

March 15, 2016

2016 EAI RENEWABLES RFP
Notice of Intent to Issue a Request for Proposals

Entergy Arkansas, Inc. (“EAI”) hereby provides notice to interested parties of its intent to issue a Request for Proposals for Renewable Generation Resources (the “RFP”) later this year. The RFP would solicit capacity, energy, and related products from renewable supply-side generation resources to help EAI meet its long-term resource planning objectives. EAI may post final RFP documents as early as May 2016. The RFP documents, information on the Bidder Conference targeted for late April 2016, and answers to questions about the RFP as well as other information will be posted on the official RFP website, http://entergyarkansas.com/rfp/energy_capacity.aspx. Proposals responsive to the RFP may be due as early as August 2016. All referenced time periods and MW amounts in this notice are subject to change.

In the RFP, EAI expects to seek 100 MW of renewable resources that can provide cost-effective energy supply, fuel diversity, and other benefits to EAI’s customers. Eligible resources would include existing plants and developmental projects. Proposals would be required to offer into the RFP at least 30 MW of contract capacity from a single resource. Bidders would not be permitted to combine capacity, energy, and related products from separate renewable generation facilities (*e.g.*, system renewable generation resources) in an RFP proposal.

Renewable technologies eligible to participate in the RFP are expected to be limited to commercially-proven biomass, run-of-river hydro, solar photovoltaic (“Solar PV”), and wind technologies. Bidders in the RFP would be permitted to submit proposals for power purchase agreements (“PPAs”) for all eligible technologies, and proposals for asset acquisitions of Solar PV resources. Proposals for asset acquisitions of Solar PV Resources must be interconnected to the Entergy Arkansas transmission system.

In its economic evaluation of Solar PV asset acquisitions, accounting rules and rate making protocols will likely require EAI to normalize any benefits resulting from the Investment Tax Credit (“ITC”) over the life of the asset. For PPAs, the delivery term would be a minimum of ten (10) years and a maximum of twenty (20) years. The guaranteed start date for a PPA and the target closing date of an asset acquisition would be required to be no earlier than June 1, 2018, and no later than June 1, 2020.

PPA or acquisition transactions emerging from the RFP would be subject to EAI’s receipt of all regulatory approvals to its full satisfaction and other conditions. EAI would not accept the risk of any transfer to its books of any debt or long-term liability associated with a PPA arising out of the RFP (*via*, for example, lease, “variable interest entity,” or other accounting treatment).

EAI expects to require that a developmental resource offered into the RFP meet, at the time of proposal submission, the project development criteria for Developmental Resources established in the RFP (some of which are described in the draft Minimum Requirements for Developmental Resources posted on the EAI RFP website (“Draft Minimum Developmental

Requirements’’)). The Draft Minimum Developmental Requirements include long lead-time items and items that require the involvement of or documentation from third parties. Bidders interested in submitting a proposal based on a Developmental Resource are strongly encouraged to review the Draft Minimum Developmental Requirements and the MISO interconnection timeline (which can be found at <https://www.misoenergy.org/Planning/GeneratorInterconnection/Pages/GeneratorInterconnection.aspx>) or applicable transmission owner’s interconnection processes and requirements.

EAI plans to designate, under MISO’s Open Access Transmission Tariff, any resource contracted for or acquired out of the RFP process as a network resource for EAI’s network load. Bidders should be prepared to develop and provide detailed information about the transmission costs and risk (both inside and, if applicable, outside the MISO footprint) associated with their proposals, including the mitigation of risks associated with those resources. Under PPAs, energy and other products will be required to be physically delivered to MISO at the seller’s expense and financially settled at the MISO commercial pricing node for EAI load (EAI.EAILD). EAI anticipates that the PPA seller will be responsible for any costs associated with transmission congestion and transmission losses between the point of physical delivery and the point of financial settlement. Bidders are expected to be required to include interconnection costs and, for PPAs, deliverability and transmission costs in the pricing of their proposals.

EAI is not planning to evaluate a developmental “self-build” option in the RFP. Competitive or regulated affiliates of EAI would not be permitted to participate in the RFP.

Questions about this notice or the RFP should be directed to the administrator of the RFP at airfp@entergy.com. Questions and related answers regarding the RFP will be posted to the official RFP website. EAI has engaged Entergy Services, Inc. to serve as the RFP administrator and Ms. Elizabeth Benson of Energy Associates to serve as the Independent Monitor, or “IM,” for the RFP. Both EAI and Ms. Benson encourage open communication between the IM and market participants as needed. Ms. Benson can be reached via email at erbens@aol.com.