



2021 EAL Renewables RFP

Bidders Conference

8/18/2021



Entergy®

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Creating sustainable value for all

Introduction

❖ Conference Purpose

- To give participants a high-level overview of the 2021 Request for Proposals ("RFP") for Renewable Resources for Entergy Arkansas, LLC ("2021 EAL Renewables RFP") and related processes

❖ Questions

- Please submit all questions to the Bid Event Coordinator via email at ealrfp@entergy.com (to ensure that Entergy Arkansas, LLC ("EAL") has an accurate record of each question posted)
- Please refrain from including bidder-specific or confidential information in the question
- This presentation, along with RFP questions and responses, will be posted to the 2021 EAL Renewables RFP Website, https://www.entergy-arkansas.com/rfp/energy_capacity/
- To the extent EAL's posted responses differ from the verbal responses given during the conferences, the written response will control

❖ Administrative

- In the event of an inconsistency between the presentation and the RFP documents, the RFP documents will control
- All phones must be on mute
- Please do not place your phone on hold
- Email the Bid Event Coordinator at ealrfp@entergy.com with any technical issues or questions concerning participation in the Bidders Conference

Agenda

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- Introductions
 - RFP Overview & Scope
 - RFP Evaluation Process
 - Process Safeguards
 - Q&A Review Session

Introductions

Entergy Presenters

Kandice Fielder	EAL Resource Planning Team
Sam DeBose	RFP Administration Team
Jaime Williamson	Viability Assessment Team
Pati Carroll	Economic Evaluation Team
Clayton Hudspeth	Transmission Evaluation Team
David Batten	Accounting Evaluation Team
Eric Agana	Credit Evaluation Team

Additional Entergy Participants

James Miller	ESL Assistant General Counsel
Kurt Castleberry	EAL Director Resource Planning and Market Operations
Misty Harris	RFP Administration Team
Phong Nguyen	RFP Administration Team

Independent Monitor

Keith Oliver	Merrimack Energy Group, Inc.
Wayne Oliver	Merrimack Energy Group, Inc.

RFP Overview and Scope

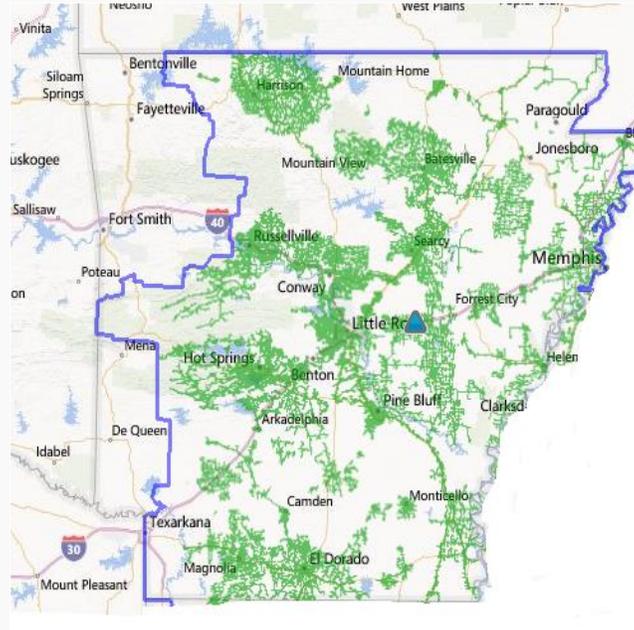
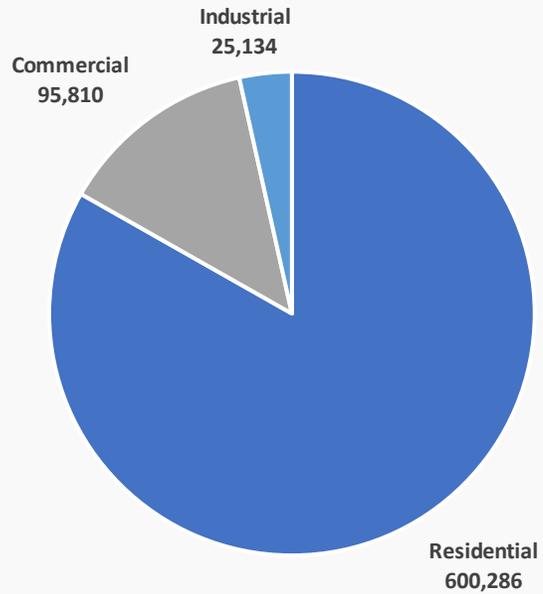
Kandice Fielder



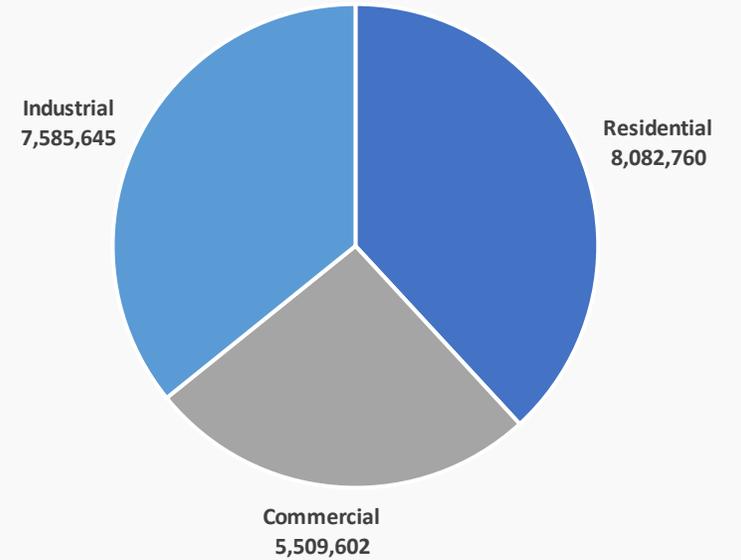
ENTERGY ARKANSAS, LLC

EAL serves approximately 722,000 retail customers in 63 counties.

EAL Customers by Retail Class



EAL WA Sales by Retail Class (MWh)



Note: 2020 data; approximately 700 Governmental customers not shown.

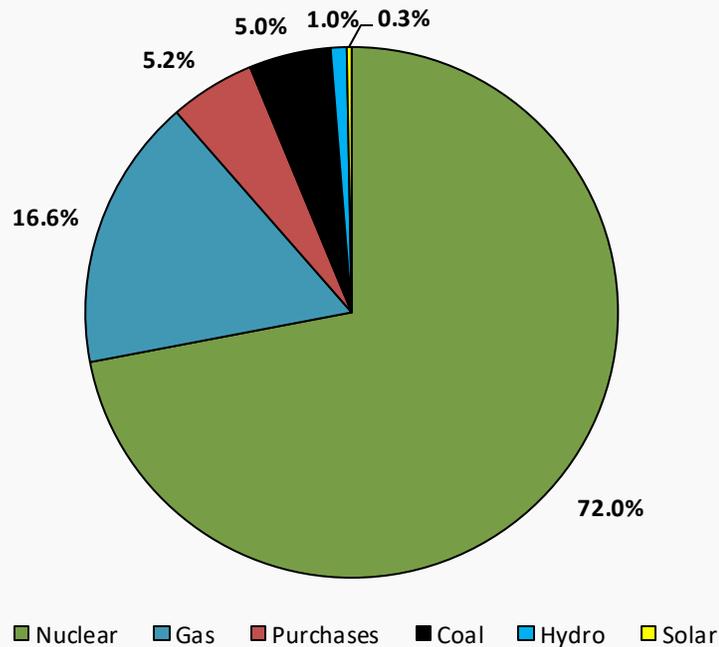
Note: 2020 data; approximately 223,000 MWh Governmental sales not shown.



ENTERGY ARKANSAS, LLC

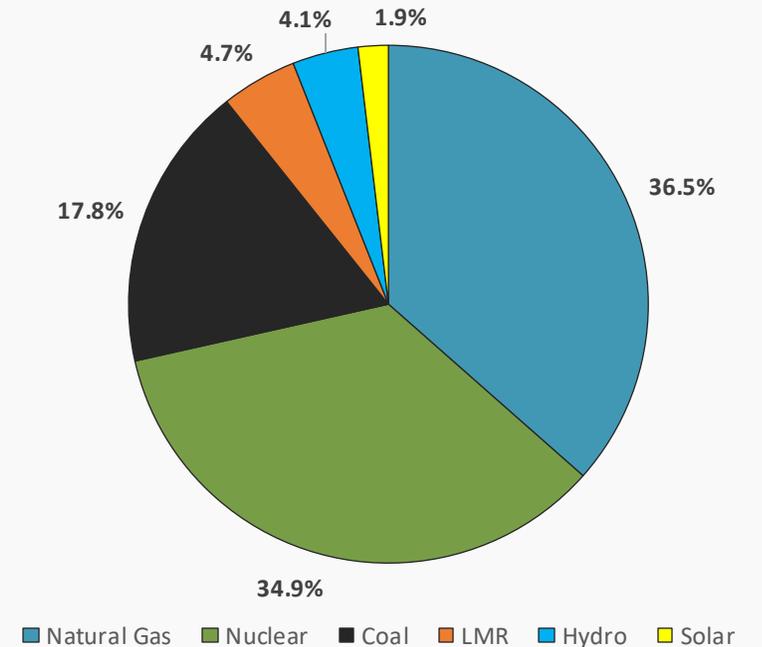
EAL serves its customers' energy needs via a diverse mix of resources.

2020 EAL Fuel Mix



- 2020 Peak Load: 4,582 MW
- 2020 WN Sales: 21,401 GWh
- Transmission Mileage: 4,967 mi
- Distribution Mileage: 39,116 mi

2020 EAL Capacity Mix





INTEGRATED RESOURCE PLANNING

- EAL’s 2018 IRP recognized the increasing cost-effectiveness of renewable generation and announced an intent to bring more economic renewable generation on-line in Arkansas.
- The public stakeholder process currently underway in support of EAL’s 2021 IRP has included recommendations from stakeholders for a more comprehensive RFP than EAL’s prior solar RFPs.
- Several of EAL’s customer constituencies have expressed a desire to see EAL add incremental renewable resources to its portfolio. Many of EAL’s industrial customers have corporate sustainability goals that can be advanced by EAL adding utility-scale solar generation.
- EAL currently has two existing solar tariffs with a third under development and has a focus on bringing new renewable resources to Arkansas’ customers through potential future offerings.



2021 EAL Renewable RFP

- Notice of Request for Proposals
- Notice of Schedule Update
- RFP and Schedule Update
- Notice of Release of RFP Documents and Bidder Registration
- 2021 RFP
- Bidders Conference Schedule and Registration

2019 EAL Solar RFP

- Notice of Request for Proposals
- Bidder Registration Form and Agreement

Archived Documents

- 2011 EAI RFP
- 2014 EAI RFP
- 2016 EAI RFP

About Entergy Arkansas

- › Entergy Arkansas, LLC Integrated Resource Planning
- › President's Biography
- › Request for Energy and Capacity Proposals

The 2018 IRP Report and preliminary 2021 IRP materials can be found at:
http://www.entergy-arkansas.com/integrated_resource_planning/

! Nameplate capacity



ENTERGY ARKANSAS UTILITY-SCALE SOLAR DEVELOPMENT

EAL continues to develop a portfolio of renewable resources that complement existing generation and capabilities while maintaining low customer rates and providing benefits to its key stakeholders



Stuttgart Solar

Arkansas
County, AR

81 MW

PPA
Fixed-Tilt
2014 RFP



Chicot Solar

Chicot County,
AR

100 MW

PPA
Tracking
2016 RFP



Searcy Solar

White County,
AR

100+10 MW

B-O-T
100 MW Solar
Tracking
10 MW Storage



Walnut Bend Solar

Lee County, AR

100 MW

B-O-T
Tracking
2019 RFP



West Memphis Solar¹

Crittenden
County, AR

180 MW

B-O-T
Tracking
2019 RFP

RFP Threshold Requirements

The RFP is seeking existing or developmental resources for up to 500 MW of capacity from solar PV or wind technologies

Scope Item	Threshold Requirement Description
Transaction Types	<ul style="list-style-type: none"> • <i>BOT transaction:</i> Acquisition of the proposed new-build facility and related assets, with Seller assuming construction and financing risk • <i>PPA transaction:</i> Purchase of all Contract Energy, Contract Capacity, Capacity-Related Benefits, Other Electric Products, and Environmental Attributes from the proposed existing or new-build facility • <i>Self-Build Option:</i> EAL may submit one or more self-build proposals for new-build solar PV resource(s)
Interconnection Status/ Resource Location	<ul style="list-style-type: none"> • <i>BOT transaction/Solar PPA transaction:</i> The proposed facility must be located in Arkansas and interconnected directly to the MISO transmission system in LRZ 8 of MISO South and have an executed GIA with MISO or be included in the 2019 or 2020 MISO DPP Queue • <i>Wind PPA transaction:</i> The proposed facility is required to be located in MISO or SPP and to have an executed GIA with MISO or SPP or be included in the 2019 and 2020 MISO DPP Queue or the 2019 or 2020 SPP DISIS Queue
Capacity	<ul style="list-style-type: none"> • <i>Minimum Guaranteed Capacity (any proposal):</i> 50 MW • <i>BOT transaction:</i> Any proposal must be for the sale of the entire facility • <i>PPA transaction:</i> Any proposal must be for the sale of all products (capacity, energy, etc.) from the entire facility
Guaranteed Substantial Completion/ Delivery Term Commencement Date	<ul style="list-style-type: none"> • <i>BOT transactions:</i> The Guaranteed Substantial Completion Date is required to be no later than May 31, 2025 • <i>PPA transactions:</i> <ul style="list-style-type: none"> ▪ For developmental resources, the Guaranteed Delivery Term Commencement Date may be no later than June 1, 2025 ▪ For existing resources, the Guaranteed Delivery Term Commencement Date may be either June 1, 2024, or June 1, 2025; proposals from existing resources will be non-conforming and not considered for evaluation should an alternative Guaranteed Delivery Term Commencement Date be submitted <p>Each of the above Guaranteed Substantial Completion and Delivery Term Commencement Dates (whether for a BOT or a PPA, developmental or existing), will allow for possible extensions for certain delays, including force majeure (subject to an extension cap)</p>
PPA Delivery Term	<ul style="list-style-type: none"> • A minimum of ten (10) consecutive years and a maximum of twenty (20) consecutive years, with an interest in fifteen (15)-year or shorter terms • All PPAs proposals, regardless of technology or location, are required to financially settle at the EAL Load Node in LRZ 8 of MISO

RFP Schedule & Evaluation Process

Sam DeBose

2021 EAL Renewables RFP Timing Overview

RFP Milestone	Date
RFP Documents Posted	August 3, 2021
Bidders Conference	August 18, 2021
Bidder Registration Period	August 23-27, 2021*
Proposal Submission Fee Payment Deadline	September 13, 2021*
Self-Build Proposal Submission Period	September 14-20, 2021*
Proposal Submission Deadline (for all other proposals)	September 21-27, 2021*
Primary/Secondary Selections Announced	January 2022*
Due Diligence and Negotiations Begin	January 2022*
Definitive Agreements Executed	August 2022*
Regulatory Approval Process Complete	November 2023*

**Dates shown are subject to change*

Bidder Registration & Proposal Submission

- ❖ **Bidder registration and proposal submission will utilize forms and templates posted to the 2021 EAL Renewables RFP Website**
 - Bidder Registration Form should be submitted to ealrfp@entergy.com to gain access to Power Advocate
 - **PowerAdvocate**
 - All proposal-related document submissions must be made via PowerAdvocate. The Proposal Package includes, but is not limited to:
 - Completed Proposal Submission Template
 - Executed Proposal Submission Agreement
 - Viability Self-Assessment
 - Completed Due Diligence Questionnaire “Appendix D” and related attachments
 - Proposal Submission Agreement
 - Redline of applicable Model Agreement (Solar BOT and Solar Scope Book, Solar or Wind PPA, and Solar O&M Agreement, if applicable, and Wind Scope Book)
 - Issues List for the Term Sheet for Wind BOT
 - A completed, executed Form of Credit Certification
 - A completed, executed Form of Accounting Certification (PPAs Only)
- ❖ **Proposals not delivered through PowerAdvocate will not be accepted**
- ❖ **Email will be sent to bidder confirming receipt of documents**

Bidder Registration & Proposal Submission

❖ Proposal Submission Fees

- \$10,000 for each registered proposal (Solar PV or Wind)
 - Any alternative COD, price, location, or other significant feature (excluding battery and O&M options) of a proposal will trigger an additional bid fee of \$10,000
 - Bidders offering a proposal that includes a battery or O&M proposal(s) will be required to pay an incremental charge of \$1,000 for each battery or O&M proposal
- Bidder will be invoiced proposal submission fee(s) within three business days after the end of the Bidder Registration Period
- EAL must receive payment of the proposal submission fee for each registered proposal no later than 5:00 p.m. CPT on September 13, 2021 (current schedule)
- If Bidder misses the payment deadline for a proposal, the proposal may be subject to elimination

RFP Evaluation Process

- ❖ **The evaluation process is designed to be fair, impartial, and consistently applied**
 - Prior to submitting proposals, Bidders will receive sufficient information to understand the evaluation factors and general decision criteria
 - Detailed inputs and evaluation scenarios will be considered confidential and highly proprietary and will not be shared with potential bidders or the self-build team
 - To the extent practical, evaluation models and assumptions will be defined before proposals are received

- ❖ **Proposals will be reviewed and assessed for the following:**
 - Credit and Collateral Requirements
 - Economics (Net Supply Cost)
 - Interconnection/Deliverability/Transmission
 - Project Viability and Commercial Risk Profile
 - Accounting Treatment

- ❖ **Assessments will occur in the following stages:**
 - Credit Evaluation
 - Following Bidder Registration and prior to Proposal Submission, an evaluation will be performed to provide feedback to the Bidder on if a proposed Seller Parent could qualify for an offset. More information in CET Section
 - Phase I
 - Initial Threshold Determination
 - Preliminary Shortlist (if applicable)
 - Phase II
 - Detailed Qualitative & Quantitative Assessments

Redaction & Initial Threshold Determination

Redaction

❖ The purpose of the redaction process is to ensure that:

- Evaluation teams receive information relevant to their respective areas
- Bidder name and identifying criteria are redacted from the information provided to the Economic Evaluation Team
- Bid price is removed from the information provided to the Viability Assessment Team and the Transmission Evaluation Team (other than specified price approved by the RFP Administration Team that is needed)

❖ Redactions will be performed by the RFP Administration Team for all technology types that have a self-build proposal.

Initial Threshold Determinations

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

❖ The purpose of these determinations is to identify proposals that meet certain minimum threshold requirements for participation in the RFP

❖ Proposals not meeting threshold requirements will be subject to elimination

❖ Threshold requirements include, but are not limited to, those concerning:

- Eligible Participants
- Eligible Technology
- Eligible Transactions
- Eligible Resources
- Resource Location
- Minimum Capacity Proposal Requirements
- PPA Delivery Terms (Min 10 Years, Max 20 Years)

RFP Evaluation Process

Administrative Team

- The RFP Administrative Team will have access to all proposal information submitted into the RFP for evaluation
 - This team is responsible for opening and redacting all proposals
- All clarifying questions from any evaluation team to Bidders will be in writing and directed to the Bid Event Coordinator
 - The Bid Event Coordinator will route the question to the appropriate party and provide a response back to the appropriate evaluation team

Economic Evaluation

Pati Carroll

RFP Evaluation Process

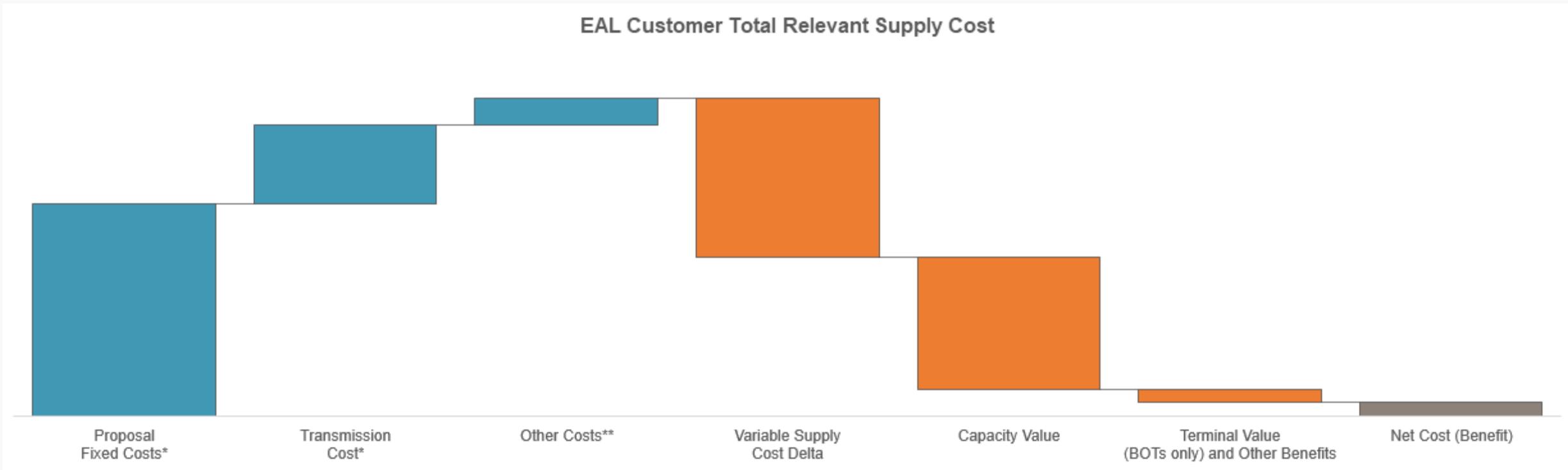
Economic Evaluation Team (EET) Methodology

- The EET will conduct an economic evaluation of proposals submitted in the RFP from the perspective of EAL's aggregate customer base
- The evaluation will:
 - Identify proposals that meet the RFP requirements and rank them based on relative economics
 - Utilize tools and methods commonly used by EAL for long-term planning and resource evaluations, including, but not limited to:
 - Variable supply cost analysis within the context of the MISO markets based on simulations using the Aurora production cost modeling software
 - Pricing based on proposal submissions and responses to clarifying questions issued to bidders
 - Estimated property tax expense, considering obtained or identified property tax abatements or similar tax benefits, if applicable
 - Transmission cost estimates, if applicable, from the Transmission Evaluation Team for expected required upgrades to ensure NERC TPL-001-4 compliance for each proposal and full deliverability.
 - Capacity value
 - Alternative structures, such as tax equity partnership
 - Terminal value, if applicable
 - Lease accounting treatment, if applicable
 - Imputed debt, if applicable
 - Any other applicable economic benefits, taxes, or costs
 - Include qualitative risk considerations and sensitivity analysis (e.g., scenarios around natural gas and carbon prices) if needed

RFP Evaluation Process

Economic Evaluation Team (EET) Methodology

- A net cost/benefit calculation will be performed for each proposal
- Net cost/benefit will be presented in \$M, levelized-real \$/kW-year, and levelized-real \$/MWh to account for differences in proposal size and expected energy production



Notes:

* *Proposal Fixed Costs, Transmission Costs, and Other Costs* will be included as part of the all-in energy pricing provided for PPA proposals.

** *Other Costs* will include imputed debt for PPA proposals.

Transmission Evaluation Clayton Hudspeth

RFP Evaluation Process

Transmission Evaluation Team (TET)

- **The objective of the TET evaluations are to:**
 - Ensure adherence with Entergy's Transmission Planning Criteria and the NERC TPL reliability requirements
- **Considerations may also include, but are not limited to:**
 - Transmission Interconnection:
 - Verification that the resource has full deliverability as defined by the RFP scope
 - Study inclusion of any bidder-submitted transmission upgrades
 - Network Deliverability:
 - Verification that the resource will be eligible for designation as a network resource for EAL and that the bidder has included associated costs in the proposal pricing

RFP Evaluation Process

Transmission Evaluation Team (TET)

- **Bidders will bear the responsibility for all transmission upgrades and costs to secure full deliverability for the proposal resource:**
 - Bidders must provide a description of the transmission upgrades and estimated costs included in their proposal to obtain full deliverability to EAL's load which may include ERIS and NRIS or NITS required upgrades.
 - Transmission upgrade costs identified by the TET for each proposal will be considered Class 5 estimates
- **The TET will evaluate transmission upgrades and cost estimates associated with each proposed resource:**
 - Energy Resource Interconnection Service (ERIS): Assess the sufficiency of the Bidder's ERIS upgrades and cost estimates.
 - Network Resource Interconnection Service (NRIS): Review the upgrades and cost estimates included in the proposal to obtain NRIS.
 - Network Integration Transmission Service (NITS): Review the upgrades and cost estimates included in the proposal to obtain NITS.
 - Adherence to Entergy Local Planning Guidelines and Criteria and NERC TPL-001-4
 - Fault Induced Delayed Voltage Recovery (FIDVR): Determine incremental upgrades to meet FIDVR standard.
 - Evaluation of bidder's long-term proposal for meeting transmission system reliability requirements
- **The TET will incorporate the following analysis to evaluate each proposal to ensure each proposal satisfies requirements stated above**
 - Steady state power flow contingency analysis
 - Transient Stability analysis
 - Short Circuit analysis
 - Deliverability analysis
 - Fault Induced Delayed Voltage Recovery analysis

Viability Assessment

Jaime Williamson

RFP Evaluation Process

Viability Assessment - The VAT's key objectives are to perform a review of the non-price attributes of the proposals

- The Viability Assessment Team (VAT) assess the qualitative attributes to determine the risk profile and viability of each resource and corresponding proposal
- The review will be based on a two-phased analysis with the information provided in the proposal submission packages, including the Due Diligence Questionnaire, Viability Self-Assessment, and any additional proposal information or clarifying question responses (if applicable)
- The VAT may include subject matter experts from the following focus areas:
 - Transmission
 - Environmental
 - Insurance and Risk Engineering
 - Investment Tax Credits (ITC) – Solar and BESS
 - Production Tax Credits (PTC) – Wind Only
 - Operations and Maintenance (O&M)
 - Plant & Equipment
 - Real Estate
 - Other disciplines, as appropriate

RFP Evaluation Process

Viability Assessment Phase I – The VAT will assess to determine each proposal is conforming per the terms of the RFP

- The VAT will evaluate each proposal and provide the compliance results to EAL based on the following:
 - A minimum requirements review of each proposal that all requested information has been provided as listed in Section 4.5 of the Main Body, including a redline of the applicable Model Agreement, a complete Issues List of the Term Sheet for Wind BOT, a redline of the applicable Scope Book (BOTs only), and a redline of the Solar O&M Agreement (if applicable)
 - a Proposal Submission Agreement signed by an officer or other representative of Bidder who is authorized to sign the agreement;
 - a completed Proposal Submission Template;
 - a completed Viability Self-Assessment;
 - a completed Due Diligence Questionnaire and related attachments, including, without limitation:
 - the requested generation profile for two years (Excel Sheet);
 - documents requested by the questionnaire;
 - the required demonstration that Bidder or Seller has the requisite control over the project site
 - a project summary
 - a completed, executed Form of Credit Certification; and
 - a completed, executed Form or Accounting Certification (PPAs only)
 - An equivalent standard validation will be performed on all proposals to identify any fatal flaws and confirm the proposals submitted conform to RFP requirements, including all Threshold Requirements outlined in Section 1.6 of the Main Body, Credit Support Requirements outlined in Appendix E, and any additional requirements noted in the Viability Self-Assessment or RFP. Redlines of required commercial terms in any Model Agreement or contained in the Issues List will result in a proposal being non-conforming

RFP Evaluation Process

Viability Assessment Phase I – A proposal must be bid to the requirements of the RFP to be evaluated

- The following are some of the threshold requirements to be a conforming proposal that the VAT would like to highlight:
 - Resource meets the appropriate design and operating specifications, as outlined in the Scope Book (BOTs) and Attachment B-1 (PPAs)
 - Resource is required to have or be seeking the required interconnection service in MISO (Solar or Wind) or SPP (Wind PPAs Only) to obtain full deliverability, which is intended to mean the resource has the correct ERIS, NRIS, External NRIS, or NITS to receive full capacity credit
 - Proposal is required to have priced in the cost of full liquid credit for the credit support amounts at each milestone, unless the Bidder received confirmation (prior to Proposal Submission from Credit Evaluation Team) a Seller Parent Guarantee would be accepted for a portion of the credit support amounts at each milestone and only needs to price in the cost of a lesser amount of liquid credit support at each of the milestones
 - BOTs Only:
 - Confirmation the proposal is for the acquisition of the entire proposed new-build Facility located in Arkansas and has a dedicated transmission interconnection point (that is exclusive to the Facility and is not/ will not be a part of a shared facility-type structure or arrangement) to the MISO transmission system in LRZ 8
 - PPAs Only:
 - Confirmation the proposal, whether existing or developmental, are bid for the sale of all products from the entire facility with delivery to EAL load, regardless of technology or location, including wind resources located outside LRZ 8 of MISO South, and will financially settle at EAI.EAILD
 - Confirmation the Guaranteed Delivery Term Commencement Date, regardless of technology, will be June 1, 2024, or June 1, 2025, for existing resources, and no later than June 1, 2025, for developmental resources
 - Confirmation the proposal, regardless of technology, has priced in the cost of all transmission interconnection and network upgrades to obtain full deliverability

RFP Evaluation Process

Viability Assessment Phase II – The VAT will provide a viability rating and qualitative assessment of each proposal to EAL

- The VAT Assessment Phase II will include a detailed review of each remaining proposal to assess the individual projects on the risks associated with key aspects in a pre-defined scorecard, which will ultimately lead to a total viability rating for each proposal (High-Risk, Medium-Risk, Low-Risk)
- The Phase II review of all conforming proposals to determine the viability and risk profile associated with key aspects of a proposal, including, but not limited to, the following:
 - Redlines to the applicable Model Agreement or exceptions taken in the Issues List for Wind BOT Term Sheet
 - Proposed technological specifications compared to the parameters of the draft Scope Book
 - Bidder experience based on experience with renewable energy
 - Site environmental conditions identified in any Phase I assessments
 - Site control review of any purchase options/lease agreements for real estate terms and requirements
 - Assessment of special considerations and redline agreements, including commercial considerations and terms
 - Project Status
 - Construction Timeline
 - DPP Cycle Schedule
 - Transmission Interconnection/Network Upgrade Timeline
 - Renewable Tax Credits In-Service Date - ITC/PTC Risk (BOT Only)
 - Wind Only – Timeline to receive environmental permitting for endangered species
 - Options
 - BESS and/or O&M proposals submitted into the RFP will be assessed as possible add-ons and will be conditioned on acceptance of the proposal for the underlying solar or wind transaction.

Commercial Terms

Jaime Williamson

Commercial Terms Overview – BOT

Purchase Price and Payment Milestones

- Bidders are required to provide an all-in purchase price to design, develop, and construct the solar or wind facility according to requirements of the negotiated BOT Agreement and Scope Book.
 - The purchase price will be increased by the aggregate amount of the out-of-pocket Reimbursable Transmission Upgrade Costs, if any. Reimbursable Transmission Upgrade Costs will mean the costs of NRIS, Stand-Alone Network Upgrades, and any upgrades to Transmission Owner's Interconnection Facilities, if the Seller elected for EAL Transmission to perform the work.
 - To ensure clarity, no cost may be a Reimbursable Transmission Upgrade Cost if the Electrical Interconnection Point is not on the EAL Transmission System.
 - BESS or O&M options are required to be priced separately
- Solar - Purchase price will be paid at three milestones - the closing, substantial completion payment date, and final completion. EAL will purchase the asset at the closing (after mechanical completion and prior to facility energization), at which point title and risk of loss transfer to EAL; project care, custody, and control will remain with Seller through the substantial completion payment date.
- Wind - Purchase price will be paid at the closing and final completion. EAL will purchase the asset at the closing (after substantial completion), at which point title, risk of loss, project care, custody, and control transfer to EAL

In-Service and ITC/PTC Requirements

- The guaranteed substantial completion date (GSCD) is required to be no later than May 31, 2025
 - Performance testing requirements are to occur after the closing for solar and prior to the closing for wind, except the post-close power curve testing for the wind turbines
- Bidder generally will bear risk of loss related to ITC/PTC benefits due to schedule delays
- Modified contract terms will apply to projects that start construction for ITC/PTC purposes in 2019 and 2020 (e.g., earlier GSCD, lost ITC/PTCLDs, potential incremental credit support)

Commercial Terms Overview – PPA

Pricing Requirements

- Bidders are required to provide an all-in energy-only price that is expected to cover:
 - the cost of posting the liquid credit support amounts, subject to offset, at each milestone,
 - the costs of all transmission and network upgrades for the resource to obtain full deliverability, and
 - any costs that are the responsibility of the Seller, including congestion costs, imbalance charges, transaction fees, scheduling charges, revenue sufficiency charges, integration fees, etc.
- BESS options should be priced separately

Deliverability and Reliability Requirements

- EAL will pay for delivered energy only up to 115% of Annual Expected Energy Quantity (AEEQ) based on fixed or variable pricing. All excess energy delivered in excess of 115% will be discounted to 50% of the standard price
- Annual Guaranteed Energy Quantities (AGEQ) – Liquidated Damages will be assessed for delivery below AGEQ
- Attachment B-1 to the Model PPA lists reliability requirements for PPA, subject to applicability
 - For both solar and wind, the PPA will include design and equipment sourcing requirements intended to help protect the facilities and customers from risk associated with wind, hail, flood, fire, and freezing conditions
 - PPA bidders are encouraged to review the list and related contract terms

Capacity Related Benefit

- For wind resources located outside LRZ 8 of MISO South, Seller will be required to pay EAL the absolute value of the difference between the Auction Clearing Price of the resource and the Auction Clearing Price of the Buyer LRZ if the Auction Clearing Price of the resource's LRZ is greater than LRZ 8

Accounting Evaluation

David Batten

RFP Evaluation Process

Accounting Evaluation Team

- Review each proposal to determine the accounting treatment and impact. The accounting review specifically addresses, but is not limited to, the following areas:
 - Lease accounting guidance
 - Variable Interest Entity (VIE) guidance
 - Derivative guidance
- As specified in the RFP, EAL will not accept the risk that any long-term liability will or may be recognized on its books (or any of its affiliates) in connection with any PPA entered into pursuant to the RFP, whether the long-term liability is due to lease accounting, the accounting for a VIE or derivatives, or any other applicable accounting standard or requirement

Credit Evaluation

Eric Agana

Credit Evaluation

The Credit Evaluation Team (CET) will evaluate Bidder and Seller Parent prior to Proposal Submission

❖ Information required at Bidder Registration for CET's evaluation of Bidder and proposed Seller Parent:

- Bidder may elect to nominate a single parent guarantor for consideration for liquid credit support offset
- Public credit ratings, if available, for Bidder and, if applicable, the proposed parent guarantor
- Audited financial statements for Bidder and, if applicable, the proposed parent guarantor

❖ The RFP's credit terms include:

- Required liquid credit support amounts, available parent guaranty-based offsets to liquid credit postings, and credit events (which can eliminate credit offsets) are set out in the credit appendix to the RFP (Appendix E)
- Forms of acceptable incremental credit support are letters of credit from qualified banks and cash holdbacks
- Bidder must submit with its proposal(s) a credit compliance certification acknowledging its familiarity with the terms of the credit appendix and certifying that the proposal(s) (including proposal pricing) reflect and comply with credit appendix requirements

❖ The CET will assign a credit rating to the Bidder or parent guarantor based on:

- S&P and Moody's ratings
- 10K/10Q/8K evaluation
- If SEC reports unavailable, two years of audited financial statements provided by Bidder
 - Financial statements include balance sheet, income statement, cash flow statement, notes to the financials, and the auditor's opinion
 - If financial information is consolidated with other entities, all data related solely to the offering entity will be extracted and submitted as separate documents by Bidder
 - Credit-related diligence materials provided by Bidder

Credit Evaluation

The credit terms and credit support amounts are outlined in detail in Appendix E

- ❖ **Bidders will receive feedback prior to Proposal Submission on acceptance of Seller Parent for an offset for up to 50% against the liquid credit support amounts required at each milestone**
- ❖ **Bidders are required to price in the cost of the full liquid credit support amounts at each milestone as outlined in Appendix E, subject to an offset confirmed by the CET**
- ❖ **Special exceptions to credit support amounts or credit terms is not permitted and will result in proposal being considered non-conforming for evaluation**
- ❖ **Following Proposal Submission, the CET will assess an alternative parent guarantor for a potential offset to the liquid credit support requirements; however, the proposal submitted is required to have priced in the cost of the full liquid credit support amounts outlined in Appendix E**

Process Safeguards

Samuel DeBose

Process Safeguards

Code of Conduct, Protocols, Design, Stakeholder Participation

Code of Conduct

- All employees of ESL, any Entergy Operating Company, or any Entergy Competitive Affiliate must adhere to the applicable Affiliate Rules and Codes of Conduct
- Links will be provided on the 2021 EAL Renewables RFP website

Additional Protocols

- Each 2021 EAL RFP Proposal Evaluation Team is made up of designated personnel
 - Team composition is overseen by the IM
- ESL personnel involved with the 2021 EAL RFP evaluation process will adhere to the provisions of a confidentiality acknowledgment that governs access to and use of information contained in proposals and proposal related documents
- Additional protocols will be specified in the 2021 EAL RFP

RFP Process Design and Implementation

- RFP process has been designed to assure fair and impartial treatment of all Bidders
- Self-build proposal will be finalized and “locked down” with oversight from the IM prior to the receipt of third-party bids

Stakeholder Participation

- The RFP is posted on EAL’s public 2021 EAL RFP website and is publicized to encourage robust market participation
- Bidders Conference
- Potential Bidders will be provided opportunities to ask questions about the RFP and seek clarification on the RFP process

2021 EAL Renewables RFP Overview

Independent Monitor Scope of Work

An Independent Monitor will assist in the design, implementation, and regulatory review of the solicitation, evaluation, and selection process of the RFP

The responsibilities and activities associated with the Independent Monitor's role will include oversight, review, and monitoring of the following:

- Overall design of the RFP
- Proposal solicitation process
- Proposal evaluation process
- Proposal selection process
- Regulatory review

2021 EAL Renewables Q&A

- Review of the submitted Q&A to date – will be read aloud and posted out to the EAL Renewables webpage
- Please submit all questions to the Bid Event Coordinator via email at ealrfp@entergy.com