Appendix C-2

Preliminary Due Diligence List   
(Existing Resources)

For

***2014 Request For Proposals***

***For***

***Long-Term, Supply-Side***

***and Renewable Generation Resources***

Entergy Arkansas, Inc.

May 5, 2014

**APPENDIX C-2**

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

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

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

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

**Preliminary Due Diligence List FoR ALL resources**

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

1. **Resource Overview and Market Experience**
   1. Bidder must provide a thorough summary description of the resource, including, but not limited to, the location, site description, technology, water source(s), and fuel source(s). Anything provided in the summary should not otherwise limit Bidder’s response to any of the requirements below.
   2. In detail, please describe Bidders experience within MISO or other RTO markets.
   3. Please provide a list and summary of all power supply contracts (including ancillary services).
   4. Please provide summary of ownership or joint ownership of resource.
2. **Environmental**
   1. Provide a list and summary of any potentially contaminated activities at or nearby the facilities/sites that may have been identified or that Bidder may be aware of
   2. Provide a list and summary of all environmental permits/registrations, including any federal, state or municipal permits issued related to the facility or site
   3. Describe any pending permit-renewal proceedings, any pending requests for modification, and any expected hurdles to re-issuance
   4. Provide copies of any past or current environmental site assessments, including any draft and final reports of investigations or remediation studies of site or facility conditions, regarding past or current environmental conditions whether prepared on behalf of the owner or in the owner’s possession or control
   5. Describe the facility environmental performance over the past five years (i.e., annual wastewater violations, excess air emissions unrelated to startup and shutdown, reportable spills and releases)
   6. Has the site or facility been evaluated for a change in operations or alteration, including start-up and shut-down emissions and any expansion? If so, state whether any environmental review of the alteration has been undertaken by the owners or requested by or submitted to any government agency. Provide copies of all relevant documents, including any assessment, form, statement, or environmental report, and specify the status of such document(s) and the process
   7. Provide a list of all groundwater monitoring or production wells at the site or facility and provide copies of state registrations for each well. Additionally, provide copies of geological and hydro geological maps that provide details of the soil and groundwater underneath the plant
3. **Transmission**

Interconnection

* 1. Description of interconnection facilities
  2. Maximum generator/facility capability as studied in the LGIA (PMAX Value)
  3. Interconnection Agreements
     1. Current status of interconnection agreement including status of any required or optional system upgrades.
     2. List of mandatory thermal, stability and short circuit upgrades along with cost and time frames to implement the mitigation. *(Based upon facility study, if completed and available.)*

Transmission Service

* 1. Provide any information available that will help EAI evaluate the ability of the bidder to acquire firm transmission service from the facilities’ point of interconnection to the delivery point
  2. Provide a description and details of any existing transmission service from the facilities’ point of interconnection
  3. Provide any details that are available about any past system impact studies or facility studies for service that originated or would have originated from the facilities’ point of interconnection
  4. Provide details regarding any RTO sponsored deliverability studies from the facility
  5. Provide details regarding any pending service requests from the facility
  6. Provide a description of any and all firm transmission service that will be needed from the facility to the delivery point as well as the timing requirements to secure that service

1. **Financial Information** 
   1. Current ownership structure
   2. List of plant-specific debt instruments; credit agreements, indentures, letters of credit, reimbursement agreements, guarantees, indemnity or assumption agreements and agreements relating to contingent obligations and any amendments thereto; security or pledge agreements and any agreements or instruments evidencing a lien or encumbrance on or other right with respect to any of the assets of the plant.
   3. Financial statements for the past three years for the Bidder and/or the Bidder’s Credit Support Provider; including balance sheet, income statement and cash flow along with the long-term debt structure.
   4. Any ratings (if available) from the major ratings agencies, S&P or Moody’s.
   5. Lien information that might impact the credit worthiness of the Bidder and/or the Bidder’s credit support provider.
   6. A list and summary of any material contracts/commitments not otherwise requested and any amendments thereto.
   7. A list and summary of any pending claims, actions, disputes or other proceedings currently pending or threatened against the resource.
   8. A list and summary of all bankruptcy court orders, including the order discharging the project and debtor from the bankruptcy proceedings
   9. A list and summary of project contracts not rejected during the bankruptcy proceedings and still in effect, in any
   10. Advise as to whether any project funds are subject to a constructive trust or equitable lien in favor of third parties (per ruling of bankruptcy court)
   11. A list and summary of any pending claims, actions, disputes or other proceedings currently pending or threatened against the project
   12. A list and summary of contracts rejected by the debtor/project and terminated during the bankruptcy proceedings
2. **NERC Compliance**
   1. Information on what RTO this plant was registered with and when
   2. Copy of current NERC compliance program document, and all policies and procedures relating to NERC compliance and all data proving compliance these procedures and policies.
   3. Copy of any past audit documents, internal audits, self-certifications, reporting forms and self-reports of non-compliance including mitigation plans
3. **Plant and Equipment**

* 1. Summary of property, plant and equipment
  2. Site plan and general arrangement drawings, including fuel and transportation infrastructure, inventory storage (if applicable) and one line diagrams
  3. Station description and major equipment list (e.g. turbines, air pollution control equipment, water supply and wastewater discharge, fuel and ash handling)
  4. Plant design life
  5. Operational characteristics
     1. Provide a description of the various modes of operation of the generating unit.
     2. Provide the minimum and maximum load range in each mode of operation and the limiting factor(s) for each mode.
     3. Provide declared maximum and historical ramp rates over the load range for each mode of operation.
     4. Provide minimum run times and the basis for the established minimum run time.
     5. Provide a typical start-up MW and fuel gas usage profile versus time for each type of start-up (hot, warm and cold)
     6. Define hot, warm and cold start-up in terms of time off-line.
     7. Provide the typical shutdown time.
     8. Turbine generator ramp rate
     9. Cold start time
     10. Hot start time
     11. Minimum down time
     12. Provide the MVAR capability range of the generator. (Include ‘as tested results’)
     13. Is the unit equipped with automatic generation control (AGC)?
     14. What is the operating range of the unit under AGC?

1. **Operations and Maintenance**
   1. O&M expenses from 2009 to 2014, by significant category
   2. List the various entities that have been in charge of operation and maintenance of the plant, including any major sub-contractors to date, and provide a timeline if there have been multiple entities.
   3. 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 facility is located)
      2. Unit heat rate
      3. Average annual unit heat rate
      4. Actual heat rate curve (at unit minimum, 50%, 75%, unit maximum)
         1. Summer months
         2. Winter months
         3. All other months
      5. Guaranteed Heat Rate Curves (at unit minimum, 50%, 75%, unit maximum)
         1. Summer months
         2. Winter months
         3. All other months
      6. EFOR
      7. Historic outage rates (forced, maintenance, planned, etc.)
      8. Planned outage schedule
      9. History of planned outages major units
      10. Historic service hours
      11. Accredited unit capacity
      12. Derate causes, time, and kWh
      13. Turbine overhaul cycle (year) & outage time (weeks)
   4. Number of boiler and turbine cold and hot starts since COD, and a summary of LTSA limitations per year
   5. Site black start capability
   6. Spinning and operating reserve capabilities and historic performance
   7. List and summary of all existing operation/maintenance contracts (e.g. operating agreements, LTSA, water contract/rights)
   8. A list and results summary of any boiler, turbine, or unit performance tests
   9. A list of all inspection reports (boilers, turbines, generators)
   10. Capital Projects
       1. Provide detailed information on all major capital expenditures (over $1 million) made on the generating resource over the last three years
       2. Capital work requests and major maintenance expenditures planned
       3. List of all capital projects/commitments contracts, agreements and orders
   11. List of site spares inventory (major components and value)
2. **Cost Recovery**
   1. If proposing a PPA or Toll, specify with particularity the extent to which bidder is willing to absorb or share in cost recovery risks in the Definitive Agreement and the extent to which the absorption or sharing of cost recovery risk is included in its pricing.

**Additional Preliminary Due Diligence request for Solid Fuel and Biomass resources**

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

1. **Fuel**
   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
   5. Does the unit have dual fuel capability? If so, please describe and provide key contractual terms for such fuel arrangements

**Additional Preliminary Due Diligence List for Natural gas Resources**

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

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

**Preliminary Due Diligence List Wind, solar and run-of-river hydro resources**

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

1. **Plant and Equipment** 
   1. Site plan and general arrangement drawings, including transportation infrastructure, inventory storage and one line diagrams
   2. Station description and major equipment list (e.g. turbines, P&ID, single line drawings)
   3. Plant design life
   4. Operational characteristics
      1. Provide a description of the various modes of operation of each generating unit
      2. Provide the minimum and maximum load range in each mode of operation
      3. Provide maximum ramp rates over the load range for each mode of operation
      4. Provide the MVar capability range of the generator. (Include ‘as tested results’)
      5. Is the unit equipped with automatic generation control (AGC)?
2. **Operations and Maintenance**
   1. List the various entities that have been in charge of operation and maintenance of the plant, including any major sub-contractors to date, and provide a timeline if there have been multiple entities.
   2. Electric generating statistics including gross auxiliary, net generation, EFOR, derates, historic outage rates (COD – Current)
   3. List of inspection reports prepared for turbines, towers and all electric systems
   4. Balance of plant routine, predictive and preventive maintenance activities
3. **Other Information**
   1. Historical actual generation data
   2. Curtailments and explanations
   3. Provide details on environmental attribute registration and tracking