expressed in \$/MWh, and escalated annually by CPI or PPI (as proposed by Bidder); and
- (iii) a Start Charge (if proposed by Bidder), which will be either (x) fixed for the entire Delivery Term or defined annually (as proposed by Bidder) and expressed in \$/completed Start or (y) based on a base Start Charge proposed by Bidder, expressed in \$/completed Start, and escalated annually by CPI or PPI (as proposed by Bidder).

The following highlights a few, basic commercial terms for PPAs and Tolls being sought by this RFP:

- *Monthly Availability and Long-Term Availability or Deliverability Requirements* - The monthly availability requirement and long-term availability requirement for PPAs and Tolls will depend on whether the resource is a dispatchable Traditional Resource, a baseload Traditional Resource, or a Renewable Resource. PPAs for Renewable Resources other than biomass will include guaranteed annual energy delivery minimums. See Appendix B-1 for additional details.
- *Delivery Term* – EAI prefers a Delivery Term for PPAs and Tolls of ten (10) consecutive years, but will consider a Delivery Term of up to twenty (20) consecutive years.
- *Delivery Term Commencement* – For Traditional Resources, EAI is willing to accept proposals with a Delivery Term commencing in 2017, 2018, 2019, or 2020 (but no later than June 1, 2020). For Renewable Resources, EAI is willing to accept proposals with a Delivery Term commencing in 2015, 2016, 2017, 2018, 2019, or 2020 (but no later than June 1, 2020). EAI prefers that the Delivery Term commence on June 1, especially for Traditional Resources, biomass Renewable Resources, and any other Renewable Resource that is expected to provide significant capacity value to EAI.
- *Contract Capacity* - The amount of generating Capacity to be made available for purchase under a PPA or Toll will be no less than 100 MW for a Traditional Resource or 30 MW for a Renewable Resource. Except for Capacity from a solid fossil-fuel fired resource, Buyer may not be allocated less than all of the Capacity of either the entire Facility or any individual generating unit at the Facility.
- *Scheduling and Dispatch Flexibility* – The scheduling and dispatch flexibility and rights of Buyer under the PPAs and Tolls will be substantially equivalent to those that Buyer would have if Buyer owned the Capacity being purchased.

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- *Liability Transfer* – EAI will not accept the risk of a transfer of a long-term liability onto the books of EAI in connection with a PPA or Toll, whether due to lease accounting, variable interest entity accounting, or otherwise.

The foregoing is not intended, and should not be construed, as an exhaustive listing of important commercial terms for any PPA or Toll arising out of this RFP. Please refer to Appendix B-1 for a broader-based summary of select terms of PPAs and Tolls and Sections 2.3 through 2.6 below for other relevant commercial provisions or considerations.

Acquisitions

In this RFP, the acquisitions being solicited are asset purchases of a Traditional Resource or (for solid fuel resources only) an undivided interest in a Traditional Resource. The purchase price must be expressed as a single fixed payment for the proposed acquisition. The amount of generating Capacity to be acquired must be no less than 100 MW. The Capacity offered must be baseload, load-following, and/or peaking capacity. For CCGT resources, Bidders may propose the sale of all or a portion of the Facility, but may not propose that Buyer acquire any portion of the Facility that is less than a full CCGT train and the pro rata share of the associated assets owned by the owner(s) of the Facility (“Common Facilities”).³ If Bidder proposes the acquisition of less than all of the nameplate capacity of the Facility, the Definitive Agreement will include or address, among other things, terms and conditions for (i) metering, offering/scheduling with the Balancing Authority, or similar action (if applicable), (ii) settlement, (iii) operation and maintenance of the Common Facilities and the portions of the Facility under separate ownership (“Separate Facilities”), (iv) joint ownership of the Common Facilities, and (v) separate ownership of the Separate Facilities. EAI will accept proposals for acquisitions that are scheduled to close in 2017, 2018, 2019, or 2020. EAI recognizes that acquisition proposals with a 2018, 2019, or 2020 closing date could create a risk that any required FERC, HSR, or other authorization for the Transaction would need to be obtained more than once or confirmed by the applicable federal agency. EAI encourages any Bidder who submits such a proposal to specify its strategy for mitigating that timing risk in the Special Considerations section of the proposal.

2.3. RFP Proposal Requirements

Subject to the other terms of this RFP, EAI will consider only proposals submitted in accordance with and meeting the requirements of Section 4.3 below. In addition to those proposal submission requirements, proposals under this RFP are required to satisfy, and will be reviewed in the first phase of the RFP evaluation process for compliance with, the “Preliminary Shortlist Requirements.” Any proposal not meeting the Preliminary Shortlist Requirements will be considered

³ For example, if the capacity of the applicable Facility is 600 MW (summer rating) and the Facility consists of two identical CCGT trains of 300 MW each, Bidder may propose the sale of one of the 300 MW CCGT trains and a one-half undivided ownership interest in the Common Facilities, but may not propose the sale of, say, 275 MW or 350 MW of the Facility.

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non-conforming and may be eliminated from further consideration in this RFP after consultation with the IM. The “Preliminary Shortlist Requirements” mean the Minimum Requirements for proposals to advance to the second phase of this RFP, including, but not limited to:

Delivery Assessment Preliminary Shortlist Requirements

- The proposed resource must be eligible to qualify as a Long-Term Network Resource under the MISO OATT.
- The proposed resource must be capable of providing the offered amount of Capacity, capacity-related benefits, energy, and Other Electric Products to Buyer at the Physical CP Node (defined below).
- For a Developmental Resource located inside the MISO footprint, Bidder must have submitted a complete generator interconnection request to MISO on or before May 30, 2014.

Viability Assessment Preliminary Shortlist Requirements

- The Facility supporting Bidder’s proposal must be an Eligible Resource, and Bidder must provide evidence satisfactory to EAI demonstrating that the proposed resource is an Eligible Resource.
- Bidder must be an Eligible Participant.
- The Delivery Term for the proposed Definitive Agreement for a PPA or Toll must be no less than ten (10) and no more than twenty (20) consecutive years.
- Bidder must offer at least 100 MW of delivered Capacity and related products from a Traditional Resource and/or at least 30 MW of delivered Capacity and related products from a Renewable Resource, each from a single resource.
- Resources must be free of fatal design flaws and/or non-standard operational or permitting restrictions that would reasonably be expected to prevent it from meeting the requirements of this RFP and/or the Minimum Developmental Requirements listed in Appendix D.
- Bidders offering a proposal for a wind, solar photovoltaic, or run-of-river hydroelectric resource must provide historical hourly generation profile data for at least two (2) recent years using established data measurement equipment at or near the site of the proposed resource. Bidders should provide this information in the appropriate fields in the Proposal Submission Template posted on the 2014 EAI RFP Website.

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Credit Assessment Preliminary Shortlist Requirements

- Bidder must provide the most recent Published Credit Rating of Bidder or, if different from Bidder, Seller (from S&P and Moody's) , to the extent such a rating exists.
- Bidder must provide the annual audited financial statements (and accompanying notes) for the past two (2) years and the current-year reviewed quarterly financial statements (and accompanying notes) of Bidder or, if different from Bidder, Seller.
- If Bidder proposes that a Person serve as a Credit Support Provider with respect to Bidder's proposal, each of the two previous Preliminary Shortlist Requirements will apply to such Credit Support Provider. Bidder must extract and submit as separate documents by the Required Proposal Submission Time all financial data and information of Bidder, Credit Support Provider, or both (as applicable) that is consolidated with financial data or information of another Person and required under this Section 2.3.

2.4. Interconnection and Energy Deliverability Considerations

EAI prefers to contract for resources located in Local Resource Zone 8 of MISO; however, Eligible Resources located outside the MISO System or inside the MISO System but outside of Local Resource Zone 8 of MISO may also be offered into this RFP. This Section 2.4 identifies and addresses certain interconnection deliverability issues that Bidders must address and should consider as they prepare a proposal for this RFP.

Interconnection Service

Bidders offering a Developmental Resource are required to have submitted a complete generator interconnection request ("IR") of the proposed resource under the MISO Generator Interconnection Process or, if the resource is located outside the MISO System, provide a plan to complete the interconnection service request process of the applicable Balancing Authority for the resource. For a Developmental Resource located inside the MISO System, Bidder must submit an IR for the proposed resource to MISO by no later than May 30, 2014 and provide a copy of the IR submitted to MISO as part of its Proposal Package. For a Developmental Resource located outside the MISO System, Bidder must provide a plan detailing the actions and timing required to complete the interconnection process of the applicable Balancing Authority for the resource by a time that supports the project schedule and proposed service commencement date and identifying the resource's delivery interface to MISO.

Bidder will be responsible for and bear all the costs associated with the electric interconnection of the proposed resource (regardless of the resource's location or the transaction type), including, without limitation, (i) the cost to connect the resource to the specified interconnection point on the MISO System or the interconnected third party's/Balancing Authority's transmission system, as applicable and (ii) the cost of interconnection-related upgrades. Bidder will

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be responsible for reflecting the costs associated with the electric interconnection of the proposed resource in Bidder's proposed pricing.

Transmission Service for PPAs and Tolls

For PPAs and Tolls, EAI is seeking to settle energy and Other Electric Product deliveries from the generation resource at the commercial pricing node ("CP Node") in the MISO financial model for EAI's load, EAI.EAILD ("EAILD"). EAI intends for Seller to deliver physical products scheduled by EAI to a specified CP Node (the "Physical CP Node") and financially schedule those products to the EAILD CP Node. For a resource located within MISO (including within Local Resource Zone 8), the Physical CP Node will be a CP Node within the MISO System. For a resource located outside of the MISO System, the Physical CP Node will be a CP Node that is either an interface between the MISO System and another regional transmission organization or Balancing Authority or a CP Node within the MISO System. The financial schedules that would settle energy and related product deliveries under the PPA or Toll at the EAILD CP Node would be submitted to MISO and would, among other things, identify the Physical CP Node as the source point, the EAILD CP Node as both the internal delivery point and the sink point, and EAI as the buyer.

Seller will be responsible for and bear the costs of (i) firm transmission service to deliver Capacity, energy and Other Electric Products (to the extent capable of delivery) from the generation resource to the Physical CP Node, including, without limitation, electric losses, ancillary service costs, and transmission service, application, study, and improvement costs, fees, charges and other costs, and (ii) financial scheduling energy and Other Electric Products from the Physical CP Node to the EAILD CP Node, including, without limitation, electric losses and MISO financial scheduling fees, charges and other costs. All transmission service obtained by Seller for a Transaction arising out of this RFP must be firm (*i.e.*, firm point-to-point service or other comparable level of firm transmission service) for the Delivery Term.

EAI expects to designate any resource under a Definitive Agreement arising out of this RFP as a Long-Term Network Resource under the MISO OATT, and requires that any resource selling power to Buyer pursuant to this RFP be eligible to qualify as a Long-Term Network Resource in MISO. Seller will be responsible for and bear any and all costs associated with the resource being recognized as a Long-Term Network Resource under the MISO OATT, including, without limitation, any and all application, study, improvements, or deliverability fees, charges, and other costs.

Bidder will be required to break out and identify each transmission-related cost or expense included in its pricing for a PPA or Toll Transaction. A proposal that omits these costs or takes exception to this requirement in the "Special Considerations" section of its proposal will be considered non-conforming and may be rejected.

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Transmission Service for Acquisitions

For any acquisition Transaction, EAI will be responsible after consummation of the Transaction for the delivery of energy and Other Electric Products (to the extent capable of delivery) from the Facility. The assets purchased by EAI from Seller will include, without limitation, any and all transmission-related rights held by or for Seller or any Affiliate thereof as of the closing, to the extent used in connection with or otherwise related to the acquired generation assets.

2.5. Cost Recovery

As part of this RFP, EAI is interested in evaluating long-term PPA, Toll, and acquisition opportunities on a comparable basis, including, without limitation, costs, benefits, and risks. The risk evaluation will include an assessment of the risks of regulatory disallowance or exclusion of Buyer costs due to reasons other than Buyer's fault. To assist EAI in the evaluation process, each Bidder proposing a PPA or Toll will be asked to specify with particularity in diligence questions the extent to which it is willing to absorb or share in cost recovery risks in the Definitive Agreement and, if it is, the extent to which the absorption or sharing of cost recovery risk is included in its pricing. Proposals on cost recovery risk should address cost allocation, termination rights, timing considerations, and other terms material to a meaningful evaluation of the proposal. EAI makes no commitment and is under no obligation in this RFP to accept any proposal offered by Bidder regarding cost recovery risk or to assume cost recovery risk.

2.6. Proposals for Developmental Resources

Proposals for Developmental Resources are permitted in this RFP. EAI requires that any Developmental Resource offered into this RFP meet the project development criteria established in this RFP and in Appendix D.

3. RFP SCHEDULE

3.1. Schedule

The RFP Schedule below sets out milestone events and dates and is critical for Bidders interested in participating in this RFP. After consultation with the IM, notice of any change to the then-current RFP Schedule will be posted on the 2014 EAI RFP Website.

Activity	Scheduled Date
Final RFP Documents Issued	May 5, 2014
Bidder Registration Period	May 20 – May 23, 2014
Proposal Fees Due	June 4, 2014
Proposal Submission Period	June 9 – June 12, 2014

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Preliminary Shortlist Announced	August 18, 2014
Deadline for Preliminary Shortlist Bidders to Provide Required Due Diligence Information	August 25, 2014
Primary/Secondary Selection Lists Announced	November 2014
Comprehensive Negotiations and Due Diligence Begin	November 2014
Bidders Remaining on Secondary Selection List Released from Proposals	February 2015
Definitive Agreements Executed	July 2015
Regulatory Approval Process Complete	December 2016*

*If EAI selects a Renewable Resource with a 2015 delivery term start date, EAI will be prepared to work toward such a start date, but is unable to provide any assurance that such a start date will be achieved.

3.2. Modifications of RFP Schedule

Without limiting the generality of Appendix F, EAI reserves the right to withdraw, suspend, cancel, or terminate this RFP, or to modify any term of this RFP, including, without limitation, any term concerning the RFP Schedule (including any date), at any time in its sole discretion. EAI will endeavor to notify all participants who have completed Bidder Registration of any such withdrawal, suspension, cancellation, termination, or modification made prior to the Required Proposal Submission Time and to post notice of any such action on the 2014 EAI RFP Website.

4. RFP MILESTONES AND PROCESSES

4.1. Bidders' Conferences

On April 2, 2014, EAI held a Bidders' Conference. The Bidders' Conference gave participants a high-level overview of, and other information concerning, this RFP and related processes and was open to all interested Persons. EAI personnel and the IM were available at the conference to answer questions about the Bidder Registration Process, Proposal Submission Process, evaluation process, technical RFP issues, and commercial terms, and to respond to other requests for information about this RFP. ESI has posted written materials presented during the conference to the 2014 EAI RFP Website. Bidders are advised that those materials may not duplicate all of the information provided at the conference.

Responses to questions received during the Bidders' Conference are posted on the 2014 EAI RFP Website. Please refer to Section 6.1 below for additional information concerning questions submitted in connection with this RFP. In the event of an inconsistency between the RFP documents and the Bidders' Conference presentation or the responses to questions received during the Bidders' Conference posted on the RFP Website or provided verbally, the RFP documents will control.

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4.2. Bidder Registration

In order to be eligible to participate in the solicitation process, each Bidder must complete the Bidder Registration Process, as described in this Section 4.2. Bidder registration is scheduled to begin at 8:00 a.m. CPT on May 20, 2014 and end at 5:00 p.m. CPT on May 24, 2014 (the “Bidder Registration Period”).

Bidders wishing to submit one or more proposals under this RFP must have completed Bidder registration by the end of the Bidder Registration Period and paid all Proposal Submittal Fees by the deadline for payment of such fees (currently, 5:00 p.m. CPT on June 4, 2014).

To register for this RFP, Bidders will be required to submit a completed Bidder Registration Agreement (including the Bidder Registration Form attached thereto) to the RFP Administrator via courier or electronic mail (as a .pdf attachment) by 5:00 p.m. CPT on the last day of the Bidder Registration Period. Bidders will bear the risk of failing to submit the completed Bidder Registration Agreement by the specified deadline. The Bidder Registration Agreement must be executed by an officer or other representative of Bidder who is authorized to sign on Bidder’s behalf, and, if delivery is made by electronic mail, Bidder must subsequently deliver to the RFP Administrator an original of the duly executed Bidder Registration Agreement by 5:00 p.m. CPT within three (3) Business Days after the last day of the Bidder Registration Period. Only Bidders registered in accordance with this RFP will be permitted to submit proposals in this RFP, and only proposals registered in accordance with this RFP will be eligible for submission.

Following submission of its completed Bidder Registration Agreement, Bidder will be issued a unique Bidder ID. In addition, each registered resource and proposal will receive its own Resource ID and Proposal ID, respectively. Bidder IDs, Resource IDs, and Proposal IDs will be used by Bidders in the Proposal Submission Process and in connection with the evaluation of proposal information received by ESI. The use of Bidder IDs, Resource IDs, and Proposal IDs is part of ESI’s attempt to ensure that appropriate protections are in place to minimize the dissemination of information that explicitly identifies Bidders to Evaluation Team members who do not need to know that information.

Bidders are required to pay a Proposal Submittal Fee of \$5,000.00 *for each registered proposal*. Proposals that are alternatives to each other will be considered separate proposals and must be registered as such. ESI will bill Bidder for the total Proposal Submittal Fees due from Bidder within three (3) Business Days after the end of the Bidder Registration Period. Bidder will be required to remit payment of the Proposal Submittal Fee in accordance with the instructions provided in the invoice. Payment will be due by the date specified in the applicable RFP Schedule. **Bidder’s failure to submit the Proposal Submittal Fee by the payment due date will cause Bidder to become ineligible to participate in this RFP.**

Proposal Submittal Fees will be refunded to Bidders only under the following circumstances:

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1. Bidder registers a proposal and pays the Proposal Submittal Fee but does not complete Proposal Submission for that registered proposal;
2. Bidder registers a proposal, properly completes Proposal Submission, but subsequently withdraws the proposal prior to the Required Proposal Submission Time; or
3. EAI cancels or terminates this RFP prior to the selection of proposals for the Primary Selection List or the Secondary Selection List.

If Bidder, or any proposal submitted by Bidder, becomes ineligible or is eliminated from this RFP for any reason other than a reason set forth in (1) through (3) above, including, without limitation, if no proposals are selected for either the Primary Selection List or the Secondary Selection List after EAI has completed its evaluation of proposals, no refund of Bidder's Proposal Submittal Fee(s) will be made.

4.3. Proposal Submission

The Proposal Submission Process requires each Bidder to submit to ESI a completed Proposal Submission Template, VAT self-assessment (discussed in Section 5.1.3 below), and responses to Appendix C-1 or Appendix C-2, as applicable (collectively, the "Proposal Package"), and, subject to Section 5.1.3 of the Main Body, in order to have its proposal(s) evaluated under this RFP. Under the current schedule, the period during which a Bidder may submit a completed Proposal Package will begin at 8:00 a.m. CPT on June 9, 2014 and end at 5:00 p.m. CPT on June 12, 2014 (the deadline for submission, the "Required Proposal Submission Time").

To submit proposals, Bidders must deliver their completed Proposal Package to the RFP Administrator, by the Required Proposal Submission Time, as (i) files attached to electronic mail or other electronic/digital media acceptable to ESI or (ii) a digital form acceptable to ESI (*e.g.*, a CD, a flash drive) delivered to the RFP Administrator by courier. Bidders must deliver their completed Proposal Submission Template in its native Excel form. The Entergy electronic communications network will not accept "zip" files or electronic mail with file attachments containing, individually or collectively, approximately ten (10) megabytes or more of data. Proposal information that is not accepted by the Entergy electronic communications network or is not properly addressed to and not timely received by the RFP Administrator will be considered undelivered. Proposals failing to provide complete responses as required may be considered non-conforming. Bidders should not send, and the RFP Administrator will not accept, paper copies of electronic proposals.

Bidders are also required to execute and deliver to the RFP Administrator the Proposal Submission Agreement by the Required Proposal Submission Time. The Proposal Submission Agreement must be executed by an officer or other representative of Bidder who is duly authorized to

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sign the Proposal Submission Agreement and tender the submitted proposal(s) on behalf of Bidder. (Electronic or stamp signatures are not permitted.) The Proposal Submission Agreement may be delivered to the RFP Administrator via courier or electronic mail (as a .pdf attachment). If delivery is made by electronic mail, Bidder must subsequently deliver to the RFP Administrator an original of the duly executed Bidder Proposal Submission Agreement (including hand-signed signature page) by 5:00 p.m. CPT within three (3) Business Days after the Required Proposal Submission Time.

After the RFP Administrator has electronically received Bidder's completed Proposal Package, Bidder will receive a confirmatory email from the RFP Administrator. Bidder should contact the RFP Administrator if a confirmatory email is not received within one (1) Business Day after Bidder's submission of the Proposal Submission Template and Proposal Submission Agreement.

Bidder will bear the risk of any failure of Bidder to submit the completed Proposal Package by the Required Proposal Submission Time as required by this RFP. Proposals for which Bidder does not submit all agreements, information, and material as required by this RFP may be considered non-conforming and eliminated from consideration.

4.4. RFP Hotline

A dedicated phone line ("RFP Hotline") will be available to Bidders from 8:00 a.m. to 5:00 p.m. CPT on each Business Day throughout the Bidder Registration Period and the Proposal Submission Period. Bidders may use the RFP Hotline to ask technical questions regarding the Bidder Registration and Proposal Submission Processes. The number for the RFP Hotline is (281) 297-3758.

5. PROPOSAL EVALUATION

5.1. Evaluation Process Overview

After the Required Proposal Submission Time, the RFP evaluation will begin. The RFP evaluation process consists of three (3) phases. The first two phases make up the proposal evaluation process. In Phase I, EAI will evaluate the proposals submitted, subject to Section 2.3 above and Appendix F, for satisfaction of the Preliminary Shortlist Requirements. During Phase I, the EET will also develop a preliminary economic ranking of proposals. EAI reserves the right during Phase I to reduce, following consultation with the IM, the number of proposals under consideration. In determining whether to exclude a proposal through the exercise of this right, EAI may take into account, among other things, the aggregate number of megawatts requested in this RFP, the likelihood of a Transaction resulting from a proposal and the burden on the Evaluation Teams if this right is not exercised. At the conclusion of Phase I, a Preliminary Shortlist will be established and all Bidders will be notified whether or not their proposal(s) has been included on the Preliminary Shortlist and advanced to Phase II.

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In Phase II, all of the remaining proposals will be combined and a portfolio or portfolios of proposals constructed and reviewed based on economics, deliverability, viability, transactional considerations (including credit and commercial terms), and other factors. Based on qualitative and quantitative assessments, proposals will be assigned a final proposal ranking and a recommended disposition. After ranking the proposals, a final list setting forth the proposal(s) selected for immediate negotiation (the “Primary Selection List”) and the proposal(s) selected for possible negotiation (the “Secondary Selection List”) will be created.

In Phase III, EAI expects to negotiate the final terms of a Definitive Agreement with the Bidder(s) on the Primary Selection List. EAI may negotiate commercial terms with one or more Bidders on the Secondary Selection List in the event of the termination or suspension of negotiations with Bidder(s) on the Primary Selection List or EAI determines such negotiations are appropriate. Bidders whose proposals were not selected for either the Primary Selection List or Secondary Selection List will be promptly notified and will have no subsequent participation in this RFP.

The proposal evaluation process will be carried out by four (4) separate evaluation teams (each an “Evaluation Team”):

- Economic Evaluation Team (“EET”)
- Delivery and Operations Assessment Team (“DOAT”)
- Viability Assessment Team (“VAT”)
- Credit Evaluation Team (“CET”).

The roles and responsibilities of the Evaluation Teams are described in Sections 5.1.1 through 5.1.4 below. EAI may include as a member on any Evaluation Team, or contract with, any third-party agent, consultant, advisor, contractor, or representative to assist in the evaluation of proposals as EAI deems necessary or appropriate.

The primary objective of the evaluation is to select one or more proposals that meet the requirements of this RFP and the needs of EAI at the lowest reasonable cost, taking into account reliability, risk mitigation, and other relevant factors. The evaluation process is designed to facilitate the fair and impartial economic evaluation of all proposals.

The IM will oversee the evaluation and selection process to ensure that the process is fair, objective, and impartial to all Bidders. The IM’s responsibilities will include monitoring the precautions taken to restrict access to proposal information only to appropriate members of the Evaluation Teams in order to preserve the confidentiality of information contained in the proposals.

Upon EAI’s reasonable request and reasonable prior notice, Bidder will be expected to make available its duly authorized officers, representatives, and advisors for the purpose of answering questions, conducting negotiations, and execution and delivery of Definitive Agreements. Any Bidder invited to finalize one or more Definitive Agreements will be expected to use its reasonable

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best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or appropriate to finalize, execute, and deliver such Definitive Agreements as promptly as possible.

5.1.1. Economic Evaluation

The EET is responsible for the evaluation of the economics of proposals received in response to this RFP and the ranking of such proposals. The EET will compare the full-in fixed cost, variable cost, and revenue of each proposal and incorporate the results from the other Evaluation Teams to support the development of the Primary Selection List and the Secondary Selection List.

The EET may also assess and factor into its evaluation other costs, risks, and matters that the EET determines to be relevant to an estimate of the full-in economic cost or benefit of a proposal or its evaluation of a proposal. The economic evaluation will rely on tools and methods commonly used by EAI for long-term planning and resource evaluation, including, without limitation, a “Fundamental Economic” analysis and production cost modeling (Aurora).

5.1.2. Deliverability and Operations Assessment

The DOAT is responsible for evaluating the risks and costs associated with the delivery of the Capacity, energy and Other Electric Products offered by Bidder under the terms of its proposal. If and to the extent required, the DOAT will also perform production cost modeling to assess the energy value based on the locational marginal pricing and resource generation, of a proposal. Results will then be coupled with an assessment of the proposal’s total fixed cost and total variable costs to determine the net benefits of the proposal.

5.1.3. Viability Assessment

The VAT reviews and assesses the technical, environmental, fuel supply/transportation, and commercial merits of proposals. During Phase I, Bidders will be required to provide a self-assessment for each submitted proposal. The VAT will use this self-assessment to determine Bidders’ compliance with the RFP proposal requirements.

During all phases of the evaluation process, the viability assessment will be carried out by subject matter experts (each, an “SME”) who are members of the VAT. The subject matter expertise of VAT team members includes:

- commercial
- plant & equipment/O&M
- environmental & permitting
- fuel supply & transportation
- transmission
- other disciplines, as appropriate.

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Each SME will be responsible for providing an overview and assessment of each proposal with respect to his or her area(s) of expertise.

The VAT will use the information provided in response to Appendices C-1 and/or C-2 for its evaluation. Bidders are encouraged to provide complete responses to the applicable appendix at the time they submit their proposals; however, only Bidders who are notified of their inclusion on the Preliminary Shortlist will be *required* to provide a response to all the requests in Appendices C-1 and/or C-2. If selected for the Preliminary Shortlist, Bidder's complete response to Appendix C-1 or C-2, as applicable, must be provided to the RFP Administrator by no later than August 25, 2014, under the current RFP Schedule. Failure to provide a comprehensive response could negatively affect a proposal's overall viability ranking.

5.1.4. Credit/Collateral Requirements

The CET will analyze each proposal to assess potential credit risks and attendant collateral requirements. The CET's evaluation seeks to assure that the credit quality of Bidder (or, if different, Seller), when considered in light of its RFP proposal(s), complies with Entergy's corporate risk management standards and that any associated requirements for collateral or security to protect EAI's interest in connection with a Definitive Agreement arising out of Bidder's proposal are identified. Subject to the proposal satisfying the Credit Assessment Preliminary Shortlist Requirements set forth in Section 2.3 above, the CET will not reject a proposal from consideration solely on the basis of credit. Appendix E contains additional information about the credit evaluation process and the credit requirements for this RFP.

5.2. Notification of Evaluation Results and Commercial Negotiations

After the completion of Phase II, the RFP Administrator will communicate to each Bidder the status of its proposal(s) and whether additional discussions or negotiations are warranted. As noted, EAI expects to negotiate the final terms of a Definitive Agreement with Bidder(s) on the Primary Selection List, and may negotiate such terms with Bidder(s) on the Secondary Selection List. Proposals not making either list will be considered rejected. A Bidder with a proposal on the Secondary Selection List will be released from its proposal three (3) months after notification of the proposal's placement on the Secondary Selection List, unless Bidder has been invited to negotiate the terms of a Definitive Agreement under this RFP based on that proposal.

Placement of a proposal on the Preliminary Shortlist, the Primary Selection List, the Secondary Selection List, or any other list in connection with this RFP does not constitute or indicate acceptance by EAI of any proposal, any term thereof, or any related contract term. Without limiting Appendix F, EAI (i) has no obligation, and makes no commitment, of any kind, to enter into a Transaction with any Bidder, including a Bidder with a proposal on the Primary Selection List, or to be bound by any term proposed by Bidder, and (ii) more generally, has no obligation or liability with

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respect to a Transaction or arising out of this RFP except as may be expressly set forth in a Definitive Agreement or a provision binding upon EAI in an LOI (defined below).

As indicated in Appendix E, Bidder (or its designee) may be required to enter into a Letter of Intent (the "LOI") with EAI with respect to the proposed Transaction pending the negotiation and execution of the Definitive Agreement. Upon execution of the LOI, Seller will be required to provide a letter of credit meeting the requirements set forth in Appendix E in the amount of \$2,000,000.00 (and up to \$7,000,000.00 in the event the material and information provided in Bidder's response to Appendix D failed to meet the Minimum Requirements set forth in Appendix D).

6. MISCELLANEOUS RFP MATTERS

6.1. Contact with EAI and RFP Questions

Authorized Bidder Communications Channels

The following communication restrictions will become effective on May 5, 2014, and will continue through Bidder notification of the creation of the Primary Selection List and, if applicable, the Secondary Selection List. Except as otherwise expressly provided in this RFP, all communications, including questions, regarding this RFP must be submitted in writing to the RFP Administrator. The IM will obtain and review all written communications between EAI and Bidders. The IM may comment on responses proposed by EAI prior to issuance, and EAI's responses may reflect input from the IM. Any contact or communication concerning this RFP (i) between Bidders, or representatives of Bidders, on the one hand, and personnel or employees of EAI other than the RFP Administrator, on the other hand, or (ii) between different Bidders, or representatives of different Bidders, made without the specific, prior written consent of the RFP Administrator after consultation with the IM is not allowed and is grounds for disqualification of the non-compliant Bidder(s). Bidders are, of course, permitted to communicate internally to their organizations and to their representatives with regard to this RFP as necessary.

Without limiting, and subject to, the previous paragraph, Bidders may not, without the prior consent of EAI, disclose to any other Person their participation in the RFP process or disclose, collaborate on or discuss with any other Person bidding strategies or the substance of proposals, including, without limitation, the price or any other terms or conditions of any contemplated, indicative or final proposal. Such disclosures, collaborations, or discussions would violate the terms of this RFP and the Proposal Submission Agreement and may result in Bidder's proposal(s) being rejected. For clarity, disclosures to the IM, the RFP Administrator, or other Persons participating in the same proposal, as described in Section 6.2 below, are generally permitted, and attendance by Bidder, or a representative of Bidder, at any meeting organized by EAI and to which EAI invites one or more participants is not a disclosure that violates the terms of this RFP.

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Submission and Posting of RFP Questions

Bidders and other interested Persons are encouraged to submit questions about this RFP, including, without limitation, the Term Sheets, to the RFP Administrator (using the contact information provided above in Section 1.5). Alternatively, Bidder may submit questions to the IM (using the contact information provided in Section 1.6). All questions regarding this RFP must be submitted in writing. Interested Persons are requested to submit questions as promptly as possible to ensure the timely receipt of EAI's response. EAI requests that all questions be submitted to the RFP Administrator or the IM by no later one week prior to the start of the Proposal Submission Period.

Subject to EAI's consideration of the confidentiality concerns described in the next two paragraphs, EAI intends to post all questions submitted by Bidders, as well as EAI's responses to those questions, on the 2014 EAI RFP Website, subject to IM review. All questions will be posted anonymously, to shield the identity of Bidders who posed the questions. EAI's objective in posting questions and answers is to afford Bidders equal access to information potentially relevant to their proposals. Bidders are urged to submit RFP questions to EAI as early as possible, in consideration of the proposal submission deadlines. EAI expects to provide answers only to questions posed during the Proposal Submission Period that are specific to an actual proposal submission issue (and such answers may or may not be posted to the 2014 EAI RFP Website).

Questions Involving Confidential Information

Bidders should frame their questions, if possible, so that the answers do not require the disclosure of information that is confidential to EAI or its Affiliates. If EAI receives a question that calls for, in its opinion, an answer that would contain such confidential information and the provision of such confidential information is necessary and appropriate for EAI's response, then EAI will notify the IM and will respond to the question in writing, via certified mail, but only if Bidder posing the question has executed and returned to EAI a confidentiality agreement in form and substance acceptable to EAI.

Similarly, Bidder's questions should be structured to avoid, if possible, the disclosure of Bidder's confidential information. If Bidder believes that certain Bidder information contained in a question it intends to submit is confidential, it is strongly urged to attempt to exclude such information, whether by redaction or other means, and then to submit the question. If Bidder believes it is necessary or advisable to submit the question without redacting or otherwise shielding its confidential information, Bidder should, without divulging its confidential information, notify the RFP Administrator in writing of the purpose of the question and the nature of the confidential information so that EAI can determine, in coordination with the IM, whether Bidder's question requires the disclosure, either by Bidder or by EAI, of Bidder's confidential information, or whether such disclosure is unnecessary or can be avoided. If EAI determines that the disclosure of confidential Bidder information is necessary and appropriate, EAI will notify the IM and execute a confidentiality agreement acceptable to EAI so that the question may be submitted. Questions

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containing confidential Bidder information that are submitted timely will be answered by EAI by electronic mail or express mail sent to Bidder.

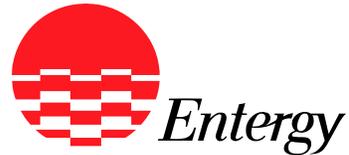
6.2. Multi-Person Bids

If Bidder is comprised of more than one Person, the individual members may enter into contribution, indemnity, allocation, sharing, or other similar arrangements or agreements amongst themselves to allocate their respective rights and obligations; however, no such agreement or arrangement will affect any right reserved to EAI in connection with this RFP or otherwise disadvantage EAI relative to its position with other Bidders without EAI's prior written agreement, either on its own behalf or as agent. Bidder must fully disclose to EAI all such contribution, indemnity, allocation, sharing, or similar arrangements or agreements. Disclosure may be accomplished by means of a written letter to the RFP Administrator by the proposal submission deadline. Bidder may be required to respond to subsequent diligence inquiries concerning the arrangements or agreements.

6.3 Return of Information

Proposals and any correspondence or other material (including electronic material) provided to EAI in connection with this RFP will not be returned to Bidders. At the conclusion of the RFP process (including regulatory review of any Transaction entered into as a result of this RFP), all proposals will be either destroyed or archived by EAI in accordance with internal policies governing the storage and retention of records.

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Appendix A

Glossary

For

2014 Request For Proposals

For

***Long-Term, Supply-Side and
Renewable Generation Resources***

Entergy Arkansas, Inc.

May 5, 2014

APPENDIX A GLOSSARY

“2014 EAI RFP Website” means the internet website http://entergy-arkansas.com/transition_plan/.

“Affiliate” means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities or interests having voting power, by agreement or otherwise.

“Affiliate Rules” means rules and regulations promulgated by federal, state and local regulatory agencies to address interactions between a utility and its affiliates engaged in competitive markets; settlement agreements between an Entergy Operating Company and a regulatory agency to address such interactions; and FERC-ordered standards of conduct to address interactions between transmission function and marketing functions employees.

“Ancillary Agreement” means any agreement related to the Definitive Agreement.

“Balancing Authority” means the Person(s) in control of the physical operating of, and responsible for fulfilling the duties necessary to operate, a Balancing Authority Area.

“Balancing Authority Area” means an electric power system or combination of electric power systems to which a common automatic generation control scheme is applied in order to: (i) match, at all times, the power output of the generators within such electric power system(s) and the net power purchased from or sold to Persons outside such electric power system(s) with the load within such electric power system(s); (ii) maintain scheduled interchange with other such electric power system(s), within the limits of accepted electrical practices; (iii) maintain the frequency of such electric power system(s) within reasonable limits in accordance with accepted electrical practices; and (iv) provide sufficient generating capacity to maintain operating reserves in accordance with accepted electrical practices.

“Bidder” means a Person that submits (or, prior to the applicable due date, intends or expects to submit) a proposal or completes the Bidder Registration Process in response to this RFP, or any group of Persons having a pre-existing contractual relationship, such as co-owners of a resource, that submits jointly (or, prior to the due date, intends or expects to submit jointly) a proposal or completes the Bidder Registration Process in response to this RFP based on such pre-existing contractual relationship. A group of Persons that has jointly developed a proposal pursuant to the procedures set forth in the Main Body may also be a “Bidder.”

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APPENDIX A GLOSSARY

“Bidder ID” means the unique Bidder identification number assigned to Bidder during the Bidder registration process.

“Bidder Registration Agreement” means the Bidder Registration Agreement described in Section 4.2 of the Main Body that Bidders are required to submit to EAI in order to participate in this RFP.

“Bidder Registration Period” means the period of time provided for Bidder Registration, which, in general, will begin at 8:00 a.m. CPT on the date specified in the applicable RFP Schedule and will end at 5:00 p.m. CPT on the date specified in the applicable RFP Schedule.

“Bidder Registration Process” means the process (described in Section 4.2 of the Main Body) for Bidders to register the entity submitting its proposal(s), the generation resource(s), and each of the proposals it intends to submit in response to this RFP.

“Bidders’ Conference” means the conference relating to this RFP described in Section 4.1 of the Main Body and held on the date for the Bidder’s Conference set forth in Section 4.1 of the Main Body.

“Business Day” means any day except Saturday, Sunday or, with respect to the scheduling of power, a holiday as defined by the North American Electric Reliability Council or any successor organization thereto or, with respect to payments and all other matters, a holiday observed by Federal Reserve Banks in New York, New York. For notice purposes, a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Central Prevailing Time.

“Buyer” means Entergy Arkansas, Inc.

“Capacity” or, as the context requires, “capacity” means the megawatt output level that the generating unit is capable, as of a given moment, of continuously producing and making available at the Energy Delivery Point, taking into account the restrictions on operation, the operating condition of the equipment at that time, the auxiliary loads, line losses and other relevant factors prior to the Energy Delivery Point. For purposes of this RFP, the term “Capacity” or “capacity” includes any and all capacity-related benefits associated with such Capacity, notwithstanding any provision in which “Capacity” or “capacity” is followed by the term “capacity-related benefit[s].”

“Capacity Credits” means ZRCs or, if ZRCs are no longer recognized by MISO, such other form of capacity credits or capacity-related benefits that replaces ZRCs and that MISO recognizes for use in the satisfaction of MISO’s resource adequacy requirements.

“Capacity Rate” means the rate, expressed in \$/kW-year, payable by Buyer to Seller for the contractually-stipulated capacity for a defined period during the Delivery Term, as more particularly described in Section 2.2 of the Main Body and Appendix B-1 to this RFP.

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

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“CCGT” means combined-cycle gas turbine.

“CET Credit Rating” means the internal credit rating assigned to Bidder by the CET. The CET’s determination and use of the CET Credit Rating are more particularly described in Appendix E to this RFP.

“Common Facilities” means the portion of a resource under the joint ownership of Seller and one or more other Persons.

“CPI” means the Consumer Price Index for All Urban Consumers; US City Average; All Items; Not Seasonally Adjusted (base index year 1982-1984 = 100), as published by the United States Department of Labor, Bureau of Labor Statistics, from time to time.

“CPT” or “Central Prevailing Time” means the local time in Houston, Texas.

“Credit Evaluation Team” or “CET” means the Evaluation Team responsible for analyzing potential credit issues associated with Bidder proposals submitted in response to this RFP, as further described in Appendix E to this RFP.

“Credit Support Provider” means any Person that Bidder proposes in a proposal under this RFP as a credit support provider on its behalf.

“CT” means combustion turbine.

“Definitive Agreement” means a legally binding agreement, mutually executed and delivered by authorized representatives of Buyer and Seller, setting forth the definitive terms and conditions of a Transaction. For the avoidance of doubt, a “Definitive Agreement” does not include a letter of intent, memorandum of understanding, or any other similar preliminary written agreement or document with respect to the Transaction, or any acceptance, written, oral, or other, of any offer or proposal.

“Delivery and Operations Assessment Team” or “DOAT” means the Evaluation Team responsible for assessing the issues and costs associated with the delivery of Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes offered by Bidder under the terms of its proposal, as described in Section 5.1.2 of the Main Body.

“Delivery Term” means the period of time in which Seller is obligated to sell and Buyer is obligated to purchase Capacity, capacity-related benefits, energy, Environmental Attributes and Other Electric Products under the Definitive Agreement. The “Delivery Term” is, for purposes of this RFP, limited to PPAs and Tolls and is more particularly described in Appendix B-1 to this RFP.

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“Developmental Resource” means a Facility or resource that, as of the date of Bidder’s proposal with respect to such Facility or resource, (i) has not been placed into commercial service and has not been accepted by its owner as having achieved (or been deemed to have achieved) the requirements for commercial operation (or analogous term) under the applicable project contracts or (ii) has been and remains removed from commercial service, or a proposal for such a resource submitted in response to this RFP.

“EAI” means Entergy Arkansas, Inc.

“Economic Evaluation Team” or “EET” means the Evaluation Team responsible for analyzing the economics of Bidder proposals submitted in response to this RFP (as further described in Section 5.1.1 of the Main Body).

“Eligible Participants” means Persons eligible to participate in this RFP (as further described in Section 1.7 of the Main Body).

“Eligible Resources” means resources eligible to participate in this RFP (as further described in Section 1.9 of the Main Body).

“Eligible Technologies” means generation technologies eligible to participate in this RFP (as further described in Section 1.8 of the Main Body).

“Entergy Competitive Affiliate” means any Affiliate of Entergy Corporation, other than ESI, Entergy Operations, Inc., any of the Entergy Operating Companies or System Energy Resources, Inc.

“Entergy Operating Companies” or “Operating Companies” means the regulated electric utilities owned, directly or indirectly, by Entergy Corporation. As of the date of this RFP, 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.

“Environmental Attributes” means all current or future RECs and all other current or future environmental attributes associated with the Capacity of the Renewable Resource contracted to Buyer or the generation of energy from such Capacity, including any environmental attributes related to the avoidance of the emission of any gas (including carbon dioxide and other greenhouse gases), chemical or other substance into the environment.

“ESI” means Entergy Services, Inc.

“Evaluation Team” means the group of individuals responsible for evaluating the proposals (or specific components thereof) submitted in response to this RFP. The Evaluation Team will consist primarily of members of SPO and Entergy’s Fossil Generation Department. The Evaluation Team includes the Economic Evaluation Team, the Delivery and Operations Assessment Team, the Viability Assessment Team, and the Credit Evaluation Team, all as more particularly described in the Main Body.

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

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“Facility” means the electric generation facility specified as such in a Bidder proposal.

“FERC” means the Federal Energy Regulatory Commission, or any successor thereto.

“Governmental Authority” means any federal, foreign, state, local, or municipal governmental body; any governmental, quasi-governmental, regulatory or administrative agency, commission, body or other authority (including FERC, any electric reliability organization, any market monitor, any independent coordinator of transmission, any Balancing Authority (including any ISO or RTO) and any other transmission provider) exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; or any court or governmental tribunal.

“HSR” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“ICAP” has the meaning given to such term in the MISO Rules.

“Identified Generation Need” means EAI’s projected long-term need for generation resources beginning in 2017 (as may be modified from time to time) described in Section 2.1 of the Main Body.

“Independent Monitor” or “IM” means Ms. Elizabeth (Betsy) R. Benson of Energy Associates, an independent consulting firm retained by EAI to act as independent monitor for this RFP.

“IR” means a generator interconnection request, as more particularly described in Section 2.4 of the Main Body.

“ISO” means a Person operating a transmission system and determined by the FERC to be an Independent System Operator.

“kW” means kilowatt, a unit of electrical power equal to one thousand watts.

“kWh” means kilowatt-hour, a basic unit for measuring the flow of electric energy. A kWh is equal to one kilowatt of power supplied continuously for one hour (or the amount of electricity needed to light ten 100-watt light bulbs for one hour).

“Letter of Intent” or “LOI” means a letter of intent between Buyer and Bidder (or authorized Seller) with respect to a proposal submitted by Bidder pursuant to this RFP and selected by EAI for negotiation of a Definitive Agreement.

“Local Resource Zone” has the meaning given such term in the MISO Rules.

“Long-Term Network Resource” means a generating resource that has qualified for network integration transmission service for one year or longer provided under the MISO OATT.

“Main Body” means the main document describing this RFP and to which eight (8) appendices are attached.

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“Minimum Requirements” means the Minimum Requirements that Bidders must satisfy in order for Bidder to be assured that a conforming proposal offering a Developmental Resource will be considered in this RFP.

“MISO” means the Midcontinent Independent System Operator, Inc.

“MISO OATT” means the Open Access Transmission Tariff of MISO, filed at FERC in compliance with FERC Order Nos. 888 and 890.

“MISO Rules” means, collectively, (i) the MISO OATT on file with FERC, (ii) the MISO Business Practice Manuals, and (iii) any other applicable policies, rules, guidelines, procedures, protocols, standards, criteria, instructions, directives, and requirements of MISO.

“MISO System” means the interconnected group of transmission systems coordinated, controlled and monitored by MISO.

“MMBtu” means one million British thermal units.

“Moody’s” means Moody’s Investor Services, Inc.

“Modification Decision” means the determination by EAI whether or not to replace or refurbish, upgrade, or otherwise modify existing generation in EAI’s portfolio with other supply-side resources.

“MW” means megawatt, a unit of electrical power equal to one million watts or one thousand kilowatts.

“MWh” means megawatt-hour, a unit of electrical energy equal to one MW delivered for one hour.

“NERC” means the North American Electric Reliability Corporation, or any successor thereto.

“O&M” means operation and maintenance.

“Other Electric Products” or “ancillary services” means reactive power production, reactive power absorption, voltage control, regulation and frequency response, energy balancing, load following, reserves and any other services, capabilities or products (including any ancillary services, but excluding any Capacity Credit or similar right or benefit or Environmental Attribute) available from or associated with the Capacity and energy to which Buyer is entitled under the applicable Definitive Agreement.

“Person” means any individual, Governmental Authority, corporation, limited liability company, partnership, limited partnership, trust, association, bank, financial institution, fund or other entity.

“PPA” means a power purchase agreement.

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“PPI” means the Producer Price Index for “All commodities – WPU00000000,” as published by the United States Bureau of Labor Statistics.

“Preliminary Shortlist” means the preliminary shortlist of proposals established at the conclusion of Phase I of this RFP.

“Preliminary Shortlist Requirements” mean the minimum requirements for proposals to advance to the second phase of this RFP, as further described in Section 2.3 of the Main Body.

“Primary Selection List” means a final list setting forth the proposal(s) selected for immediate negotiation of Definitive Agreement(s).

“Proposal ID” means the unique proposal identification number assigned to Bidder for each proposal that Bidder registers during the Bidder Registration Process.

“Proposal Package” means a completed Proposal Submission Template, VAT self-assessment and responses to Appendix C-1 or Appendix C-2, as applicable.

“Proposal Submission Agreement” means the Proposal Submission Agreement that each Bidder is required to execute and deliver to EAI as part of the Proposal Submission Process.

“Proposal Submission Process” means the process (described in Section 4.3 of the Main Body) for the submission of Bidder proposals and required documents to EAI in this RFP.

“Proposal Submission Template” means the template that will be used to submit a portion of Bidder’s proposal. The Proposal Submission Template will be submitted as part of the Bidder’s Proposal Package.

“Proposal Submittal Fee” means the amount due from Bidder for each registered proposal submitted by Bidder prior to the deadline for submitting proposals under this RFP, as further described in Section 4.2 of the Main Body.

“Published Credit Rating” means, with respect to any Person, the unsecured, senior long-term debt rating (not supported by any third party credit enhancement) of such Person or, if there is no such rating, the long-term issuer rating of such Person, in each case assigned by Standard & Poor’s Financial Services LLC or its successor or Moody’s Investor Services, Inc. or its successor. In the event of a “split” rating between S&P and Moody’s, the lower of the two credit ratings will apply.

“Qualifying Facility” or “QF” means a cogeneration or small power production facility that meets certain requirements under the Public Utility Regulatory Policies Act of 1978, as amended, and the applicable federal and state implementing regulations.

“RECs” means any and all renewable energy credits, renewable energy or green certificates, green tags and other fuel, emissions, air quality or other environmental characteristics, credits, benefits, reductions, offsets and allowances arising out of any applicable law or out of any

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voluntary rules, guidelines or programs, including any such applicable law or voluntary rule, guideline or program relating to any avoided, reduced, displaced or off-set emissions of sulfur dioxides (SO_x), nitrogen oxides (NO_x), carbon monoxide (CO), mercury (Hg), soot, particulates, carbon dioxide (CO₂) and any other greenhouse gas (GHG) or pollutant that is now or may in the future be regulated under applicable laws or any voluntary rules, guidelines or programs.

“Regional Transmission Organization” or “RTO” means any Person that satisfies the characteristics and functions of Regional Transmission Organizations as set forth in 18 C.F.R. 35.34. The RTO is voluntary in each region and may include transmission system owners, wholesale purchasers, and independent power generators.

“Renewable Resources” mean biomass, run-of-river hydroelectric, solar photovoltaic, and wind resources.

“Required Proposal Submission Time” means 5:00 p.m. CPT on the date specified in the applicable RFP Schedule.

“Resource ID” means the unique resource identification number assigned to Bidder for each generating plant (or portion thereof) that Bidder registers during the Bidder Registration Process.

“RFP” means either this 2014 Request for Proposals for Long-Term, Supply-Side and Renewable Generation Resources, dated May 5, 2014 (including all Appendices and other attachments thereto).

“RFP Administrator” means the individual identified in Section 1.5 of the Main Body who, among other things, (i) acts as a liaison between the market participants in this RFP and EAI on all RFP-related matters, (ii) ensures that Bidder questions EAI receives are addressed in an appropriate manner, (iii) receives, records and maintains Bidder proposals, (iv) interfaces with the IM, and (v) manages other administrative matters relating to this RFP.

“RFP Hotline” means the dedicated phone line available throughout the Bidder Registration Period from 8:00 a.m. to 5:00 p.m. CPT.

“RFP Schedule” means the schedule of milestones related to this RFP set forth in Section 3.1 of the Main Body, as may be modified by EAI from time to time in accordance with this RFP.

“S&P” means Standard & Poor’s Financial Services LLC.

“Secondary Selection List” means a final list setting forth the proposal(s) selected for possible negotiation of Definitive Agreement(s).

“Seller” means a Bidder, or other Person designated by such Bidder in its proposal, to enter into a Definitive Agreement with Buyer pursuant to this RFP process if such Bidder’s proposal is selected by EAI.

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

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“Separate Facilities” means the portions of a facility under separate ownership of Seller and one or more other Persons.

“SME” means subject matter expert.

“SPO” means Entergy’s System Planning & Operations organization.

“Term Sheets” means the term sheets in Appendices B-1 and B-2 for PPAs and Tolls and acquisitions of generation assets, respectively, that summarize some of the key commercial terms that would apply to any PPA, Toll or asset acquisition Transaction arising out of this RFP.

“Toll” means a tolling agreement.

“Traditional Resource” means a resource based on (i) a solid fossil fuel technology that incorporates (a) scrubbing technology capable of removing greater than 90% of SO₂ emissions, (b) selective catalytic reduction, or “SCR,” technology, and (c) controls capable of achieving all of the 2015 Mercury and Air Toxics Standards, or “MATS,” limits, (ii) CT technology, or (iii) CCGT technology.

“Transaction” means a commercial transaction arising or resulting from this RFP in which Seller provides to Buyer Capacity, energy, Environmental Attributes, and Other Electric Products from a specified resource and that is structured as a PPA or Toll or a purchase and sale of generating facilities.

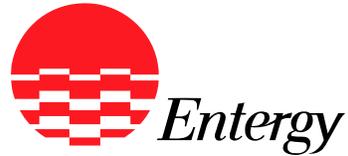
“Variable O&M Rate” means the rate, expressed in \$/MWh, payable by Buyer to Seller for variable O&M costs for a defined period during the Delivery Term, as more particularly described in Section 2.2 of the Main Body and Appendix B-1 to this RFP.

“Viability Assessment Team” or “VAT” means the Evaluation Team responsible for assessing the viability of each Bidder proposal submitted in response to this RFP (as further described in Section 5.1.3 of the Main Body).

“UCAP” has the meaning given to such term in the MISO Rules.

“Zonal Resource Credit” or “ZRC” has the meaning given to such term in the MISO Rules. For the avoidance of doubt, as of the date of this RFP, ZRCs include any ZRCs properly generated from Demand Response Resources (as defined in the MISO Rules) and/or Load Modifying Resources (as defined in the MISO Rules).

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Appendix B-1

***Term Sheet
for PPAs and Tolls***

For

***2014 Request for Proposals
For
Long-Term, Supply-Side and Renewable
Generation Resources***

Entergy Arkansas, Inc.
May 5, 2014

Term Sheet for PPAs and Tolls

This Term Sheet (“Term Sheet”) generally describes certain terms and conditions of a potential agreement between EAI or its designee (“Buyer”) and Seller (together with Buyer, the “Parties”) for the purchase by Buyer of long-term Capacity, energy, Other Electric Products (including capacity-related benefits, such as Capacity Credits, and ancillary services), and Environmental Attributes pursuant to a proposal for a PPA or Toll submitted by Bidder on behalf of Seller and selected by Buyer in the 2014 EAI RFP (such agreement, if negotiated and executed by the Parties, the “Definitive Agreement”). Buyer will provide the initial draft of the Definitive Agreement at the beginning of the negotiations.

Proposal Term	Description of Proposal Term
Buyer:	Buyer will be considered an entity entirely separate and distinct from any Balancing Authority or transmission organization owned, controlled, operated, or managed by EAI or an Affiliate thereof.
Facility:	The “ <u>Facility</u> ” will be the electric generation facility specified in the proposal giving rise to the Definitive Agreement (“ <u>Transaction Proposal</u> ”) as the facility for the Definitive Agreement.
Market Participant:	Subject to certain limitations, throughout the term of the Definitive Agreement, Buyer will have the right to determine from time to time whether Buyer (or a designee of Buyer) or Seller will serve as the market participant or other representative for the Facility (or, if applicable, the portion of the Facility that constitutes Contract Capacity (defined below)) before MISO or, in the event EAI is not subject to the MISO Balancing Authority, the largest Balancing Authority to which EAI is then subject (“ <u>Replacement BA</u> ”) with respect to any planning period of MISO or any Replacement BA during the Delivery Term (defined below) (“ <u>Market Participant</u> ”).
Delivery Term:	The “ <u>Delivery Term</u> ” will be the contractual period of time for the purchase and sale of products and services under the Definitive Agreement. The Delivery Term is expected to be the Delivery Term specified in the Transaction Proposal. Subject to satisfaction or waiver of applicable conditions precedent and other applicable terms of the Definitive Agreement, the Delivery Term will commence at the start of hour ending 0100 on the first day of the Delivery Term and continue through the end of hour ending 2400 on the last day of the Delivery Term. As indicated in the RFP, Buyer’s preference, particularly for Traditional Resources, biomass Renewable Resources, and any other Renewable Resource that is expected to provide significant capacity value to Buyer, is for the Delivery Term to start at the beginning of a planning period (June 1 under the current applicable MISO Rules),
Commercial Operation:	<i>{For Developmental Resources}</i> If the Definitive Agreement is based on a Developmental Resource, in the event Seller does not achieve commercial operation by the guaranteed commercial operation date (as may be extended by force majeure, up to a maximum of 180 days, the “ <u>Guaranteed COD</u> ”), Seller will be subject to, among other things, delay damages, potential capacity re-

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Term Sheet for Proposals in response to the
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Term Sheet for PPAs and Tolls

	<p>sizing and “buy-downs” required by Buyer, and, for extended delays, potential termination of the Definitive Agreement. The Guaranteed COD is expected to be the Guaranteed COD specified in the Transaction Proposal. The definition of commercial operation will be specified in the Definitive Agreement, but, in general, will require, among other things, that the Facility have achieved substantial completion, satisfied certain performance tests, and be available for normal continuous operation; that the interconnection, metering, telemetry, and certain other equipment and systems be installed, tested, and properly working; and that Seller be in compliance with the Definitive Agreement and ancillary/project agreements, have in full force and effect all required permits, authorizations, waivers, and agreements, have in place certain accounts and registrations, have provided to Buyer all required credit support and evidence of insurance coverage, made all arrangements for the supply of required electric services and other utilities to the Facility, and completed staffing and required training of Seller’s personnel and representatives. The Definitive Agreement will include a project schedule with numerous milestones. Seller will be required to provide to Buyer periodic progress reports and inspection and other rights related to the period of time before commercial operation is achieved.</p>
<p>Contract Capacity:</p>	<p>“<u>Contract Capacity</u>” means the entire capacity of the Facility or, in the event the Transaction Proposal allocates to Buyer a portion of the capacity of the Facility, the portion of such capacity allocated to Buyer. For Tolls and certain PPAs, the Contract Capacity will fluctuate from time to time due to variations in ambient conditions. The Contract Capacity includes Dependable Capacity (defined below) and, accordingly, may never be less than the Dependable Capacity. (As indicated in the RFP, except for capacity from a solid fossil-fuel fired resource, Buyer may not be allocated as Contract Capacity less than all of the capacity of either the Facility or any individual generating unit at the Facility recognized as such by MISO or, if applicable, the Replacement BA (each an “<u>Applicable GU</u>”).) If the Transaction Proposal allocates as Contract Capacity to Buyer less than all of the capacity of the Facility, the Definitive Agreement (and/or one or more other agreements between the Buyer and Seller) will address the issues associated with such an arrangement (e.g., prioritization, allocation of common facilities and related costs (including, if applicable, fuel), registration, reporting, scheduling, offering, bidding, tagging (if applicable), metering, settlement, future facility modifications).</p>
<p>Dependable Capacity:</p>	<p>“<u>Dependable Capacity</u>” means the net MW that the Facility or, in the event the Transaction Proposal allocates to Buyer a portion of the capacity of the Facility, the portion of such capacity allocated to Buyer is capable of delivering reliably to Buyer at the Physical Delivery Point (defined below). For resources located (or to be located) in MISO during any period when Buyer is subject to the MISO Balancing Authority, the amount of the Dependable Capacity will be the</p>

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	<p>installed capacity, or “ICAP,” value assigned by MISO to the Facility or, in the event the Transaction Proposal allocates to Buyer a portion of the capacity of the Facility, the portion of such capacity allocated to Buyer. For other resources, the Dependable Capacity will be determined in a similar manner, applying, to the extent possible, the rules of the applicable Balancing Authority for determining the amount of installed capacity for a facility or generating unit. For purposes of the Capacity Payment Discount (defined below), the “availability” of a resource for any period during the Delivery Term will be a function of the availability of the Dependable Capacity over such period (see “Availability Requirements”).</p>
<p>Recognized Capacity:</p>	<p>“<u>Recognized Capacity</u>” means, for any planning period of MISO or any Replacement BA, the unforced capacity, or “UCAP,” value assigned from time to time to the Contract Capacity by MISO or, in the event that (i) Buyer is subject to a Balancing Authority other than MISO that provides, allocates, or assigns Capacity Credits or other capacity-related benefits in respect of the Contract Capacity or (ii) MISO uses a methodology other than UCAP, the capacity recognized and used by such Balancing Authority or MISO, as the case may be, to establish the amount of Capacity Credits or other capacity-related benefits to be provided, allocated, or assigned with respect to the Dependable Capacity for such planning period, in each case, adjusted for losses to the Physical Delivery Point. For purposes of the Definitive Agreement, the Recognized Capacity may never exceed the Dependable Capacity. The Capacity Payment (defined below) for any month in the Delivery Term will be a function, in part, of the Recognized Capacity for such month. To the extent that Seller or Buyer is required by applicable laws (including MISO Rules) to demonstrate the capability of, or otherwise test, the Facility or any Applicable GU for purposes of capacity qualification, the establishment of Capacity Credits or other capacity-related benefits, or ICAP or UCAP values, or for any other purpose, Seller will perform such tests (including any deliverability tests and capability tests) according to applicable requirements. Buyer will have rights to demonstrate the capability of, or otherwise test, the Facility or any Applicable GU as set forth in the Definitive Agreement.</p>

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

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<p>Energy Delivery Point:</p>	<p>The “<u>Energy Delivery Point</u>” is the Physical Delivery Point (defined below) for physical deliveries under the Definitive Agreement or the Financial Delivery Point (defined below) for financial transfers to Buyer under the Definitive Agreement, as the context requires, and the plural of Energy Delivery Point is both the Physical Delivery Point and Financial Delivery Point.</p> <p>The “<u>Physical Delivery Point</u>” is the point at which Contract Capacity and associated capacity-related benefits will be made available, and energy and Other Electric Products (to the extent capable of being physically delivered) will be physically delivered. The Physical Delivery Point is expected to be the commercial pricing node in MISO designated by Seller in its Transaction Proposal.</p> <p>The “<u>Financial Delivery Point</u>” is the commercial pricing node recognized by MISO as the commercial pricing node for EAI’s native electric load (or the equivalent thereof recognized by the Replacement BA or, if there is no such equivalent, the point of delivery designated by Buyer). As of the issuance date of the RFP, the current Financial Delivery Point is the EAI.EAILD commercial pricing node. To the extent possible, Contract Capacity, capacity-related benefits, energy, and Other Electric Products (to the extent capable of being physically delivered) delivered at the Physical Delivery Point will be transferred by Seller, at Seller’s expense, to Buyer at the Financial Delivery Point through a financial transaction (expected to be effectuated, under the current MISO Rules, through financial schedules submitted to MISO in which the Physical Delivery Point is the delivery point, the Financial Delivery Point is both the internal delivery point and the sink point, Seller is the selling party, and Buyer is the buying party).</p>
<p>Electric Interconnection:</p>	<p>The “<u>Electric Interconnection Point</u>” will be the point described or indicated as such in the electric interconnection agreement for the Facility and the Transaction Proposal. Seller will be responsible for and bear all costs and risks associated with the electric interconnection of the Facility, including, without limitation, costs assigned to the interconnection customer under the electric interconnection agreement for the Facility (<i>e.g.</i>, the cost of upgrades resulting from the interconnection service request).</p>
<p>Electric Transmission and Delivery:</p>	<p>Seller will be responsible for and bear all costs associated with the transmission of Capacity, capacity-related benefits, energy, and Other Electric Products (to the extent capable of being physically deliverable) dispatched by or for Buyer to the Physical Delivery Point and the transfer of the same to the Financial Delivery Point. Seller will be responsible for any cost or price basis differential (including any transmission-related loss) at any time during the Delivery Term from the Facility to and including the Physical Delivery Point and from the</p>

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

Term Sheet for Proposals in response to the
Entergy Arkansas 2014 Request for Proposals for Long-Term, Supply-Side and Renewable Generation Resources

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	<p>Physical Delivery Point to the Financial Delivery Point. If the Facility is not (or will not be) directly interconnected to MISO, Seller must provide for the firm transmission or transfer of energy and other products to the Energy Delivery Points.</p>
<p>Availability and Availability Requirements:</p>	<p>Seller will make available to Buyer all of the Contract Capacity and capacity-related benefits and will deliver all associated energy and Other Electric Products at the Physical Delivery Point in accordance with Buyer’s dispatch notices. Except to the extent required by a unit contingency, Seller will not interrupt, curtail, or otherwise reduce the availability or deliveries of Contract Capacity, or any associated energy or Other Electric Product, even if Seller is otherwise above the availability requirements set forth in the Definitive Agreement. In addition, to the extent the Facility (including any Applicable GU) is capable, from time to time, of reduced operating restrictions (including, without limitation, reduced minimum permitted dispatch levels and start times and increased ramp rates), Seller will make available such capability to Buyer.</p> <p><i>{For dispatchable Traditional Resources (e.g., CCGT)}</i> During the Delivery Term, (i) each month the Dependable Capacity will be required to be at least (a) for a month that is a summer month (June-August), 98%; (b) for a month that is a winter month, (December-February), 98%; and (c) for all other months, 95%, and (ii) each rolling 12-month period [shorter periods will apply during the first year of the Definitive Term], the Dependable Capacity will be required to be at least 85%.</p> <p><i>{For baseload resources (including biomass)}</i> During the Delivery Term, (i) each month the Dependable Capacity is expected to be established based on the technology utilized and/or the minimum monthly capacity availability requirement(s) specified in the Transaction Proposal and consistent with monthly availability percentages for similar baseload resources (expected to be in the range of 90-95%) and (ii) each rolling 12-month period [shorter periods will apply during the first year of the Definitive Term], the Dependable Capacity will be required to be at least a percentage that is expected to be established based on the technology utilized and/or the minimum monthly capacity availability requirement(s) specified in the Transaction Proposal and is consistent with 12-month availability percentages for similar baseload resources.</p> <p><i>{For peaking Traditional Resources (e.g., CT)}</i> During the Delivery Term, (i) each month the Dependable Capacity will be required to be at least 99% and (ii) each rolling 12-month period [shorter periods will apply during the first year of the Definitive Term], the Dependable Capacity will be required to be at</p>

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	<p>least 90%.</p> <p>The availability of Dependable Capacity will be determined for each hour of the Delivery Term and, subject to certain exceptions, will be based on the lower of (i) the actual availability of the Dependable Capacity and (ii) the Dependable Capacity set forth (or, per the Definitive Agreement, deemed to be set forth) in Seller’s scheduling notice to Buyer, in each case relative to the contractually stipulated Dependable Capacity. For purposes of such availability determinations, the maximum availability of the Dependable Capacity in any hour will be 1.0 or 100%. In such determinations, Planned Maintenance (defined below) will be treated as an excused reduction in Dependable Capacity; however, as described in “Planned Maintenance,” the number of hours of Planned Maintenance that Seller is permitted to take in any Planned Maintenance outage period will be subject to a cap. <i>{Exclusively for Tolls}</i> A reduction in the hourly availability of the Dependable Capacity due solely to an interruption of gas transportation to the gas delivery point(s) will also be treated as an excused reduction in Dependable Capacity, except to the extent the interruption is due to force majeure or an act or omission directly or indirectly, of Seller or its Affiliates.</p> <p>Seller’s failure to meet the monthly availability requirement will result in a Capacity Payment Discount (see below). Seller’s failure to meet the minimum rolling availability requirement will be an event of default of Seller and entitle Buyer to terminate the Definitive Agreement and receive termination damages arising out of any such termination.</p>
<p>Capacity Payment:</p>	<p>The “<u>Capacity Payment</u>” will be Buyer’s monthly payment to Seller for Contract Capacity. The Capacity Payment for any month will equal the capacity rate for such month multiplied by the Recognized Capacity for such month, will be payable to Seller monthly in arrears, and will be subject to a possible Capacity Payment Discount (see below). The capacity rate will be shaped [15% in the three summer months, 9% in May and September, 7% in the three winter months, and 4% in the four other months]. No Capacity Payment will be payable for capacity from a wind, solar photovoltaic, or run-of-river hydroelectric resource.</p>
<p>Capacity Payment Discount:</p>	<p>If the monthly availability for a month is below the applicable monthly availability requirement, a “<u>Capacity Payment Discount</u>” will apply to the Capacity Payment. Other than for peaking resources, the Capacity Payment Discount will be two percent (2%) for each one percent (1%) shortfall to the monthly availability requirement, except to the extent of unavailability due solely to force majeure, for which the Capacity Payment Discount will be one percent (1%) for each one percent (1%) shortfall to the monthly availability</p>

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	<p>requirement. For peaking resources, the Capacity Payment Discount will be twenty percent (20%) for each one percent (1%) shortfall to the monthly availability requirement, subject to the same force majeure exception set forth immediately above. In no event will the Capacity Payment Discount reduce the Capacity Payment below zero (0).</p>
Contract Energy:	<p><i>{For wind, solar photovoltaic, and run-of-river hydroelectric resources}</i> Throughout the Delivery Term, Seller will sell and deliver to Buyer, and Buyer will purchase from Seller, all energy produced by the Facility (or the portion allocated to Buyer as the Contract Capacity) and delivered at the Physical Delivery Point and transferred to the Financial Delivery Point (“<u>Contract Energy</u>”).</p>
Generation Forecasts:	<p><i>{For wind, solar photovoltaic, and run-of-river hydroelectric resources}</i> Seller will cause a reputable third-party forecaster to provide to Buyer (at Seller’s expense), in good faith and in accordance with accepted electrical practices, generation forecasts for the Facility (or the portion allocated to Buyer as the Contract Capacity) for each day by the day-ahead generation forecast deadline specified in the Definitive Agreement for such day and updates thereto.</p>
Excess Energy Pricing:	<p><i>{For wind, solar photovoltaic, and run-of-river-hydroelectric resources}</i> For Contract Energy delivered in any hour of a contract year after the Contract Energy deliveries for such contract year equal 115% of the Annual Expected Energy Quantity (defined below), the price for such excess Contract Energy will be 50% of the otherwise applicable energy price.</p>
Minimum Energy Delivery Requirement:	<p><i>{For wind, solar photovoltaic, and run-of-river hydroelectric resources}</i> Seller will be required to deliver and transfer to Buyer Contract Energy at the Energy Delivery Points in an amount at or above the “Annual Guaranteed Energy Quantity” in any contract year of the Delivery Term. The “<u>Annual Guaranteed Energy Quantity</u>” for any contract year is expected to be established based on the technology utilized and/or the Annual Guaranteed Energy Quantity specified for such contract year in the Transaction Proposal. For wind and solar photovoltaic resources, the Annual Guaranteed Energy Quantity is expected to be at least the “P90” annual quantity for the resource. The Annual Guaranteed Energy Quantity for a contract year will be subject to adjustment for force majeure and voluntary Buyer-initiated curtailments of Contract Energy (see below) in such contract year. Energy supplied from or to the imbalance market will not be considered Contract Energy for purposes of determining satisfaction of Seller’s Annual Guaranteed Energy Quantity commitment. In the event of a shortfall in annual Contract Energy deliveries below the applicable Annual Guaranteed Energy Quantity, Seller will, among other things, pay liquidated damages to Buyer and transfer to Buyer or pay for the Environmental Attributes that Seller would have been obligated to transfer to Buyer if the energy shortfall had actually been generated by Seller and</p>

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	<p>delivered and transferred to Buyer at the Energy Delivery Points. The failure of Seller to deliver and transfer Contract Energy to Buyer from the Facility at the Energy Delivery Points in an amount equal to at least (a) 80% of the Annual Guaranteed Energy Quantity in any two consecutive contract years or (b) 75% of the Annual Guaranteed Energy Quantity in any three contract years will be an event of default of Seller that would, among other things, entitle Buyer to terminate the PPA and receive termination damages.</p>
<p>Buyer-Curtailed Energy:</p>	<p><i>{For wind, solar photovoltaic, and run-of-river-hydroelectric resources}</i> Buyer will have the right to curtail some or all of the Contract Energy that would otherwise be Contract Energy delivered from the Facility and transferred to Buyer at the Energy Delivery Points by notifying Seller of the amount of Contract Energy (if any) that Buyer is willing to accept during any interval of the curtailment period. If Buyer exercises such curtailment rights, then, for any settlement interval for which Buyer has exercised such rights, Seller will provide to Buyer a calculation (which will be subject to audit and dispute by Buyer) of the quantity of Contract Energy that would have been but was not generated by the Facility and delivered and transferred to Buyer at the Energy Delivery Points during such interval due solely to Buyer’s exercise of its curtailment rights (the “<u>Buyer-Curtailed Energy</u>”). For each kWh of Buyer-Curtailed Energy, Buyer will pay Seller an amount based on the difference between (i) the price for Contract Energy specified in the PPA and (ii) the net “cover” price with respect to Buyer-Curtailed Energy or (only to the extent Seller was unable, despite the use of commercially reasonable efforts, to “cover” in the market) an amount equal to (a) the cost saved by Seller by not generating Buyer-Curtailed Energy (expressed in \$/kWh) minus (b) the amount of the federal production tax credits (as grossed-up for federal income taxes) for Buyer-Curtailed Energy not generated (expressed in \$/kWh). Reliability curtailments (that is, curtailments made, initiated, directed, or ordered by an entity other than Buyer (<i>e.g.</i>, MISO or a local balancing authority) or other curtailments, limitations, or shortcomings (including emergency and scheduled or unscheduled outages, maintenance, or otherwise)) will not give rise to Buyer-Curtailed Energy.</p>
<p>Capacity-Related Benefits and Environmental Attributes:</p>	<p>Whether or not the Definitive Agreement provides for a Capacity Payment to Seller, any current or future benefit associated with the Contract Capacity (<i>e.g.</i>, Capacity Credits), and any current or future Environmental Attribute associated with the Contract Capacity, or the generation or transfer of energy or Other Electric Products from the Contract Capacity, including, without limitation, any Environmental Attribute related to the avoidance of the emission of any substance into the environment (<i>e.g.</i>, M-RET or “Green-e” credits), will, in each case, exclusively accrue to and be owned by Buyer without any incremental amount or payment due from Buyer for such benefit or attribute.</p>

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	<p>In the event any Capacity Credit or other capacity-related benefit is sourced from a resource not located within Local Resource Zone 8 of MISO, (i) if the auction clearing price for such Capacity Credit or capacity-related benefit (“<u>Out-of-Zone ACP</u>”) is greater than the auction clearing price for a Capacity Credit or capacity-related benefit sourced from a resource located within Local Resource Zone 8 of MISO (“<u>In-Zone ACP</u>”), Buyer will pay Seller the positive difference between the Out-of-Zone ACP and the In-Zone ACP and (ii) if the In-Zone ACP is greater than the Out-of-Zone ACP, Seller will pay Buyer the positive difference between the In-Zone ACP and the Out-of-Zone ACP. Seller will, at its sole cost and expense, initiate, qualify for, maintain, provide, and transfer to Buyer all such capacity-related benefits and Environmental Attributes.</p>
<p>Other Electric Products:</p>	<p>Seller will be required, at its sole cost and expense, to qualify the Facility or, if applicable, the Contract Capacity for, maintain, and (upon Buyer’s dispatch thereof pursuant to the Definitive Agreement) provide and/or transfer to Buyer at the Energy Delivery Points, any Other Electric Product capable of being provided from the Facility or, if applicable, the Contract Capacity.</p>
<p>Exclusivity; Buyer Dispatch Rights:</p>	<p>Except for the rights of MISO or, if applicable, a Replacement BA under applicable MISO Rules, Buyer’s rights to the Contract Capacity and associated capacity-related benefits, Environmental Attributes, energy, and Other Electric Products are exclusive. Throughout the Delivery Term, Buyer will have the right to dispatch or, if Seller is the Market Participant, to direct Seller to self-schedule and offer and to specify to Seller the terms of such self-schedule or offer (including modifying any existing dispatch notice, self-schedule, or offer), for each settlement interval of any operating day during the Delivery Term, the Capacity, energy, and Other Electric Products from the Contract Capacity or to which Buyer is entitled under the Definitive Agreement from time to time as it deems appropriate, subject to Buyer’s observance of any scheduling and operating restrictions specified in the Definitive Agreement and then in effect (e.g., scheduling notice deadlines and other scheduling and offering requirements or limitations, minimum permitted dispatch levels, minimum run times, start times and ramp rates). Seller will provide Buyer with scheduling and dispatch flexibility and rights under the Definitive Agreement substantially equivalent to those that Buyer would have if Buyer owned the Contract Capacity.</p>
<p>MISO Payments (Including Financial Schedules):</p>	<p>Subject to certain exceptions specified in the Definitive Agreement, Buyer will be entitled to any payment from MISO or any other person for Capacity and capacity-related benefits, energy, and Other Electric Products from the Contract Capacity and to any other payment from MISO or any other Balancing Authority with respect to the Contract Capacity (including the curtailment thereof). In the event that Buyer is not the Market Participant in respect of the</p>

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	<p>Contract Capacity, Buyer may require that any transaction involving the transfer of Capacity, capacity-related benefits, energy, or Other Electric Products from the Contract Capacity that can be settled through financial schedules with MISO (or, if applicable, the Replacement BA through comparable instruments, means, or processes) settle with MISO through financial schedules (or with the Replacement BA through comparable instruments or means) prepared, submitted, and confirmed by Buyer and Seller.</p>
<p>Costs/ Imbalances:</p>	<p>Subject to the remainder of this section of this Term Sheet, Seller will be responsible for all costs incurred in connection with the Facility, the conduct of Seller’s business, or the provision, delivery, or transfer (or non-delivery or non-transfer) of the products to or for the account of Buyer at (and including) the Energy Delivery Points or the performance of Seller’s obligations under the Definitive Agreement, including, without limitation, any (i) transaction, scheduling, financial scheduling, offering, or other fee or charge imposed by any Balancing Authority or transmission provider; (ii) Balancing Authority penalty or similar charge (including, without limitation, any charge or cost arising out of any limitation, restriction, penalty or determination made or other action taken by or pursuant to a request of a market monitor or similar authority in connection with the performance (or non-performance) of the Definitive Agreement); (iii) imbalance charge (including, without limitation, any revenue sufficiency guaranty or real-time excessive and non-excessive energy amount); (iv) integration charge; (v) cost of any ancillary service or other Balancing Authority or other transmission provider service (e.g., regulation); and (vi) similar cost or charge incurred in connection with the activities described above. <i>{For wind and solar photovoltaic resources}</i> In addition, Seller will have responsibility for the settlement of Contract Energy and other physically deliverable products at certain negative prices. Seller’s responsibility will be for the portion of the negative price that is less than the amount determined by subtracting from \$0/kWh, for each period of negative pricing, the applicable federal production tax credit per kWh (grossed-up for applicable federal income taxes) for Contract Energy generated during such period of negative pricing.</p> <p>In general, Buyer will have responsibility for certain imbalance charges and Balancing Authority penalty costs to the extent caused solely by actions of Buyer that will be specified in the Definitive Agreement and will vary depending on the nature of the Definitive Agreement (Toll or PPA) and whether Buyer is the Market Participant under the Definitive Agreement. For example, if Buyer is the Market Participant and the Definitive Agreement is a PPA and assuming Seller or others for which Seller is responsible are not at fault, Buyer will have responsibility for such imbalance charges and Balancing Authority penalty costs to the extent (a) Seller complies with a Buyer dispatch</p>

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	notice requiring Seller to violate either (1) a MISO directive to Buyer as Market Participant that has not been communicated to Seller or (2) a MISO requirement to generate (or not generate) a product scheduled and/or offered by Buyer that is triggered solely by Buyer's schedules, or (b) Buyer submits a dispatch notice to Seller that is inconsistent with a prior Buyer dispatch notice to Seller and a schedule and/or offer then in effect with MISO (or, if applicable, the Replacement BA). Further, nothing in this section limits Buyer's obligation to make payments (e.g., Capacity Payments) to Seller as provided in the Definitive Agreement.
Guaranteed Heat Rate:	{ <i>For gas-fired and solid fossil fuel-fired Traditional Resources</i> } The " <u>Guaranteed Heat Rate</u> " is expected to be based upon (and will be no greater than) the heat rate corresponding to Buyer's dispatch level specified in the Transaction Proposal for the season in which such dispatch occurs and reasonably representative of the actual heat rate at such dispatch level in such season. If, as a result of a unit contingency or other limitation, Buyer's dispatch level is limited and such limitation results in a higher applicable heat rate, the applicable heat rate will be the heat rate corresponding to Buyer's dispatch that would have occurred absent such limitation. The applicable heat rate is a blended heat rate for all MW included in the corresponding dispatch level. For Tolls, a deadband above and below the Guaranteed Heat Rate will apply. Incremental fuel costs resulting from operation of the Facility or Applicable GU(s) at a heat rate above the maximum allowed heat rate (after application of the deadband) for the applicable dispatch level will be for Seller's account.
Fuel Supply and Transportation:	For PPAs, subject to other terms of the Definitive Agreement, Seller will be responsible for buying and delivering fuel to the Facility and all related costs (e.g., applicable taxes), including, without limitation, the arrangement, transportation, nomination, storage, use, loss, and disposition thereof. Without limiting the foregoing, Seller will bear all risk associated with any decision not to procure firm fuel supply and transportation. For Tolls, subject to other terms of the Definitive Agreement, Buyer will be responsible for buying and delivering fuel up to the gas delivery point(s) and all related costs, including, without limitation, the arrangement, transportation, nomination, storage, use, loss, and disposition thereof, and Seller will be responsible for delivering fuel from the gas delivery point(s) to the Facility (or, if applicable, Applicable GUs) for the fuel conversion services provided by Seller and all related costs (e.g., applicable taxes), including, without limitation, the transportation, use, loss, and disposition thereof.
Planned	Seller will be required to coordinate and schedule with Buyer planned maintenance of the Facility or, if applicable, the portion of the Facility

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Maintenance:	constituting the Contract Capacity according to the Definitive Agreement and the applicable MISO Rules (“ <u>Planned Maintenance</u> ”). Seller will have the right to schedule and conduct Planned Maintenance only during the March/April and October/November time frames and otherwise in accordance with the MISO Rules applicable to Planned Maintenance. Each Planned Maintenance outage will be scheduled with Buyer months ahead of the outage, as specified in the Definitive Agreement. Seller will be subject to a maximum number of seasonal and annual Planned Maintenance hours that may be taken in any contract year. The expected timing and permitted duration of Planned Maintenance will be consistent with the technology utilized in the Facility or, if applicable, the portion of the Facility that constitutes Contract Capacity.
Credit Support:	Seller will be expected to meet the credit support requirements for sellers in the RFP, including Appendix E, and other credit-related terms, all of which will be more fully developed in the Definitive Agreement. Buyer will not be required to provide credit support under the Definitive Agreement.
Force Majeure:	Force majeure will be as specified in the Definitive Agreement. Force majeure will exclude, among other things: (i) mechanical failures or breakdowns, defects, or equipment or systems failures not due to acts of God; (ii) events stated in the technical specifications of the Facility to be within the tolerance of the Facility; (iii) the failure or other act or omission of employees, agents, representatives, or direct or indirect contractors, subcontractors, or suppliers of the Party claiming force majeure or any non-delivery, delayed delivery, shortages, or other unavailability of machinery, spare parts, materials, consumables (including fuel), labor, equipment, or services (including any interruption or curtailment of fuel transportation or electric transmission), unless the Party claiming force majeure has a firm contract for the applicable service or item and the provider, if it were a party to the Definitive Agreement, would be able to claim force majeure for the same (subject to an exception for gas transportation and electric transmission); (iv) any weather event not abnormally severe for the period of time when, and the area where, such weather event occurs; and (v) labor strikes, slowdowns or stoppages.
Conditions Precedent:	The Definitive Agreement will include conditions precedent to the commencement of the Delivery Term, including, without limitation, conditions of Buyer with respect to its regulatory approvals and consents, fuel supply/transportation (for Tolls), recognition of the Facility and/or Applicable GUs for settlement by MISO or the Replacement BA, exclusivity of representation of the Facility or Applicable GUs before MISO or the Replacement BA, and operational aspects of the Facility or Applicable GUs/common facilities. Buyer will have a period of time specified in the Definitive Agreement from the effective date of the Definitive Agreement to satisfy its conditions to commencement of the Delivery Term.

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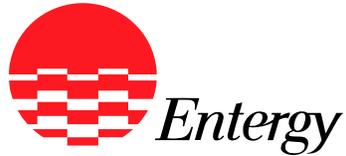
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Capital Lease and VIE Treatment:	The Definitive Agreement will require Seller to make representations, warranties, and covenants that fully protect Buyer against certain accounting-related risks, including, without limitation, the risk that the Definitive Agreement or any obligation of Buyer thereunder is or will be accounted for as a capital lease; that any liability of Seller or any Affiliate thereof is or will be assumed by Buyer or any Affiliate thereof as a result of variable interest entity accounting; or that Buyer or any Affiliate thereof is or will be required to recognize on its consolidated financial statements either debt or a long-term liability representing the obligation (or net present value of an obligation) to make future payments, or a portion of future payments, under the terms of the Definitive Agreement. Buyer may require Seller to make certain certifications by the chief financial officer of Seller regarding the foregoing and will have the right to terminate the Definitive Agreement in the event any such representation, warranty, or covenant is untrue or inaccurate.
Select Contract Terms and Conditions:	The Definitive Agreement will address, among other things, Seller's performance standards, pricing, scheduling limitations, operational flexibility requirements and restrictions, plant performance testing, replacement or substitute products, unit contingencies, the exclusion of QF put rights (if applicable), events of default, termination rights, audit rights, insurance requirements, information access and sharing, change in law, Buyer's right of first refusal, transfer restrictions, and confidentiality.

NOTWITHSTANDING ANYTHING TO THE CONTRARY:

THIS DRAFT TERM SHEET DOES NOT CONSTITUTE A DEFINITIVE AGREEMENT OR AN OFFER TO ENTER INTO A DEFINITIVE AGREEMENT, DOES NOT CONTAIN ALL MATERIAL TERMS, CONDITIONS, AND MATTERS UPON WHICH AGREEMENT WOULD NEED TO BE REACHED IN ORDER FOR BUYER TO ENTER INTO A DEFINITIVE AGREEMENT, AND IS NOT REPRESENTATIVE OF THE STRUCTURE, DETAIL, OR REQUIRED PRECISION OF A DEFINITIVE AGREEMENT. THE TERMS PRESENTED IN THIS DRAFT TERM SHEET ARE SUMMARIES OF CERTAIN TERMS IN A DEFINITIVE AGREEMENT THAT IS A POWER PURCHASE AGREEMENT OR A TOLLING AGREEMENT. THE SUMMARY OF ANY INDIVIDUAL TERM HEREIN MAY NOT INCLUDE A COMPLETE EXPRESSION OF OR MAY NOT ADDRESS IMPORTANT CONCEPTS, PRINCIPLES, OR TERMS RELATED TO SUCH INDIVIDUAL TERM. WITHOUT LIMITING APPENDIX F TO THE 2014 EAI RFP, NO BINDING COMMITMENT SHALL ARISE PRIOR TO THE FULL AND COMPLETE EXECUTION AND DELIVERY OF THE DEFINITIVE AGREEMENT (IF ANY) BETWEEN BUYER AND SELLER, EVEN IF, PRIOR TO THEN, THE PARTIES REACH SOME AGREEMENTS OR UNDERSTANDINGS IN PRINCIPLE.

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Appendix B-2

Ownership Acquisition Term Sheet

For

2014 Request For Proposals

For

Long-Term, Supply-Side and

Renewable Generation Resources

Entergy Arkansas, Inc.
May 5, 2014

Term Sheet for Ownership Acquisitions

This Term Sheet (“Term Sheet”) generally describes certain terms and conditions of a potential agreement between EAI or its designee (“Buyer”) and the seller of the generating unit(s) proposed by Bidder in its proposal (“Seller” and, together with Buyer, the “Parties” and each individually a “Party”) pursuant to a proposal for the acquisition by Buyer of all or a portion of an existing or proposed generating facility submitted by Bidder on behalf of Seller and selected by Buyer in the 2014 EAI RFP (such agreement, if negotiated and entered into, the “Definitive Agreement”).¹ Buyer will provide the initial draft of the Definitive Agreement at the beginning of the negotiations.

Proposal Term	Description of Proposal Term
Facility:	The “ <u>Facility</u> ” will be the electric generation facility specified in the proposal giving rise to the Definitive Agreement (“ <u>Transaction Proposal</u> ”) as the facility for the Definitive Agreement.
Purchase Capacity:	Subject to the other terms of this Term Sheet and the Definitive Agreement, the capacity of the Facility to be purchased by Buyer (expressed in MW and based on summer reference conditions (97°F, 56% relative humidity, 14.52 psia) will be as specified by Bidder in the Transaction Proposal.
Purchase Price:	The purchase price for the Transaction is expected to be based on the purchase price specified in the Transaction Proposal, subject to adjustment after execution of the Definitive Agreement due to (i) changes in inventory value from an agreed baseline value (including, without limitation, balance of plant inventory and capital spares), (ii) the proration of specified proratable items (<i>e.g.</i> , property taxes, prepayments under project contracts acquired by Buyer at the Closing), (iii) plant performance test results for net electrical output, heat rate, emissions, and any other plant performance metric set forth in the Definitive Agreement, (iv) casualty events and material environmental conditions affecting the Facility or the Facility site, and (v) similar items (the “ <u>Purchase Price</u> ”).
Electric Interconnection Service:	The “ <u>Electric Interconnection Point</u> ” will be the point described or indicated as such in the electric interconnection agreement for the Facility and the Transaction Proposal. Seller will be responsible for and bear all costs and

¹ This Term Sheet is generally based upon the acquisition of CCGT resource. If a resource selected for negotiation of a Definitive Agreement for acquisition of a generation resource is based upon a technology other than CCGT technology, the terms of the Definitive Agreement will be adjusted and revised as necessary to reflect, in a manner consistent with the approach taken in this Term Sheet when possible and appropriate, the differences attributable to or arising out of the selection of such other technology.

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	risks associated with the electric interconnection of the Facility, including, without limitation, costs assigned to the interconnection customer under the electric interconnection agreement for the Facility (<i>e.g.</i> , the cost of upgrades resulting from the interconnection service request).
Purchased Assets:	Buyer will acquire the Purchased Assets at the closing (if any) of the Transaction (the “ Closing ”). The “ Purchased Assets ” will include all right, title, and interest of Seller in the Facility (or, in the event Bidder proposes that Buyer purchase a portion of the Facility, the corresponding portion thereof) and all related real and personal property assets, properties, and rights, of every kind and nature, relating to, used at, or held for use at the Facility (or, in the event Bidder proposes that Buyer purchase a portion of the Facility, the corresponding portion thereof). Examples of Purchased Assets include, without limitation: all inventory (including capital and non-capital spares and fuel inventory), permits, books, records, documents, drawings (including AutoCAD), reports, logs, operating data, operating safety and maintenance manuals, inspection reports, registrations, engineering design plans, blueprints, specifications and procedures and similar items, intellectual property rights, fuel supply and transportation contracts (to the extent Buyer desires and agrees to acquire or assume the same) and related entitlements, credits, or other rights, transmission, congestion, and related entitlements, credits, or other rights, capacity credits, emissions allowances, environmental attributes, licenses, and contracts (including the long-term services agreement for the generating units) and unexpired warranties, indemnities, or guarantees related to the Facility (or, in the event Bidder proposes that Buyer purchase a portion of the Facility, the corresponding portion thereof) that Buyer chooses to have assigned to it.
Permitted Liens; Excluded Assets:	Assuming occurrence of the Closing, Buyer will acquire the Purchased Assets free and clear of all encumbrances other than Permitted Encumbrances. “ Permitted Encumbrances ” means (i) liens for property taxes and other governmental charges that are not yet due and payable or the validity of which is being contested in good faith by appropriate proceedings described in a schedule attached to the Definitive Agreement, (ii) mechanics’, materialmen’s, and other similar liens arising in the ordinary course of business by operation of law for sums not yet due and payable, so long as the amount of any such sum in respect of which any such lien arose does not exceed \$100,000, individually, and all such sums do not exceed \$250,000 in the aggregate <i>{for Developmental Resources, the foregoing dollar limitations will not apply during the period before commercial operation of the Facility (as described below)}</i> , (iii) encumbrances described in a specific schedule attached to the Definitive Agreement and

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	that will be and are discharged or released at or before the Closing, (iv) matters expressly identified on the title commitment to which Buyer does not object, and (v) encumbrances with respect to any of the Purchased Assets created by or resulting from the acts or omissions of Buyer or the Definitive Agreement. The assets that Buyer does not agree in the Definitive Agreement to purchase at the Closing are “ <u>Excluded Assets</u> ” and will be excluded from the Transaction.
Assumed Liabilities:	Buyer will assume certain liabilities of Seller upon the Closing (“ <u>Assumed Liabilities</u> ”). The Assumed Liabilities will include only specified liabilities in respect of the Purchased Assets or the conduct of the business that relate solely to the period after the Closing and are not the result of any act or omission of Seller, any predecessor of Seller, or any third party occurring or accruing at or prior to the Closing. Seller will retain and have exclusive responsibility for all liabilities and obligations relating to the Purchased Assets or the conduct of business other than the Assumed Liabilities assumed by Buyer upon the Closing (such liabilities and obligations, the “ <u>Excluded Liabilities</u> ”).
Closing Date:	<p>{<i>For existing resources</i>} The Closing will occur on the last Business Day of the month in which the conditions to the Closing, other than those conditions that by their nature are to be satisfied at the Closing, have been either satisfied or waived by the Party for whose benefit such conditions exist, unless notice thereof is given on or after the day seven (7) Business Days prior to the end of such month, in which case the Parties will use commercially reasonable efforts to cause the Closing to occur on the last Business Day of the following month (the “<u>Closing Date</u>”).</p> <p>{<i>For Developmental Resources</i>} The Closing will occur ten (10) days after (or, if such date is not a business day, on the first business day thereafter) the date on which notice that the last outstanding condition to the Closing, other than those conditions that by their nature are to be satisfied at the Closing, have been either satisfied or waived by the Party for whose benefit such conditions exist is delivered (the “<u>Closing Date</u>”).</p> <p>The Closing will be deemed to occur at 11:59:59 p.m. on the Closing Date.</p>
Seller Representations and Warranties:	Representations and warranties (“ <u>Reps</u> ”) made by Seller in the Definitive Agreement will be customary for asset acquisitions of this type by Buyer, and will include, without limitation, Reps covering compliance with laws, litigation, real, leased, and personal property, contracts, permits, warranties, intellectual property, regulatory approvals and consents, condition and sufficiency of the Purchased Assets (and, for load-following resources,

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	<p>load-following capabilities of the applicable Purchased Assets), environmental, tax, employee, and benefits matters, insurance, regulatory status, pipeline status, NERC compliance, absence of certain changes to the Purchased Assets, and diligence-related and other matters. Seller’s Reps in the Definitive Agreement, other than Seller’s “fundamental” and environmental Reps, will survive the Closing for a period of 24 months. Seller’s fundamental Reps will survive the Closing for the applicable statute of limitations plus 30 days thereafter. Seller’s environmental Reps will survive the Closing for a period of 36 months.</p>
<p>Buyer Representations and Warranties:</p>	<p>The Reps made by Buyer in the Definitive Agreement will be customary for asset acquisitions of this type by Buyer and limited to the organization, existence, and good standing of Buyer, execution and delivery by Buyer and enforceability of the Definitive Agreement, no violation of law, Buyer’s organizational documents, or other contracts, litigation, and Buyer’s regulatory approvals and consents. Buyer’s “fundamental” Reps will survive the Closing for the applicable statute of limitations plus 30 days thereafter. Buyer’s other Reps will survive the Closing for a period of 24 months.</p>
<p>Covenants:</p>	<p>Covenants in the Definitive Agreement will be customary for asset acquisitions of this type by Buyer, and will include, without limitation, covenants covering Seller’s conduct and actions taken by Seller with respect to the Purchased Assets pending the Closing, Seller’s compliance with contracts, regulatory approvals, transfers of permits, emission allowances and contracts, title to real and personal property, risk of loss, casualty events, and material environmental conditions, insurance, taxes, employees and benefits, Seller’s non-solicitation obligations, notice and reporting obligations, maintenance of books/records, confidentiality and public announcements, removal of Excluded Assets and liens, developmental obligations (for Developmental Resources), Buyer’s access to Seller’s books and records and periodic inspection rights, and technical or diligence-related matters.</p>
<p>Plant Performance Testing:</p>	<p>The Definitive Agreement will provide for a test of the performance of the Facility (or, in the event the Transaction Proposal proposes that Buyer purchase a portion of the Facility, the corresponding portion thereof) to be conducted, at Seller’s expense, to determine, in connection with the Closing. The test will cover (i) capacity, (ii) heat rate (HHV), (iii) specified emissions, and (iv) other plant performance metrics set forth in the Definitive Agreement. The results of the test of items (i) through (iii) and, if appropriate, (iv) above will be compared against the corresponding values specified in the Definitive Agreement. The test will be performed at</p>

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	<p>Buyer’s request and conducted within 120 days of the target Closing Date. Subsequent tests may be required depending on the results of the previous performance test, intervening events or circumstances, and/or modifications to the target Closing Date. Unless Buyer otherwise directs, each subsequent test will be performed by the contractor that performed the initial test. Final test results may give rise to a reduction in the Purchase Price or a termination of the Definitive Agreement. Seller will not be entitled to any increase in the Purchase Price or any other compensation from Buyer if the test results indicate that performance for a particular metric is better than required by the Definitive Agreement.</p>
<p>Buyer’s Closing Conditions:</p>	<p>Buyer’s obligation to Close the Transaction will be subject to the satisfaction or express waiver by Buyer of certain conditions to be specified in the Definitive Agreement and customary for asset acquisitions of this type by Buyer, including, without limitation, conditions related to federal, state, and, if applicable, local regulatory and governmental approvals, expiration or termination of waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (“<u>HSR Act</u>”), Buyer consents, the correctness of Seller’s Reps, performance of and compliance with Seller covenants, obligations, and agreements in the Definitive Agreement or Ancillary Agreements on or before the Closing, specified Seller certifications and documents and items, the absence of a material adverse effect with respect to Seller, title insurance, eminent domain, capacity accreditation and transmission service (including without limitation, firm network resource and deliverability qualifications and transmission and congestion rights), the long-term service agreement(s) (“<u>LTSA</u>”) or similar maintenance agreement(s) for any of the Purchased Assets, the operation and maintenance agreement(s) for any of the Purchased Assets, plant performance test results, credit support, and, if applicable, achievement of commercial operation and payment of amounts due in connection therewith. <i>{For existing resources}</i> Buyer will have 36 months from the effective date of the Definitive Agreement to satisfy its closing conditions.</p>
<p>Completion:</p>	<p><i>{This item applies only to Developmental Resources.}</i> If the Definitive Agreement is based on a Developmental Resource, in the event Seller does not achieve commercial operation by the guaranteed commercial operation date (as may be extended by force majeure, up to a maximum of 180 days, the “<u>Guaranteed COD</u>”), Seller will be subject to, among other things, delay damages, potential capacity re-sizing and “buy-downs” required by Buyer, and, for extended delays, potential termination of the Definitive Agreement. The Guaranteed COD is expected to be as specified by Bidder in</p>

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	<p>Transaction Proposal. The definition of “Commercial Operation Date” will be specified in the Definitive Agreement, but, in general, will require, among other things, that the Facility have achieved substantial completion, satisfied certain performance tests, and be available for normal continuous operation; that the interconnection, metering, telemetry, and certain other equipment and systems be installed, tested, and properly working; and that Seller be in compliance with the Definitive Agreement and ancillary/project agreements, have in full force and effect all required permits, authorizations, waivers, and agreements, have in place certain accounts and registrations, have provided to Buyer all required credit support and evidence of insurance coverage, made all arrangements for the supply of required electric services and other utilities to the Facility, and completed staffing and required training of Seller’s personnel and representatives. The Definitive Agreement will include a project schedule with numerous milestones. Seller will be required to provide to Buyer periodic progress reports and inspection and other rights related to the period of time before commercial operation is achieved.</p>
<p>Indemnification:</p>	<p>The Definitive Agreement will contain indemnification provisions customary for asset acquisitions of this type by Buyer and will include, without limitation, (i) a cap on the liabilities of Seller or Buyer for the inaccuracy or breach of any Rep of Seller or Buyer (other than a fundamental Rep) of at least twenty percent (20%) of the Purchase Price, (ii) a requirement that the aggregate losses with respect to all indemnity claims of a Party as a result of the inaccuracy or breach of any Rep of the other Party must equal or exceed one-half of one percent (0.5%) of the Purchase Price before the indemnified Party will be entitled to recover, commencing with the first dollar loss, any and all losses under the indemnity as a result of such inaccuracies or breaches, (iii) full indemnity protection (<i>i.e.</i>, the threshold and cap do not apply) for any and all liabilities and obligations retained by Seller or with respect to the breach of any covenant, agreement, or obligation by either Party, (iv) a provision entitling each Party to rely on the Reps, covenants, obligations, and agreements of the other Party notwithstanding any investigation or audit conducted (or that could have been conducted) or any information received or knowledge obtained (or that could have been received or obtained) or the decision of a Party to complete the Closing, and (v) any qualification or limitation set forth in a Rep, covenant, or agreement as to materiality or material adverse effect (or words of similar effect) contained therein will be disregarded for purposes of the indemnity.</p>
<p>Termination</p>	<p>The Definitive Agreement will include termination rights customary for</p>

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Rights:	<p>acquisitions of this type by Buyer.</p> <p><i>{For Developmental Resources only}</i> The Definitive Agreement may include rights in favor of Buyer to terminate the Definitive Agreement for convenience after the satisfaction or waiver of Buyer’s conditions. If Buyer terminates the Definitive Agreement pursuant to such rights, as Seller’s sole remedy arising out of such termination, Buyer will be required to pay to Seller a pre-agreed amount to be set forth in a schedule to the Definitive Agreement to be negotiated between Buyer and Seller. The amounts set forth in such schedule will vary according to when such termination occurs and will not exceed the actual, direct out-of-pocket costs reasonably incurred by Seller to terminate construction (or, if less, to complete construction and make alternate use) of the Facility (or portion thereof allocated to Buyer) at such time and the financing thereof. Seller will be required to use commercially reasonable efforts to minimize any such reasonable actual, direct out-of-pocket costs.</p>
Long-Term Service Agreement:	<p>Buyer reserves the right to reject or renegotiate any existing LTSA or other applicable long-term maintenance agreement for equipment or systems under warranty with the original equipment or systems manufacturer and associated with the Purchased Assets. Although Buyer may evaluate any such existing LTSA, Buyer will be under no obligation to assume any existing LTSA (in whole or in part) at the Closing, except if, as, and to the extent provided in the Definitive Agreement.</p>
Operation & Maintenance Preparedness:	<p>If Buyer (or any Affiliate of Buyer) will be assuming or have operational and maintenance responsibility, in whole or in part, for the Purchased Assets at the Closing, Seller will cooperate, and cause its Affiliates and third-party operators, contractors, and representatives to cooperate, with Buyer in order to enable Buyer (or any Affiliate of Buyer) to become reasonably familiar with the Purchased Assets as of the Closing and be in a reasonable position to operate and maintain the Purchased Assets immediately upon the Closing as a reasonable prudent operator of the Purchased Assets. Seller’s obligation of cooperation will include, without limitation, the obligation to permit operating and maintenance personnel of Buyer or its Affiliates to “shadow” the operating and maintenance personnel of Seller, its Affiliates, or third-party operators, contractors, and representatives at reasonable times and for reasonable periods, subject to the applicable confidentiality agreement between Seller (or an Affiliate of Seller) and Buyer (or an Affiliate thereof), in furtherance of the foregoing.</p>
Certain Transaction	<p>Except as otherwise provided in the Definitive Agreement or a related agreement between the Parties, the Party incurring costs in connection with</p>

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Expenses:	the Transaction will be responsible for paying them. The Definitive Agreement will allocate certain costs to a Party or the Parties. Transaction costs expressly allocated to Seller are expected to include, without limitation, (i) transfer or similar taxes, (ii) contract (including license) or document transfer, consent, or conveyance or assignment fees or similar charges or costs, if any, including taxes, and (iii) filing and/or recording costs, fees, or similar charges with respect to the transfer of real property from Seller to Buyer. Transaction costs expressly allocated to Buyer are expected to include, without limitation, (a) costs of preliminary title reports and/or commitments concerning the Purchased Assets, the title policy and specified endorsements (except that if a supplemental survey of the Facility site (or a portion or portions thereof) is performed on behalf of Buyer in order to update any prior survey performed on behalf of Buyer after the effective date of the Definitive Agreement, the costs of such supplemental survey will be split equally between Buyer and Seller) and (b) permit or emission allowance transfer or assignment fees or similar permit conveyance charges or costs, if any, including taxes. Seller and Buyer will each bear one-half of the amounts charged by the environmental consultant retained at Buyer's direction in connection with the environmental assessment of the real property interests to be conveyed to Buyer at the Closing and the filing fee payable in connection with the notifications required to be filed under the HSR Act with respect to the Transactions.
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NOTWITHSTANDING ANYTHING TO THE CONTRARY:

THIS DRAFT TERM SHEET DOES NOT CONSTITUTE A DEFINITIVE AGREEMENT OR AN OFFER TO ENTER INTO A DEFINITIVE AGREEMENT, DOES NOT CONTAIN ALL MATERIAL TERMS, CONDITIONS, AND MATTERS UPON WHICH AGREEMENT WOULD NEED TO BE REACHED IN ORDER FOR BUYER TO ENTER INTO A DEFINITIVE AGREEMENT, AND IS NOT REPRESENTATIVE OF THE STRUCTURE, DETAIL, OR REQUIRED PRECISION OF A DEFINITIVE AGREEMENT. THE TERMS PRESENTED IN THIS DRAFT TERM SHEET ARE SUMMARIES OF CERTAIN TERMS IN A DEFINITIVE AGREEMENT THAT IS AN ASSET PURCHASE AGREEMENT. THE SUMMARY OF ANY INDIVIDUAL TERM HEREIN MAY NOT INCLUDE A COMPLETE EXPRESSION OF OR MAY NOT ADDRESS IMPORTANT CONCEPTS, PRINCIPLES, OR TERMS RELATED TO SUCH INDIVIDUAL TERM. WITHOUT LIMITING APPENDIX F TO THE 2014 EAI RFP, NO BINDING COMMITMENT SHALL ARISE PRIOR TO THE FULL AND COMPLETE EXECUTION AND DELIVERY OF THE DEFINITIVE AGREEMENT (IF ANY) BETWEEN BUYER AND SELLER, EVEN IF, PRIOR TO THEN, THE PARTIES REACH SOME AGREEMENTS OR UNDERSTANDINGS IN PRINCIPLE.

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Appendix C-1

Preliminary Due Diligence List (Developmental Resources)

For

2014 Request For Proposals

For

***Long-Term, Supply-Side
and Renewable Generation Resources***

Entergy Arkansas, Inc.
May 5, 2014

APPENDIX C-1

Preliminary Due Diligence List (Developmental Resources)

As part of the RFP, EAI has posted this Appendix C-1, which contains a list of preliminary due diligence requests for Developmental Resources. Bidders submitting a proposal based upon a Developmental Resource should provide as much information as possible about their project so that EAI can assess the viability of the project. EAI has provided a list of specific questions below that bidders should use as a guide. Bidders are encouraged to provide complete responses to Appendix C-1 at the time they submit their proposals; however, only Bidders who are notified of their inclusion on the Preliminary Shortlist will be *required* to provide a response to all the requests in Appendix C-1.

If selected for the Preliminary Shortlist, Bidder's complete responses to this Appendix C-1 and more detailed information that may be requested by EAI will be required to be provided to the RFP Administrator no later than one week of the notice and request. Failure to provide a comprehensive response could negatively affect a proposal's overall viability ranking.

Bidders should keep in mind that this Appendix C-1 is not a prescriptive list of requirements for its facility, but instead is a list of items that the RFP evaluation teams will use to assess the viability of individual resources. Bidders may respond to any question that does not apply with an "N/A" or "not applicable." Bidders should, when possible, submit their response to the questions below in a way that clearly identifies (correlating article numbering sequencing) the question to which they are responding.

PRELIMINARY DUE DILIGENCE LIST FOR ALL RESOURCES

The following Sections 1 – 8 apply to all proposals submitted, regardless of resource type.

1. Resource Overview

- 1.1. Bidder must provide a thorough summary description of the resource, including, but not limited to, the location, site description, technology, design basis, water source(s), and fuel source(s). Anything provided in the summary should not otherwise limit Bidder's response to any of the requirements below.
- 1.2. In detail, please describe Bidders experience within MISO or other RTO markets

2. Bidder Experience

- 2.1. Provide a description of Bidder's background and experience
- 2.2. Include any Affiliated companies, parent company, holding subsidiaries or predecessor companies; include professional experience summaries of key personnel dedicated to the project

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Preliminary Due Diligence List (Developmental Resources)

- 2.3. Provide one (1) or more utility-scale project references completed and/or under development, including details of project schedules, historical performance and operation history

3. Project Development

- 3.1. Engineering
- 3.1.1. Provide the preliminary design study for the facility
 - 3.1.2. Has a detailed engineering study been performed for the facility? If so, please provide the study. If not, when is this activity expected to be completed?
 - 3.1.3. Provide Class 3 (as defined by AACE) operation and maintenance budget estimates and supporting information for the facility for the categories
 - 3.1.3.1. Variable O&M costs – fuel, disposal, make up water, other
 - 3.1.3.2. Fixed O&M costs – labor, maintenance materials, overhead burden, insurance, extraordinary maintenance, property taxes
 - 3.1.4. Have heat balance, material balance, process flow diagrams been developed? If so, please provide the supporting information, such as the flow diagrams, etc. If not, when is this activity expected to be completed?
 - 3.1.5. Have auxiliary power requirements been established? If so, please provide the supporting information such as the amount and drivers of aux load. If not, when is this activity expected to be completed?
 - 3.1.6. Have design codes and standards for the facility taken all the applicable standards and incorporated them in to the following?
 - 3.1.6.1. Architectural
 - 3.1.6.2. Civil Structural
 - 3.1.6.3. Controls and Instrumentation
 - 3.1.6.4. Electrical
 - 3.1.6.5. MechanicalIf so, please provide the supporting information, such as the design codes and summary descriptors. If not, when are these activities expected to be completed?
 - 3.1.7. Has the design basis been established for the facility site plan, including the following?
 - 3.1.7.1. General arrangement
 - 3.1.7.2. Road and rail access
 - 3.1.7.3. Water supply
 - 3.1.7.4. WastewaterIf so, please provide the supporting information, such as would be included in an engineering study. If not, when are these activities expected to be completed?
 - 3.1.8. Has the design basis been established for the facility plot plan, including the following?
 - 3.1.8.1. The power island
 - 3.1.8.2. Fuel systems

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Preliminary Due Diligence List (Developmental Resources)

If so, please provide the supporting information, such as the plot plan. If not, when are these activities expected to be completed?

3.1.9. Has the civil structural design basis been established for the following:

- 3.1.9.1. Foundations
- 3.1.9.2. Proposed loads
- 3.1.9.3. Design codes and materials
- 3.1.9.4. Structural steel
- 3.1.9.5. Chimney
- 3.1.9.6. Solid waste disposal area Roads
- 3.1.9.7. Drainage

If so, please provide the supporting information, such as would be included in an engineering study. If not, when are these activities expected to be completed?

3.1.10. Has the design basis been established for controls and instrumentation, including the distributed control system and functional logic diagrams? If so, please provide the supporting information. If not, when is this activity expected to be completed?

3.1.11. Will the facility be designed and equipped to operate under automatic generation control?

3.1.12. Have the electrical design basis and specifications been established, including single line diagram and electrical system descriptions? If yes, please provide the supporting information, such as the diagrams and descriptions. If not, when is this activity expected to be completed?

3.1.13. Has the design basis been established for mechanical design, including the following?

- 3.1.13.1. All turbine specifications
- 3.1.13.2. HRSG, if applicable
- 3.1.13.3. Fuel feed systems
- 3.1.13.4. Control systems
- 3.1.13.5. Heat exchangers
- 3.1.13.6. Auxiliary equipment

If so, please provide the supporting information, such as would be included in an engineering study. If not, when are these activities expected to be completed?

3.1.14. Has the design basis been established for balance of plant equipment? If so, please provide the supporting information, such as would be included in an engineering study. If not, when is this activity expected to be completed?

3.2. Project Schedule

3.2.1. Provide the detailed construction schedule (minimum Level 2, as defined by AACE) that includes budget estimates and construction milestone dates for each of the following:

- 3.2.1.1. Receipt of Air Permit
- 3.2.1.2. Limited Notice to Proceed (if applicable)
- 3.2.1.3. Financial Close
- 3.2.1.4. Full Notice to Proceed

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Preliminary Due Diligence List (Developmental Resources)

- 3.2.1.5. Major Equipment Purchases
- 3.2.1.6. Site Mobilization
- 3.2.1.7. Delivery of Major Equipment
- 3.2.1.8. Mechanical Completion
- 3.2.1.9. Substantial Completion
- 3.2.1.10. Commercial Operation
- 3.2.2. How much schedule contingency has been allowed for resolving unforeseen start-up and operations problems?
- 3.2.3. Have permits for construction been obtained? If so, please provide a copy of the permit(s). If not, when is this activity expected to be completed?
- 3.2.4. Has a construction project team been assembled? If not, when is this activity expected to be completed?

- 3.3. Site Control and Assessment
 - 3.3.1. Please describe the status of the proposed project site, including the following:
 - 3.3.1.1. Provide a redacted copy of any definitive agreements or documents that establish bidder has control or an option to obtain control of the project site
 - 3.3.1.2. Has the proposed site been formally assessed for risks related to environmental contamination, habitat or other pre-existing conditions that may render the site unusable or delay or otherwise impair development? Please provide the executive summary of any formal reports. If the site has not been formally assessed, what supporting facts or actions provide assurance that the site is fit for the intended use?
 - 3.3.1.3. Please indicate what construction related surveying or testing has been performed at the site. Please summarize the results.
 - 3.3.2. Please describe the status of any necessary site infrastructure, including, but not limited to:
 - 3.3.2.1. Water supply
 - 3.3.2.2. Water discharge
 - 3.3.2.3. Transportation access for construction activities and ongoing operations
 - 3.3.2.4. Lay down area access for construction
 - 3.3.2.5. Fuel receiving, storage and processing area
 - 3.3.2.6. Ash storage or disposal (or other solid waste)
 - 3.3.3. Please provide the following details regarding the proposed site:
 - 3.3.3.1. Please describe the exact location, *i.e.*, street address or latitude and longitude if in a rural location
 - 3.3.3.2. Provide a property plat if available
 - 3.3.3.3. Acreage as planned
 - 3.3.3.4. Other available acreage adjacent to the site

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Preliminary Due Diligence List (Developmental Resources)

3.4. Plant and Equipment

- 3.4.1. Please describe the plant and equipment to be utilized in as much detail as available. If procurement of the plant and equipment is not yet completed, please provide details of the procurement plans.
- 3.4.2. For each piece of major equipment (prime movers, boilers, turbines, generator transformers, etc.) provide the make, model, and performance rating.
- 3.4.3. Provide the rationale for the selection of the major equipment, including a description of the procurement process used.
- 3.4.4. Provide an equipment list for other equipment to be utilized at the site.

3.5. Contract Status

- 3.5.1. Is there an EPC contract in place for the facility? If so, please identify the EPC contractor and the EPC pricing structure. If not, please answer the following questions:
 - 3.5.1.1. When is such an EPC contract expected to be executed?
 - 3.5.1.2. Is there a letter of intent in place with an EPC provider?
 - 3.5.1.3. If no such letter of intent is in place, have proposals been requested from possible EPC providers?
 - 3.5.1.4. Provide the EPC pricing structure contemplated for the project.
- 3.5.2. If Bidder does not intend to use a traditional EPC contract for the facility, please answer the following questions:
 - 3.5.2.1. Describe contracting methodology.
 - 3.5.2.2. Are contracts in place for construction/construction management? If so, please provide supporting documentation as well as the pricing structure. If not, please answer the following questions:
 - 3.5.2.2.1. When is this activity expected to be completed?
 - 3.5.2.2.2. Are there letters of intent in place with such providers?
 - 3.5.2.2.3. If no such letters of intent are in place, have proposals been requested from providers of construction/construction management services?
 - 3.5.2.2.4. Provide the pricing structure contemplated for a definitive agreement.
 - 3.5.2.3. Are contracts in place for cost and schedule control? If not, when is this activity expected to be completed?
- 3.5.3. Are contracts in place for the following matters?
 - 3.5.3.1. Project scoping
 - 3.5.3.2. Design engineering
 - 3.5.3.3. Support of permitting
 - 3.5.3.4. Major equipment purchase
 - 3.5.3.5. Long-term service agreements
 - 3.5.3.6. Other

If so, please provide supporting information, such as a summary description of those contracts. If not, when are these activities expected to be completed?

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Preliminary Due Diligence List (Developmental Resources)

4. Electric Interconnection & Transmission

4.1. Interconnection

- 4.1.1. Provide a copy of the generator interconnection request submitted to MISO or a plan detailing the actions and timing required to complete the interconnection process of the applicable balancing authority for the resource
- 4.1.2. Please provide the status and details of the generation interconnection request (interconnection point, requested and (if known) granted interconnection capacity (*e.g.*, PMax), network vs. energy only, etc.) and the associated interconnection queue number, if any.
- 4.1.3. Have results of an interconnection study been provided?
- 4.1.4. If an interconnection agreement for the resource been executed, please provide
- 4.1.5. Provide any information regarding land options, land purchase agreements, permits, etc. required to complete the installation of the interconnection facilities (*e.g.*, transmission or distribution line rights-of-way).

What is or will be the approximate distance to the nearest substation location and voltage level of the generation interconnection?

4.2. Transmission Service

- 4.2.1. Provide any information available that will help EAI evaluate the ability of EAI or the bidder to acquire transmission service from the facility's point of interconnection to the Physical CP Node
- 4.2.2. Provide a description and details of any existing transmission service from the facility's point of interconnection.
- 4.2.3. Provide any details that are available about any past system impact studies or facility studies for service that originated or would have originated from the facility's point of interconnection.
- 4.2.4. Provide details regarding any RTO sponsored deliverability studies from the facility.
- 4.2.5. Provide details regarding any pending service requests from the facility.
- 4.2.6. Provide a description of any and all transmission service that will be needed from the facility to EAI's load as well as the timing requirements to secure that service.

5. Environmental

5.1. Land/Groundwater

- 5.1.1. Have the previous land uses for the facility/site been identified? If so, please list those uses or provide the supporting information.
- 5.1.2. Are there any potentially contaminated activities at the facility or at nearby facilities/sites that have been identified? If so, please list and describe those identified.
- 5.1.3. Has an environmental impact study been conducted for the facility/site? If so, please provide a copy of the study.
- 5.1.4. Provide the number of groundwater monitoring or production wells at the facility/site and provide copies of state registrations for each well.

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Preliminary Due Diligence List (Developmental Resources)

- 5.1.5. Does documentation exist on the details of the geological and hydro geological nature of the soil and groundwater underneath the facility/site? If so, please provide the supporting information.
 - 5.1.6. Has a wetlands survey been complete for the proposed site? Have any potential wetlands been identified on the property? Please provide a copy of any wetlands surveys which have been completed (including desktop reviews and on-site surveys).
- 5.2. Permitting
- 5.2.1. Provide a list of all environmental permits required by the project owner or operator or any of its Affiliates. Please provide a copy of any permits received for the project to date. Bidder should show that it has completed all permitting due diligence necessary to prepare to apply for all required permits (*e.g.*, a copy of the draft permit application(s), or a summary of the permit application requirements including how those requirements will be met)
 - 5.2.2. Bidder should provide a “Phase I” environmental site assessment according to ASTM E1527-13 or evidence and documentation of due diligence specific to the proposed site necessary and sufficient to support such an assessment (*e.g.*, documentation of work necessary to meet the primary components required under a Phase I according to ASTM E1527-13)
 - 5.2.3. Describe the Cross-State Air Pollution Rule compliance requirements and the quantity of emission allowances allocated to the generating facility
Bidder should disclose any reasonably anticipated permitting obstacles and any pending claims, actions or disputes related to permitting activities completed to date
 - 5.2.4. Bidder should provide a summary of the plan to address potential public and private opposition, conduct community outreach, and seek support of local, regional and state officials with some element of jurisdiction over the project (*e.g.*, permitting, siting, zoning, property tax, etc.)
- 5.3. Air/Noise
- 5.3.1. Has the site or facility been evaluated to determine air permitting concerns or needs related to construction, modification or a change in operations required for the CCGT project? If so, state any special concerns or limitations and note whether any air permitting activity has been undertaken by the project owner or submitted to any government agency.
 - 5.3.2. What is the national Ambient Air Quality Standards (NAAQS) attainment status for the project region, on a pollutant basis for all criteria pollutants?
 - 5.3.3. What are the anticipated or current controls for air emissions and noise?
 - 5.3.4. Have the anticipated hourly maximum and annual emissions of NO_x, SO₂, CO, VOC, and PM₁₀ been determined? If so, please provide the emission values.
 - 5.3.5. What are the OEM design emission rates for NO_x, SO₂, CO, VOC, and PM₁₀ for the generating technologies prior to any planned or designed-in-place emissions control? What are the OEM design emission rates for NO_x, SO₂, CO, VOC, and PM₁₀ for the

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Preliminary Due Diligence List (Developmental Resources)

generating technologies in consideration of any planned or designed-in-place emissions controls?

5.4. Water/Tanks

- 5.4.1. For water supply, Bidder should provide a viable water supply plan, including reasonable descriptions of the proposed primary source and quality of the Project's raw water supply and any physical and contractual requirements necessary to secure and utilize the water supply at full load during summer reference conditions (97 degrees Fahrenheit and 56% Relative Humidity), and a description of any available alternatives
- 5.4.2. Has a compliance plan been developed to meet Federal 316(b) regulations, if applicable? If so, please provide a copy of the compliance plan.
- 5.4.3. What is the anticipated source and estimated daily usage of water at this facility? Are there any state usage fees or taxes associated with the water source?
- 5.4.4. Has a water supply source been identified? If so, please provide and describe the supply type.
- 5.4.5. Are identified water source(s) capable of supplying the maximum design requirements of the facility?
- 5.4.6. What is the daily wastewater discharge rate in mgd?

5.5. Waste

- 5.5.1. Provide the waste disposal plan, which should include reasonable descriptions of the types of waste to be disposed of, the means and manner of disposal, and any material environmental issues associated with disposal known to or reasonably foreseeable by Bidder, and provide reasonable support for the viability of this plan.

5.6. Environmental Compliance (Applicable to brownfield developments)

- 5.6.1. Where are copies of any facility or site environmental audit reports maintained, including results and corrective actions (including audits conducted internally and externally by federal or state agencies)?
- 5.6.2. Have there been any compliance actions as a result of prior environmental audit findings?
- 5.6.3. Has the facility/site received any complaints from governmental or citizen groups concerning environmental matters involving the project owner or any of its Affiliates? (Greenfield development proposals should respond as well.)
- 5.6.4. Does the Bidder/project owner have (i) an environmental policy or statement of environmental commitment and (ii) an environmental management system? If so, please provide a copy of the policy(s). (Greenfield development proposals should respond as well.)

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- 5.7. Operations (Applicable to brownfield or greenfield developments as noted)
- 5.7.1. Are there any proposed or pending environmental regulatory changes that would affect the plant operating status? Will facility equipment changes be required? If so, please list and describe each pending change. (brownfield and greenfield)
 - 5.7.2. Are there any environmental authorizations that (i) limit production or throughput or (ii) would render it necessary to increase significantly the volume of production or throughput at the facility? (brownfield)
 - 5.7.3. Have there been any discontinued operations of the owner and any of its Affiliates at the location of the facility/site? (brownfield)
 - 5.7.4. Has an assessment been made to determine if any material capital expenditures or material expenses need to be incurred to comply with any existing environmental regulations? (brownfield and greenfield)
 - 5.7.5. Has an assessment been made to determine if any material capital expenditures or material expenses need to be incurred to comply with any environmental regulations that have been proposed (whether in preliminary or final form) but have not become effective? (brownfield and greenfield)

6. Project Structure and Finance

- 6.1. Provide an overview of the projected ownership structure for the project prior to and following commercial operation.
- 6.2. A summary of the Bidder's/developer's plan for structuring and funding the project financing, including a detailed description of any application for publicly subsidized loans, debt guarantees or tax relief.
- 6.3. Bidder's/seller's plan for meeting the credit/collateral requirements outlined in the RFP.
- 6.4. Evidence of at least one recent successful financing completed by Bidder (or an Affiliate) or that potential lenders have been engaged in initial, bona fide discussions to ascertain interest, market conditions and indicative terms for financing the Developmental Resource.
- 6.5. Seller should describe with specificity its proposed collateral or security postings throughout the development phase (including amounts or means of determining the amounts, type(s), and other relevant information), interim development milestones, consequences for failing to meet an interim milestone, target commercial operation date, delay damages, final deadline for achieving commercial operation (which, if not met, will trigger a Buyer termination right), and Buyer's step-in and lien rights.
- 6.6. Form of collateralization Bidder or Bidder's credit support provider intends to offer for purposes of meeting the RFP credit and collateral requirements.

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Preliminary Due Diligence List (Developmental Resources)

- 6.7. List of any plant-specific debt instruments, credit agreements, indentures, letters of credit, reimbursement agreements, guarantees, indemnity or assumption agreements and agreements relating to contingent obligations and any amendments thereto, any security or pledge agreements and any agreements or instruments evidencing a lien or encumbrance on or other right with respect to any of the assets of the plant.
- 6.8. Pro-forma financial statements for the Bidder's project and audited financial statements for the Bidder and/or the Bidder's credit support provider, including balance sheet, income statement and cash flow, along with the long-term debt structure. Lien information that might impact the creditworthiness of Bidder and/or its Credit Support Provider.
- 6.9. Proposal should include the following information for the Bidder and any entity that Bidder proposes as a Credit Support Provider in respect any Definitive Agreement:
 - 6.9.1. Type of Business
 - Corporation
 - Limited Liability Company
 - Partnership
 - Other (describe)
 - 6.9.2. Organization
 - Legal Corporate Name
 - Street Address
 - City, State, Zip Code
 - Dun & Bradstreet Number
 - Federal Tax ID Number
 - Beneficial Ownership
 - List of Executives and Directors
 - 6.9.3. Credit Contact
 - Name
 - Title
 - Phone Number
 - Email Address
 - 6.9.4. For Corporation/Limited Liability Companies
 - Date and State of Incorporation/Registration
 - Street Address
 - City, State, Zip Code
 - 6.9.5. For General Partnerships
 - Name of General Partner
 - Address of General Partner/Registered Agent
 - City, State, Zip Code
 - 6.9.6. Most recent credit rating as determined by Moody's and/or S&P (if any)

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Preliminary Due Diligence List (Developmental Resources)

6.9.7. Most recent two (2) fiscal years and current fiscal year quarterly audited financial statements and accompanying notes. Please indicate which statements below are being submitted.

- 10-K
- 8-K
- 10-Q
- Other (describe)

(Note that if financial information is consolidated with other entities, all data related to Bidder or Credit Support Provider should be extracted and submitted as separate documents by Bidder.)

- 6.10. A list of any pending claims, actions, disputes or other proceedings currently pending or threatened against the project.
- 6.11. Copies of all bankruptcy court orders, including the order discharging the project and debtor from the bankruptcy proceedings.
- 6.12. Any tax abatement agreements with state or local authorities and any amendments thereto.
- 6.13. Documents related to any formal or informal property tax protests, litigation filed, related correspondence, legal opinions received, and judicial or administrative decisions rendered during the last ten years and year-to-date, and current status of any such proceedings.
- 6.14. Copies of any formal or informal property tax agreements (*i.e.*, PILOT, TIP, etc.) with state or local authorities in force during the preceding five years, or effective in the current year or succeeding years.
- 6.15. List of all applicable tax jurisdictions, tax rates, millage rates, assessment ratios, current equalization ratio.
- 6.16. If applicable, describe how the Federal production tax credit established pursuant to Section 45 of the U.S. Internal Revenue Code (“PTC”) would apply to the Renewable Energy Resource included in the proposal and for what duration.
- 6.17. If applicable, describe how the Federal investment tax credit (“ITC”) established pursuant to Section 48 of the U.S. Internal Revenue Code would apply to the Renewable Energy Resource included in the proposal.
- 6.18. Describe any other awards, grants, special tax treatment or credits, or subsidies that are or may be available to the Renewable Energy Resource. Describe the subsidies, identify any critical schedule deadlines, and indicate the anticipated likelihood of the Bidder and/or the Renewable Energy Resource receiving such subsidies.

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Preliminary Due Diligence List (Developmental Resources)

- 6.19. Explicitly identify in their proposals the economic and other impacts to the Renewable Energy Resource in the event that a subsidy is not received. All Bidders proposing generating facilities that are dependent on PTC, ITC, and/or other subsidies and tax credits should provide separate prices in their proposals, with and without the impact of the PTC, ITC, and/or such other subsidies and tax credits.
- 6.20. List of real estate and related facilities, both owned and leased, with legal description.
- 6.21. List of all easements, right-of-way, or other agreements for use of land or facilities entered into for purposes of securing the ability to construct the generating facility and associated infrastructure.

7. NERC/CIP Compliance

- 7.1. Please provide a summary regarding Bidder's compliance plan for the proposed resource that will form the basis for a more detailed plan to ensure compliance with any applicable NERC/CIP requirements for the proposed project once placed in service.

8. Cost Recovery

- 8.1. If proposing a PPA or Toll, specify with particularity the extent to which bidder is willing to absorb or share in cost recovery risks in the Definitive Agreement and the extent to which the absorption or sharing of cost recovery risk is included in its pricing.

ADDITIONAL PRELIMINARY DUE DILIGENCE LIST FOR NATURAL GAS RESOURCES

The following Section 9 applies to all proposals from a natural gas resource.

9. Fuel Supply & Transportation

- 9.1. What pipelines will interconnect to the facility?
 - 9.1.1. Have the interconnect agreements been completed? If so, please provide a copy of the contract(s). If not, when is this activity expected to be completed?
 - 9.1.2. For planned or executed interconnections, provide the identity of the pipeline, the pipeline zone of service, and the pipeline operating pressure.
 - 9.1.3. Provide the designed range of gas flow capability for each pipeline to be connected to the generating facility.
 - 9.1.4. If the generating facility will interconnect with multiple pipelines, will those pipelines be able to flow gas to the facility simultaneously? If so, what mode (pressure or flow

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Preliminary Due Diligence List (Developmental Resources)

- control) will each pipeline be designed and contracted to operate under during simultaneous flow? Will they be able to operate in either mode or limited to one only?
- 9.1.5. Do easement agreements need to be executed? If so, please list all easement agreements that are expected to be executed.
- 9.1.6. Will any piping under the generating facility's ownership extend beyond the boundaries of the facility? If so, will that piping be under the jurisdiction and regulation of DOT? If so, will that piping be operated and maintained by the owner of the facility?
- 9.2. Have transportation agreements been executed? If so, please provide a copy of the agreement(s). If not, when is this activity expected to be completed?
- 9.3. Have the following elements been determined for the facility's fuel supply?
- 9.3.1. Pipeline ability to deliver gas at the required pressure
- 9.3.2. Minimum pipeline pressure required to operate the facility's generating unit(s)
If so, please provide the supporting information. If not completed, specify when each of these activities is expected to be completed.
- 9.4. Have the following elements of the gas supply contract been completed?
- 9.4.1. Source of supply
- 9.4.2. Price
- 9.4.3. Term of Contract
- 9.4.4. Firmness of Service
If so, please provide the supporting information. If not completed, specify when each of these activities is expected to be completed.
- 9.5. If the elements in question 4 above have been agreed to with the provider/counterparty, are there any executed supply agreements or other commitments in place? If so, please provide the specific elements of each agreement and/or a copy of the agreement(s) as listed in question 4 above.
- 9.6. Provide the hourly (instantaneous) and daily swing flexibility expected under each planned fuel supply source. Define limitations of fuel delivery which may limit the operation of the generating facility between its minimum and maximum.
- 9.7. Provide the OEM primary and alternative fuel quality design requirements for the generating unit(s) to be installed.
- 9.8. Will separate fuel metering equipment be installed to measure the amount of fuel consumed to be able to compare to the metering equipment used by the delivering pipelines to measure gas flow (pipeline's equipment is typically known as custody transfer metering)?

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Preliminary Due Diligence List (Developmental Resources)

ADDITIONAL PRELIMINARY DUE DILIGENCE LIST FOR SOLID FUEL RESOURCES

The following Section 10 applies to all proposals from a solid fuel resource.

10. Fuel Supply & Transportation

- 10.1. Bidder should identify the source of, and detailed specifications for, the primary and secondary (if applicable) fuel supply required for the technology/design (e.g. identify the fuel type and source, and provide a typical analysis of fuel specifications)
- 10.2. Bidder should demonstrate that an adequate supply of the primary fuel exists to support the life of the generating unit (e.g. projected fuel supply availability for entire term of the proposal)
- 10.3. Bidder should identify the primary mode of transportation for the primary (and secondary, if applicable) fuel supply (e.g. anticipated quantity of daily deliveries and documentation of carrier capacity)
- 10.4. Bidder should provide a description of the fuel storage facility design, including assumptions used to develop storage capacity (e.g. facility used to store fuel inventory)
- 10.5. Bidder should specify the capacity of the proposed inventory yard and the target inventory levels for on-site storage
- 10.6. Bidder should provide a description of the design for all fuel handling facilities (including unloading, processing, and delivery) and demonstrate that the designs are sufficient in size and capacity to support plant operations (e.g. equipment and facilities used to unload, handle and recover fuel from delivery and storage)

ADDITIONAL PRELIMINARY DUE DILIGENCE LIST FOR WIND RESOURCES

The following Section 11 applies to all proposals from a wind resource.

11. Bidder should provide specific details regarding the following:

- 11.1. Historical hourly generation profile data for at least two (2) recent years using established data measurement equipment at or near the site of the proposed resource. Onsite measurement data is preferred. A template is or will be included in the Proposal

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Preliminary Due Diligence List (Developmental Resources)

Submission Template on the RFP Website for Bidders to use in response to this requirement.

- 11.2. Explain the source of information, resource data measurement method used, assumptions for wake losses, line losses, etc. and location where the data was measured. Did a third party subject matter expert prepare the reports associated with the data? If so, who? Describe the risk of basing the generation calculations on the data. Describe the technical challenges relative to the Project's scale not related to the development of the core technology (i.e. manufacturing capacity of supplier production, complexity of deployment processes, etc.);
- 11.3. Describe Bidder's experience with the proposed technology.
- 11.4. How many projects and MWs of the proposed technology have been installed worldwide? Discuss year(s) of installation, project locations, size and operational success.
- 11.5. Discuss and provide published reports demonstrating the proposed technology is commercially proven.
- 11.6. Discuss the warranty of the major components.

ADDITIONAL PRELIMINARY DUE DILIGENCE LIST FOR SOLAR RESOURCES

The following Section 12 applies to all proposals from a solar resource.

12. **Bidder should provide specific details regarding the following and specify whether the facility is Fixed Tilt or Tracking.**
 - 12.1. Has a solar radiation index, etc. study been performed for the proposed site? If so, specify the data source, the length/duration of the data made available by the data source, and explain the results and how the results support the projected annual MWHs.
 - 12.2. Provide an expected generation profile based on data for at least two (2) recent years at or near the site of the proposed resource. Onsite measurement data is preferred. A template is or will be included in the Proposal Submission Template posted on the RFP Website for Bidders to use in response to this requirement.

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Preliminary Due Diligence List (Developmental Resources)

- 12.3. Discuss the viability of the proposed technology, the operational reliability, and creditability of the manufacturer.
- 12.4. How many projects and MWs of the proposed solar technology (panels and inverters) have been installed worldwide? Discuss year(s) of installation, project locations, size and operational success.
- 12.5. Explain the source of information, resource data measurement method used, assumptions for any equipment/transmission/etc. losses, and the location where the data was measured. Did a third party subject matter expert prepare the reports associated with the data? If so, who? Describe the risk of basing the generation calculations on the data.
- 12.6. Discuss and provide published reports demonstrating the proposed technology is commercially proven.
- 12.7. Discuss the warranty of the major components.

ADDITIONAL PRELIMINARY DUE DILIGENCE LIST FOR HYDRO RESOURCES

The following Section 13 applies to all proposals from a hydro resource.

13. Bidder must provide specific details regarding the following:

- 13.1. Provide an expected generation profile based on data for at least two (2) recent years at or near the site of the proposed resource. Onsite measurement data is preferred. A template is or will be included in the Proposal Submission Template on posted on the RFP Website for Bidders to use in response to this requirement.
- 13.2. Explain the source of information, resource data measurement method used, assumptions for any equipment/transmission/etc. losses, and the location where the data was measured. Did a third party subject matter expert prepare the reports associated with the data? If so, who? Describe the risk of basing the generation calculations on the data.
- 13.3. Describe Bidder's experience with the proposed technology.

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Preliminary Due Diligence List (Developmental Resources)

- 13.4. How many projects and MWs of the proposed technology have been installed worldwide? Discuss year(s) of installation, project locations, size and operational success.
- 13.5. Discuss and provide published reports demonstrating the proposed technology is commercially proven.
- 13.6. Discuss the warranty of the major components.

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Appendix C-2

Preliminary Due Diligence List (Existing Resources)

For

2014 Request For Proposals

For

***Long-Term, Supply-Side
and Renewable Generation Resources***

Entergy Arkansas, Inc.
May 5, 2014

APPENDIX C-2

Preliminary Due Diligence List (Existing Resources)

As part of the RFP, EAI has posted this Appendix C-2, which contains a list of preliminary due diligence requests for existing resources. Bidders submitting a proposal based upon an existing resource should provide as much information as possible about their resource so that EAI can assess its viability. EAI has provided a list of specific questions below that bidders should use as a guide. Bidders are encouraged to provide complete responses to Appendix C-2 at the time they submit their proposals; however, only Bidders who are notified of their inclusion on the Preliminary Shortlist will be *required* to provide a response to all the requests in Appendix C-2.

If selected for the Preliminary Shortlist, Bidder's complete responses to this Appendix C-2 and more detailed information that may be requested by EAI will be required to be provided to the RFP Administrator no later than one week of the notice and request. Failure to provide a comprehensive response could negatively affect a proposal's overall viability ranking.

Bidders should keep in mind that this Appendix C-2 is not a prescriptive list of requirements for its facility, but instead is a list of items that the RFP evaluation teams will use to assess the viability of individual resources. Bidders may respond to any question that does not apply with an "N/A" or "not applicable." Bidders should, when possible, submit their response to the questions below in a way that clearly identifies (correlating article numbering sequencing) the question to which they are responding.

PRELIMINARY DUE DILIGENCE LIST FOR ALL RESOURCES

The following Sections 1 – 8 apply to all proposals submitted, regardless of resource type.

1. Resource Overview and Market Experience

- 1.1. Bidder must provide a thorough summary description of the resource, including, but not limited to, the location, site description, technology, water source(s), and fuel source(s). Anything provided in the summary should not otherwise limit Bidder's response to any of the requirements below.
- 1.2. In detail, please describe Bidders experience within MISO or other RTO markets.
- 1.3. Please provide a list and summary of all power supply contracts (including ancillary services).
- 1.4. Please provide summary of ownership or joint ownership of resource.

2. Environmental

- 2.1. Provide a list and summary of any potentially contaminated activities at or nearby the facilities/sites that may have been identified or that Bidder may be aware of
- 2.2. Provide a list and summary of all environmental permits/registrations, including any federal, state or municipal permits issued related to the facility or site

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Preliminary Due Diligence List (Existing Resources)

- 2.3. Describe any pending permit-renewal proceedings, any pending requests for modification, and any expected hurdles to re-issuance
- 2.4. Provide copies of any past or current environmental site assessments, including any draft and final reports of investigations or remediation studies of site or facility conditions, regarding past or current environmental conditions whether prepared on behalf of the owner or in the owner's possession or control
- 2.5. Describe the facility environmental performance over the past five years (i.e., annual wastewater violations, excess air emissions unrelated to startup and shutdown, reportable spills and releases)
- 2.6. Has the site or facility been evaluated for a change in operations or alteration, including start-up and shut-down emissions and any expansion? If so, state whether any environmental review of the alteration has been undertaken by the owners or requested by or submitted to any government agency. Provide copies of all relevant documents, including any assessment, form, statement, or environmental report, and specify the status of such document(s) and the process
- 2.7. Provide a list of all groundwater monitoring or production wells at the site or facility and provide copies of state registrations for each well. Additionally, provide copies of geological and hydro geological maps that provide details of the soil and groundwater underneath the plant

3. Transmission

Interconnection

- 3.1. Description of interconnection facilities
- 3.2. Maximum generator/facility capability as studied in the LGIA (P_{MAX} Value)
- 3.3. Interconnection Agreements
 - 3.3.1. Current status of interconnection agreement including status of any required or optional system upgrades.
 - 3.3.2. List of mandatory thermal, stability and short circuit upgrades along with cost and time frames to implement the mitigation. (*Based upon facility study, if completed and available.*)

Transmission Service

- 3.4. Provide any information available that will help EAI evaluate the ability of the bidder to acquire firm transmission service from the facilities' point of interconnection to the delivery point
- 3.5. Provide a description and details of any existing transmission service from the facilities' point of interconnection
- 3.6. Provide any details that are available about any past system impact studies or facility studies for service that originated or would have originated from the facilities' point of interconnection

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APPENDIX C-2

Preliminary Due Diligence List (Existing Resources)

- 3.7. Provide details regarding any RTO sponsored deliverability studies from the facility
- 3.8. Provide details regarding any pending service requests from the facility
- 3.9. Provide a description of any and all firm transmission service that will be needed from the facility to the delivery point as well as the timing requirements to secure that service

4. Financial Information

- 4.1. Current ownership structure
- 4.2. List of plant-specific debt instruments; credit agreements, indentures, letters of credit, reimbursement agreements, guarantees, indemnity or assumption agreements and agreements relating to contingent obligations and any amendments thereto; security or pledge agreements and any agreements or instruments evidencing a lien or encumbrance on or other right with respect to any of the assets of the plant.
- 4.3. Financial statements for the past three years for the Bidder and/or the Bidder's Credit Support Provider; including balance sheet, income statement and cash flow along with the long-term debt structure.
- 4.4. Any ratings (if available) from the major ratings agencies, S&P or Moody's.
- 4.5. Lien information that might impact the credit worthiness of the Bidder and/or the Bidder's credit support provider.
- 4.6. A list and summary of any material contracts/commitments not otherwise requested and any amendments thereto.
- 4.7. A list and summary of any pending claims, actions, disputes or other proceedings currently pending or threatened against the resource.
- 4.8. A list and summary of all bankruptcy court orders, including the order discharging the project and debtor from the bankruptcy proceedings
- 4.9. A list and summary of project contracts not rejected during the bankruptcy proceedings and still in effect, in any
- 4.10. Advise as to whether any project funds are subject to a constructive trust or equitable lien in favor of third parties (per ruling of bankruptcy court)
- 4.11. A list and summary of any pending claims, actions, disputes or other proceedings currently pending or threatened against the project

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APPENDIX C-2

Preliminary Due Diligence List (Existing Resources)

- 4.12. A list and summary of contracts rejected by the debtor/project and terminated during the bankruptcy proceedings

5. NERC Compliance

- 5.1. Information on what RTO this plant was registered with and when
- 5.2. Copy of current NERC compliance program document, and all policies and procedures relating to NERC compliance and all data proving compliance these procedures and policies.
- 5.3. Copy of any past audit documents, internal audits, self-certifications, reporting forms and self-reports of non-compliance including mitigation plans

6. Plant and Equipment

- 6.1. Summary of property, plant and equipment
- 6.2. Site plan and general arrangement drawings, including fuel and transportation infrastructure, inventory storage (if applicable) and one line diagrams
- 6.3. Station description and major equipment list (e.g. turbines, air pollution control equipment, water supply and wastewater discharge, fuel and ash handling)
- 6.4. Plant design life
- 6.5. Operational characteristics
 - 6.5.1. Provide a description of the various modes of operation of the generating unit.
 - 6.5.2. Provide the minimum and maximum load range in each mode of operation and the limiting factor(s) for each mode.
 - 6.5.3. Provide declared maximum and historical ramp rates over the load range for each mode of operation.
 - 6.5.4. Provide minimum run times and the basis for the established minimum run time.
 - 6.5.5. Provide a typical start-up MW and fuel gas usage profile versus time for each type of start-up (hot, warm and cold)
 - 6.5.6. Define hot, warm and cold start-up in terms of time off-line.
 - 6.5.7. Provide the typical shutdown time.
 - 6.5.8. Turbine generator ramp rate
 - 6.5.9. Cold start time
 - 6.5.10. Hot start time
 - 6.5.11. Minimum down time
 - 6.5.12. Provide the MVAR capability range of the generator. (Include 'as tested results')
 - 6.5.13. Is the unit equipped with automatic generation control (AGC)?
 - 6.5.14. What is the operating range of the unit under AGC?

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APPENDIX C-2

Preliminary Due Diligence List (Existing Resources)

7. Operations and Maintenance

- 7.1. O&M expenses from 2009 to 2014, by significant category
- 7.2. List the various entities that have been in charge of operation and maintenance of the plant, including any major sub-contractors to date, and provide a timeline if there have been multiple entities.
- 7.3. All electric generating statistics including, but not limited to: (COD – present)
 - 7.3.1. Gross, auxiliary, and net generation and (if applicable) current UCAP (or unforced capacity) and ICAP (or installed capacity) recognized by MISO (or the RTO where the facility is located)
 - 7.3.2. Unit heat rate
 - 7.3.3. Average annual unit heat rate
 - 7.3.4. Actual heat rate curve (at unit minimum, 50%, 75%, unit maximum)
 - 7.3.4.1. Summer months
 - 7.3.4.2. Winter months
 - 7.3.4.3. All other months
 - 7.3.5. Guaranteed Heat Rate Curves (at unit minimum, 50%, 75%, unit maximum)
 - 7.3.5.1. Summer months
 - 7.3.5.2. Winter months
 - 7.3.5.3. All other months
 - 7.3.6. EFOR
 - 7.3.7. Historic outage rates (forced, maintenance, planned, etc.)
 - 7.3.8. Planned outage schedule
 - 7.3.9. History of planned outages major units
 - 7.3.10. Historic service hours
 - 7.3.11. Accredited unit capacity
 - 7.3.12. Derate causes, time, and kWh
 - 7.3.13. Turbine overhaul cycle (year) & outage time (weeks)
- 7.4. Number of boiler and turbine cold and hot starts since COD, and a summary of LTSA limitations per year
- 7.5. Site black start capability
- 7.6. Spinning and operating reserve capabilities and historic performance
- 7.7. List and summary of all existing operation/maintenance contracts (e.g. operating agreements, LTSA, water contract/rights)
- 7.8. A list and results summary of any boiler, turbine, or unit performance tests
- 7.9. A list of all inspection reports (boilers, turbines, generators)
- 7.10. Capital Projects

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APPENDIX C-2

Preliminary Due Diligence List (Existing Resources)

- 7.10.1. Provide detailed information on all major capital expenditures (over \$1 million) made on the generating resource over the last three years
- 7.10.2. Capital work requests and major maintenance expenditures planned
- 7.10.3. List of all capital projects/commitments contracts, agreements and orders

7.11. List of site spares inventory (major components and value)

8. Cost Recovery

- 8.1. If proposing a PPA or Toll, specify with particularity the extent to which bidder is willing to absorb or share in cost recovery risks in the Definitive Agreement and the extent to which the absorption or sharing of cost recovery risk is included in its pricing.

ADDITIONAL PRELIMINARY DUE DILIGENCE REQUEST FOR SOLID FUEL AND BIOMASS RESOURCES

The following Section 9 applies to all proposals submitted from a solid fuel or biomass facility.

9. Fuel

- 9.1. Projected fuel and transportation costs (5 years)
- 9.2. Projected consumable, reagent, and catalyst costs
- 9.3. List and summary of all fuel and transportation contracts, including hedges
- 9.4. Storage quantity on site, summarize and inventory restrictions or policies
- 9.5. Does the unit have dual fuel capability? If so, please describe and provide key contractual terms for such fuel arrangements

ADDITIONAL PRELIMINARY DUE DILIGENCE LIST FOR NATURAL GAS RESOURCES

The following Section 10 applies to all proposals submitted from a natural gas resource.

10. Fuel

- 10.1. Projected Fuel Costs (5 years)
- 10.2. List and summary of all commodity, transportation and storage tariffs and/or agreements
- 10.3. Current pipeline infrastructure, design capacity and contractual arrangements for all pipelines interconnected to the facility
- 10.4. Details (including distance and location) of any other pipeline located near the facility (but not current interconnected)

PRELIMINARY DUE DILIGENCE LIST WIND, SOLAR AND RUN-OF-RIVER HYDRO RESOURCES

The following Sections 11-13 apply to all proposals submitted from wind, solar or run-of-river hydro resource.

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APPENDIX C-2

Preliminary Due Diligence List (Existing Resources)

11. Plant and Equipment

- 11.1. Site plan and general arrangement drawings, including transportation infrastructure, inventory storage and one line diagrams
- 11.2. Station description and major equipment list (e.g. turbines, P&ID, single line drawings)
- 11.3. Plant design life
- 11.4. Operational characteristics
 - 11.4.1. Provide a description of the various modes of operation of each generating unit
 - 11.4.2. Provide the minimum and maximum load range in each mode of operation
 - 11.4.3. Provide maximum ramp rates over the load range for each mode of operation
 - 11.4.4. Provide the MVar capability range of the generator. (Include 'as tested results')
 - 11.4.5. Is the unit equipped with automatic generation control (AGC)?

12. Operations and Maintenance

- 12.1. List the various entities that have been in charge of operation and maintenance of the plant, including any major sub-contractors to date, and provide a timeline if there have been multiple entities.
- 12.2. Electric generating statistics including gross auxiliary, net generation, EFOR, derates, historic outage rates (COD – Current)
- 12.3. List of inspection reports prepared for turbines, towers and all electric systems
- 12.4. Balance of plant routine, predictive and preventive maintenance activities

13. Other Information

- 13.1. Historical actual generation data
- 13.2. Curtailments and explanations
- 13.3. Provide details on environmental attribute registration and tracking

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Appendix D

Minimum Requirements
For
Developmental Resources

For

2014 Request For Proposals
For
Long-Term Supply-Side and
Renewable Generation Resources

Entergy Arkansas, Inc.
May 5, 2014

Appendix D

MINIMUM REQUIREMENTS FOR DEVELOPMENTAL RESOURCES

This Minimum Requirements for Developmental Resources sets forth certain minimum requirements that Developmental Resources must satisfy in the 2014 EAI RFP. The proposed Minimum Requirements are specified in the chart below, and are in addition to other RFP requirements that a Bidder in the RFP must satisfy. The Minimum Requirements are being created to ensure that a Developmental Resource offered in any proposal submitted in response to the RFP is developed to a degree meriting detailed, full-scale evaluation by the appropriate RFP evaluation teams and potential selection. Bidders are advised that the RFP will seek a substantial amount of information about any Developmental Resource proposed by a Bidder, not just the information necessary for a Bidder to meet the Minimum Requirements, and that satisfaction of the Minimum Requirements, standing alone, does not ensure a proposal’s eligibility for participation in the RFP; other RFP eligibility requirements specified in the RFP must also be met.

Category	Minimum Requirement	Information Required to Evaluate Proposals against the Minimum Requirements
Project Overview	A complete description of the Developmental Resource project.	Bidder must provide a thorough summary description of the project.
Bidder Experience	Bidder (or the Person that will be the seller under Bidder’s proposal) or a parent of either) must have completed at least one utility-scale project with the proposed technology and project team members with a combined direct responsibility for at least three completed utility-scale projects, regardless of technology.	Bidder must provide a summary that includes the key project team members, Bidder (or seller or parent) and key project team members’ backgrounds and development experience, and a description or list of projects completed.
Project Development	Bidder must provide evidence that project development for the proposed resource is beyond the conceptual phase for design, engineering, and plan for execution.	<ul style="list-style-type: none"> o <i>Engineering</i>: Bidder must provide evidence that the project has been translated from the screening and planning phase of development into a project definition of sufficient detail and quality to allow the efficient progression of detailed engineering and procurement if the Developmental Resource is selected. o <i>Cost Estimate</i>: Bidder must provide evidence that its project cost estimate

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**Appendix D
Minimum Requirements for Developmental Resources**

Category	Minimum Requirement	Information Required to Evaluate Proposals against the Minimum Requirements
		<p>is based on front-end engineering from a qualified external and/or internal source that supports a Class 3 (as defined by AACE standards) cost estimate (-20% to +30%). (Bidders should not read the cost estimate allowance incorporated in this minimum requirement as indicating that Bidders may offer contingent pricing in their RFP proposals, except to the extent the contingency is solely the result of discrete, separately priced options offered to the purchaser in Bidder's proposal (e.g., the installation of an additional fuel feed line to the Developmental Resource or a fuel storage facility at the project site.)</p> <ul style="list-style-type: none"> ○ <i>Project Schedule:</i> Bidder must provide, at a minimum, a Level 2 (as defined by AACE standards) project schedule that supports all aspects of project execution, including development, engineering, financing, procurement, permitting and construction, and project materials that demonstrate Bidder's capability to meet the date by which commercial operation of the Developmental Resource will be guaranteed to have occurred.
Site Control	Bidder must show that Seller or an Affiliate under Seller's control) has control of the site on which the project would be located <u>or</u> that it has a valid, binding, and enforceable contract to obtain control of the project site for the full delivery term proposed by Bidder or the expected useful life of the	Bidder should provide a redacted copy of the definitive agreements or documents establishing the requisite control.

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Appendix D
Minimum Requirements for Developmental Resources

Category	Minimum Requirement	Information Required to Evaluate Proposals against the Minimum Requirements
	Developmental Resource, as applicable.	
Fuel Supply & Transportation; Waste Disposal Plan	Bidder must have a reasonably detailed plan for fuel supply and transportation and waste disposal for the project that is viable and, if implemented, would meet the requirements of the RFP applicable to Bidder's proposal.	<ul style="list-style-type: none"> ○ Other than for wind, solar photovoltaic, and run-of-river hydroelectric resources, Bidder must provide its fuel supply and transportation plan, which should include, and provide reasonable support for the viability of, the project's fuel supply, source(s), transportation, storage (if applicable), and infrastructure for the delivery and processing of fuel. ○ For wind, solar photovoltaic, and run-of-river hydroelectric resources, Bidder must provide reasonably verifiable profile data for at least two (2) recent years, using established data measurement equipment at or near the site of the resource, to substantiate the resource's expected production levels. ○ For resources that have a waste component, Bidder must provide its waste disposal plan, which should include reasonable descriptions of the types of waste to be disposed of, the means and manner of disposal, and any material environmental issues associated with disposal known to or reasonably foreseeable by Bidder, and provide reasonable support for the viability of the plan.
Environmental Assessment & Permitting	Bidder must show that due diligence has been completed and action plans established to a level sufficient to support all permitting activities for the project.	<ul style="list-style-type: none"> ○ Bidder must provide the status and timing of all project permits and/or permit applications. ○ Bidder must provide reasonably detailed plans to complete a Phase 1 environmental site assessment in accordance with ASTM E1527-13 or, if completed, an accurate summary of the assessment for the project. ○ Bidder must disclose any reasonably anticipated material permitting

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Appendix D Minimum Requirements for Developmental Resources

Category	Minimum Requirement	Information Required to Evaluate Proposals against the Minimum Requirements
		<p>obstacle and any pending claim, action or dispute related to its permitting activities for the project.</p> <ul style="list-style-type: none"> ○ Bidder must provide a viable environmental compliance plan, including reasonable descriptions of Bidder’s plan for the project (including the site) to be engineered, designed, developed, built, tested, owned, operated, maintained, and repaired in compliance with all applicable environmental laws, permits, authorizations, and other requirements.
Electric Interconnection /Transmission	Bidder must have submitted a complete generator interconnection request (IR) of the proposed resource under the MISO Generator Interconnection Process or, if the resource is located outside of the MISO footprint, must provide a plan to complete the interconnection service request process of the applicable balancing authority for the resource.	<ul style="list-style-type: none"> ○ For a Developmental Resource located inside the MISO footprint, Bidder must provide a copy of the IR submitted to MISO. (Note: According to the MISO timeline (available on the MISO website) and to meet the RFP timing requirements, a valid application must be submitted to MISO before May 30, 2014.) ○ Bidder must provide a copy of the IR acknowledgement letter and/or IR study results from MISO. ○ For a Developmental Resource located outside of the MISO footprint, Bidder must provide a plan detailing the actions and timing required to complete the interconnection process of the applicable balancing authority for the resource and identifying the resource’s delivery interface to MISO.
Water Source	Bidder must have a viable plan for access to adequate and sustainable supplies of water for the Developmental Resource.	For resources that require water for the generation of power, Bidder must provide a viable water supply plan, including reasonable descriptions of the proposed primary source and quality of the project’s raw water supply and any physical and contractual requirements necessary to secure and utilize the water supply.

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Appendix D Minimum Requirements for Developmental Resources

Category	Minimum Requirement	Information Required to Evaluate Proposals against the Minimum Requirements
Project Structure & Finance	Bidder must have a viable plan for project structure and financing that is supported by recent experience and/or market intelligence.	<ul style="list-style-type: none"> ○ Bidder must describe the plan for financing the project, including a detailed description of any application for publicly subsidized loans, debt guarantees, or tax relief. ○ Bidder must describe the projected ownership structure of the Developmental Resource prior to the delivery term commencement date or closing (as applicable) and, if proposing a long-term power purchase or tolling agreement, after the delivery term commencement date. ○ Bidder must describe how it intends to meet the applicable credit/collateral requirements specified in the RFP. ○ Bidder must be able to provide evidence of at least one recent successful project financing completed by Bidder <u>or</u> that potential lenders have been engaged in initial, bona fide commercial discussions to ascertain interest, market conditions and indicative terms.

Bidders who fail to meet one or more of the Minimum Requirements may be required, at EAI’s election (in consultation with the IM), to provide supplemental security to support their proposal (the “Minimum Requirements Security”). The purpose of the Minimum Requirements Security would be to hedge the risk that a selected Bidder of a Developmental Resource is unable to honor the terms of its proposal prior to execution of a definitive agreement. Additional information about the Minimum Requirements Security will be provided in Appendix E.

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Appendix E

Credit/Collateral Requirements

For

2014 Request For Proposals

For

Long-Term, Supply-Side

and Renewable Generation Resources

Entergy Arkansas, Inc.
May 5, 2015

APPENDIX E CREDIT/COLLATERAL REQUIREMENTS

This Appendix E contains a brief overview of the credit evaluation procedures expected to be utilized during the overall proposal evaluation process. These procedures seek to assure that Seller's credit quality, when considered in the context of Bidder's proposal to EAI, complies with Entergy'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 EAI's credit evaluation procedures, a conforming proposal must include the information requested in either Section 6 of Appendix C-1 and in Section 4 of Appendix C-2 for Seller and any Credit Support Provider, including, if financial information is consolidated with other entities, all data related to Seller or Credit Support Provider that must be extracted and submitted as separate documents by Bidder according to Section 2.3 of the Main Body. If the information Bidder provides in support of a proposal falls below the Preliminary Shortlist Requirements for credit (as specified in Section 2.3 of the Main Body), Bidder must, upon EAI's request, provide reasonable evidence of Seller's ability to provide the credit support required to meet this RFP's credit support requirements.

B. Determination of Credit Support Requirements

The Credit Evaluation Team ("CET") will apply its own internal procedures to determine, for each Bidder who submits a proposal, the CET Credit Rating of Seller. These procedures include, without limitation, a credit analysis of financial statements utilizing, among other things, leverage, liquidity and profitability metrics. If Seller has a Published Credit Rating, the CET Credit Rating will, in most cases, be equivalent to such Published Credit Rating.

Based on Seller's CET Credit Rating, the CET will determine how much credit support, if any, Seller will be required to provide initially under the Definitive Agreement, if entered into by Seller and EAI. For rough guidance, a Seller 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 in the amount set forth in the table below for each MW of nameplate capacity allocated to Buyer under the applicable Definitive Agreement, depending on the length of the Delivery Term and whether Bidder's proposed resource is a Developmental Resource or already in operation:

<u>Length of Delivery Term</u>	<u>\$ per MW of Nameplate Capacity Allocated to Buyer</u>
10 years	\$150,000/MW*
20 years	\$200,000/MW*

* If Bidder proposes a Developmental Resource, this amount will be increased (by an amount not to exceed double the stated amount) depending on the status, technology, development risks and other aspects of the Developmental Resource.

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APPENDIX E

Credit/Collateral Requirements

Sellers with higher CET Credit Ratings will get credit towards these amounts that may reduce or eliminate the requirement for such Sellers to initially provide credit support under the Definitive Agreement.

Required credit support could take the form of:

- a parent guaranty
- a letter of credit from a bank acceptable to EAI
- 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.

The form and substance of any initially provided credit support must be acceptable to EAI in its sole discretion.

For Credit Support Providers, the CET will undertake a similar process. Seller 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 that is the direct or indirect parent of Bidder and has a CET Credit Rating equivalent to BBB- or higher from S&P and Baa3 or higher from Moody's 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. In either case, the amount of credit Seller will receive toward its credit support requirements for the credit support provided by such Credit Support Provider will vary depending on the CET Credit Rating of such Credit Support Provider.

If a Seller's or Seller's Credit Support Provider's CET Credit Rating is sufficiently reduced at any time or Buyer has reasonable grounds for insecurity regarding the payment or performance of an obligation under the Definitive Agreement during the term of the Definitive Agreement, Buyer will have the right to require that additional credit support (or, if such Seller did not initially provide credit support, an initial amount of credit support) be provided by such Seller at that time. Conversely, credit support may be returned to Seller if its CET Credit Rating improves sufficiently during the term of the Definitive Agreement.

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 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.

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APPENDIX E

Credit/Collateral Requirements

C. Minimum Requirements-Based Credit Support

The VAT will notify the CET whether one or more Bidders have submitted proposals for Developmental Resources in which the Developmental Resource or the proposal fails to meet one or more of the Minimum Requirements set forth in Appendix D. If the CET receives such a notice, it may require Bidder to post a letter of credit, generally in the form described herein [the draw conditions will be adjusted, for example], of up to \$5 million, within 30 days after issuance of the Preliminary Shortlist. The amount of the letter of credit will be determined by the CET, with input from the VAT, and in consultation with the IM. The letter of credit must be issued by a U.S. commercial bank or the U.S. branch office of a foreign bank that (in either case) has a Published Credit Rating of at least A from S&P and A2 from Moody's. If Bidder's proposal(s) supported by the letter of credit are eliminated from consideration in this RFP or otherwise do not result in an LOI, the letter of credit will be returned to the posting party within 30 days after such date, provided that if EAI has determined, in its good faith judgment, that EAI has or may have a right to draw under the terms of the letter of credit, EAI will notify Bidder thereof in writing within thirty (30) days after such date and, subject to the following sentence, will not be required to cause the letter of credit to be returned to the posting party until EAI has determined not to draw under the letter of credit. If EAI has provided such notice, but has neither drawn an amount under the letter of credit on or before five (5) months of such notice nor notified Bidder that it has elected not to draw under the letter of credit, then EAI will cause the letter of credit to be returned to the posting party no later than ten (10) days after the expiration of such five (5)-month period.

D. Bidder Selection

A Bidder whose proposal is selected to the Primary Selection List or the Secondary Selection List will be invited to discuss with the CET the CET Credit Rating of Seller proposed for such Bidder and asked to indicate the type of credit support Seller desires to provide in order to meet the RFP's credit support requirements. During such discussions, EAI 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 credit support will not, except as provided in Section E 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. Further, while EAI reserves the right to move forward with any Bidder unwilling to offer satisfactory credit support, EAI will be reluctant to select any proposal from any such Bidder unless the proposal, even without satisfactory credit support, is clearly superior to proposals for similar product offerings.

Finally, please note that, in the selection of Bidders for the Primary Selection List and 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 Seller

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APPENDIX E

Credit/Collateral Requirements

or to certain groups of suppliers, including groups that are supported by the same Credit Support Provider and groups with weak CET Credit Ratings. These limits may be taken into account in its evaluation of proposals.

E. LOI Execution and Contract Negotiation

Any Bidder notified that its proposal has been selected for final negotiation (and, if different from Bidder, the proposed Seller) may be required by Buyer to enter into an LOI setting forth and/or addressing key terms and conditions of the proposed Transaction. Upon execution of the LOI, Bidder or Seller (as applicable) will be required to provide to EAI or its designee (i) a letter of credit in the amount of \$2 million plus (ii) if Bidder proposes a Developmental Resource and, at the time of execution of the LOI, fails or continues to fail to meet one or more of the Minimum Requirements found in Appendix D, an additional amount, to be determined by the CET, with input from the VAT, of up to \$5 million. The incremental amount in clause (ii) above will not duplicate amounts posted pursuant to Section C above and will be a function of the number, severity, and other aspects of the failures to meet the Minimum Requirements. The letter of credit must be issued by a U.S. commercial bank or the U.S. branch office of a foreign bank that (in either case) 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. If Bidder puts in place a letter of credit pursuant to Section C and enters into an LOI with Buyer, it is expected that the existing letter of credit would be modified to reflect the new principal amount due under this Section E and the new draw conditions that would apply. If the existing letter of credit is not modified, however, and a new and separate letter of credit is posted in support of the LOI, the incremental amount in clause (ii) above will not duplicate amounts the subject to the existing letter of credit.

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Annex E-1
Form of Letter of Credit

Irrevocable Standby Letter of Credit No. [L/C NUMBER]

Date: [L/C ISSUANCE DATE]

BENEFICIARY:
ENTERGY ARKANSAS, INC.
10055 GROGANS MILL RD, SUITE 300
THE WOODLANDS, TEXAS 77380

APPLICANT:
[INSERT NAME]
[ON BEHALF OF [_____]]
[INSERT ADDRESS]
[INSERT CITY/STATE/ZIP CODE]

LADIES AND GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF [INSERT NAME OF APPLICANT] (THE "APPLICANT"), [INSERT ADDRESS OF APPLICANT], [AND ON BEHALF OF [INSERT NAME OF ACCOUNT PARTY] (THE "ACCOUNT PARTY")], WE, [INSERT NAME OF BANK] (THE "ISSUER"), HEREBY ESTABLISH, EFFECTIVE IMMEDIATELY, IN FAVOR OF ENTERGY ARKANSAS, INC. (THE "BENEFICIARY"), OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [L/C NUMBER] IN THE AGGREGATE AMOUNT OF [INSERT AMOUNT REQUIRED PURSUANT TO THE AGREEMENT (DEFINED BELOW)] 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 THAT CERTAIN LETTER OF INTENT, DATED AS OF [INSERT DATE], BETWEEN THE [APPLICANT/ACCOUNT PARTY] AND THE BENEFICIARY (TOGETHER WITH ITS SUCCESSORS AND PERMITTED ASSIGNS, "BUYER") (SUCH LETTER OF INTENT, AS MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "AGREEMENT").

THIS LETTER OF CREDIT IS ISSUED, PRESENTABLE AND PAYABLE AT OUR OFFICE LOCATED AT [INSERT PHYSICAL ADDRESS OF BANK'S COUNTERS] AND, EXCEPT AS PROVIDED BELOW, EXPIRES WITH OUR CLOSE OF BUSINESS ON [INSERT DATE THAT IS AT LEAST 364 DAYS AFTER THE EFFECTIVE DATE OF L/C] (AS MAY BE EXTENDED AS PROVIDED BELOW, THE "EXPIRATION DATE").

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT WRITTEN AMENDMENT FOR A PERIOD OF ONE (1) YEAR FROM THE INITIAL 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 ELECT NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED BEYOND THE THEN APPLICABLE EXPIRATION DATE.

THIS LETTER OF CREDIT SHALL FINALLY EXPIRE ON [INSERT DATE THAT IS AT LEAST ONE YEAR AFTER THE INITIAL EXPIRATION DATE OF L/C], IF IT HAS NOT PREVIOUSLY EXPIRED IN ACCORDANCE WITH THE PRECEDING PARAGRAPH.

FUNDS IN PAYMENT OF A DRAWING UNDER THIS LETTER OF CREDIT ARE AVAILABLE TO THE BENEFICIARY BY PAYMENT AT SIGHT AGAINST PRESENTATION AT OUR OFFICE STIPULATED HEREIN ABOVE OF THE BENEFICIARY'S APPROPRIATELY COMPLETED SIGHT DRAFT(S) IN THE FORM OF EXHIBIT 1 ATTACHED HERETO AND DRAWING CERTIFICATE(S) IN THE FORM OF EXHIBIT 2 ATTACHED HERETO, EACH PURPORTEDLY BEARING THE SIGNATURE OF AN AUTHORIZED PERSON FOR THE BENEFICIARY (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 DRAWING DOCUMENTS AND DETERMINE WHETHER TO HONOR OR DISHONOR SUCH DRAWING DOCUMENTS AND TO INFORM YOU ACCORDINGLY. WE MAY DISHONOR SUCH DRAWING DOCUMENTS ONLY IF THEY DO NOT COMPLY WITH THE TERMS OF THIS LETTER OF CREDIT. WE HAVE NO DUTY OR RIGHT TO INQUIRE INTO THE VALIDITY OF, OR THE BASIS FOR, ANY DRAW. ANY NOTICE OF DISHONOR SHALL STATE ALL DISCREPANCIES UPON WHICH OUR DISHONOR IS BASED.

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 PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRATION DATE.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE EXCEPT AS SET FORTH IN THIS PARAGRAPH. THIS LETTER OF CREDIT (INCLUDING THE DRAWING RIGHTS HEREUNDER) IS TRANSFERABLE BY THE BENEFICIARY, INCLUDING AS COLLATERAL FOR INDEBTEDNESS OF THE BUYER OUTSTANDING FROM TIME TO TIME, AND MAY BE SUCCESSIVELY TRANSFERRED. BY OUR EXECUTION AND DELIVERY OF THIS LETTER OF CREDIT, WE ALSO HEREBY ACKNOWLEDGE AND CONSENT, WITHOUT FURTHER CONDITIONS, TO YOUR PRESENT OR FUTURE ASSIGNMENT OF THE PROCEEDS OF ANY DRAWING UNDER THIS LETTER OF CREDIT. TRANSFER OF THIS LETTER OF CREDIT (INCLUDING THE DRAWING RIGHTS HEREUNDER), OR AN ASSIGNMENT OF THE PROCEEDS OF ANY DRAWING HEREUNDER, TO A TRANSFEREE SHALL BE EFFECTED, WITH NO OTHER CONDITIONS, BY THE PRESENTATION TO US OF AN APPROPRIATELY COMPLETED CERTIFICATE SUBSTANTIALLY IN THE FORM OF EXHIBIT 3 ATTACHED HERETO PURPORTEDLY BEARING THE SIGNATURE OF AN AUTHORIZED PERSON FOR THE BENEFICIARY. UPON RECEIPT OF ANY SUCH CERTIFICATE, WE UNDERTAKE TO PROMPTLY EXECUTE THE CONFIRMATION SET FORTH AT THE END OF SUCH CERTIFICATE AND FORWARD THE SAME DIRECTLY TO THE TRANSFEREE (PROVIDED THAT SUCH CONFIRMATION SHALL NOT BE A CONDITION TO THE TRANSFER). WE HAVE NO DUTY OR RIGHT TO INQUIRE INTO WHETHER ANY TRANSFEREE OF THIS LETTER OF CREDIT (INCLUDING THE DRAWING RIGHTS HEREUNDER) IS BUYER'S PERMITTED ASSIGNEE UNDER THE AGREEMENT AND MAY RELY EXCLUSIVELY ON YOUR CERTIFICATE.

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

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

APSC FILED Time: 4/15/2015 8:01:18 AM: Recvd 4/14/2015 4:36:43 PM: Docket 15-014-u-Doc. 14

THIS LETTER OF CREDIT IS GOVERNED BY THE INTERNATIONAL STANDBY PRACTICES, INTERNATIONAL CHAMBER OF COMMERCE (ICC) PUBLICATION NO. 590 ("ISP98"), EXCEPT TO THE EXTENT THAT THE TERMS OF THIS LETTER OF CREDIT ARE INCONSISTENT WITH THE PROVISIONS OF THE ISP98, IN WHICH CASE THE TERMS OF THIS LETTER OF CREDIT SHALL GOVERN. AS TO MATTERS NOT ADDRESSED BY THE ISP98, AND TO THE EXTENT NOT INCONSISTENT WITH THE ISP98 OR THE TERMS OF THIS LETTER OF CREDIT, 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, INCLUDING THE EXHIBITS HERETO, SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED OR AMPLIFIED BY REASON OF OUR REFERENCE TO ANY AGREEMENTS OR INSTRUMENT REFERRED TO OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO. ANY SUCH AGREEMENTS OR INSTRUMENT SHALL NOT BE DEEMED INCORPORATED HEREIN BY REFERENCE.

SINCERELY,

[ISSUING BANK]

NAME: _____

TITLE: _____

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
[_____].

[INSERT NAME OF THE BENEFICIARY]

BY: _____

NAME: _____

TITLE: _____

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 [_____] (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 (THE TERMS DEFINED THEREIN AND NOT OTHERWISE DEFINED HEREIN BEING USED HEREIN AS THEREIN DEFINED) THAT:

1. THE [APPLICANT/ACCOUNT PARTY], [_____] AND BUYER ARE PARTIES TO THE AGREEMENT.

[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 AGREEMENT.] OR

[2. A BREACH BY THE ACCOUNT PARTY HAS OCCURRED UNDER THE AGREEMENT.] OR

[2. THE LETTER OF CREDIT WILL EXPIRE ON OR BEFORE THIRTY (30) DAYS AFTER 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 AGREEMENT AND SECURITY IS STILL REQUIRED UNDER THE AGREEMENT.]

3. THE BENEFICIARY IS ENTITLED TO MAKE A DRAWING UNDER THE LETTER OF CREDIT IN THE AMOUNT OF \$_____ (THE "DRAW AMOUNT") [INSERT BRACKETED LANGUAGE IF THE BENEFICIARY IS NOT THE SAME AS BUYER] [, AND THE BENEFICIARY IS MAKING SUCH DRAWING FOR THE BENEFIT OF BUYER].

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

[INSERT NAME OF THE BENEFICIARY]

BY: _____
NAME: _____
TITLE: _____

EXHIBIT 3

FORM OF TRANSFER NOTICE

[DATE]

[BANK NAME AND ADDRESS]

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

LADIES AND GENTLEMEN:

REFERENCE IS MADE TO THAT CERTAIN IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ (THE "LETTER OF CREDIT") ISSUED BY YOU IN FAVOR OF _____ (THE "BENEFICIARY") ON BEHALF OF _____ ("APPLICANT"). THIS TRANSFER NOTICE IS PRESENTED UNDER THE LETTER OF CREDIT. CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS TRANSFER NOTICE HAVE THE MEANINGS GIVEN TO THEM IN THE LETTER OF CREDIT.

FOR VALUE RECEIVED, THE BENEFICIARY HEREBY IRREVOCABLY ASSIGNS TO:

NAME OF TRANSFEREE:
ADDRESS:

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY [PICK FIRST ALTERNATIVE FOR FULL ASSIGNMENT AND SECOND ALTERNATIVE FOR ASSIGNMENT OF PROCEEDS] [UNDER THE LETTER OF CREDIT IN ITS ENTIRETY] [TO THE PROCEEDS OF ANY DRAWINGS UNDER THE LETTER OF CREDIT, WHICH SHALL BE PAYABLE AS FOLLOWS: [INSERT ANY APPLICABLE PAYMENT INSTRUCTIONS]].

THIS ASSIGNMENT SHALL BE EFFECTIVE AS OF _____.

[INSERT ONLY FOR FULL ASSIGNMENT] [BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY UNDER SUCH LETTER OF CREDIT ARE ASSIGNED TO THE TRANSFEREE AND THE TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.]

WE ASK YOU TO EXECUTE THE CONFIRMATION SET FORTH BELOW, AND FORWARD IT DIRECTLY TO THE TRANSFEREE.

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS TRANSFER NOTICE AS OF THE _____ DAY OF _____ 20__.

[INSERT NAME OF THE BENEFICIARY]

BY: _____
NAME: _____
TITLE: _____

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS TRANSFER NOTICE AS OF THE _____ DAY OF _____ 20__, AND HEREBY CONFIRMS THE ASSIGNMENT OF THE LETTER OF CREDIT TO THE TRANSFEREE REFERENCED ABOVE.

[INSERT BANK NAME]

BY: _____
NAME: _____
TITLE: _____



Appendix F

***Reservation of EAI Rights
and Other RFP Terms***

For

2014

Request For Proposals

For

***Long-Term Supply Side and
Renewable Generation Resources***

Entergy Arkansas, Inc.
May 5, 2014

APPENDIX F RESERVATION OF EAI RIGHTS AND OTHER RFP TERMS

1. Reservation of Rights

Notwithstanding anything to the contrary, EAI may, and expressly reserves the right to, at any time and from time to time, without prior notice and without assigning or providing any reason therefor:

- cancel, suspend, withdraw or terminate this RFP (including, without limitation, after the selection under this RFP of one or more Bidders for a Definitive Agreement) or cancel or suspend its participation in this RFP;
- modify this RFP, including, without limitation, any Appendix to this RFP, or any of the dates, times or places set forth in the RFP or related to the RFP process;
- accept, refuse to accept, consider, not consider, favor, disfavor, recommend, not recommend, pursue or reject any proposal, in its sole and absolute discretion, for any reason;
- without limitation of the generality of any of the other terms herein, reject or eliminate any proposal submitted in response to this RFP that is incomplete, is non-conforming, or contains irregularities (or waive any irregularity in any proposal), or that it determines was made with the intent to create artificial prices, terms, or conditions or would have that effect;
- carry out negotiations with any, some or all Bidders or other Persons (other than Entergy Regulated or Competitive Affiliates) related to this RFP, and suspend or terminate negotiations with any Bidder or other Person at any time, including, without limitation, as a result of any change in resource needs of EAI giving rise to this RFP;
- discuss the terms of any proposal or any other material submitted by Bidder with, and obtain clarification or additional information concerning such proposal or such other material from, Bidder or its directors, officers, employees, agents, representatives, and advisors;
- request from Bidder information not detailed in or required by this RFP but that, in EAI's sole opinion, may be necessary or relevant to the evaluation of Bidder's proposal(s) and utilize such information as EAI deems appropriate in connection with such evaluation of this RFP;
- receive, consider, pursue, or transact on (i) opportunities to acquire other assets or resources offered or that become available outside of the RFP process as such opportunities arise or (ii) proposals offered in response to this RFP that are non-conforming or eliminated from consideration in this RFP;
- invite further proposals in or outside of this RFP or supplemental submissions of proposals;
- determine which Bidders or entities to allow, or continue to allow, to participate in the RFP process;
- pursue or transact on proposals offered in response to this RFP regardless of any rank order established in the RFP evaluation process to promote diversity of supply in this RFP, gain experience with different technologies, limit exposure to a particular

APPENDIX F

Reservation of EAI Rights and Other RFP Terms

- counterparty, technology or resource or a particular set of risks, or achieve other commercial goals EAI deems appropriate;
- sign or not sign Definitive Agreement(s) with Bidders or other Persons relating to the Transactions solicited by this RFP;
 - subject to the terms of any applicable confidentiality agreement entered into between EAI and Bidder, retain, archive, or destroy any information or material provided to or for the benefit of EAI in the Proposal Submission Process; and
 - take any and all other actions it deems necessary or appropriate, in its sole and absolute discretion, in connection with this RFP and the RFP process.

Each of the foregoing rights (including any right listed in a series of rights) may be exercised individually by EAI or any director, officer, employee, or authorized agent or representative of EAI or its of their respective parent. The reservation of rights contained herein is in addition to all other rights reserved or granted to EAI or any of its Affiliates elsewhere in this RFP or otherwise held by or available to EAI or any of its Affiliates.

2. No Warranties or Liabilities

BY PARTICIPATING IN THE RFP PROCESS, EACH BIDDER AGREES THAT, EXCEPT TO THE EXTENT CONTAINED IN A DEFINITIVE AGREEMENT WITH BIDDER:

- (A) ALL MATERIAL AND OTHER INFORMATION FURNISHED BY OR ON BEHALF OF EAI OR ANY OTHER AFFILIATE OF EAI IN CONNECTION WITH THIS RFP IS PROVIDED WITHOUT ANY REPRESENTATION OR WARRANTY OF ANY KIND, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND
- (B) EAI, ITS AFFILIATES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, PARTNERS, EMPLOYEES, AGENTS, REPRESENTATIVES AND ADVISORS SHALL HAVE NO LIABILITY TO ANY BIDDER, ANY OF ITS AFFILIATES, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, PARTNERS, EMPLOYEES, AGENTS, REPRESENTATIVES, ADVISORS, LENDERS, OR INVESTORS RELATING TO OR ARISING FROM THE USE OF OR RELIANCE UPON ANY SUCH INFORMATION, ANY ERROR OR OMISSION THEREIN, OR OTHERWISE IN CONNECTION WITH THIS RFP.

3. Acceptance of Proposals

Without prejudice to EAI's rights under the Proposal Submission Agreement or at law or in equity, no proposal submitted by any Bidder shall be deemed accepted by, or otherwise binding upon, EAI or any of its Affiliates and EAI, its Affiliates and their respective directors, officers, members, employees, agents and representatives shall have no obligation or liability of

APPENDIX F

Reservation of EAI Rights and Other RFP Terms

any kind with respect to any such proposal or otherwise in connection with this RFP, unless and until a Definitive Agreement has been mutually executed and delivered by EAI or any of its Affiliates and Seller, and then such obligation or liability shall exist only if and to the extent expressly set forth or provided for therein or in another signed, binding written agreement entered into by EAI or any of its Affiliates and Seller. Notwithstanding anything to the contrary in this RFP, all proposals delivered to EAI shall become the sole and exclusive property of EAI upon receipt, and EAI shall have all rights and privileges of ownership of such property, subject to any provision of this RFP relating to confidentiality and any applicable confidentiality or other signed, binding written agreement between EAI and Bidder or Seller executed in connection with this RFP process.

4. Bidder Costs and Expenses

Each Bidder is solely responsible for all costs and expenses it incurs in connection with this RFP. Through its participation in this RFP, each Bidder agrees that under no circumstance, including, without limitation, EAI's withdrawal from or suspension, cancellation, or termination of the RFP process, will EAI, any of its Affiliates or any of their respective directors, officers, members, partners, employees, agents, representatives or advisors have any responsibility or liability of any kind to Bidder, its Affiliates or any of their respective directors, officers, members, partners, trustees, employees, agents, representatives, advisors or lenders for any cost or expense directly or indirectly incurred by Bidder (no matter how incurred) in connection with the RFP process, except to the limited extent provided in Section 4.2 of the Main Body (relating to Bidder Registration Fee refunds). Nothing in this Section 4 shall be construed to limit the generality of Section 2 above.

5. Bidder Disclosure of RFP Information

No Bidder may, without the prior consent of EAI, disclose to any other Person (except the RFP Administrator and the Independent Monitor) its participation in the RFP process (other than by attendance at any meeting to which more than one participant is invited by EAI, which attendance in and of itself will not violate this provision of this RFP). Further, no Bidder may disclose, collaborate on or discuss with any other Person (except the RFP Administrator and the Independent Monitor) bidding strategies or the substance of proposals, including, without limitation, the price or any other terms or conditions of any contemplated, indicative or final proposal. Any such disclosure, collaboration or discussion would violate this RFP and the Proposal Submission Agreement and may result in the rejection of Bidder's proposal or elimination of Bidder from further participation in this RFP.

6. Consents and Regulatory Approvals

EAI will be responsible for obtaining all applicable regulatory approvals it requires for any transaction arising out of this RFP, including, without limitation, authorization from any regulatory body with jurisdiction over EAI. The commencement of the Delivery Term under any Definitive Agreement for the purchase and sale of Capacity, capacity-related benefits, energy, Other Electric Products, and Environmental Attributes will be conditioned upon the receipt of

APPENDIX F

Reservation of EAI Rights and Other RFP Terms

regulatory approvals on terms acceptable to EAI in its sole and absolute discretion. Bidder/Seller will be responsible for obtaining and maintaining all consents, authorizations and regulatory approvals necessary for the performance of its obligations under the Definitive Agreement. Please consult Appendices B-1 and B-2 of this RFP for additional information regarding regulatory approvals and conditions precedent to the Delivery Term.

7. Bidder Acceptance of this Appendix F

By participating in the RFP process, each Bidder agrees that it will be deemed to have accepted all of the rights and terms included in this Appendix F and to have agreed that its participation in the RFP is subject to such rights and terms. EAI is conducting this RFP and participating in the RFP process in reliance upon the foregoing agreement.

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A)
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

DOCKET NO. 15-014-U

EAI DIRECT EXHIBIT HMW-2

FEBRUARY 2014 RPOC PRESENTATION

THIS EXHIBIT CONTAINS HIGHLY SENSITIVE PROTECTED INFORMATION
AND IS PROVIDED PURSUANT TO APSC INTERIM PROTECTIVE ORDER
NO. 1, DATED MARCH 9, 2015

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A)
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

DOCKET NO. 15-014-U

EAI DIRECT EXHIBIT HMW-3

SEPTEMBER 2014 RPOC PRESENTATION

THIS EXHIBIT CONTAINS HIGHLY SENSITIVE PROTECTED INFORMATION
AND IS PROVIDED PURSUANT TO APSC INTERIM PROTECTIVE ORDER
NO. 1, DATED MARCH 9, 2015

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A) DOCKET NO. 15-014-U
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

EAI DIRECT EXHIBIT HMW-4

NOVEMBER 2014 RPOC PRESENTATION

THIS EXHIBIT CONTAINS HIGHLY SENSITIVE PROTECTED INFORMATION
AND IS PROVIDED PURSUANT TO APSC INTERIM PROTECTIVE ORDER
NO. 1, DATED MARCH 9, 2015

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A)
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

DOCKET NO. 15-014-U

EAI DIRECT EXHIBIT HMW-5

PURCHASE POWER AGREEMENT

THIS EXHIBIT CONTAINS HIGHLY SENSITIVE PROTECTED INFORMATION
AND IS PROVIDED PURSUANT TO APSC INTERIM PROTECTIVE ORDER
NO. 1, DATED MARCH 9, 2015

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A)
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

DOCKET NO. 15-014-U

EAI DIRECT EXHIBIT HMW-6

PROJECTED PPA BENEFITS

THIS EXHIBIT CONTAINS HIGHLY SENSITIVE PROTECTED INFORMATION
AND IS PROVIDED PURSUANT TO APSC INTERIM PROTECTIVE ORDER
NO. 1, DATED MARCH 9, 2015

BEFORE THE
ARKANSAS PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE PETITION)
OF ENTERGY ARKANSAS, INC. FOR A)
DECLARATORY ORDER REGARDING A) DOCKET NO. 15-014-U
PURCHASE POWER AGREEMENT FOR)
A RENEWABLE RESOURCE)

EAI DIRECT EXHIBIT HMW-7

PROJECTED CUSTOMER BILL IMPACTS

THIS EXHIBIT CONTAINS HIGHLY SENSITIVE PROTECTED INFORMATION
AND IS PROVIDED PURSUANT TO APSC INTERIM PROTECTIVE ORDER
NO. 1, DATED MARCH 9, 2015