

Appendix C-2

Preliminary Due Diligence List   
(Existing Resources)

For

2016 Request For Proposals

For

Long-Term Renewable

Generation Resources

For

Entergy Arkansas, Inc.

Entergy Arkansas, Inc.

May 26, 2016

**APPENDIX C-2**

**Preliminary Due Diligence List (Existing Resources)**

Bidders that intend to submit a proposal in the RFP based upon an Existing Resource must provide a comprehensive response to each question set forth in this Appendix C-2. Bidders should respond to any question that does not apply to the proposed existing resource with an “N/A” or “not applicable.” **Bidders must respond to each question by 5:00 pm CPT on the Proposal Submission Deadline.** Bidders are required to submit their response to the questions below in writing in such a way that clearly identifies the question to which each response pertains, and then provide the response via electronic mail or express delivery to the RFP Administrator.

Failure to submit a response to a question as required will increase the likelihood of a Bidder’s proposal being rejected as non-conforming and rejected from further consideration. 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 resource, but instead is a list of items that RFP Evaluation Teams will use to assess the viability of individual resources. Any item requested in this Appendix C-2 that is not available, not presently known, or not otherwise provided by Bidder may count against its final viability score, but will not necessarily, in and of itself, cause its proposal to be declared non-conforming.

1. **Resource Overview and Market Experience**
   1. Provide a thorough summary description of the resource, including, but not limited to, the location, site description, nameplate capacity, and the capacity of the resource, technology/generating equipment, and water source(s), if applicable. Anything provided in the summary should not otherwise limit Bidder’s response to any of the requirements below.
   2. In detail, describe Bidder’s experience within MISO or other RTO markets.
   3. Describe Bidder’s experience with the proposed technology.
   4. Provide a list and summary of all power supply contracts (including ancillary services) to which Bidder is a party.
   5. Provide a summary of the ownership or joint ownership of the resource.
2. **Environmental**
   1. Does your resource have an environmental management and compliance system in place? If so, describe the system in detail.
   2. Provide a list and summary of any potentially contaminated activities at or nearby the resource/site that may have been identified or that Bidder may be aware of.
   3. Provide a list and summary of all environmental permits/registrations associated with development, construction, ownership, use, operation of the resource or site, including any federal, state, or municipal permits issued related to the resource or site.
   4. Describe any relevant pending permit/approval-renewal proceedings, any pending requests for permit/approval modification, and any expected hurdles to re-issuance.
   5. Provide copies of any past or current environmental site assessments, including any draft and final reports of investigations or remediation studies of site or resource conditions, regarding past or current environmental conditions whether prepared on behalf of the owner or in the owner’s possession or control.
   6. Describe the resource’s environmental performance over the past five years (*i.e.*, any violations, reportable events, or known investigations or environmental claims).
   7. If applicable, provide a list of all groundwater monitoring or production wells at the site or resource and provide copies of state registrations for each well. Additionally, provide copies of geological and hydrogeological maps that provide details of the soil and groundwater underneath the resource.
   8. Describe the environmental attributes (and associated renewable portfolio standard or other renewable energy or environmental attribute required compliance program, any voluntary renewable energy or environmental attribute compliance program, and any other renewable energy or environmental attribute program or monitoring, tracking, certification, or trading system) for which the proposed resource is eligible and currently registered and qualified, including eligibility for the Midwest Renewable Energy Tracking System (M-RETS) and Green-e programs.
   9. Provide details on environmental attribute registration and tracking.
3. **Electric Interconnection**

Interconnection

* 1. Provide a description of the interconnection facilities for the resource.
  2. Provide the maximum generator/resource capability as studied in the generator interconnection agreement (PMAX Value).
  3. List all applicable interconnection agreements.
     1. Provide the current status of the interconnection agreement(s), including the status of any pending interconnection requests (including, if applicable, for ERIS and NRIS) and any interconnection-related upgrades associated with those requests.
     2. List any 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.)*

Network Service; Transmission

* 1. Provide any available information that may help ESI and the EAI Resource Planning Team evaluate the ability of the Bidder to qualify the Facility (or portion thereof) as a Long-Term Network Resource in MISO.
  2. Provide a description and details of any existing NRIS for the Facility.
  3. Provide any available details about any past system impact studies, facility, or similar studies for NRIS for the Facility for deliverability or transmission service from the resource.
  4. List any requests for any Regional Transmission Organization-sponsored deliverability study for the Facility and provide details of any such study.
  5. If the resource is directly interconnected to the MISO System, provide details regarding any pending request for NRIS for the Facility, including a complete copy of the submitted interconnection application, a copy of either the MISO letter acknowledging the application or, if available, the actual study results related to such application and the associated MISO queue number as described in the first paragraph in Section 2.4.2 of the Main Body.
  6. If the resource is directly interconnected to the MISO System, provide a description of any and all NRIS that will be needed for the resource as well as the timing requirements to secure that service.
  7. If the resource is not directly interconnected to the MISO System, provide the complete copy of the appropriate interconnection service application(s) and a copy of any acknowledgement letter (or similar document) from the applicable Balancing Authority or transmission authority as described in the second paragraph in Section 2.4.2 of the Main Body.
  8. If the resource is not directly interconnected to the MISO System, provide a description of the plan to obtain the necessary firm point-to-point transmission service from the resource to the MISO System that will be needed for the resource as well as the timing requirements to secure that service and any applications submitted for such service.

1. **Financial Information** 
   1. Describe the current ownership structure of the resource.
   2. Describe the form of collateralization that Bidder or Bidder’s Credit Support Provider intends to offer for purposes of meeting the RFP’s credit and collateral requirements.
   3. List of resource-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 resource.
   4. Provide audited financial statements for the past three years for Bidder and/or Bidder’s Credit Support Provider, including balance sheet, income statement, and statement of cash flows, along with the long-term debt structure.
   5. The proposal must include the following information for Bidder and any entity that Bidder proposes as a Credit Support Provider in respect of any Definitive Agreement:
      1. Type of Business

* Corporation
* Limited Liability Company
* Partnership
* Other (describe)
  + 1. Organization
* Legal Corporate Name
* Street Address
* City, State, Zip Code
* Dun & Bradstreet Number
* Federal Tax ID Number
* Beneficial Ownership
* List of Executives and Directors
  + 1. Credit Contact
* Name
* Title
* Phone Number
* Email Address
  + 1. For Corporations/Limited Liability Companies
* Date and State of Incorporation/Registration
* Street Address
* City, State, Zip Code
  + 1. For General Partnerships
* Name of General Partner
* Address of General Partner/Registered Agent
* City, State, Zip Code
  + 1. Most recent credit rating (if any) as determined by Moody’s and/or S&P
    2. Most recent two (2) fiscal years and current fiscal year quarterly audited financial statements and accompanying notes. 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.)

* 1. Provide lien information that might impact the creditworthiness of Bidder and/or Bidder’s Credit Support Provider.
  2. List any material contracts/commitments not otherwise requested and any amendments thereto.
  3. List any pending claims, actions, disputes, or other proceedings currently pending or threatened against the resource, Bidder, or Credit Support Provider.
  4. List all relevant bankruptcy court orders, including the order discharging the project and debtor from the bankruptcy proceedings.
  5. List all project contracts not rejected during the bankruptcy proceedings and still in effect, if any.
  6. List all contracts rejected by the debtor/project and terminated during the bankruptcy proceedings.
  7. 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).
  8. If applicable, describe how the Federal production tax credit (PTC) established pursuant to Section 45 of the U.S. Internal Revenue Code would apply to the Facility or resource and for what duration.
  9. 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 resource with respect to Bidder’s proposal, including whether Bidder has taken the ITC.
  10. Describe any other awards, grants, special tax treatment or credits, or subsidies that are or may be available to the Facility. Describe the subsidies, identify any critical schedule deadlines, and indicate the anticipated likelihood of Bidder and/or the Facility receiving such subsidies.
  11. Explicitly identify the economic and other impacts to the resource in the event that any applicable award, grant, special tax treatment or credit, or subsidy is not received.

1. **NERC/CIP Compliance**
   1. Identify the NERC Region within which the resource is registered, the NERC registration number and when such registration occurred.
   2. Provide a copy of current NERC/CIP compliance program documents pertaining to the resource.
   3. Provide a copy of or explanation of any open mitigation plans and associated actions.
   4. Provide a copy of the last audit report (public version).
2. **Plant and Equipment**

* 1. Provide a summary of property, plant, and equipment for the Facility.
  2. Provide the site plan and general arrangement drawings for the Facility, including any relevant fuel and transportation infrastructure, inventory storage (if applicable) and one-line diagrams.
  3. Provide a station description and major equipment list (*e.g.*, turbines, P&ID, single line drawings).
  4. Provide the plant design life.
  5. Operational characteristics
     1. Provide P50, P75, P90, and P99 annual generation levels for each year of the remaining life of the facility and the methodology and supporting documentation for the determination of such generation levels.
     2. Provide historic generation output data for each year of the operation of the facility.
     3. Provide a description of the various modes of operation of the resource.
     4. Provide the minimum and maximum load range in each mode of operation.
     5. Provide the maximum ramp rates over the load range for each mode of operation.
     6. Provide the MVAR capability range of the resource; include “as tested results.”
     7. Is the resource equipped with automatic generation control (AGC)?
     8. If applicable, what is the operating range of the resource under AGC?
     9. What other electric products is the resource capable of providing?
     10. For wind resources, describe any sector management requirements.
  6. Fuel and Transportation for Biomass Resources
     1. Projected fuel and transportation costs (5 years)
     2. Projected consumable, reagent, and catalyst costs
     3. List and summary of all fuel and transportation contracts, including hedges
     4. Storage quantity on site, summarize and inventory restrictions or policies
        1. Specify on-site storage capacity and historical inventory levels (including minimums, maximums and monthly averages), as well as, any permits associated with capacity limits
     5. Does the unit have dual fuel capability? If so, please describe and provide key contractual terms for such fuel arrangements.
     6. List all events which lead to fuel/feedstock supply shortages or delays in delivery for the past 5 years, which lead to derates or operational issues within the respective RTO.

1. **Operations and Maintenance**
   1. Provide the budgeted and actual O&M expenses from 2013 to current, by significant category.
   2. List the various entities that have been in charge of operation and maintenance of the resource, including any major subcontractors to date, and provide a timeline if there have been multiple entities.
   3. Identify the expected operating party of the resource (self-operated, third-party contract, etc.).
   4. Provide the qualifications of the expected operating party for the resource.
   5. If expected to be operated under contract, provide a description of the expected contract, including term, scope, pricing structure, liability provisions, etc.
   6. Describe any contract for maintenance of the resource or site not expected to be performed by the operating party.
   7. Provide the anticipated major maintenance schedule for the resource, by year, for the shorter of the life of the resource or anticipated PPA term.
   8. Provide all electric generating statistics, including, but not limited to: (COD – present)
      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 resource is located).
      2. EFOR.
      3. XEFOR.
      4. Historic outage rates (forced, maintenance, planned, etc.).
      5. Derate causes, time, and kWh.
      6. Curtailments and explanations.
   9. Provide a list and results summary of any performance tests for the Facility.
   10. List all inspection reports prepared for turbines, towers, and all electric systems.
   11. Capital Projects – describe any major capital expenditures required over the term of the proposed PPA.
       1. Provide detailed information on all major capital expenditures (over $1 million) with respect to the resource or site over the last three years.
       2. Describe capital work requests and any major maintenance expenditures planned.
       3. List all capital projects/commitments contracts, agreements, and orders.
   12. Describe the balance of plant routine, predictive, and preventive maintenance activities.
   13. Capacity-Related Benefits
       1. Identify any benefits associated with the capacity of the resource offered to Buyer, including any capacity credits or similar rights or benefits for which the resource qualifies, and the basis therefor.
       2. Describe any study or other action needed to qualify the resource for capacity-related benefits and provide the status and any results of each such study or action.
   14. Other Commitments
       1. If applicable, provide a detailed description of any and all existing or future commitments of energy, capacity, capacity-related benefits, other electric products, and environmental attributes of the resource other than those contemplated by Bidder’s proposal in the RFP.
2. **Cost Recovery**
   1. Specify with particularity the extent to which bidder proposes in a Special Consideration a different treatment or apportionment between Buyer and Seller of the Cost Recovery Risks described in Section 2.5 of the Main Body.