



July 14, 2022

2022 EAL Renewables RFP

Bidders Conference



We power life.SM

Introduction

Conference Purpose

- To give participants a high-level overview of the 2022 Request for Proposals ("RFP") for Renewable Resources for Entergy Arkansas, LLC ("2022 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 2022 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



Introductions

Entergy Presenters

Kandice Fielder	EAL Resource Planning Team
Sam DeBose	RFP Administration Team
Rachelle Johnson	Viability Assessment Team
Lauren Despeaux	Economic Evaluation Team
Justin Mizner	Transmission Evaluation Team
David Batten	Accounting Evaluation Team
Laura Hamner	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.

01

RFP Overview and Scope

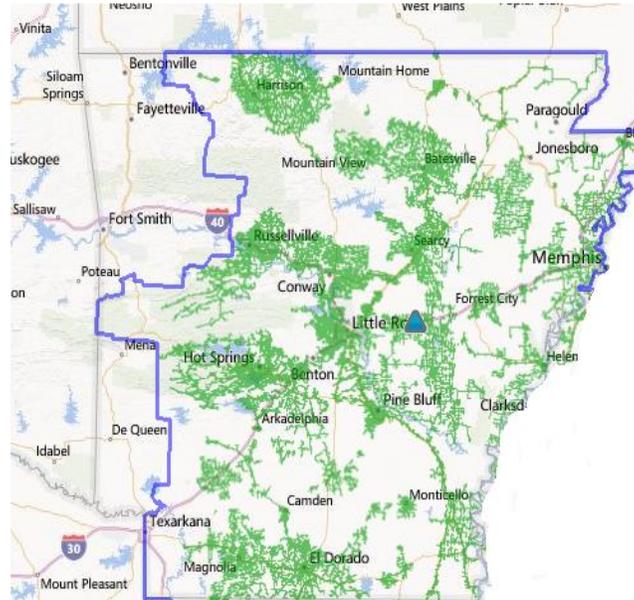
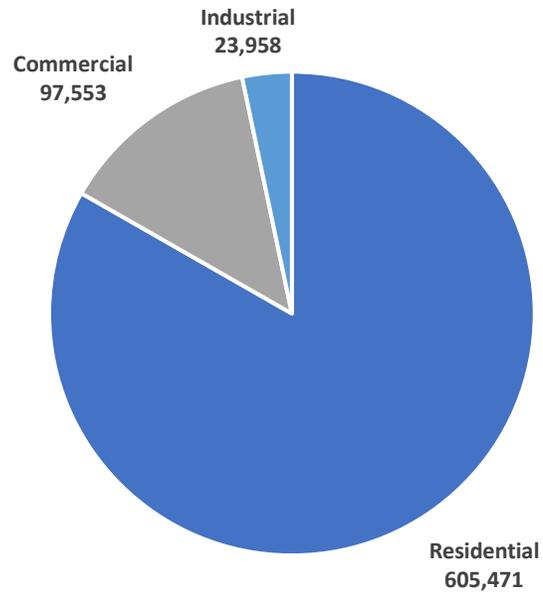
Kandice Fielder



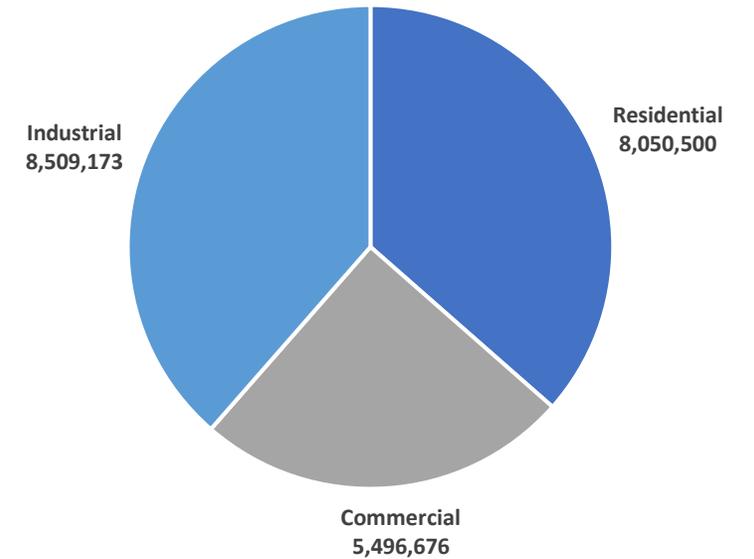
ENTERGY ARKANSAS, LLC

EAL serves approximately 728,000 retail customers in 63 counties.

EAL Customers by Retail Class



EAL WA Sales by Retail Class (MWh)



Note: 2021 data; approximately 760 Governmental customers not shown.

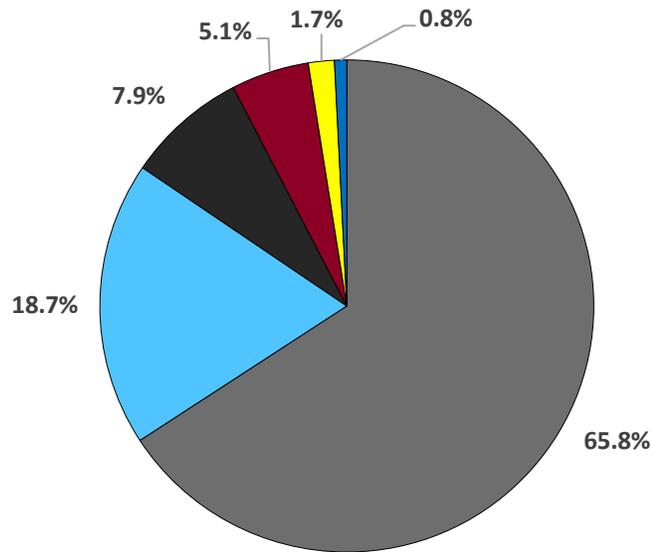
Note: 2021 data; approximately 226,000 MWh Governmental sales not shown.



ENTERGY ARKANSAS, LLC

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

2021 EAL Fuel Mix

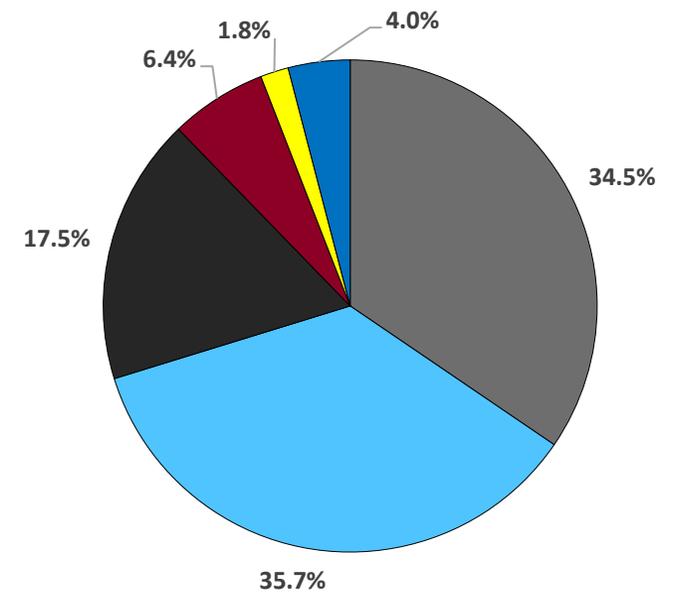


■ Nuclear ■ Natural Gas ■ Coal ■ Purchases ■ Solar ■ Hydro

- 2021 Peak Load: 4,664 MW
- 2020 WN Sales: 22,283 GWh

- Transmission Mileage: 4,959 mi
- Distribution Mileage: 38,755 mi

2021 EAL Capacity Mix



■ Nuclear ■ Natural Gas ■ Coal ■ LMR ■ Solar ■ Hydro



INTEGRATED RESOURCE PLANNING

- EAL's 2021 IRP recognized the increasing cost-effectiveness of renewable generation and announced an intent to bring more economic renewable generation on-line in Arkansas.
- 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 three existing green tariffs and has a focus on bringing new renewable resources to Arkansas' customers through potential future offerings.

The 2021 IRP Report and presentation materials can be found at:
http://www.energy-arkansas.com/integrated_resource_planning/



Request for Energy and Capacity Proposals

- 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



ENERGY 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
2017 RFP



2019 Renewable RFP

Capacity target

200 MW

B-O-T
Solar



2021 Renewable RFP

Capacity target

500 MW

B-O-T / PPA
Solar / Wind

RFP Scope Summary

The RFP is seeking existing or developmental resources for up to 1000 MW of capacity from solar PV or wind technologies

Scope Item	Description
Transaction Types	<ul style="list-style-type: none"> • BOT transaction: Asset acquisition of the proposed new-build resource and related assets, with Seller assuming construction and financing risk • PPA transaction: Purchase of all Contract Energy, Contract Capacity, Capacity-Related Benefits, Other Electric Products, and Environmental Attributes from the proposed new-build or existing resource • Self-Build Option: EAL may submit one or more self-build proposals for new-build Solar PV resources
Interconnection Status/ Resource Location	<ul style="list-style-type: none"> • Solar transactions: 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, 2020 or 2021 MISO DPP Queue • Wind transactions: The proposed facility is required to be located in SPP in the state of Arkansas, Kansas, Louisiana, Missouri, or Oklahoma or in MISO South (MISO LRZ 8, LRZ 9, or LRZ 10) and have an executed GIA with MISO or SPP or (ii) be included in the 2019, 2020, or 2021 MISO DPP Queue (or earlier DPP Queue) or the SPP DISIS 2018-001 Queue (or earlier DISIS Queue)
Capacity	<ul style="list-style-type: none"> • Minimum Guaranteed Capacity (any proposal): 50 MW_{AC} • Maximum Guaranteed Capacity (any proposal): 500 MW_{AC} • BOT transaction: Any proposal must be for the sale of the entire facility • PPA transaction: 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"> • BOT transactions: The Guaranteed Substantial Completion Date is required to be no earlier than May 31, 2025, and no later than December 31, 2026 • PPA transactions: <ul style="list-style-type: none"> ▪ For developmental resources, the applicable GCOD must be no earlier than May 31, 2025, and no later than December 31, 2026 ▪ For existing resources, the applicable guaranteed Delivery Term Commencement Date must be between May 31, 2025, and December 31, 2026 ; <p>The Guaranteed Substantial Completion Date (BOT) and Guaranteed Commercial Operation Date (PPA) will be subject to extensions for specified delays/ events, including force majeure (subject to an extension cap and limitations)</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

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RFP Schedule & Evaluation Process

Sam DeBose

2022 EAL Renewables RFP Timing Overview

RFP Milestone	Date
RFP Documents Posted	June 20, 2022
Bidder Registration Period	July 5-11, 2022
Bidders Conference	July 14, 2022
Proposal Submission Fee Payment Deadline	July 22, 2022
Self-Build Proposal Submission Period	August 2-8, 2022
Proposal Submission Deadline (for all other proposals)	August 9-15, 2022
Primary/Secondary Selections Announced	December 2022
Due Diligence and Negotiations Begin	December 2022
Definitive Agreements Executed	June 2023
Regulatory Approval Process Complete	June 2024

Proposal Submission

Proposal submission will utilize forms and templates posted to the 2022 EAL Renewables RFP Website

- Proposal Submission Forms should be submitted to Power Advocate
- **PowerAdvocate**
 - All proposal-related document submissions must be made via PowerAdvocate. The Proposal Package includes, but is not limited to:
 - Bidder Registration Agreement
 - A completed Proposal Submission Template
 - A completed Viability Self-Assessment;
 - A completed Due Diligence Questionnaire (Appendix D-1 or D-2, as applicable) and related attachments (as a point of emphasis, Bidders may not submit one set of responses and attachments covering two or more proposals), 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; and
 - a project summary;
 - A completed, executed Form of Credit Certification; and
 - All other documents and information that Bidder is required to provide under this RFP for the proposal submitted (collectively, including the executed Proposal Submission Agreement, the “**Proposal Package**”).

Proposals not delivered through PowerAdvocate will not be accepted

Email will be sent to bidder confirming receipt of documents

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 options) of a proposal will trigger an additional bid fee of \$10,000
 - Bidders offering a proposals that includes a battery will be required to pay an incremental charge of \$1,000 for each battery 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 July 22, 2022 (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
 - 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)

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

03

Economic Evaluation

Lauren Despeaux

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:

- | | |
|--|--|
| <ul style="list-style-type: none">• Variable supply cost analysis within the context of the MISO and SPP 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• Long-term avoided capacity value• Alternative structures, such as tax equity partnership• Terminal value, if applicable | <ul style="list-style-type: none">• Lease accounting treatment, 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<ul style="list-style-type: none">• ERIS (transmission owner interconnection facilities (TOIF))• NRIS (network upgrades (NU), standalone network upgrades (SANU))• Imputed debt, if applicable• Renewable Energy Credits (RECs)• Any other applicable economic benefits, taxes, or costs |
|--|--|

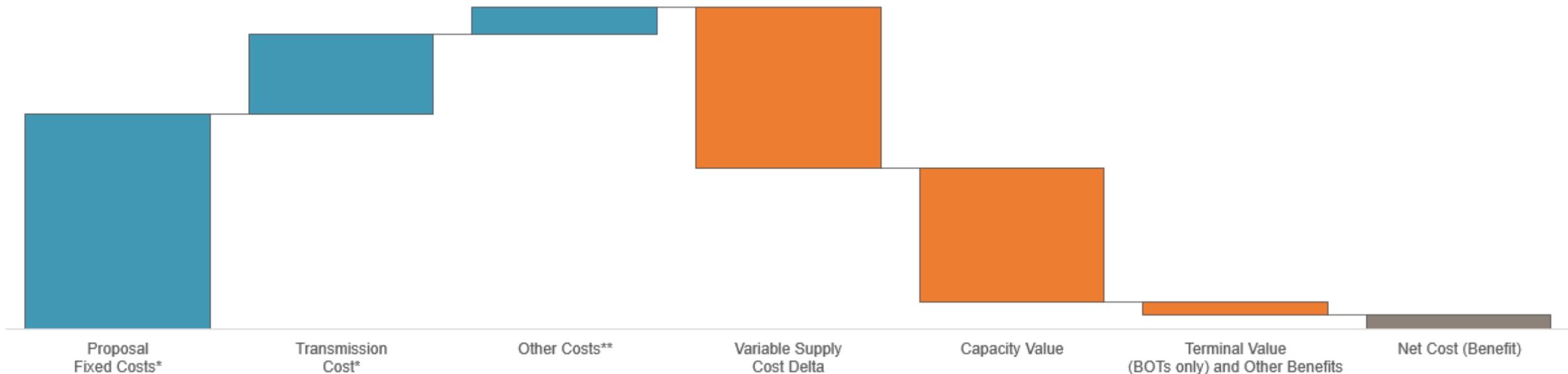
- Include qualitative risk considerations and sensitivity analysis (e.g., scenarios around natural gas and carbon prices), if needed

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

EAL Customer Total Relevant Supply Cost



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.

04

Transmission Evaluation

Justin Mizner

Transmission Evaluation Process

Transmission Evaluation Team (TET)

- **The objective of the TET evaluations are to:**
 - Ensure adherence with Entergy Local Planning Guidelines and Criteria as well as NERC TPL-001-5 standards
 - Identify any upgrades associated with maintaining adequate reliability and deliverability
 - Assess costs of all transmission facility upgrades required to incorporate each studied resource
- **Considerations may also include, but are not limited to:**
 - Transmission Interconnection:
 - Verification that the resource has the appropriate Interconnection status 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
 - Determining Incremental upgrades to simultaneously meet all RFP requirements
 - Individual resources will be studied as part of this assessment, but reliability studies may be revisited if it is determined that multiple resources should be studied together

Transmission Evaluation Process

Transmission Evaluation Team (TET)

TET Study Process

- **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 as well as NERC TPL-001-5 standards
 - 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 may incorporate the following analysis to evaluate each proposal to ensure each proposal satisfies requirements stated above**
 - Deliverability analysis
 - Transfer analysis
 - Short Circuit analysis
 - Fault Induced Delayed Voltage Recovery analysis
 - Steady state power flow contingency analysis
 - Transient Stability analysis
- **The TET will provide a Class 5 Estimate for all identified Network Upgrades associated with each proposed resource**

05

Viability Assessment

Rachelle Johnson

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:
 - Plant & Equipment
 - Environmental
 - Transmission
 - Insurance and Risk Engineering
 - Tax
 - 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

- Phase 1 will include a review of each proposal to confirm that all requested information has been provided as listed in Section 4.5 of the Main Body, including:
 - Redline of the applicable Model Agreement
 - Issues List of Term Sheet for Wind BOT
 - Redline of the applicable Scope Book (BOTs only)
 - Completed Submission Template
 - Applicable Due Diligence Questionnaire
 - Proposal Submission Agreement signed by an officer
 - Completed Viability Self-Assessment
 - Executed Form of Credit Certification
 - Executed Form or Accounting Certification (PPAs only)
- A 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.

RFP Evaluation Process

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

- **Threshold requirements to be a conforming proposal include:**
 - Resource meets the appropriate design and operating specifications, as outlined in the Scope Book (BOTs) and Attachment B-1 of the Model PPA (PPAs)
 - Resource has or is seeking the required interconnection service in MISO (Solar or Wind) or SPP (Wind Only) to obtain full deliverability (i.e., the correct ERIS, NRIS, External NRIS, NITS or point-to-point service 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
 - Confirmation the proposal is for an entire proposed Facility located in the regions defined by the RFP requirements 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)
- **PPAs Only:**
 - Confirmation the proposal is bid for the sale of all products from the entire facility with delivery to EAL load and will financially settle at EAL's load node (EAI.EAILD)

RFP Evaluation Process

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

- The VAT Assessment Phase II will include a detailed review of each remaining proposal to assess the risk of key aspects of individual projects in a pre-defined scorecard, leading to a viability rating for each proposal
- **The Phase II review of includes, but not limited to, the following:**
 - Redlines and exceptions to model agreements and term sheet
 - Proposed technological specifications compared to the parameters of the draft Scope Book
 - Bidder experience in the development and operation of applicable technology
 - Site environmental conditions identified in any Phase I assessments
 - Site control review of any purchase options/lease agreements associated with the project
 - Project Status and schedule
 - Construction Timeline
 - Transmission Interconnection/Network Upgrade Timeline
 - Renewable Tax Credits In-Service Date - ITC/PTC Risk
 - Timeline to receive environmental permitting for endangered species (Wind)
- Options
 - BESS 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

06

Commercial Terms

Rachelle Johnson

Commercial Terms Overview – BOT

Purchase Price

- 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.
- BESS options are required to be priced separately.

Reimbursable Transmission Cost

- Reimbursable Transmission Upgrade Costs will mean the costs of Network Upgrades (excluding Stand Alone Network Upgrades if Seller has elected to self-perform the work) and Transmission Owner Interconnection Facilities.
- No cost may be a Reimbursable Transmission Upgrade Cost if the Electrical Interconnection Point is not on the EAL Transmission System.

Closing and Milestone Payments

- 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.

ITC/PTC Requirements

- At closing, Seller will transfer to Buyer all tax benefits (e.g. ITCs, PTCs)
- Bidder will be required to provide a guaranteed ITC or PTC percentage for the Facility
- With limited exceptions, Bidder will bear risk of loss related to ITC/PTC benefits due to schedule delays

Commercial Terms Overview – PPA

Purchase Price

- Bidders are required to provide an all-in energy-only price that is expected to cover:
 - the cost of required liquid credit
 - the costs of all transmission and network upgrades, allocated to Seller, 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 are required to be priced separately.

Deliverability Energy and Reliability Requirements

- Energy will settle at the EAL Load Node, and Seller will be responsible for any basis differential between the product price at the Injection Point and the product price at the EAL Load Node
- 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

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 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

Interconnection, Deliverability, and Transmission

EAL will seek to qualify any resource selected from this RFP as a Network Resource within MISO

MISO South

- Acquire ERIS and NRIS for at least the guaranteed capacity of the facility

PPAs

- Seller will be responsible for all required costs associated with interconnection, deliverability, and transmission
- Financial settlement of capacity, energy, and other electric products will reflect any basis differential between the facility and EAL's Load Node

BOTs

- Seller will be responsible for all required costs associated with interconnection, deliverability, and transmission, unless
 - To the extent projects are interconnected to EAL's transmission system, the costs of Network Upgrades (excluding Stand Alone Network Upgrades if Seller has elected to self-perform the work) and Transmission Owner Interconnection Facilities will be reimbursable at closing.

SPP

- Acquire ERIS and firm Point-to-Point transmission service (or External NRIS in MISO) for at least the guaranteed capacity of the facility

PPAs

- Seller will be responsible for all required costs associated with interconnection, deliverability, and transmission (including NITS, if applicable)
- Financial settlement of capacity, energy, and other electric products will reflect any basis differential between the facility and EAL's Load Node

BOTs

- Seller will be responsible for all required costs associated with interconnection, deliverability, and transmission (except for NITS)

07

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

08

Credit Evaluation

Laura Hamner

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

09

Process Safeguards

Sam 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 2022 EAL Renewables RFP website

- **Additional Protocols**

- Each 2022 EAL RFP Proposal Evaluation Team is made up of designated personnel
- Team composition is overseen by the IM
- ESL personnel involved with the 2022 EAL RFP evaluation process will adhere to the provisions of a confidentiality acknowledgement that governs access to and use of information contained in proposals and proposal related documents
- Additional protocols will be specified in the 2022 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 2022 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

2022 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

2022 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 eafrfp@entergy.com