Entegra Power/Union Power ERSC Working Group Response

1. What is the total merchant generation currently interconnected to the Entergy transmission system? Please provide as a list with the location of the generators. See attached file “Entergy Merchant Generation.”

2. How often in 2007, 2008, and 2009 were merchant schedules cut and provide the number of times by reason that the schedules were cut? See Attached file, “UPP Curtailments.”

3. How often in 2007, 2008, and 2009 did merchant generators overgenerate? UPP operates as a generator only balance authority interconnection to the Entergy balancing authority. Consequently, UPP is not subject to Entergy’s Generator Regulation Service “GRS” or Generator Imbalance Service “GIS” tariff and do not impact Entergy’s net interchange. As a BA, UPP is required to meet NERC standards relative to how well the plant generates to meet its scheduled sales, referred to as CPS1 and CPS2, and manage an inadvertent account for over or under generation. UPP’s inadvertent account averaged 433 MWhs short to the grid for the on peak period and 91 MWs long to the grid for the off peak period in 07-09. The on peak account varied from approximately -1000 MWhs to +500 MWhs. The off peak account varied from approximately -800 MWhs to +600 MWhs.

4. Describe and provide the amount of energy due to imbalance energy as a result of IPP ramping that occurred in 2007, 2008 and 2009. See 3) above.

5. What were the costs associated with merchant overgeneration and IPP ramping? How were these costs recovered? No Comment.

6. What is the average ramp rate, by resource, for your units on the Entergy system? What was it for 2007, 2008, 2009? UPP’s average ramp rate for its 4, 2x1 combined cycles is approximately 20 MW/minute.

7. On page 46, lines 5-12 (Hurstell Testimony), John discusses the dispatcher not knowing whether imbalance energy would increase or decrease during the remainder of the hour. Why is this the case? What are the purpose of the schedules? What information is included in the schedules? No Comment.
### Merchant Generation in Entergy

<table>
<thead>
<tr>
<th>Power Plant Name</th>
<th>Owner</th>
<th>State</th>
<th>Plant Operator</th>
<th>Power Control Area</th>
<th>Interconnected Utility Company</th>
<th>City</th>
<th>State</th>
<th>Current Operating Capacity MW</th>
<th>Fuel Type</th>
<th>Cogeneration?</th>
<th>FERC Qualifying Facility?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fourche Creek Wastewater</td>
<td>Little Rock Wastewater Utility</td>
<td>AR</td>
<td>Little Rock Wastewater Utility</td>
<td>Entergy</td>
<td>Entergy Arkansas, Inc.</td>
<td>Little Rock</td>
<td>AR</td>
<td>1.50</td>
<td>Biomass Waste</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Hot Spring Power Project</td>
<td>SUEZ Energy Generation NA</td>
<td>AR</td>
<td>Hot Spring Power Company LLC</td>
<td>Entergy</td>
<td>Entergy Arkansas, Inc.</td>
<td>Malvern</td>
<td>AR</td>
<td>701.30</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Union Power Facility</td>
<td>Entegra Power Group LLC</td>
<td>AR</td>
<td>Union Power Partners</td>
<td>Entergy</td>
<td>Entergy Arkansas, Inc.</td>
<td>El Dorado</td>
<td>AR</td>
<td>2,144.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>STEC-S LLC</td>
<td>Multi-Owned</td>
<td>AR</td>
<td>Riceland Foods</td>
<td>Entergy</td>
<td>Entergy Arkansas, Inc.</td>
<td></td>
<td>AR</td>
<td>18.00</td>
<td>Biomass Waste</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Hot Spring Energy Facility</td>
<td>KGen Partners LLC</td>
<td>AR</td>
<td>KGen Hot Spring, LLC</td>
<td>CECD, LLC -- North Little R</td>
<td>Entergy Arkansas, Inc.</td>
<td>Malvern</td>
<td>AR</td>
<td>687.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Pine Bluff Energy Center</td>
<td>Calpine Corporation</td>
<td>AR</td>
<td>Pine Bluff Energy, LLC</td>
<td>Entergy</td>
<td>Entergy Arkansas, Inc.</td>
<td>Pine Bluff</td>
<td>AR</td>
<td>232.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Southern Wood Products Division</td>
<td>Potlatch Corporation</td>
<td>AR</td>
<td>Potlatch Corporation</td>
<td>Entergy</td>
<td>Entergy Arkansas, Inc.</td>
<td>Warren</td>
<td>AR</td>
<td>10.00 Biomass Wood</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Agriclectric Power Partners</td>
<td>Agriclectric Power Partners Ltd</td>
<td>LA</td>
<td>Agriclectric Power Partners Ltd</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, LLC.</td>
<td>LA</td>
<td>10.90</td>
<td>Biomass Waste</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bayou Cove</td>
<td>NRG South Central Generating LLLA</td>
<td>LA</td>
<td>NRG South Central Operations Inc</td>
<td>Louisiana Generating, LLC</td>
<td>Entergy Gulf States Louisiana, L.I Jennings</td>
<td>LA</td>
<td>320.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Big Cajun 1</td>
<td>NRG South Central Generating LLA</td>
<td>LA</td>
<td>Louisiana Generating LLC</td>
<td>Louisiana Generating, LLC</td>
<td>Jarreau</td>
<td>LA</td>
<td>220.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Big Cajun 1 Peaking</td>
<td>NRG South Central Generating LLA</td>
<td>LA</td>
<td>Louisiana Generating LLC</td>
<td>Louisiana Generating, LLC</td>
<td>Jarreau</td>
<td>LA</td>
<td>230.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Blue Water Gas</td>
<td>Exxon Mobil Corporation</td>
<td>LA</td>
<td>Exxon Mobil Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.Lydia</td>
<td>LA</td>
<td>3.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Evangeline Power Project</td>
<td>Cleco Midstream Resources LLC</td>
<td>LA</td>
<td>Cleco Evangeline LLC</td>
<td>Cleco Power LLC</td>
<td>Cleco Power LLC</td>
<td>LA</td>
<td>809.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Grand Isle</td>
<td>Exxon Mobil Corporation</td>
<td>LA</td>
<td>Exxon Mobil Corporation</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>LA</td>
<td>8.88</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Plant &quot;C&quot; Caustic</td>
<td>PPG Industries, Incorporated</td>
<td>LA</td>
<td>PPG Industries, Incorporated</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Lake Charles LA</td>
<td>LA</td>
<td>2.70</td>
<td>Other Nonrenewable</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>PPG Powerhouse A</td>
<td>PPG Industries, Incorporated</td>
<td>LA</td>
<td>PPG Industries, Incorporated</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Lake Charles LA</td>
<td>LA</td>
<td>32.50</td>
<td>Other Nonrenewable</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>PPG Riverside</td>
<td>PPG Industries, Incorporated</td>
<td>LA</td>
<td>PPG Industries, Incorporated</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Lake Charles LA</td>
<td>LA</td>
<td>128.00</td>
<td>Other Nonrenewable</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Sterling Project</td>
<td>NRG South Central Generating LLA</td>
<td>LA</td>
<td>Louisiana Generating LLC</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Sterlington</td>
<td>LA</td>
<td>176.00</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Stingray Facility</td>
<td>Dynegy Midstream Services</td>
<td>LA</td>
<td>Dynegy Midstream Services</td>
<td>Entergy</td>
<td>Jefferson Davis Electric Cooperat Cameron</td>
<td>LA</td>
<td>2.50</td>
<td>Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Alliance Refinery</td>
<td>ConocoPhillips Company</td>
<td>LA</td>
<td>ConocoPhillips Company</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Belle Chass</td>
<td>LA</td>
<td>6.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Arabi</td>
<td>Tate &amp; Lyle</td>
<td>LA</td>
<td>Tate &amp; Lyle</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Arabi</td>
<td>LA</td>
<td>14.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Chaimette Refinery</td>
<td>Mobil Oil Corp</td>
<td>LA</td>
<td>Mobil Oil Corp</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>LA</td>
<td>1.50</td>
<td>Other Nonrenewable</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>CII Carbon LLC</td>
<td>CII Carbon LLC</td>
<td>LA</td>
<td>CII Carbon LLC</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Chaimette</td>
<td>LA</td>
<td>46.00 Coal</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>CITGO Refinery Powerhouse</td>
<td>CITGO Petroleum Corporation</td>
<td>LA</td>
<td>CITGO Petroleum Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Sulphur</td>
<td>LA</td>
<td>35.30</td>
<td>Gas</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Grand Chenier Gas Processing</td>
<td>Vastar Resources Inc.</td>
<td>LA</td>
<td>Vastar Resources Inc.</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Grand Cher LA</td>
<td>LA</td>
<td>1.80</td>
<td>Gas</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Hodge, Louisiana</td>
<td>Smurfit-Stone Container Corp</td>
<td>LA</td>
<td>Stone Container Corporation</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Hodge</td>
<td>LA</td>
<td>74.40</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>New Orleans ST</td>
<td>Air Products and Chemicals, Inc.</td>
<td>LA</td>
<td>Air Products and Chemicals, Inc.</td>
<td>Entergy</td>
<td>Entergy New Orleans, Inc.</td>
<td>New Orleans</td>
<td>LA</td>
<td>4.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Oak Point Cogen</td>
<td>Chevron USA Inc</td>
<td>LA</td>
<td>Chevron Onrrole Co LLC</td>
<td>Entergy</td>
<td></td>
<td>Belle Chass</td>
<td>LA</td>
<td>25.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PCS Nitrogen Fertilizer (LA) ST</td>
<td>PCS Nitrogen Fertilizer LP</td>
<td>LA</td>
<td>PCS Nitrogen Fertilizer LP</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Geismar</td>
<td>LA</td>
<td>8.00</td>
<td>Gas</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Carville Energy Center</td>
<td>Calpine Generating Company, LLC</td>
<td>LA</td>
<td>Carville Energy LLC</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Saint Gabriel</td>
<td>500.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Alliance Refinery ST</td>
<td>ConocoPhillips Company</td>
<td>LA</td>
<td>ConocoPhillips Company</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Belle Chass</td>
<td>LA</td>
<td>19.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Power Plant Name</td>
<td>Owner</td>
<td>State</td>
<td>Plant Operator</td>
<td>Power Control Area</td>
<td>Interconnected Utility Company</td>
<td>City</td>
<td>State</td>
<td>Current Operating Capacity MW</td>
<td>Fuel Type</td>
<td>Cogeneration?</td>
<td>FERC Qualifying Facility?</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------------------------------</td>
<td>-------------</td>
<td>-------------------------</td>
<td>--------------------</td>
<td>------------------------------</td>
<td>--------------------</td>
<td>-----------</td>
<td>-------------------------------</td>
<td>-----------</td>
<td>---------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Baton Rouge Cogeneration</td>
<td>Exxon Mobil Corporation</td>
<td>LA</td>
<td>Exxon Mobil Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.L.C.</td>
<td>LA</td>
<td>347.00</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Baton Rouge Turbine Generator</td>
<td>Exxon Mobil Corporation</td>
<td>LA</td>
<td>Exxon Mobil Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Baton Rouge</td>
<td>LA</td>
<td>83.90</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Bogalusa</td>
<td>Gaylord Container, Corporation</td>
<td>LA</td>
<td>Gaylord Container, Corporation</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Bogalusa</td>
<td>LA</td>
<td>93.60 Biomass Wood</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Campii Biomass</td>
<td>International Paper Company</td>
<td>LA</td>
<td>International Paper Company</td>
<td>Cleco Power LLC</td>
<td>Campiti</td>
<td>LA</td>
<td>32.00</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Colonial Sugar Refinery</td>
<td>Imperial Holly Corp.</td>
<td>LA</td>
<td>Imperial Holly Corp.</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Gramercy</td>
<td>LA</td>
<td>6.00 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Dow Chemical Louisiana Operations</td>
<td>Dow Chemical Company</td>
<td>LA</td>
<td>Dow Chemical Company</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Plaquemine</td>
<td>LA</td>
<td>638.00</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Formosa Plastics Corp CC</td>
<td>Formosa Plastics Corporation, U</td>
<td>LA</td>
<td>Formosa Plastics Corporation, USA</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Baton Roug</td>
<td>LA</td>
<td>82.00</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Formosa Plastics Corp ST</td>
<td>Formosa Plastics Corporation, U</td>
<td>LA</td>
<td>Formosa Plastics Corporation, USA</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Baton Roug</td>
<td>LA</td>
<td>8.00</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Geismar</td>
<td>BASF Corporation</td>
<td>LA</td>
<td>BASF Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Geismar</td>
<td>LA</td>
<td>80.90</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Geismar ST</td>
<td>BASF Corporation</td>
<td>LA</td>
<td>BASF Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Geismar</td>
<td>LA</td>
<td>7.20</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Georgia Gulf Corporation-Plaquemine</td>
<td>Georgia Gulf Corporation</td>
<td>LA</td>
<td>Georgia Gulf Corporation</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Plaquemine</td>
<td>LA</td>
<td>270.00 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Gramercy Alumina CT</td>
<td>Multi-Owned</td>
<td>LA</td>
<td>Gramercy Alumina LLC</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Gramercy</td>
<td>LA</td>
<td>75.00 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Gramercy Alumina ST</td>
<td>Multi-Owned</td>
<td>LA</td>
<td>Gramercy Alumina LLC</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>Gramercy</td>
<td>LA</td>
<td>40.00 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>M.A. Patout &amp; Sons</td>
<td>M A Patout &amp; Sons Ltd</td>
<td>LA</td>
<td>Wilson Leblanc, Sr.</td>
<td>Cleco Power LLC</td>
<td>Cleco Power LLC</td>
<td>Jeanerette</td>
<td>LA</td>
<td>3.00 Biomass Waste</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Port Allen Facility</td>
<td>Placid Refining Company LLC</td>
<td>LA</td>
<td>Placid Refining Company LLC</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Port Allen</td>
<td>LA</td>
<td>6.30</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>PPG Powerhouse C</td>
<td>PPG Industries, Incorporated</td>
<td>LA</td>
<td>PPG Industries, Incorporated</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Lake Charle</td>
<td>LA</td>
<td>335.20</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>RS Cogeneration</td>
<td>Multi-Owned</td>
<td>LA</td>
<td>PPG Industries, Incorporated</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Lake Charle</td>
<td>LA</td>
<td>432.40</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>St. Francisville Mill</td>
<td>Crown Vantage Inc</td>
<td>LA</td>
<td>Crown Vantage Inc</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Saint Franci</td>
<td>LA</td>
<td>17.00</td>
<td>Biomass Wood</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Taft</td>
<td>Union Caribde Corporation</td>
<td>LA</td>
<td>Union Caribde Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Hahnville</td>
<td>LA</td>
<td>314.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Taft Cogeneration</td>
<td>Occidental Chemical Corporation</td>
<td>LA</td>
<td>Occidental Chemical Corporation</td>
<td>Entergy</td>
<td>Entergy Gulf States Louisiana, L.I Hahnville</td>
<td>LA</td>
<td>865.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Uncle Sam</td>
<td>Mosaic Company</td>
<td>LA</td>
<td>Entergy</td>
<td>Entergy</td>
<td>Entergy Louisiana, LLC</td>
<td>LA</td>
<td>20.60</td>
<td>Other Nonrenewable Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Batesville Generation Facility</td>
<td>Complete Energy Holdings LLC</td>
<td>MS</td>
<td>LSP Energy Limited Partnership</td>
<td>Batesville Balancing Authority</td>
<td>Tennessee Valley Authority</td>
<td>Batesville</td>
<td>MS</td>
<td>883.50 Gas</td>
<td>No</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Mississippi Baptist Medical Center</td>
<td>Mississippi Baptist Medical</td>
<td>MS</td>
<td>Mississippi Baptist Medical</td>
<td>Entergy</td>
<td>Entergy Mississippi, Inc.</td>
<td>Jackson</td>
<td>MS</td>
<td>4.00 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Choctaw County</td>
<td>RRI Energy Wholesale Generacit</td>
<td>MS</td>
<td>RRI Energy Wholesale Generation, LLC</td>
<td>Entergy</td>
<td>Entergy Mississippi, Inc.</td>
<td>French Carr</td>
<td>MS</td>
<td>776.00 Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Hinds Energy Facility</td>
<td>KGen Partners LLC</td>
<td>MS</td>
<td>KGen Hinds, LLC</td>
<td>CECD, LLC -- North Little R</td>
<td>Entergy Mississippi, Inc.</td>
<td>Jackson</td>
<td>MS</td>
<td>530.00 Gas</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Ergon Refining - Vicksburg</td>
<td>Ergon Refining Inc</td>
<td>MS</td>
<td>Ergon Refining Inc</td>
<td>Entergy</td>
<td>Entergy Mississippi, Inc.</td>
<td>Vicksburg</td>
<td>MS</td>
<td>5.20 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Leaf River</td>
<td>Georgia-Pacific LLC</td>
<td>MS</td>
<td>Leaf River Cellulose, LLC</td>
<td>Southern Company Services Dixie Electric Power Assn</td>
<td>New August</td>
<td>MS</td>
<td>50.00 Biomass Wood</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Mississippi Chemical Corporation</td>
<td>Mississippi Chemical Corp</td>
<td>MS</td>
<td>Mississippi Chemical Corp</td>
<td>Entergy</td>
<td>Entergy Mississippi, Inc.</td>
<td>Yazoo City</td>
<td>MS</td>
<td>24.50 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Cottonwood Energy</td>
<td>Cottonwood Energy Company L. P.</td>
<td>TX</td>
<td>Cottonwood Energy Company L. P.</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Deweyville</td>
<td>TX</td>
<td>1,337.60 Gas</td>
<td>Yes</td>
<td>No</td>
<td>NA</td>
</tr>
<tr>
<td>Engineered Carbons Echo Cogeneratio</td>
<td>Engineered Carbons Inc</td>
<td>TX</td>
<td>Engineered Carbons Inc</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Orange</td>
<td>TX</td>
<td>8.90 Other Nonrenewable Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>NA</td>
</tr>
<tr>
<td>Goodyear Beaumont Chemical Plant</td>
<td>Goodyear Tire &amp; Rubber Co</td>
<td>TX</td>
<td>Goodyear Tire &amp; Rubber Co</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Beaumont</td>
<td>TX</td>
<td>13.50 Gas</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
## Merchant Generation in Entergy

<table>
<thead>
<tr>
<th>Power Plant Name</th>
<th>Owner</th>
<th>State</th>
<th>Plant Operator</th>
<th>Power Control Area</th>
<th>Interconnected Utility Company</th>
<th>City</th>
<th>State</th>
<th>Current Operating Capacity MW</th>
<th>Fuel Type</th>
<th>Cogeneration?</th>
<th>FERC Qualifying Facility?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodyear Beaumont Chemical Plant Goodyear Tire &amp; Rubber Co</td>
<td>TX</td>
<td>Goodyear Tire &amp; Rubber Co</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Beaumont</td>
<td>TX</td>
<td>18.00</td>
<td>Gas</td>
<td>Yes</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>MeadWestvaco Evadale</td>
<td>TX</td>
<td>MeadWestvaco Corporation</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Evadale</td>
<td>TX</td>
<td>57.70</td>
<td>Biomass Wood</td>
<td>Yes</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>NROC Cogeneration Center</td>
<td>TX</td>
<td>BASF Corporation</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Arthur</td>
<td>TX</td>
<td>80.00</td>
<td>Gas</td>
<td>Yes</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Beaumont Refinery CC Mobil Oil Corp</td>
<td>TX</td>
<td>Mobil Oil Corp</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Beaumont</td>
<td>TX</td>
<td>667.60</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>JCO - Oxides &amp; Olefins Plant</td>
<td>TX</td>
<td>Huntsman Corp</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Neches</td>
<td>TX</td>
<td>71.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Paint Neches Air Liquide America Corp.</td>
<td>TX</td>
<td>Air Liquide America Corp.</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Neches</td>
<td>TX</td>
<td>32.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Port Arthur Air Products and Chemicals, Inc.</td>
<td>TX</td>
<td>Air Products and Chemicals, Inc.</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Arthur</td>
<td>TX</td>
<td>145.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Port Arthur Plant Multi-Owned</td>
<td>TX</td>
<td>Motiva Enterprises LLC</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Arthur</td>
<td>TX</td>
<td>102.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Port Arthur Refinery Premcor Refining Group Inc</td>
<td>TX</td>
<td>Premcor Refining Group Inc</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Arthur</td>
<td>TX</td>
<td>45.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Port Arthur, Texas Refinery Fina Oil &amp; Chemical Co</td>
<td>TX</td>
<td>Total Petrochemicals USA, Inc.</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Port Arthur</td>
<td>TX</td>
<td>26.60</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sabine Cogeneration</td>
<td>TX</td>
<td>Sabine Cogen</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Orange</td>
<td>TX</td>
<td>101.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sabine River Works</td>
<td>TX</td>
<td>E I DuPont De Nemours &amp; Co</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Orange</td>
<td>TX</td>
<td>108.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Sabine River Works Conoco</td>
<td>TX</td>
<td>ConocoPhillips Company</td>
<td>Entergy</td>
<td>Entergy Texas, Inc.</td>
<td>Orange</td>
<td>TX</td>
<td>450.00</td>
<td>Gas</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
### UPP Curtailment

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curtailed MWh due to plant reasons/total curtailed MWh</td>
<td>39%</td>
<td>47%</td>
<td>29%</td>
</tr>
<tr>
<td>Curtailed MWh due to TLRs/total curtailed MWh</td>
<td>54%</td>
<td>37%</td>
<td>70%</td>
</tr>
<tr>
<td>Curtailed MWh due to LAPs/total curtailed MWh</td>
<td>4%</td>
<td>14%</td>
<td>0%</td>
</tr>
<tr>
<td>Curtailed MWh due to Misc reasons/total curtailed MWh</td>
<td>3%</td>
<td>2%</td>
<td>1%</td>
</tr>
</tbody>
</table>

*Curtained MWh due to TLR or LAP/Total MWh scheduled*  
*Curtained MWH due to Plant/Total MWh scheduled*  
*Derived Availability based on actual vs scheduled*  

*Assumes inadvertent energy is not material*
1. What is the total merchant generation currently interconnected to the Entergy transmission system? Please provide as a list with the location of the generators.

KGen has two merchant plants located in the Entergy Control Area.

KGen Hinds is a 520 MW 2x1 combined cycle GE 7FA plant located near Jackson, MS. It has been interconnected into Entergy’s 230 kV Lakeover substation since May 2001 when it began operations.

KGen Hot Spring is a 620 MW 2x1 combined cycle GE 7FA plant located in Malvern, AR. It has been interconnected into Entergy’s 500 kV Etta substation since June 2002 when it began operations.
2. How often in 2007, 2008, and 2009 were merchant schedules cut and provide the number of times by reason that the schedules were cut?

Aside from TLRs and LAPs curtailing a tagged schedule, KGen’s plants’ tags have been curtailed due to operational issues where the plants are experiencing a derate greater than the tolerance levels under the GIA tariff (see response to Question 7). Given KGen’s low forced outage factor, this is an infrequent event. Combined with TLRs and LAPs, KGen’s plants’ tags have been curtailed less than 5% of the time.

KGen’s Hinds and Hot Spring plants receive imbalance service from Entergy’s Attachment P which is the tariff for the Generator Imbalance Agreement (“GIA”). This tariff was modified in March 2005 and incorporates provisions that penalize generators for under-generating and over-generating.

The first component of the GIA provides for imbalance energy on an hourly basis where the output of the plant differs from the tagged schedule. This is called Generator Imbalance Service charge (“GIS”). Over-generation is reimbursed to the generator according to ratchets and as a percentage of Entergy’s Avoided Cost as cited in section VII.A.2.

<table>
<thead>
<tr>
<th>VII. OVER DELIVERIES PURSUANT TO METER AND TELEPHONE NOTIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. OVER DELIVERIES – GENERAL PROVISIONS</td>
</tr>
<tr>
<td>1. Qualifying Facilities - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy’s Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute. Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, the Federal Energy Regulatory Commission’s regulations implementing PURPA are contained in 18 C.F.R. Part 292.</td>
</tr>
<tr>
<td>2. Non-Qualifying Facility Delivering Parties</td>
</tr>
<tr>
<td>a. Entergy shall purchase Excess Energy up to or equal to 120% of the Schedule at 90% of Entergy’s Avoided Cost.</td>
</tr>
<tr>
<td>b. Entergy shall purchase Excess Energy delivered above 120% of the Schedule and up to or equal to 150% of the Schedule at 75% of Avoided Cost.</td>
</tr>
<tr>
<td>c. Entergy shall purchase Excess Energy delivered above 150% of Schedules at 50% of Avoided Cost.</td>
</tr>
</tbody>
</table>

Section V.A outlines the pricing that a generator pays for under-generation which is 110% of Entergy’s system incremental cost.

<table>
<thead>
<tr>
<th>C. UNDER DELIVERIES NOT ASSOCIATED WITH A NOTICE EVENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.</td>
</tr>
</tbody>
</table>

The second major component of imbalance service is the Generator Regulation Service (“GRS”) which essentially monitors every ten minutes how far off a plant’s output is compared to its tag. The GRS identifies the largest deviation of the entire ten-minute population in a given day and
assesses a penalty for that day based on the maximum deviation. If the deviation is below the greater of 10 MW or 2.5% of the tag at that time point, no penalties are assessed. The penalty is also determined by the overall performance of the entire 10-minute observations for a given month via classifications of A, B, and C. Performance class A means that 90% or more of the 10-minute interval observations in a given month had deviations less than 10 MW or 2.5% of the tag amount. Performance class B covers 70-90% compliance. Performance class C covers performance below 70%. This is covered in more detail in Section IV.

In terms of Hinds’ and Hot Spring’s performance under the GIA tariff in general, KGen believes that we have strived to adhere to the schedule as closely as possible with exception for plant operational issues.

The tables below outline the average under-generation and over-generation percentages based on the hourly GIS performance.

<table>
<thead>
<tr>
<th>Hinds</th>
<th>% Undergen</th>
<th>% Overgen</th>
<th>Hot Spring</th>
<th>% Undergen</th>
<th>% Overgen</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2009</td>
<td>-0.2%</td>
<td>0.5%</td>
<td>2007-2009</td>
<td>-0.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>2007</td>
<td>-0.1%</td>
<td>0.3%</td>
<td>2007</td>
<td>-0.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td>2008</td>
<td>-0.2%</td>
<td>0.6%</td>
<td>2008</td>
<td>-0.4%</td>
<td>0.9%</td>
</tr>
<tr>
<td>2009</td>
<td>-0.2%</td>
<td>0.8%</td>
<td>2009</td>
<td>-0.3%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

The chart below shows the distribution of KGen Hinds’ hourly deficit MW. About 95% of the hours when there was deficit energy, it was less than 20 MWs.
The chart below shows the distribution of KGen Hinds’ hourly excess MW. About 99% of the hours when there was excess energy, it was less than 20 MWs.

The chart below shows the distribution of KGen Hot Spring’s hourly deficit MW. About 96% of the hours when there was deficit energy, it was less than 20 MWs.
The chart below shows the distribution of KGen Hot Spring’s hourly excess MW. About 99% of the hours when there was excess energy, it was less than 20 MWs.

The tables below outline the plants’ performance under the GRS portion of the GIA tariff. The GRS portion of the tariff is always a penalty or charge to generators unlike the imbalance component above where the generator is paid for excess energy. KGen’s plants worked diligently since the March 2005 implementation of this tariff to develop 10-minute ramp profiles for start-up that are consistent with the tariff requirements and strictures in order to minimize this penalty. As the data below show, Hinds and Hot Spring operate within the non-penalty bandwidth of the GRS on average 97-98% of the ten-minute snapshot intervals.

<table>
<thead>
<tr>
<th>Hinds</th>
<th>GRS % Component</th>
<th>Hot Spring</th>
<th>GRS % Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-2009</td>
<td>98.05%</td>
<td>2007-2009</td>
<td>96.77%</td>
</tr>
<tr>
<td>2007</td>
<td>98.83%</td>
<td>2007</td>
<td>95.72%</td>
</tr>
<tr>
<td>2008</td>
<td>97.79%</td>
<td>2008</td>
<td>97.30%</td>
</tr>
<tr>
<td>2009</td>
<td>96.75%</td>
<td>2009</td>
<td>96.97%</td>
</tr>
</tbody>
</table>
4. Describe and provide the amount of energy due to imbalance energy as a result of IPP ramping that occurred in 2007, 2008 and 2009.

Generally, KGen’s plants are dispatched for a given day and shut down that same day. The estimated ramp megawatt hours for a hot start for Hinds and Hot Spring are under 160 mwhs. We tag all of our ramps, so there should not be any imbalance energy as a result of ramping.
5. What were the costs associated with merchant over-generation and IPP ramping? How were these costs recovered?

*Please see responses to Question 3.*
6. What is the average ramp rate, by resource, for your units on the Entergy system? What was it for 2007, 2008, 2009?

KGen’s ramp rates are industry standard for GE 7FA combined cycle plants in 2x1 configuration. Under a hot start condition, KGen’s plants ramp from 0 MW to its full 2x1 load (~450-500 MWs) over a 45-60 minute span. The plants have a specific ramping profile that we developed to fit within the GRS and GIS regimen of Entergy’s imbalance tariff. All of the ramps are tagged.
7. On page 46, lines 5-12 (Hurstell Testimony), John discusses the dispatcher not knowing whether imbalance energy would increase or decrease during the remainder of the hour. Why is this the case? What are the purpose of the schedules? What information is included in the schedules?

KGen’s plants adhere as closely to the tagged schedule as possible. The statistics in Question 3 shows the narrow range of under and over generation historically. Any material deviation from a tagged schedule is principally due to an operational issue at the plant. In general, KGen’s plants’ forced outage factor is slightly better than industry average for its class of generation technology.

Additionally, Entergy monitors the plant’s performance relative to a tag and will curtail a tag if the deviation is greater than a certain amount. Thus, if there is an operational issue, the tag is cut to match the sustainable output of a plant. This provision is detailed in the definition of a Notice Event in the tariff. For KGen’s plants where the output is usually in the 450-500 MW range, a tag curtailment will occur if the deviation is greater than 25 MWs.

T. Notice Event - For aggregate Schedules of 1,500 MW or more from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 110 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules from 1,000 to 1499 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 75 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules from 500 to 999 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 35 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules of less than 500 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 25 MW below the aggregate Schedules from the Facility as measured by meters at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the previous schedule to the new schedule. A Notice Event cannot occur at a Facility in an hour that has been designated as a Testing Period, Start-Up Period or Shut-Down Period, unless there is a Commercial Schedule that also flows during that clock hour. A Notice Event cannot occur at a Facility that has experienced an Emergency Event.
Flexibility – Automatic Generation Control

KGen’s Hinds and Hot Spring plants are capable of providing Automatic Generation Control (“AGC”). Before the WPP, there was no mechanism available to enable KGen to offer AGC to EMO other than having the plants pursue Network Resource Interconnection Service (“NRIS”) and pay for any related upgrades (see attached Entergy Business Practice). With the development of the WPP, Entergy provided another venue for IPPs to offer AGC into the WPP.


Both Hinds and Hot Spring pursued the non-NRIS process in February 2007 by notifying Entergy Transmission of its interest in AGC certification, and Dynamic Transfer Operating Agreements were signed in March 2008. After installation of equipment and testing, Hinds and Hot Spring successfully completed test runs as part of the AGC certification process in the fall 2008. The WPP started operations in March 2009.
An Independent Power Producer (IPP) that wishes to offer (a) Automatic Generator Control (AGC) service, (b) Ancillary Service Schedule 5, Operating Reserve – Spinning Reserve Service, and/or (c) Ancillary Service Schedule 6, Operating Reserve – Supplemental Reserve Service (Service Schedules 5 and 6 collectively, Operating Reserves) via the Weekly Procurement Process (WPP) must satisfy one of two requirements related to deliverability.

- A generating facility [not an individual generating unit(s)] that has been granted Network Resource Interconnection Service (NRIS) consistent with the provisions of FERC Order No. 2003 and the Entergy Open Access Transmission Tariff (Tariff) will be deemed deliverable for the stated capacity in the applicable Large Generator Interconnection Agreement (LGIA). Transmission service will not be required up to the stated capacity in the LGIA in order to offer AGC service or Operating Reserves from the NRIS resource.

- An IPP intending to offer AGC service and/or Operating Reserves in the WPP from a generating facility that is not an NRIS resource shall notify the applicable Participating Network Customer (PNC), no later than Tuesday at Noon Central Prevailing Time prior to the WPP Operating Week, of the range of AGC service and/or Operating Reserves that it intends to offer to the PNC through the WPP for the following week. The PNC will request, via OASIS and on a non-confirmed basis, weekly network service for the period of the upcoming WPP Operating Week from the generating facility. The IPP will be notified of the status of the requested network service by the PNC. If transmission service is granted through the AFC process the IPP will be able to offer energy and AGC/Operating Reserves service, up to the amount of the granted weekly network service, in its WPP bid to the specific PNC. If the requested network service is denied, the IPP will only be able to offer energy and flexibility to the PNC in the WPP. If the requested network service is counter-offered at a lesser amount, then the IPP can offer energy and AGC/Operating Reserves service only up to the counter-offer amount, or offer energy and flexibility to the PNC in the WPP. The PNC will confirm the weekly network service and provide an attestation form (consistent with provisions of the Tariff) within 48 hours of the request being approved. Requests for network service that are associated with offers to provide AGC and/or Operating Reserves service to a PNC will
remain in the queue in an accepted, but not confirmed mode. The IPP will then provide pricing terms and operating characteristics for the energy and AGC/Operating Reserves service bid to the PNC by the deadline established by the PNC. If selected in the WPP, the PNC will contract with the IPP and will be able to dispatch the unit in accordance with the terms and conditions of the offer. Additionally, the PNC will be able to dispatch the generating facility up to the capability of the weekly network service granted prior to the WPP Operating Week through the AFC process.

Additional Requirements
In order to provide AGC service to a PNC under either Options 1 or 2 above, the generator must comply with requirements of the Transmission Provider and PNC regarding among other things metering, communications, and modifications to EMS programming. These requirements include, but are not limited to, the provision of a redundant communications path for the AGC signal to Entergy Transmission at the generating facility’s cost. In the event the communication path is not available, AGC service will cease.

Allocation of Generation Output to AGC and/or Schedules
The allocation of generation output to AGC and/or schedules shall be determined in accordance with the Tariff.
Entergy Transmission Guidelines
for Automatic Generator Control Applications
November 21, 2006

Purpose:
This document provides guidelines for Entergy’s transmission customers in establishing a generating facility on Automatic Generator Control (AGC). Each AGC request will be studied individually and established in accordance with these guidelines, which identify the needs of Entergy’s Transmission Group to properly implement an AGC transfer. These guidelines are not intended to identify any separate requirements that may be established by the Balancing Authority to which the generator will provide AGC service. A generator desiring to provide AGC service to a particular Balancing Authority Area must enter into separate arrangements with that Balancing Authority.

Definitions:
Automatic Generator Control (AGC): Automatically adjusting generation in a Balancing Authority Area from a central location to maintain the Balancing Authority’s interchange schedule plus Frequency Bias. AGC may also accommodate automatic inadvertent payback and time error corrections.
Balancing Authority (BA): The responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports Interconnection frequency in real time.
Balancing Authority Area (BAA): The collection of generation, transmission, and loads within the metered boundaries of the Balancing Authority. The Balancing Authority maintains load-resources balance within this area.
Generating Facility: A facility interconnected to the transmission system that contains one or more electrical generators.
GIA: Entergy’s FERC approved Generator Imbalance Agreement.
SOC: Entergy’s Transmission System Operations Center.

AGC applications:
Generating Facilities may commit all or part of their generating capacity to AGC service and may contract to provide AGC service to one or more BAAs simultaneously. Different AGC scenarios shall necessitate different facility requirements, software modifications, and operating procedures of Entergy Transmission. Each request must therefore be studied separately.

Pseudo-Tie requirements:
All Generating Facilities providing AGC service to a non-Entergy BAA shall do so under a pseudo-tie arrangement, not through a dynamic schedule.
Documentation and Correspondence:

If a Generating Facility or BAA wishes to establish an AGC arrangement and transfer energy via a pseudo-tie across the Entergy transmission system, the following documentation and correspondence will be necessary:

1) **Letter of Notification:** Entergy must receive a Letter of Notification from the customer, which shall identify the Generating Facility, the specific generator(s) within the facility that will provide AGC service, the requested commencement date, and the MW range expected to be delivered. The letter also may specify other details that will expedite establishment of the AGC service.

2) **Meter Logic:** The customer and Entergy shall agree on the appropriate meter logic to be used in delineating, on a real time basis, auxiliary or host load, point to point transmissions, QF deliveries, and AGC service from the output of the various generators at the Generating Facility. All possible generating scenarios will be considered, and operational issues shall be resolved and documented. In each instance, these aspects of the AGC service shall be in accordance with applicable tariffs.

3) **Facilities Study:** Entergy will perform, at the customer’s expense, a facilities study to determine the new facilities and process changes that are needed to establish the AGC service. In addition to determining the scope of work, the facilities study will provide a cost estimate and a schedule to design and implement all changes required to implement the AGC service.

4) **Dynamic Transfer Operating Agreement:** All parties directly affected by the implementation of the AGC generator shall execute a Dynamic Transfer Operating Agreement, which shall stipulate normal and contingency AGC operations as well as other operational issues. Entergy shall file the agreement with FERC.

5) **Equipment Specifications:** If customer owned facilities are to be used by Entergy for AGC service, the specifications of such equipment shall be submitted to Entergy for review and approval.

Transmission Service:

Prior to commencing AGC service, transmission service must be obtained from Entergy Transmission. It may be necessary to perform additional load flow studies up to the full AGC contract MW amount to ensure deliverability of the power. If transmission upgrades are identified as a result of these studies, such upgrades must be completed prior to commencement of the AGC service. Until such time as the upgrades are completed, AGC service shall be capped at the maximum transmission capacity (if any) available for such service without such upgrades.

Metering and Communication:

Revenue accuracy metering facilities and telemetry shall be used for all AGC service. If the Generating Facility is within Entergy’s BAA, Entergy Transmission shall facilitate the installation and commissioning of such metering facilities, which may include the metering equipment, RTU, data communication circuits, and software modifications necessary to provide to the SOC instantaneous and accumulator data for the AGC energy and non-AGC energy. The meter(s) shall be installed, owned
and maintained by Entergy. Other metering equipment, which may include the CTs, CVTs and RTU in the Generating Facility’s switching station, may be installed, owned and maintained by the customer. All facilities shall meet Entergy design, construction and maintenance standards and, if customer owned, the specifications shall be submitted to Entergy for review and approval. All facilities and studies required to allow the Generating Facility to deliver AGC service shall be funded by the customer.

Data Requirements:
Entergy Transmission requires the following data points for all AGC energy and non-AGC energy.

- Instantaneous MW flow from the generator or set of generators
- Instantaneous MVAR flow from the generator or set of generators
- Integrated MW-Hours from the generator or set of generators (Rec hourly)
- Integrated MVAR-Hours from the generator or set of generators (Rec hourly)
- Integrated MVAR-Hours to the generator or set of generators (Del hourly)
- Instantaneous line-to-line bus voltage (kV)

AGC Value Determination:
Unless approved by Entergy, the real-time AGC MW value shall be established by the actual metered MW output of the AGC generator(s), net of the appropriate host load and scheduled energy in accordance with Entergy tariffs. Additionally, unless approved by Entergy, the AGC MW requirements shall not be calculated using signals, pulses or load meters apart from the Generating Facility.

Host Load and Retail Service:
The customer and Entergy Transmission shall ensure that all meter logic used to net auxiliary or host load from the output of the various generators at the applicable Generating Facility complies with approved tariffs. All possible generating scenarios shall be addressed. Entergy shall under no circumstances pro-rate any portion of the auxiliary load for netting purposes. Only actual metered data shall be used for any netting. If the actual output of the Generating Facility is negative (energy flow is metered as an export out of the Entergy Transmission System at the point of interconnection) the Generating Facility shall purchase the energy under the appropriate retail tariff.

PURPA/QF Applicability:
Like all Generating Facilities providing AGC service, a Generating Facility that has qualified as a QF under PURPA and has entered into an AGC agreement shall ramp its generators up or down to provide real-time AGC services to the BAA contracting for AGC service. Load following requirements shall not be transferred to Entergy or the Eastern Interconnect via a PURPA Put.

GIA Applicability:
All energy delivered into or across Entergy’s transmission system under an AGC agreement shall be exempt from GIA billing.
Cost:
The customer shall reimburse Entergy for actual costs, including the estimated tax cost incurred by Entergy, to set up the Generating Facility on AGC service. The cost may include, but not be limited to, metering equipment installation, testing, software programming, system load flow studies and system upgrades. The customer shall provide reasonable and adequate security prior to construction, as determined by Entergy.
ATTACHMENT P

GENERATOR IMBALANCE AGREEMENT

BETWEEN

ENTERGY SERVICES, INC.

AS AGENT FOR

Entergy ________, Inc.

AND

_____________________________

ARTICLE ONE
PROVISIONS OF GENERATOR IMBALANCE SERVICE AND GENERATOR REGULATION SERVICE

I. DEFINITIONS – With regard to any definitions that are different in other agreements, for purposes of this Agreement, the following definitions control:

A. AGC - Automatic Generation Control. Automatically adjusting the output of generation on a real-time basis via a signal simultaneously sent to the Facility and the SOC from EMO or another Network Customer.

B. Avoided Cost - Avoided Cost shall be defined as incremental cost to Entergy of electric energy which, but for the imbalance, Entergy would generate itself or purchase from another source as defined by the applicable state jurisdictions.

C. Balancing Pool - An agreement among participating Delivering Parties and the Entergy Services, Inc. to self supply, or obtain third-party supply of, imbalances subject to the terms and conditions agreed to in Federal Energy Regulatory Commission Docket No. ER01-2201.

D. Commercial Schedule - That list of hourly scheduled quantities of energy submitted to the SOC in accordance with the scheduling procedures pursuant to Entergy’s OATT, as adjusted from time to time. Any energy delivered to Entergy pursuant to Entergy’s purchase obligation under PURPA is not included. A Schedule submitted by a Delivering Party to deliver energy during approved Testing Periods, approved Start-Up Periods and approved Shut-Down Periods is not included.

E. Conditional Schedule Adjustment - The adjustment, following a Notice Event, of all Schedules from a Facility on a pro rata basis when Entergy chooses to no longer provide the capacity and energy to supplement the Output of the Facility.

F. Daily Market Price - 100% of the On-Peak “Into Entergy” price posted in Megawatt Daily.

G. Deficient Energy - Energy, measured in megawatt hours, that a Delivering Party failed to deliver during a clock hour based upon the actual Schedules from a Facility. It is measured as the difference between the actual energy scheduled from a Facility during a clock hour and the Output of the Facility for the clock hour. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the old value to the new value over the ramp duration specified on the tag.
H. Delivering Party - Any entity within the Entergy control area that produces electric Output. In the event there is single ownership of multiple Facilities, and arrangements are made with the SOC under Entergy’s Open Access Transmission Tariff (“OATT”) to provide the necessary transmission service to support netting of imbalances, the Delivering Party may aggregate the imbalances of those Facilities into a single net imbalance under this Agreement. Entergy will negotiate in good faith other arrangements for netting imbalances as may be proposed by the Delivering Party from time to time. In the event there are multiple owners of a Facility, the signatory to the Interconnection Agreement with Entergy shall be the Delivering Party. Nothing in this section shall prohibit a signatory to the Interconnection Agreement from designating an agent to be the Delivering Party.

I. Emergency Event - A disturbance on the Entergy transmission system that was not caused by an event at the Facility and results in the Output of that Facility being increased or decreased by 2% or more of the Schedules of the Facility.

J. EMO - The Entergy Energy Management Organization. In the administration of the GIA, EMO is responsible for: (1) notification to SOC of Low-Load Events; (2) notification to the SOC of the availability of GIS and GRS; (3) calculation of ESIC and Avoided Cost; (4) determination of the ability to purchase energy during Testing Periods, Start-Up Periods and Shut-Down Periods; and (5) approval of tags and modification to tags associated with Testing Periods, Start-Up Periods, and Shut-Down Periods.

K. Entergy System Incremental Cost (“ESIC”) - During any Peak Hour in which an under delivery occurred, the ESIC shall be the higher of (1) the energy cost for the hour of the most expensive source of energy generated (using incremental heat rates) or purchased by EMO, excluding any multi-year energy purchases, any annual purchases, and any Entergy generation that would not be operating in that hour but for transmission reliability purposes, or (2) the Daily Market Price. During Non-Peak Hours in which an under delivery occurred, ESIC shall be the cost of the most expensive source of energy generated (using incremental heat rates) or purchased by EMO, excluding any multi-year energy purchases, any annual purchases, and any Entergy generation that would not be operating in that hour but for transmission reliability purposes. If the total amount of Deficient Energy supplied by EMO under all GIAs is more than the most expensive purchase, then EMO will calculate the price of the most expensive purchase based on the weighted average costs of the most expensive purchases that supply an amount of energy equal to the total amount of Deficient Energy for that hour. ESIC will also include any costs for line losses and transmission service incurred by EMO in the purchase of energy that relate to the hour of the imbalance. SOC will furnish verification of its ESIC to a Delivering Party upon request.
L. Excess Energy - Energy, measured in megawatt hours, produced by the Facility in excess of the actual Schedules during a clock hour from the Facility and in excess of any unscheduled energy used to serve any network or host industrial load. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the old value to the new value over the ramp duration specified on the tag.

M. Facility - One or more generating units owned, operated or controlled by the Delivering Party that are located at the same point of interconnection within the Entergy control area as specified in the Interconnection and Operating Agreement and that send a common Output signal to the SOC.

N. Generator Imbalance Service (“GIS”) Charge - A charge or payment for energy when the hourly integrated Output from a Facility differs from the Schedules from the Facility.

O. Generator Regulation Service (“GRS”) Charge - A charge for the generating capacity that the EMO uses to compensate for the moment-to-moment (i.e., within-the-hour) changes between a Delivering Party’s Output and Schedules.

P. Immediate Schedule Adjustment - The adjustment, immediately following a Notice Event, of Schedules from a Facility pursuant to a Standing Schedule Adjustment Order, or in the absence of such an order, on a pro rata basis among all Schedules for the Facility, to match the current Output of the Facility.

Q. Intermittent Resource - An electric generator that is not dispatchable and cannot store its fuel source and therefore cannot respond to changes in system demand or respond to transmission security constraints.

R. Low-Load Event - Any period during which the EMO may be required to take an Entergy unit off-line due to low-load conditions based on criteria such as load profiles and generating schedules, to maintain minimum stable operating levels based on prudent utility practice. The SOC shall provide notice as soon as possible, but in no event less than two hours prior to the occurrence of a Low-Load Event via e-mail to all Delivering Parties that have provided the SOC with a current e-mail address. The SOC shall also provide notice of a Low-Load Event by broadcast fax, but for purposes of the two hour prior notice period, the email notification controls. If the SOC fails to provide two hour prior notification of a Low-Load Event, no penalties shall apply.

S. Meter Notification - The notification of a Notice Event to the SOC by metering to the SOC. The metering to the SOC shall be deemed to be a notification from the Delivering Party that the Output of the Facility is not delivering sufficient energy to meet the Schedules currently in place.
T. Notice Event - For aggregate Schedules of 1,500 MW or more from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 110 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules from 1,000 to 1499 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 75 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules from 500 to 999 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 35 MW below the aggregate Schedules from the Facility as measured at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. For aggregate Schedules of less than 500 MW from a Facility, a deviation in the magnitude of the Output of the Facility into Entergy’s transmission system of at least 25 MW below the aggregate Schedules from the Facility as measured by meters at the SOC for two readings within a two minute period but at least 30 seconds apart except during the 15 minute period immediately following a Notice Event. During a Ramping Schedule Period, the Schedule will be calculated as a linear change from the previous schedule to the new schedule. A Notice Event cannot occur at a Facility in an hour that has been designated as a Testing Period, Start-Up Period or Shut-Down Period, unless there is a Commercial Schedule that also flows during that clock hour. A Notice Event cannot occur at a Facility that has experienced an Emergency Event.

U. Output - The actual output of a Facility less the AGC signal simultaneously sent to the Facility and the SOC from EMO or another Network Customer regardless of whether any portion of the Facility has been designated as a Network or Substitute Resource.

V. Peak Hours - Peak Hours shall be defined as the weekday hours of 6:00 a.m. to 10:00 p.m., central prevailing time.


X. Qualifying Facility - A “qualifying cogeneration facility” or a “qualifying small power production facility” as defined in PURPA that Entergy is obligated by federal statute or contract to purchase energy from at its Avoided Cost.
Y. Ramping Schedule Period - A period of time as agreed to by both parties in accordance with NERC Operating Policy No. 3, Section C.2.2, during which the Delivering Party will adjust the Output of the Facility to match a change in Schedules.

Z. Schedules - That list of hourly scheduled quantities of energy submitted to the SOC in accordance with the scheduling procedures pursuant to Entergy’s OATT, all as adjusted from time to time. Any energy delivered to Entergy pursuant to Entergy’s purchase obligation under PURPA is not included. Delivering Parties must submit a valid Schedule to deliver energy during approved Testing Periods, approved Start-Up Periods and approved Shut-Down Periods.

AA. Shut-Down Period - The period of time established by the Delivering Party with the consent of the SOC, which consent shall not be unreasonably withheld, conditioned or delayed, during which a Facility ramps down from run level to offline. Shut-Down Periods will be approved by the SOC on a first-come, first-served basis along with requests for Testing Periods and Start-Up Periods. If Entergy is unable to use the energy resulting from the Shut-Down Period, due to a Low-Load Event or to maintain system reliability, the SOC will curtail the Schedule associated with the Shut-Down Period and the Delivering Party may schedule that shut-down energy to a third party. If the Schedule coincides with a Low-Load Event, when the Low-Load Event is no longer in effect, the Delivering Party can resume delivery to Entergy without approval for a new Shut-Down Period.

BB. SOC - Entergy Transmission’s System Operations Center. In the administration of the GIA, the SOC is responsible for: (1) monitoring the generator imbalance system and taking action to adjust schedules as appropriate; (2) evaluating requests for Testing Periods, Start-Up Periods and Shut-Down Periods on a first-come, first-served basis, using parameters provided by EMO; (3) reviewing and matching Schedules to specific approved Testing Period, Start-Up Period or Shut-Down Period requests for correctness; (4) administering the billing process; (5) overseeing software development and maintenance; (6) resolving disputes involving meter and real time data; (7) evaluating and approving Schedules and changes to Schedules for Testing Periods, Start-Up Periods, and Shut-Down Periods; and (8) evaluating transmission availability and creating transmission reservations as needed for Schedules associated with Testing Periods, Start-Up Periods, and Shut-Down Periods.

CC. Start-Up Period - The period of time established by the Delivering Party with the consent of the SOC, which consent shall not be unreasonably withheld, conditioned, or delayed, during which a Facility synchronizes and ramps up to the level of its Schedules. Start-Up Periods will be approved by the SOC on a first-come, first-served basis along with requests for Testing Periods and Shut-Down Periods.
Periods. If Entergy is unable to use the energy resulting from the Start-Up Period, due to a Low-Load Event or to maintain system reliability, the SOC will curtail the Schedule associated with the Start-Up Period and the Delivering Party may schedule that start-up energy to a third party. If the Schedule coincides with a Low-Load Event, when the Low-Load Event is no longer in effect the Delivering Party can resume delivery to Entergy without approval for a new Start-Up Period.

DD. Telephone Notification - The notification of a Notice Event by telephone to the SOC from the Delivering Party, within two minutes of the Notice Event and including a revised Schedule for the new projected Output of the Facility for the remainder of the hour.

EE. Testing Period - At the request of a Delivering Party, a period of time Entergy has agreed to designate as a Testing Period for the delivery of test energy, where the granting of such requests shall not be unreasonably withheld, conditioned, or delayed. Testing Periods will be approved by the SOC on a first-come, first-served basis along with requests for Start-Up Periods and Shut-Down Periods. Once a Facility has begun commercial operations, any subsequent Testing Period request must contain a reasonable basis in accordance with Good Utility Practice. If Entergy is unable to use the test energy resulting from the Testing Period, due to a Low-Load Event or to maintain system reliability, the SOC will curtail the Schedule associated with the Testing Period and the Delivering Party may schedule that test energy to a third party. If the Schedule coincides with a Low-Load Event, when the Low-Load Event is no longer in effect, the Delivering Party can resume delivery to Entergy without approval for a new Testing Period. If a Testing Period is terminated, a Delivering Party may resume delivery to Entergy by requesting and receiving approval for a new Testing Period. Notwithstanding the foregoing definition, Delivering Parties shall have the option to test their units at any time absent reliability concerns on Entergy’s system. If a Delivering Party chooses not to receive compensation from Entergy for this energy, it may elect not to engage in such transactions under the Testing Period provisions of the GIA and instead sell its energy to others.

II. APPLICABILITY

The terms and conditions of the service provided by Entergy herein shall apply to all Facilities operating in Entergy’s control area that provide electric energy for transmission by Entergy under Schedules. Entergy agrees to provide GIS and GRS on an as-available basis, as defined in this Agreement. Transmission of energy from Entergy generation units providing GIS and GRS shall be treated as non-firm transmission service from a Secondary Point of Receipt pursuant to Section(s) 22.1 and/or 28.4 of Entergy’s OATT and the transmission service agreement. Due to the real time dispatch of Entergy generation to match control area schedules, a transmission service request identifying the Secondary Point(s) of Receipt is not required.
Delivering Parties are not obligated to utilize GIS and GRS from Entergy under this Agreement, but may self-supply, these services or arrange for the supply of GIS and/or GRS by a third-party in whole or in part. Prior to obtaining GIS or GRS from a third party or through self-supply, a Delivering Party must demonstrate that it has in fact acquired the service from another source and that such alternative arrangements are adequate and consistent with Good Utility Practice, the protocols and guidelines set forth in the GIA Settlement Agreement filed in Docket Nos. ER01-2201 and ER04-901 and this Agreement. To the extent that Entergy’s generation still responds to any under or over deliveries of electric energy, the Delivering Party shall make payments for Deficient Energy and GRS and will receive payments for Excess Energy in accordance with the terms of this Agreement.

Where GIS and/or GRS is to be entirely self-supplied or obtained entirely from a third-party (including a Regional Transmission Organization) and the adequacy of such arrangement has been approved by the Commission, Entergy and the Delivering Party shall cooperate to make any necessary filings with the Commission within 60 days of such approval to modify, amend or terminate the GIA consistent with such self-supply or third party alternative.

A. CONFIRMATION PROCEDURES

Entergy expects Delivering Parties to be responsible for all Schedules showing the Facility as the source generator. The SOC accepts NERC tags as Schedules and complies with NERC policy in its scheduling process. If a tag is submitted approved and there are no objections from the Delivering Party or the Purchase Selling Entities (“PSEs”) representing the Delivering Party, the transmission customer on the tag will be billed under terms of the OATT for delivering the scheduled energy and the Delivering Party must pay any resulting GIS charges and GRS charges pursuant to this Agreement. Each Delivering Party must designate one or more PSEs as authorized to schedule from their Facility. If a Delivering Party chooses to see all Schedules submitted from one of its Facilities, it may register as a PSE with NERC and only authorize itself as the official scheduler for its Facility. Every NERC tag must list an authoring PSE on the generator line that is authorized by the source generator listed on the tag. The SOC will maintain a list of authorized PSEs and a list of valid sources. Each Delivering Party may change or amend its PSE designations by giving 48 hour written notice to the SOC.

B. RESERVATION OF RIGHTS

The SOC reserves the right to order non-Qualifying Facility Delivering Parties to cease over deliveries in excess of 10% of the Schedules for the clock hour from the Facility and 20 MW to avoid causing a Low-Load Event or causing the system
to be unable to meet NERC Operating Criteria. The Delivering Party will be notified within a reasonable time to allow it to cease such over deliveries. The SOC also reserves the right to curtail non-Qualifying Facility Delivering Parties’ schedules in the next hour if the regulation burden associated with the delivery of Excess Energy prior to and associated with a schedule increase from a Facility will cause Entergy to be unable to safely and reliably serve its load or meet NERC Operating Criteria and standards.

C. ADJUSTMENTS

No GIS charge shall apply under this Agreement for any transaction to the extent an over delivery or under delivery of energy relative to the Schedule is offset by a corresponding deviation between the Schedule and the load served by the transaction that is covered by Schedule 4 (Energy Imbalance Service). The SOC commits to adjust the GRS charge to account for complementary regulation service provided under OATT Schedule 3, if it is shown to offset the total regulation burden of a Delivering Party. The SOC, the Delivering Party, and the transmission customer receiving service under Schedule 3 will make the necessary arrangements in advance to measure and account for any offsetting regulation service.

III. DELIVERING PARTY NOTIFICATION OPTIONS

If the Delivering Party has not made a specific election of a notification option under this Agreement, then it must accept the terms and conditions of Meter Notification – Immediate Schedule Adjustment. Under each of the following options, the Delivering Party, if also a transmission customer on Entergy’s system, retains the right to adjust Schedules through scheduling procedures pursuant to Entergy’s OATT. In the event that the Delivering Party provides the SOC with notification of an Output change, outside the scope of a Notice Event, Entergy will make a reasonable attempt to restore the Schedules of the Delivering Party for the balance of the hour. The Delivering Party may elect for the SOC to impose an Immediate Schedule Adjustment, based upon the Output of the Facility into Entergy’s transmission system in the event of a Notice Event by maintaining a Standing Schedule Adjustment Order (“SSAO”). The Delivering Party’s SSAO election must be submitted in writing 30 days prior to implementation, must be effective on the first day of a calendar month, and must remain in effect for at least three calendar months. Similarly, prior to the purchase of Supplemental Capacity, the Delivering Party must notify the SOC in writing 10 business days prior to implementation. The minimum duration of a purchase of Supplemental Capacity is twelve months and the purchase election must be effective on the first day of a calendar month.
A. METER NOTIFICATION

1. Immediate Schedule Adjustment - The Delivering Party may elect for the SOC to impose an Immediate Schedule Adjustment, based upon the Output of the Facility into Entergy’s transmission system as determined by SCADA readings, in the event of a Notice Event by maintaining a SSAO, in which event the SOC shall comply with the Delivering Party’s SSAO. The SSAO must specify how the SOC is to adjust the Schedules of the Delivering Party when Entergy’s SCADA system indicates a Notice Event has occurred. The Delivering Party will pay for an amount of Deficient Energy as though the Schedule were adjusted exactly 15 minutes from the time of the Notice Event for tags sinking outside the Entergy control area and exactly 10 minutes from the time of the Notice Event for tags sinking inside the Entergy control area. In the event notification is within 20 minutes of the end of the hour, the Schedules will remain adjusted for the following hour, unless the SOC is notified otherwise by the Delivering Party, in which case the SOC will make a reasonable attempt to restore the original Schedule of the Delivering Party.

If the SOC has adjusted Schedules based on SCADA data, the SOC will contact the Delivering Party to verify that a Notice Event has occurred and to disclose the revised Schedule. The modified NERC tag will serve to notify the transmission customer and other parties to the Schedule. In the event that a Notice Event has not occurred, the SOC will make a reasonable attempt to restore the original Schedules of the Delivering Party for the balance of the hour. In the event of such a false Notice Event, any Excess Energy shall be purchased at 100% of Entergy’s Avoided Cost. Entergy will not be held liable for adjusting Schedules as a result of the SCADA system falsely indicating a Notice Event has occurred.

2. Conditional Schedule Adjustment - If a Delivering Party elects Conditional Schedule Adjustments, the SOC has the right, but not the obligation, to adjust all Schedules from the Facility on a pro rata basis to meet the current Output of the Facility. The Delivering Party is responsible for any Deficient Energy, and the 10/15-minute limit on the Delivering Party’s responsibility for Deficient Energy shall not apply.

If the SOC has adjusted Schedules based on SCADA data, the SOC will contact the Delivering Party to verify that a Notice Event has occurred and to disclose the revised Schedules. The modified NERC tag will serve to notify the Transmission Customers and other parties to the Schedule. In the event that a Notice Event has not occurred, Entergy will make a reasonable attempt to restore the original Schedules of the Delivering Party.
Party for the balance of the hour. In the event of such a false Notice Event, any Excess Energy shall be purchased at 100% of Entergy’s Avoided Cost. Entergy will not be held liable for adjusting Schedules as a result of the SCADA system falsely indicating a Notice Event has occurred.

3. **Conditional Schedule Adjustment/ Supplemental Capacity** - If the Delivering Party chooses to defer Schedule adjustments, for the greater of the balance of the hour or 30 minutes, following a Notice Event to restore the Output of the Facility, it must purchase Supplemental Capacity from Entergy. To purchase Supplemental Capacity, the Delivering Party must purchase at least 6% of the maximum Scheduled amount of the Facility as Supplemental Capacity. The capacity cost of the Supplemental Capacity shall be $5.00/kW-month. The minimum duration of a purchase of Supplemental Capacity is twelve months. The cost of energy from Supplemental Capacity shall be equal to 100% of ESIC. Where such Supplemental Capacity has been purchased, the Schedule from the Facility shall not be subject to adjustment to the current Output of the Facility until the greater of the balance of the hour or the 30-minute period following a Notice Event has expired; provided, however, that Entergy reserves the right to curtail delivery of energy down to the amount of Supplemental Capacity purchased if necessary to supply native load and firm wholesale customers. Supplemental Capacity will be curtailed on a pro rata basis with Entergy’s native load and firm wholesale customers. The modified NERC tag will serve to notify the Transmission Customers and other parties to the Schedule.

4. **Limitation** - During the fifteen-minute period following a Notice Event, any further reduction in the Output of the Facility shall not constitute a new Notice Event.

B. **TELEPHONE NOTIFICATION**

If the Delivering Party has elected Telephone Notification, the Delivering Party must notify the SOC and any customer purchasing power and energy directly from the Delivering Party by telephone of any under deliveries instead of relying on the Meter Notification set forth above. In the case of an outage or derate of a Facility not associated with a Notice Event, the Delivering Party may use the procedures set forth under Telephone Notification to adjust Schedules downward to the current level of Output of the unit; however, in such a case, the Schedules shall not be deemed adjusted until adjustment actually occurs.
IV. GENERATOR REGULATION SERVICE

A. NON-QUALIFYING FACILITY DELIVERING PARTIES

1. A charge will be assessed to each Delivering Party for the amount of GRS actually utilized in each calendar day, as determined in accordance with this Agreement. The daily charges will be totaled and billed on a calendar month basis. The following combined service level and rate structure will be used to calculate the GRS charges (all numbers are $/kW-day):

<table>
<thead>
<tr>
<th>Comparison of Schedule vs. Output</th>
<th>Performance Class A Rates</th>
<th>Performance Class B Rates</th>
<th>Performance Class C Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower bound – 0 MW</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Upper bound – the greater of 10 MW or 2.5% of the power scheduled at the time of the Snapshot.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 2 –</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower bound – the greater of 10 MW or 2.5% of the power scheduled at the time of the Snapshot.</td>
<td>$0.008</td>
<td>$0.021</td>
<td>$0.041</td>
</tr>
<tr>
<td>Upper bound – the greater of 25 MW or 20% of the power scheduled at the time of the Snapshot.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower bound – the greater of 25 MW or 20% of the power scheduled at the time of the Snapshot.</td>
<td>$0.016</td>
<td>$0.041</td>
<td>$0.082</td>
</tr>
<tr>
<td>Upper bound – the greater of 40 MW or 40% of the power scheduled at the time of the Snapshot.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tier 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower bound – the greater of 40 MW or 40% of the power scheduled at the time of the Snapshot.</td>
<td>$0.058</td>
<td>$0.074</td>
<td>$0.115</td>
</tr>
<tr>
<td>Upper bound – none</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Performance Class Definitions - The Performance Class grouping for each individual Delivering Party will be determined monthly, and GRS charges will be assessed based on the corresponding rates for Performance

Issued by: Randall Helmick  Effective: July 13, 2007
Vice President, Transmission

Issued on: July 13, 2007
Classes A, B, and C. Performance Class Definitions are a function of the Percentage Component and the Unit Trip Component as follows:

<table>
<thead>
<tr>
<th>Percentage Component</th>
<th>Performance Class A</th>
<th>Performance Class B</th>
<th>Performance Class C</th>
</tr>
</thead>
<tbody>
<tr>
<td>≥ 90%</td>
<td>&lt; 90% ≥ 70%</td>
<td>&lt; 70%</td>
<td></td>
</tr>
<tr>
<td>Unit Trip Component</td>
<td>No more than 2</td>
<td>No more than 4</td>
<td>5 or more</td>
</tr>
</tbody>
</table>

3. **Percentage Component** - The Percentage Component is a measure of the Delivering Party’s ability to match its Output to its Schedules during the calendar month by evaluating the Delivering Party’s performance through “instantaneous snapshots” (Snapshots) at ten-minute intervals during the calendar month. For each Snapshot, the Delivering Party’s instantaneous Output and Schedule will be recorded, and the difference will be computed (all in MW). The Percentage Component will be computed as the quotient of Tier 1 Snapshots and Applicable Snapshots expressed as a percentage. A Snapshot shall be a Tier 1 Snapshot whenever the difference between the Delivering Party’s Output and Schedule falls within the bounds described under Tier 1. The Applicable Snapshots will equal the total number of Snapshots that had either scheduled power or positive generation above 10 MW, less any Snapshots exempted by unit trips below, as discussed below. Testing Periods without a simultaneous Commercial Schedule are not included in the Tier 1 Snapshots or the Applicable Snapshots.

The “instantaneous snapshots” initially will occur every hour at the top of the hour and every ten minutes thereafter (i.e., :00, :10, :20, :30, :40, :50). During each calendar year, and upon ninety days prior written notice, the SOC can make a one time change of the timing of the “instantaneous snapshots” not originally adopted.

4. **Unit Trip Component** - A Delivering Party has the right, but not the obligation, to declare a unit trip and the associated time of occurrence, and the declaration of a unit trip will exempt the subsequent three consecutive Snapshots associated with the unit trip from the Percentage Component of the Performance Class calculation (i.e., the Snapshots will be excluded from both the Tier 1 Snapshot count and the Applicable Snapshot count). A Delivering Party may declare up to 2 unit trips in a month and still be eligible for Performance Class A pricing. In the event a Delivering Party declares either 3 or 4 unit trips in a month, that Delivering Party is automatically ineligible to receive Performance Class A pricing, regardless of its Percentage Component performance during the month.
Up to and including 4 declared unit trips in a month will allow a Delivering Party to be eligible for Performance Class B during that month, subject to the Percentage Component performance of the Delivering Party meeting the Performance Class B standard. In the event a Delivering Party declares 5 or more unit trips in a month, that Delivering Party will pay Performance Class C pricing for all GRS charges incurred in that month, regardless of its Percentage Component performance in the month. The number of declared unit trips is counted on a calendar month basis with no rollover rights. To declare a unit trip, a Delivering Party must notify the SOC in writing no later than one business day after the end of the calendar month in which the trip occurred and provide the time of the unit trip with supporting documentation that the unit trip occurred. A Delivering Party will still be responsible for paying any GRS charges associated with a unit trip.

5. Calculation of GRS Charge - The GRS charge will be assessed daily based on the maximum quantity of GRS used during the calendar day. For each day, the largest absolute value (i.e., the largest difference between a Delivering Party’s Schedules and Output) of the greatest positive imbalance (for non-Qualifying Facilities) or negative imbalance (for Qualifying Facilities and non-Qualifying Facilities) as measured at the ten-minute Snapshots will be determined. The maximum quantity of GRS will be used in conjunction with the tiered rate table above to calculate the daily charge. If the maximum amount of GRS falls entirely within the Tier 1 bounds, then only the Tier 1 rates will apply. To the extent the GRS amount used exceeds the Tier 1 bounds, then any excess will be charged under the Tier 2 rates, up to the limit of the Tier 3 bounds. To the extent the GRS amount used exceeds the Tier 2 bounds, the amount above the Tier 2 bounds will be charged at either the Tier 3 or Tier 4 rates, depending on the magnitude of the GRS amount. The Tier 4 rates will apply only to the GRS amount used that exceeds the Tier 3 bounds. To the extent the GRS amount used equals the amount on the boundary of two tiers (e.g., the upper bound for Tier 1 and the lower bound Tier 2), the rates in the lower tier will be used for that amount of GRS. Delivery Parties that are Intermittent Resources are exempt from Tier 4 rates. If the GRS amount used by an Intermittent Resource falls within the Tier 4 bounds, then Tier 3 rates will apply.
B. QUALIFYING FACILITY DELIVERING PARTIES

1. A GRS charge for Qualifying Facility Delivering Parties will be applicable only when a Qualifying Facility submits Schedules and when the Output of a Facility results in an under delivery in relation to such Schedules. In such instance, the GRS charge will be calculated as described in Section IV.A.5 above. Any over delivery by a Qualifying Facility will be treated as a PURPA put in accordance with Article One, Sections VII.A.1, VII.B.1, VII.C.1, and VIII of this Agreement and shall not be assessed a GRS charge as described in Section IV.A.5 above.

C. INSTRUCTIONS FROM TRANSMISSION PROVIDER OR RELIABILITY COORDINATOR

1. GRS charges shall not apply if such charges would be incurred as a direct result of direction from the Reliability Coordinator or Transmission Provider necessary to respond to a system emergency, for a period, not to exceed thirty minutes. This time period is provided to allow time for the Delivering Party to adjust its Schedules to the Output level directed by the Reliability Coordinator or Transmission Provider.

V. TERMS AND CONDITIONS OF METER NOTIFICATION

A. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT – GENERAL PROVISIONS

1. Delivering Party has requested Immediate Schedule Adjustment
   
   a. The Schedule of the Facility that sinks outside the Entergy control area shall be deemed reduced as if such adjustment occurred 15 minutes after the Notice Event. The Schedule of the Facility that sinks inside the Entergy control area shall be deemed reduced as if such adjustment occurred 10 minutes after the Notice Event.
   
   b. The Delivering Party shall purchase Deficient Energy at 110% of ESIC.

2. Delivering Party has requested Conditional Schedule Adjustments and has not purchased Supplemental Capacity
   
   a. The Delivering Party shall purchase Deficient Energy at 110% of ESIC.
3. Delivering Party has requested Conditional Schedule Adjustments and has purchased Supplemental Capacity

   a. During any hour in which a Notice Event occurs, the Output of the Facility shall be adjusted to include the number of minutes of energy purchased from the Supplemental Capacity set forth in Section III.A.3 above. The MWh adjustment shall be equal to the quantity of Supplemental Capacity purchased times the number of minutes Supplemental Capacity was provided divided by 60 minutes. The amount of Deficient Energy shall then be recalculated based upon the adjusted Output.

   b. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

B. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT DURING AN HOUR WITH AN EMERGENCY EVENT

1. Delivering Party has requested Immediate Schedule Adjustment

   Deficient Energy shall be priced at 100% of ESIC.

2. Delivering Party has requested Conditional Schedule Adjustments and has not purchased Supplemental Capacity

   Deficient Energy shall be priced at 100% of ESIC.

3. Delivering Party has requested Conditional Schedule Adjustments and has purchased Supplemental Capacity Deficient Energy shall be priced at 100% of ESIC.

C. UNDER DELIVERIES NOT ASSOCIATED WITH A NOTICE EVENT

1. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

D. PENALTIES

Penalties, as provided for in Article One, Sections VI.A.6 and VI.A.7, shall not be applicable to any Delivering Party that elects Meter Notification.
VI. TERMS AND CONDITIONS OF TELEPHONE NOTIFICATION

A. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT - GENERAL PROVISIONS

1. If a Facility experiences a Notice Event, the Delivering Party or its designated agent shall be required to notify the SOC by telephone within 2 minutes of the Notice Event and customers purchasing power and energy directly from the Delivering Party as promptly thereafter as is practicable. This notification shall include a revised Schedule for the remainder of the hour, and in the case of a Notice Event within twenty minutes of the end of the hour, for the subsequent hour as well, unless the SOC is notified otherwise by the Delivering Party, in which case the SOC will make a reasonable attempt to restore the original Schedule of the Delivering Party. During the fifteen minute period following a Notice Event, any further reduction in the Output of the Facility shall not constitute a new Notice Event.

2. The period for Telephone Notification required above shall be measured by the clock used in conjunction with the SCADA equipment supplying the real-time Output of the Facility to the SOC. Such period shall begin at the start of the first clock minute following the Notice Event.

3. Telephone Notification shall be considered given at the time of the start of the telephone call between the Delivering Party and the SOC in which a revised Output is provided. All Schedules that sink outside of the Entergy control area shall be deemed adjusted thirteen minutes after Telephone Notification. All Schedules that sink inside of the Entergy control area shall be deemed adjusted eight minutes after Telephone Notification.

4. Unless the Delivering Party provides other instructions as part of its Telephone Notification, all Schedules from the Facility will be adjusted to reflect the revised Output of the Facility on a pro rata basis.

5. During an hour when a Notice Event has occurred, the Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

6. Penalties - In the event the Facility experiences a Notice Event and the Delivering Party does not provide the requisite two minutes notice, or provides notice and does not maintain an Output of 90% of the revised Schedule for the remainder of the hour, the Delivering Party will be assessed a penalty. Only one occurrence shall be deemed to occur during
a clock hour. Therefore, during one clock hour, if two shortfalls occur during that hour, it will be considered as one occurrence for the purpose of determining the number of occurrences per monthly billing period.

a. FOR THE FIRST EVENT WITHIN A ROLLING THREE-MONTH PERIOD - The penalty rate shall be $0.25 per kW multiplied by the greatest difference between the Schedule and the Output of the Facility during the clock hour in which the Notice Event occurred.

b. FOR THE SECOND AND THIRD EVENTS WITHIN A ROLLING THREE-MONTH PERIOD - The penalty rate shall be $0.50 per kW multiplied by the greatest difference between the Schedule and the Output of the Facility during the clock hour in which the Notice Event occurred.

c. FOR ALL SUBSEQUENT EVENTS WITHIN A ROLLING THREE-MONTH PERIOD - The penalty rate shall be $2.00 per kW multiplied by the greatest difference between the Schedule and the Output of the Facility during the clock hour in which the Notice Event occurred.

7. In addition to the above referenced penalties, in the event that a Notice Event results in a reportable event to NERC in which Entergy failed to meet the Disturbance Control Standard, as defined by NERC, the Delivering Party shall compensate Entergy for the Delivering Party’s share of the additional contingent reserve requirements that Entergy must maintain. The Delivering Party shall pay Entergy the sum of $7.00/kW-month multiplied by the Delivering Party’s share of the additional contingent reserve requirement that Entergy must maintain.

a. If the additional contingent reserve requirement is less than or equal to the sum of the magnitudes of all third-party Notice Events during the reportable event, the Delivering Party’s share of the additional contingent reserve requirement shall be equal to the ratio of the Delivering Party’s Notice Event amount divided by the total of third-party Notice Events times the additional contingent reserve requirement.

b. If the additional contingent reserve requirement is greater than the sum of the magnitudes of all third-party Notice Events during the reportable event, the Delivering Party’s share of the additional...
contingent reserve requirement shall be equal to the magnitude of the Delivering Party’s Notice Event.

B. UNDER DELIVERIES ASSOCIATED WITH A NOTICE EVENT DURING AN HOUR WITH AN EMERGENCY EVENT

1. Deficient Energy shall be priced at 100% of ESIC.

C. UNDER DELIVERIES NOT ASSOCIATED WITH A NOTICE EVENT

1. The Delivering Party shall purchase the Deficient Energy at 110% of ESIC.

VII. OVER DELIVERIES PURSUANT TO METER AND TELEPHONE NOTIFICATION

A. OVER DELIVERIES – GENERAL PROVISIONS

1. Qualifying Facilities - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy’s Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, the Federal Energy Regulatory Commission’s regulations implementing PURPA are contained in 18 C.F.R. Part 292

2. Non-Qualifying Facility Delivering Parties

   a. Entergy shall purchase Excess Energy up to or equal to 120% of the Schedule at 90% of Entergy’s Avoided Cost.

   b. Entergy shall purchase Excess Energy delivered above 120% of the Schedule and up to or equal to 150% of the Schedule at 75% of Avoided Cost.

   c. Entergy shall purchase Excess Energy delivered above 150% of Schedules at 50% of Avoided Cost.

3. Intermittent Resource Delivering Parties

   a. Entergy shall purchase Excess Energy up to or equal to 120% of the Schedule at 90% of Entergy’s Avoided Cost.
b. Entergy shall purchase Excess Energy delivered above 120% of the Schedule at 75% of Avoided Cost.

B. OVER DELIVERIES DURING AN HOUR WITH AN EMERGENCY EVENT

1. **Qualifying Facilities** - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy’s Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, Federal Energy Regulatory Commission’s regulations implementing PURPA are contained in 18 C.F.R. Part 292.

2. **Non-Qualifying Facility Delivering Parties** - Entergy shall purchase all Excess Energy at the rate of 100% of Entergy’s Avoided Cost.

C. OVER DELIVERIES DURING A LOW-LOAD EVENT

1. **Qualifying Facilities** - Any Facility that is a Qualifying Facility under PURPA shall receive Entergy’s Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations or contract to purchase such energy at its Avoided Cost. Currently, Federal Energy Regulatory Commission’s regulations implementing PURPA are contained in 18 C.F.R. Part 29.

2. **Non-Qualifying Facility Delivering Parties** - In the event that Entergy is experiencing a Low-Load Event, then any Excess Energy delivered in the clock hour beginning two hours after the notice of the Low-Load Event in excess of 2% of the Schedule for the clock hour from the Facility and more than 2 MWh, shall not be purchased and shall be assessed a charge equal to the Daily Market Price of energy on the following day for each MWh of Excess Energy in excess of 2% of the Schedule for the clock hour from the Facility and more than 2 MWh. If the SOC fails to provide two hour prior notification of a Low-Load Event, no penalties shall apply.

3. **Notification Procedures**
   a. A Low-Load Alert is issued when the projected generation level is within 500 MW of the normal minimum energy limits. This is a preliminary warning to all generators that an over generation condition is approaching. Entergy will notify all Non-Qualifying
Facility Delivering Parties and Qualifying Facilities of a Low-Load Alert via email and broadcast fax.

b. A Low-Load Event is issued when the projected generation level is at or below the normal minimum energy limits. The penalties for Low-Load Events are not applicable to Qualifying Facilities. During Low-Load Events all Non-Qualifying Facility Delivering Parties will be subject to the penalties in Section VII.C.2 above. Entergy will provide two hour prior notice of a Low-Load Event by email and broadcast fax. For purposes of the two hour prior notice period, the e-mail notification controls. This two hour notice will also be provided to Qualifying Facilities as an indicator that a Low-Load Emergency will occur in two hours if nothing changes on the system.

c. A Low-Load Emergency is issued when the generation can no longer match the load (using normal generation minimum limits and accounting for regulating needs). The EMO System Dispatcher will utilize emergency reducible generation. In addition, Entergy will cease PURPA purchases from Qualifying Facilities when, due to operational circumstances, purchases from Qualifying Facilities will result in costs greater than those which Entergy would incur if it did not make such purchases, but instead generated an equivalent amount of energy itself pursuant to 18 C.F.R. § 292.304(f). Entergy will notify Qualifying Facilities via email and broadcast fax prior to the termination of purchases.

d. Cancellation of the three stages listed above will occur in reverse order when the margin is regained. The Low-Load Event end time will not occur until all of the curtailed Schedules associated with Testing Periods, Start-Up Periods, or Shut-Down Periods can again be accommodated by EMO.

4. Upon written request of a Delivering Party that has been billed for Low-Load Event charges, Entergy will provide the Delivering Party the following information concerning the specific Low-Load Event: (a) the start time and duration; (b) the triggering system conditions and events; and (c) Entergy’s hourly load, total generation and net interchange. The Delivering Party must request this information within 60 days of receiving an invoice with a Low-Load Event charge.
D. PENALTIES

Entergy will credit revenues that it receives in excess of the costs it incurs to accommodate Over Deliveries (“penalty revenues”) to Entergy’s Native Load Customers, QFs subject to the GIA which were on-line, and other Delivering Parties under the GIA who were on-line and did not experience Over Deliveries above 120% of Schedules in the same hour as a particular penalty revenue is assessed. The credits shall be calculated and allocated as set out below.

The penalty revenues for which Entergy provides credits consist of the following amounts: for Excess Energy delivered during a particular clock hour, the amount by which any payment to a Delivering Party is less than Avoided Cost times the Delivering Party’s quantity of Excess Energy in that hour.

The penalty revenues calculated shall be credited based on the ratio of the sum of generation output to serve Entergy’s Native Load Customers, generation by each QF subject to the GIA which was on-line during the clock hour in which a penalty was assessed, and generation by each Delivering Party that was on-line and did not experience Over Deliveries above 120% of Schedules in a clock hour in which a penalty was assessed to the sum of total generation output used to serve Entergy’s Native Load Customers, generation by all QFs subject to the GIA and on-line during the clock hour in which a penalty was assessed, and generation by all Delivering Parties that were on-line and did not experience Over Deliveries above 120% of Schedules in a clock hour in which a penalty was assessed under this Agreement. A Delivering Party that experiences Over Deliveries in Excess of 120% of Schedules in an hour shall not receive a credit pursuant to this Section for that hour.

Entergy shall only disburse accumulated penalty revenues under the GIA, plus interest calculated in accordance with 18 C.F.R § 35.19a, when the annual refund obligation for Delivering Parties (exclusive of Entergy’s Native Load Customers) and QFs subject to the GIA reaches $100,000. The annual period will commence on January 1 every year and end on December 31. Penalty revenues in one year will be carried over into subsequent years if the $100,000 threshold is not met.

VIII. UNDER/OVER DELIVERIES DURING AN HOUR THAT HAS BEEN DESIGNATED AS A TESTING PERIOD, START-UP PERIOD OR SHUT-DOWN PERIOD
A. QUALIFYING FACILITIES

1. Any Facility that is a Qualifying Facility under PURPA shall receive 100% of Entergy’s Avoided Cost for all Excess Energy, provided that Entergy is obligated by federal statute, Federal Energy Regulatory Commission orders or regulations, or contract to purchase such energy at its Avoided Cost. Currently, Federal Energy Regulatory Commission’s regulations implementing PURPA are contained in 18 C.F.R. Part 292. The Testing Period, Start-Up Period and Shut-Down Period procedures described below in Section VIII.B and Section IX are not applicable to Qualifying Facilities.

B. NON-QUALIFYING FACILITY DELIVERING PARTIES

1. Entergy shall purchase energy delivered during a Testing Period, Start-Up Period and Shut-Down Period provided that the Testing Period, Start-Up Period, or Shut-Down Period has been approved by the SOC and all other requirements relating to scheduling and tagging as described below are satisfied. Such energy deliveries meeting the criteria will be purchased at a rate of 90% of Avoided Cost. Energy delivered in excess of the approved MW profile of the tag will be purchased by Entergy at 50% of Avoided Cost as long as there is not a simultaneous Commercial Schedule. A simultaneous Commercial Schedule is one for which any portion of the Commercial Schedule flows during the same clock hour as the Testing Period, Start-Up Period, or the Shut-Down Period.

2. No Deficient Energy charges will be assessed for under deliveries in relation to the Schedule submitted for an approved Testing Period, Start-Up Period, and Shut-Down Period as long as there are not simultaneous Commercial Schedules. Likewise, Notice Events cannot occur during an approved Testing Period, Start-Up Period, or Shut-Down Period as long as there are not simultaneous Commercial Schedules.

3. GRS Charges are applicable to Start-Up Periods and Shut-Down Periods. GRS Charges are not applicable to Testing Periods as long as there is not a simultaneous Commercial Schedule.

4. There will be two Groups for submitting Testing Periods, Start-Up Periods, and Shut-Down Periods depending upon the timing of the request. Requests for approval of a Testing Period, Start-Up Period or Shut-Down Period in Group 1 should be provided to the SOC in writing by fax between 12:01 A.M. and 11:00 A.M. on the business day prior to the requested day. Requests for approval of a Testing Period, Start-Up Period...
or Shut-Down Period in Group 2 should be provided to the SOC in writing by fax after the close of Group 1, but no later than two-hours prior to the requested start time. The chances of receiving approval in Group 2 may be diminished as compared to Group 1. EMO will provide the SOC with a clock ten-minute energy margin and ramping capability that EMO can accommodate during the next business day. The SOC will use the information provided by the Delivering Party to calculate the maximum MW value in each clock ten-minute period and use that data with the approval parameters from the EMO to evaluate approval of Testing Period, Start-Up Period and Shut-Down Period requests. Separately within Group 1 and Group 2, the SOC will allocate the margin and ramping capability among Testing Period requests, Start-Up Period requests and Shut-Down Period requests by the SOC on a first-come, first-served, and blind basis.

5. Communications between the SOC and EMO will be conducted through the Test Energy Posting Application, a web-based application or the File Transfer Protocol. If the request for a Testing Period, Start-Up Period or Shut-Down Period cannot be accommodated as proposed, the Delivering Party will be notified by the SOC as soon as possible. The SOC will post on the OASIS for public access the amount of margin approved for the next business day. When a Testing Period, Start-Up Period or Shut-Down Period has been approved, the SOC will ensure that any required OASIS reservations have been submitted, the approval of which will be subject to transmission availability. If the Facility has been designated as a network resource for EMO’s load for the duration of the Testing Period, Start-Up Period or Shut-Down Period request and the sum of the approved Testing Period, Start-Up Period or Shut-Down Period amounts and any Commercial Schedules, which utilize the network service designation to EMO, does not exceed the MW profile of the reservation, no additional reservation will be needed. The SOC will notify the Delivering Party of the approval of its request, and provide the OASIS number to be used on the tag representing the approved request. The Delivering Party must submit a valid tag as a Schedule consistent with current scheduling practices and that matches the terms of the approved Testing Period, Start-Up Period or Shut-Down Period to deliver the energy. The tag must contain specified fields to indicate that it is for an approved Testing Period, Start-Up Period, or Shut-Down Period.

6. Testing Period, Start-Up Period and Shut-Down Period requests by a Delivering Party must contain the following information to be valid and considered for approval:

1. Facility
2. Contact information
3. For each tag segment:
a. Start time  
b. Stop time  
c. Ramp duration  
d. MW value

If the stop time of one segment of a Testing Period, Start-Up Period, or Shut-Down Period is the same as the start time of the next segment, the two segments must have the same ramp duration. The last segment of a Start-Up Period must be immediately followed by one or more Commercial Schedules, and the first segment of a Shut-Down Period must be immediately preceded by one or more Commercial Schedules. No Start-Up Period or Shut-Down Period request will be approved without an adjoining Commercial Schedule.

7. Delivering Parties will not receive counteroffers on a Testing Period, Start-Up Period and Shut-Down Period request if it cannot be completely accommodated by the approval parameters provided by the EMO. Delivering Parties who have a Testing Period, Start-Up Period and Shut-Down Period request rejected can submit another request (up to two hours ahead in Group 2) or negotiate with EMO or a third party for a bilateral sales agreement. Delivering Parties who wish to adjust, cancel, or otherwise modify a tag representing an approved Testing Period, Start-Up Period and Shut-Down Period must coordinate with the EMO by submitting an adjustment or cancellation to the tag.

8. In the event that Entergy is experiencing a Low-Load Event, Delivering Parties may continue delivering energy consistent with an approved Testing Period, Start-Up Period or Shut-Down Period. However, any energy delivered in the clock hour beginning two hours after the notice of Low-Load Event in excess of 2% of the Schedule for the clock hour from the Facility and more than 2 MWh shall not be purchased and shall be assessed a charge equal to the Daily Market Price of energy on the following day for each MWh of energy delivered. A Delivering Party may submit a Schedule change to sell its test, start-up or shut-down energy to a third-party during a Low-Load Event and avoid such charges. Entergy will permit the continuation of the Testing Period, Start-Up Period or Shut-Down Period at the conclusion of the Low-Load Event without the receipt of approval for a new Testing Period, Start-Up Period or Shut-Down Period. However, the Low-Load Event end time will not occur until all of the curtailed Schedules associated with Testing Periods, Start-Up Periods and Shut-Down Periods can again be accommodated by EMO.
IX. UNDER/OVER DELIVERIES DURING AN HOUR THAT HAVE SIMULTANEOUS COMMERCIAL SCHEDULES AND AN APPROVED TESTING PERIOD, START-UP PERIOD, OR SHUT-DOWN PERIOD

A. GENERAL PROVISIONS

1. Delivering Parties may have approved Testing Period, Start-Up Period, or Shut-Down Period energy for a Facility during an hour with one or more simultaneous Commercial Schedules. A simultaneous Commercial Schedule is one for which any portion of the Commercial Schedule flows during the same clock hour as the Testing Period, Start-Up Period, or the Shut-Down Period. The Schedule that the Delivering Party’s output will be compared to will be the algebraic sum of all Commercial Schedules and approved Testing Period, Start-Up Period, or Shut-Down Period Schedules. Notice Events are applicable during Testing Periods, Start-Up Periods, or Shut-Down Periods that have simultaneous Commercial Schedules. The following logic will be applied in determining GIS/GRS charges during periods with Testing Period, Start-Up Period or Shut-Down Period and simultaneous Commercial Schedules:

   a. **Deficient Energy** - For any hour in which a Delivering Party has one or more Commercial Schedules, the sum of the Delivering Party’s Schedules associated with a Testing Period, Start-Up Period, or Shut-Down Period and those associated with Commercial Schedules will be used for calculating Deficient Energy charges.

   b. **Excess Energy** - For any hour in which a Delivering Party has one or more Commercial Schedules, all Excess Energy above the amount approved for the Testing Period, Start-Up Period, or Shut-Down Period and the Commercial Schedule will be purchased at the tiered Excess Energy rates as applied to the Commercial Schedules.

   c. **GRS Charges** - For all Snapshots during which there are simultaneous Commercial Schedules and Testing Period, Start-Up Period, or Shut-Down Period energy, the value recorded will be the aggregate of all Schedules (*i.e.*, the sum of the Commercial Schedules and Testing Period, Start-Up Period, or Shut-Down Period Schedules).

   d. **Real Time Monitoring** - Tags associated with Commercial Schedules will be curtailed first during Notice Events. A Testing Period, Start-Up Period, or Shut-Down Period Schedule will only
be curtailed during a Notice Event if all Commercial Schedules are exhausted.

ARTICLE TWO
OTHER PROVISIONS

I. MISCELLANEOUS PROVISIONS

A. ANNUAL BILLING FEE AND INVOICES

The Delivering Party shall be subject to an annual billing fee of $10,000 for each Facility. Each Non-Qualifying Facility Delivering Party will pay a one-time increased annual billing fee of $25,000 in 2005. Each Qualifying Facility Delivering Party will pay a one-time increased annual billing fee of $17,500 in 2005. In 2006, the annual billing fee will revert back to $10,000 for all Delivering Parties. When applicable, the SOC shall prepare a statement for each monthly billing period specifying the amount owed to Entergy by the Delivering Party and the amount owed to the Delivering Party by Entergy. If the amount owed to Entergy is greater than the amount owed to the Delivering Party, then the SOC shall supply the Delivering Party with an invoice for the monthly billing period. If the amount owed to the Delivering Party is greater than the amount owed to Entergy, the SOC will provide a copy of the invoice specifying the payment required from Entergy to the Delivering Party. The invoice will be prepared and mailed within thirty (30) calendar days of the end of each monthly billing period.

B. INTEREST ON UNPAID BALANCES

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Federal Energy Regulatory Commission’s regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt.

C. DEFAULT

In the event a party fails, for any reason other than a billing dispute described below, to make payment on or before the due date, and such failure of payment is not corrected within thirty (30) calendar days of the due date, a default shall be deemed to exist. Upon the occurrence of a Default, Entergy may initiate a proceeding with the Federal Energy Regulatory Commission to terminate GIS and

Issued by: Randall Helmick
Vice President, Transmission

Effective: July 13, 2007

Issued on: July 13, 2007
GRS but shall not terminate these services until the Federal Energy Regulatory Commission so approves any such request. In the event of a billing dispute between Entergy and the Delivering Party with regard to amounts due Entergy, Entergy will continue to provide service under the Agreement as long as the Delivering Party (i) continues to make all payments not in dispute and (ii) pays Entergy the amount in dispute which Entergy will place in an interest bearing escrow account, pending resolution of such dispute. If the Delivering Party fails to meet these two requirements for continuation of service, then Entergy may provide notice to the Delivering Party of its intention to suspend service.

D. SECURITY

In the event the Delivering Party has failed to pay the amounts owed to Entergy within the time period specified, Entergy may require the Delivering Party to provide a security deposit, letter of credit, or other form of security commensurate with the outstanding amounts due to Entergy by the Delivering Party.

E. AUDIT RIGHTS

Delivering Parties shall have the right, upon prior reasonable notice and legitimate justification to request an audit of the calculation of ESIC or Avoided Cost arising under this Agreement. Delivering Parties shall also have the right to request an audit of the data used to derive the GRS charge. Any audit initiated under this provision will be paid for by the Delivering Party and will be conducted by a neutral third-party mutually agreed to by Entergy and the Delivering Party. The Delivering Party will not be responsible for the cost of Entergy Staff participating in the audit.

F. DESIGNATION OF AGENT

So long as a Delivering Party is not in default under this Agreement, upon 60 days prior written notice to Entergy, a Delivering Party may designate one agent who is authorized to act on the Delivering Party’s behalf for a term of no less than 12 months; provided, however, that the Delivering Party’s obligations under this Agreement shall continue in their entirety in full force and effect. A Balancing Pool may be a designated agent under this provision.

G. USE OF BLOCK ACCOUNTING

Block accounting will not be used for the calculation of Excess Energy and Deficient Energy. Instead, the actual Output of a Facility in an hour will be compared to the Schedules from the Facility in an hour, including a linear representation of any ramp.
For example, in the case of a 250 MWh schedule with a start time of 10:00, a stop time of 11:00, and a 20 minute ramp duration the schedule would result in the following actual scheduled energy allocation:

<table>
<thead>
<tr>
<th>Scheduled Energy (MWh)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hour ending 10</td>
<td>10.42</td>
</tr>
<tr>
<td>Hour ending 11</td>
<td>229.16</td>
</tr>
<tr>
<td>Hour ending 12</td>
<td>10.42</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
</tr>
</tbody>
</table>

H. CLOCK SYNCHRONIZATION

In an effort to ensure clock synchronization, Delivering Parties can use the official time at www.time.gov. This time should be within 2-3 seconds of the time service utilized by Entergy. At the website referenced above, Delivering Parties can download software in order to use the Internet to automatically set their computer clocks to the correct time.

I. ACCESS TO METER DATA

To the extent Delivering Parties do not already have access to meter data at their Facilities, they have the right to access such data. To the extent that there is a cost associated with accessing the data, the Delivering Parties will bear such cost.

II. PAYMENTS

Payments for amounts due hereunder for GIS and GRS shall be paid so that such payments are received on the tenth (10th) day after receipt of the bill. Payment shall be made in immediately available funds, through wiring of funds or other mutually agreeable methods of payments. If the due date falls on a non-business day of either party, then the payment shall be due on the next business day.

III. CREDITWORTHINESS

A. CREDIT REVIEW

For the purpose of determining the ability of a Delivering Party to fulfill its financial obligations pursuant to this Generator Imbalance Agreement, Entergy shall require commercially reasonable credit review procedures. A creditworthiness review shall be conducted for each Delivering Party upon its
initial request for GIS and GRS, and thereafter generally annually, or upon the
anniversary of the Delivering Party’s receipt of GIS and GRS, or upon reasonable
request by the Delivering Party. Provided, however, any time that a Delivering
Party experiences any credit downgrade that may place it below the standards
specified in Section III.B below, Entergy reserves the right to re-evaluate the
Delivering Party’s creditworthiness pursuant to this Article Two, Section III.
Further, if in accordance with Section III.C.3 below, Entergy determines that
financial assurances that a Delivering Party has previously provided pursuant to
this Section III have become insufficient to protect Entergy against the risk of
non-payment, Entergy can require the Delivering Party to increase such financial
assurances.

B. CREDITWORTHINESS

Both new and existing Delivering Parties that satisfy the criteria delineated in this
Section III.B throughout the terms of this Generator Imbalance Agreement will be
considered creditworthy by Entergy. Such Delivering Parties will not be required
to submit financial assurances in order to protect Entergy from the risk of non-
payment. Pursuant to this Section III.B, if applicable, a Delivering Party is
creditworthy if it has not Defaulted more than once in the last twelve (12) months
and:

1. has a Standard and Poor’s (“S&P”) Long-Term Issuer Credit Rating of
BBB- (or better); or (b) a Moody’s Investor Service, Inc. (“Moody’s”)
Long-Term Issuer Credit Rating of Baa3 (or better). In the event that a
Delivering Party or its guarantor is rated by both S&P and Moody’s, then
Entergy will use the lower of the two ratings; or

2. is a borrower from the Rural Utilities Service (“RUS”) and has a “Times
Interest Earned Ratio” of 1.05 (or better) and a “Debt Service Coverage
Ratio” of 1.00 (or better) in the most recent calendar year, or is
maintaining the Times Interest Earned Ratio and Debt Service Coverage
Ratio as established in the Transmission Customer’s RUS Mortgage. The
Delivering Party must provide appropriate documentation annually, or as
agreed-upon by both parties; or

3. is a federal agency and its financial obligations under this GIA are backed
by the full faith and credit of the United States; or

4. is a municipal or state agency, or a rural electric cooperative (without RUS
debt) that: (a) if applicable, has been taking GIS for one (1) year and has
provided documentation that its financial obligations pursuant under this
Agreement are backed by the full faith and credit of the municipality or state
in which it is established; or (b) has provided documentation that under the
applicable laws of the state in which it is established, that its financial obligations pursuant to this GIA are deemed to be operating expenses and that the agency or the electric cooperative is required by such applicable laws to devote its revenues first to the payment of its operating and maintenance expenses and the principal and interest of its outstanding obligations prior to payment of all other obligations; or

5. the Delivering Party provides a letter of unconditional and continuing guaranty from its parent company. Such letter of guaranty must be acceptable to Entergy as to form and substance and can be used only if the guarantor maintains a minimum credit rating as stated in Section III.B.1. However, to the extent that the guarantor is placed on watch for possible downgrade and has: (i) a S&P Long-Term Issuer Credit Rating of BBB-(or below); or (ii) a Moody’s Long-Term Issuer Credit Rating of Baa3 (or below), then the Delivering Party will be required to provide additional financial assurances as provided in this Article II, Section III. A draft, acceptable form of a continuing guaranty shall be posted on OASIS; or

6. the Delivering Party has been in business for at least one (1) year and provides its most recent audited financial statements to Entergy which demonstrate that the Delivering Party meets standards that are at least equivalent to the standards underlying a S&P Long-Term Issuer Credit Rating of BBB- (or better) or a Moody’s Long-Term Issuer Credit Rating Baa3 (or better); provided that if the Delivering Party is not found to be creditworthy pursuant to this Section III.B.6, then pursuant to Section III.C.5 below, Entergy will inform the Delivering Party of the reasons for that determination.

C. CREDITWORTHINESS PROCEDURES

Entergy shall require financial assurances in accordance with the procedures set forth below:

1. New GIS and GRS Customers - A new Delivering Party (or an existing Delivering Party requesting new GIS or GRS) that does not meet the creditworthiness requirements established in Section III.B above shall provide an unconditional and irrevocable standby letter of credit, or an alternative form of security identified in Section III.E, in an amount equal to three (3) times the estimated charges for GIS and GRS for an average month. All costs associated with the issuance and maintenance of a letter of credit shall be paid by the Delivering Party. A draft, acceptable form of a letter of credit shall be posted on OASIS. Provided, however, a new Delivering Party may request a creditworthiness re-evaluation after taking GIS and GRS for six (6) months and request that its form of security be
adjusted to an amount equal to three (3) times the Delivering Party’s actual average monthly charge for GIS and GRS during the initial six (6) month period of receiving such service; or

2. **Existing GIS and GRS Customers** - Any Delivering Party that originally meets the creditworthiness requirements of Section III.B and subsequently fails to meet those requirements after it initially receives GIS and GRS but before termination of that service shall:

   a. Within eight (8) business days of receipt of a notice from Entergy, provide Entergy an acceptable form of financial assurance permitted by this Article II, Section III that is equal to the Delivering Party’s average monthly charge for GIS and GRS; and

   b. Within thirty-five (35) calendar days of such notification, provide Entergy either: (i) an unconditional and irrevocable letter of credit that is equal to an additional two (2) times the Delivering Party’s average monthly GIS charge and GRS charge; or (ii) an equivalent alternate form of financial assurance pursuant to Section III.E below. Provided, however, the Delivering Party must provide Entergy payment for all outstanding GIS charges and GRS charges no later than five (5) business days prior to the beginning of the next month.

3. **Right to Protect Against Additional Risk of Non-payment** - All financial assurances calculated and collected pursuant to Sections III.C.1 and III.C.2 must be sufficient to protect Entergy from the risk of non-payment with respect to a non-creditworthy Delivering Party during the entire term of this Generator Imbalance Agreement. Accordingly, after a non-creditworthy customer has provided Entergy financial assurances pursuant to Sections III.C.1 or III.C.2, Entergy will monitor the amount of such customer’s net GIS and GRS charges to ensure that it has provided a sufficient amount of security to protect Entergy against the risk of non-payment. If a Delivering Party is not in Default, then the Delivering Party shall provide the adjusted amount of financial assurances required pursuant to this Section III.C.3 within thirty-five (35) calendar days of receipt of a notice from Entergy. A Delivering Party will not be required to adjust its financial assurances pursuant to Section III more than twice every twelve (12) months.

   a. **Adjustment of Financial Assurances Provided Pursuant to Section III.C.1** - If a Delivering Party provided security when initially applying for service pursuant to Section III.C.1 and Entergy determines that the Delivering Party’s
actual average monthly GIS and GRS charges over any subsequent twelve (12) month period exceed the original average estimated charges for GIS and GRS upon which a financial assurance initially was based, then the Delivering Party must increase its financial assurance to be equal to three (3) times its current actual average monthly purchases of GIS and GRS. The value of the actual average monthly purchases of GIS and GRS evaluated pursuant to this Section III.C.3a will be based on the preceding twelve (12) month period as measured from the date immediately prior to the Delivering Party’s credit re-evaluation.

b. Adjustment of Financial Assurances Provided Pursuant to Section III.C.3.b - If a Delivering Party provided security pursuant to Section III.C.2 and Entergy determines that the customer’s actual average monthly purchases of GIS and GRS over a subsequent twelve (12) month period exceed the original monthly average for charges for GIS and GRS upon which the amount of a financial assurance initially was based, then the Delivering Party must increase the amount of its financial assurance to be equal to three (3) times its actual average purchases of GIS and GRS. The value of the actual average monthly purchases of GIS and GRS evaluated pursuant to this Section III.C.3.b will be based on the preceding twelve (12) month period as measured from the date immediately prior to the Delivering Party’s credit re-evaluation.

c. Delivering Party Right To Request a Credit Re-evaluation - Delivering Parties may make reasonable requests for Entergy to re-evaluate their creditworthiness pursuant to the relevant standard established in either Sections III.C.3.a or III.C.3.b. Based on such a re-evaluation, if appropriate, Entergy will reduce the amount of financial security requested from a Delivering Party if an analysis of its usage of GIS and GRS over the preceding twelve (12) month period indicates that the Delivering Party has provided security in excess of that required by this Section III.C. This is a separate right from that of a new Delivering Party to request a creditworthiness re-evaluation pursuant to Section III.C.1 after taking GIS and GRS for six (6) months.
4. Right to Draw Upon Financial Assurances Upon Default - Entergy has the right to liquidate, or draw upon, all or a portion of a Delivering Party’s form of financial assurance(s) in order to satisfy a Delivering Party’s total net obligations to Entergy upon a Default pursuant to Section III.C. A Delivering Party shall replace any liquidated, or drawn-upon, financial assurances pursuant to the timeframe delineated in Section III.C.2 above.

5. Notice - Entergy’s notification to a Delivering Party will inform the Delivering Party: (i) that it is not creditworthy pursuant to this Section III, or in accordance with Section III.C.3, that it must adjust previously provided financial assurances; (ii) why it is not creditworthy or why it must adjust previously provided financial assurances; (iii) that it must provide any required financial assurances by the deadlines specified in the notice; and (iv) that Entergy may take corrective actions, including suspension of service pursuant to Section III.D, if the Delivering Party fails to provide the required financial assurances by the specified deadlines. All notices sent to a Delivering Party pursuant to this Section III.C.5 shall be in writing and shall be sent to the Delivering Party by fax or overnight courier at the respective telephone number or courier address specified by the Delivering Party and shall become effective upon actual receipt as evidenced by fax confirmation sheet or tracking information provided by the overnight courier, as the case may be.

D. SUSPENSION OF SERVICE

1. Entergy may suspend GIS and/or GRS if:

   a. A Delivering Party that is not in Default fails to provide the entirety of three (3) months of required financial assurances (or the entirety of any additional financial assurances required pursuant to Section III.C.3 or III.C.4) within thirty-five (35) calendar days after Entergy’s notification to such Delivering Party pursuant to Section III.C. Entergy will provide at least thirty (30) calendar days written notice to the Commission before suspending GIS and/or GRS; or

   b. A Delivering Party that is in Default fails to provide the entirety of the one month’s requested financial assurance within five (5) business days after Entergy’s notification to such Delivering Party...
pursuant to Section III.C. Entergy will provide five (5) calendar days written notice to the Commission before suspending GIS.

Any notices sent to the Delivering Party and to the Commission pursuant to this Section III.D may be faxed/mailed concurrently. The suspension of service shall continue only for as long as the circumstances that entitle Entergy to suspend service continue. A Delivering Party is not obligated to pay for GIS and GRS that is not provided as a result of a suspension of service.

E. ALTERNATIVE FORMS OF FINANCIAL ASSURANCE

Delivering Party may provide the following as acceptable alternative forms of financial assurance in the amounts specified in Sections III.C.1 or III.C.2:

1. Cash Deposit - The Delivering Party may provide a cash deposit that will be retained during the term of (and until full and final payment and performance of) this Generator Imbalance Agreement. If a Delivering Party has submitted multiple requests for GIS and GRS, then Entergy may require a cash deposit for each Generator Imbalance Agreement. Cash deposits submitted as a form of financial assurance will be held by Entergy and the Delivering Party will be paid an interest rate that is equal to the interest rate earned on the escrow account in which the cash deposit is held. The cash deposit can be made by wiring immediately available funds to Entergy’s account.

2. Surety Bond - The Delivering Party may provide, and maintain in effect during the term of (and until full and final payment and performance of) this Generator Imbalance Agreement, a surety bond issued by a financial institution acceptable to Entergy. All costs associated with the issuance and maintenance of a surety bond shall be paid by the Delivering Party. A draft, acceptable form of a surety bond shall be posted on OASIS.

F. RETURN OF FINANCIAL ASSURANCES UPON RE-ESTABLISHMENT OF CREDITWORTHINESS

If a Delivering Party re-establishes creditworthiness pursuant to Section III.B, then upon verification by Entergy, all financial assurances will be returned (or terminated, if applicable) to the Delivering Party with interest (if applicable), upon payment of all past due balances to Entergy, including those for GIS, GRS and all other services provided pursuant to Entergy’s Tariff.
IV.  DISPUTE RESOLUTION

A.  INFORMAL DISPUTE RESOLUTION

Before binding dispute resolution or any other form of litigation may proceed, any dispute between the Delivering Party and Entergy to a transaction under this Agreement first shall be referred to senior executives in each organization for resolution. If the parties are unable to resolve the dispute within thirty (30) days, either party may seek legal recourse.

B.  BINDING DISPUTE RESOLUTION

The parties to a dispute may elect binding resolution using the following process to resolve such disputes:

1. Dispute Resolution - The parties may initiate binding dispute resolution procedures by one party notifying the other and both parties agreeing to the binding dispute resolution. The party originating the binding resolution or his or her designee shall provide the second party with a list of ten (10) eligible arbitrators. Within ten (10) days of receiving the list, the second party shall agree on a single arbitrator from the list to conduct the arbitration, or notify the originating party of their inability to reach agreement. If the parties are unable to reach agreement on a single arbitrator, then each party shall choose one arbitrator who shall sit on a three (3) member arbitration panel. The two (2) arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. The arbitrators shall not possess a direct or indirect interest in either party or the subject matter of the arbitration. The procedures to be used for this arbitration will be generally consistent with the commercial arbitration rules of the American Arbitration Association though not involving the Association.

2. If the parties agree to binding dispute resolution, each party understands that it will not be able to bring a lawsuit concerning any dispute that may arise, which is covered by this arbitration provision.

C.  COSTS

Each party shall be responsible for its own costs and those of its counsel and representatives. The parties shall equally divide the costs of the arbitrator or mediator and the hearing.
D. CONFIDENTIALITY

Any arbitration or mediation shall be conducted on a confidential basis and not disclosed, including any documents or results which shall be considered confidential, unless the parties otherwise agree or such disclosure is required by law.

E. MODIFICATION

The parties may by mutual written agreement modify, eliminate, or replace the above Sections IV.B, IV.C, and IV.D.

V. FEDERAL POWER ACT RIGHTS PRESERVED

Nothing contained in this Agreement shall be construed as affecting in any way the ability of Entergy or a Delivering Party to exercise its rights under the Federal Power Act (including a Delivering Party’s complaint rights under Section 206) and pursuant to Federal Energy Regulatory Commission’s rules and regulations promulgated thereunder.
NRG’s comments and/or suggestions in response to questions in data response #2.

1. What is the total merchant generation currently interconnected to the Entergy transmission system? Please provide as a list with the location of the generators.

Consider including QFs in that request.

2. How often in 2007, 2008, and 2009 were merchant schedules cut and provide the number of times by reason that the schedules were cut?

Using the phrase “merchant schedules” is of little value. The question should be phrased as how much firm and non-firm transmission was cut with a merchant as the source generator? How much of those curtailments were for sales off-system (i.e. not sinking with EMO) as opposed to on system?


This information can be found on Entergy’s FERC filing with reference to the GIA tariff. The better approach may be to have Entergy show each merchants hourly imbalance (over and under) then show the total combined imbalance. The data should be summed for each month, but the real value is in the hourly data as Entergy will receive payment from a generator who is over generating and a generator who is under generating. The question is should Entergy be getting paid by each, or should it be compensated for the net effect on its system (the long and short cancel each other out)?

4. Describe and provide the amount of energy due to imbalance energy as a result of IPP ramping that occurred in 2007, 2008 and 2009.

The data should be requested in hourly granularity and have Entergy provide a summary. It should be provided by each merchant. Ask how much of the ramp energy is consumed by Entergy versus what is sold off-system? The same data should be asked of QFs as well.

5. What were the costs associated with merchant overgeneration and IPP ramping? How were these costs recovered?

The cost to whom? Merchants either sell the ramp to Entergy or to their end-use customer. If Entergy is buying, it must be considered economic. How does it compare to system incremental cost at the time of purchase?

6. What is the average ramp rate, by resource, for your units on the Entergy system? What was it for 2007, 2008, 2009?

Request the ramp rates by asset class, (CTs, CCs, gas-steam, oil-steam, coal, nuke etc.).

7. On page 46, lines 5-12 (Hurstell Testimony), John discusses the dispatcher not knowing whether imbalance energy would increase or decrease during the remainder of the hour. Why is this the case? What are the purpose of the schedules? What information is included in the schedules?

Without reviewing the testimony, it appears that this could be a case of the response being technically correct, but not providing the full context. Yes, Entergy does not know whether the imbalance energy will
go up or down throughout an hour; but they don’t know whether the imbalance off of their own units will
go up or down throughout an hour. The GIA provides Entergy with compensation for the imbalances from
the IPPs. Yes, Entergy has to decide / manage how much regulation / reserves its system needs to carry
for the IPPs, but you will probably find that the net imbalance is small – AND the GIA itself encourages a
generator to be long not short. Since this is the case, Entergy is not as blind as indicated. All of the IPP’s
now do a very good job in managing their imbalances, with all opting to go slightly long vs. short. With the
GIA strongly encouraging generators to be long, and the fact that each of those generators has an Etag
which spells out their schedule for the day, Entergy should have a very good idea of the direction of their
imbalance (subject to forced outages etc.).
Sam:

Thanks for sending these questions around to several stakeholders. Many of the questions are specific to Entergy and it appears that they can only be answered by Entergy. I am referring to questions #3, 4, 5, and 7 which appear to be Entergy-specific and outside of our realm of knowledge.

Lastly, question #6 (regarding ramps rates of our HS unit) is commercially sensitive if used openly with stakeholders. We may need to discuss on the phone how this info will be used. We have not signed a CA with any Commission, staff, FERC or SPP regarding the CBA if those CAs are thought to cover confidentiality on this issue. Please call me about question #6.

#1 - **GDF SUEZ Merchant Generation on ETR System** - GDF Suez Energy Generation NA owns and operates the Hot Spring Power Company LLC (HSP). The facility is located in Hot Spring County approximately 4 miles west of the City of Malvern Arkansas. The facility is located in the Entergy sub region of the Southeastern Electric Reliability Council (SERC). Construction began in early 2002 and HSP went into commercial operation in January 2006.

The HSP facility consists of two Siemens 501G natural gas fired combustion turbines with heat recovery steam generators (HRSG’s), which are equipped with duct burners to supplement steam production and a Siemens steam turbine/generator. Natural gas fuel is supplied to site by CenterPoint Energy Gas Transmission pipeline at sufficient pressure for the combustion turbines to operate without the need for supplemental gas compression. HSP is a 700 MW (nominal) natural gas-fired combined cycle (2x1) power plant and an additional 40 MW that can be generated through supplemental firing of the duct burners for a total net output of 740 MW. The facility incorporates evaporative cooling in the turbine inlet to improve CT output in warm weather, low humidity conditions.

The HSP facility is interconnected to the Entergy 500 KV transmission system through the adjacent switchyard. Natural gas fuel is supplied to site by CenterPoint Energy Gas Transmission pipeline at sufficient pressure for the combustion turbines to operate without the need for supplemental gas compression. 2009 Forced Outage rate – 0.4% 2009 Availability – 96.3%

#2 – **Merchant Schedules Cut** - Our Choctaw Gas facility is located in Choctaw county Mississippi inside the TVA service territory. We have a contract with TVA for purchase power and the facility has been assigned firm transmission within the TVA footprint. However, on multiple occasions the schedule from TVA has been cut due to constraints within the Entergy system (TVA would receive the notice) for issues surrounding the MacAdam reactor. GDF SUEZ is contributing significant $$ to assist in funding the upgrade to resolve the MacAdam issue. It should be noted that while some may indicate this as an Attachment T upgrade, let me assure you there was no value attributed by GDF SUEZ to any potential future payments that may accrue to GDF SUEZ due to the confusion that reigned in the interpretation of Attachment T. In addition, it is the understanding of GDF SUEZ that the software to allocate any incremental revenue generated by selling transmission on the incremental capacity has not been completed.
I read John Hurstell's testimony in Ferc Docket ER07-956 and had a number of questions. John sent the testimony as background for the “flexibility issue”. I asked Entergy to provide responses to a number of questions including those below. It occurred to the working group that you or your clients may be able to respond to the questions below. Please provide responses to the questions below by 4 PM CDT on April 26, 2010, to erscworkinggroup@spp.org

1. What is the total merchant generation currently interconnected to the Entergy transmission system? Please provide as a list with the location of the generators.
2. How often in 2007, 2008, and 2009 were merchant schedules cut and provide the number of times by reason that the schedules were cut?
4. Describe and provide the amount of energy due to imbalance energy as a result of IPP ramping that occurred in 2007, 2008 and 2009.
5. What were the costs associated with merchant overgeneration and IPP ramping? How were these costs recovered?
6. What is the average ramp rate, by resource, for your units on the Entergy system? What was it for 2007, 2008, 2009?
7. On page 46, lines 5-12 (Hurstell Testimony), John discusses the dispatcher not knowing whether imbalance energy would increase or decrease during the remainder of the hour. Why is this the case? What are the purpose of the schedules? What information is included in the schedules?

Please contact me if you have questions.

Thank you in advance for your responses.

Sam

Sam Loudenslager, Director
Research and Policy
Arkansas PSC
(501) 682-5824
SLoudenslager@psc.state.ar.us