

**2012 REQUEST FOR PROPOSALS**

**FOR**

**RENEWABLE ENERGY CREDITS**

Levitan & Associates, Inc.

Procurement Administrator on behalf of

Illinois Power Agency

for

Ameren Illinois Company

**ISSUE DATE: March 21, 2012**

**DUE DATE: May 10, 2012**

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1.0 Introduction

Levitan & Associates, Inc. (“LAI”), acting as Procurement Administrator on behalf of the Illinois Power Agency (“IPA”) for Ameren Illinois Company, is issuing this Request for Proposals (“RFP”) for Renewable Energy Credits (“RECs”). For the purposes of this procurement, the terms “Renewable Energy Credit” and “Renewable Energy Certificate” are considered interchangeable.

Ameren Illinois Company serves about 1.2 million customers throughout Illinois and is a subsidiary of Ameren Corporation, headquartered in St. Louis, Missouri. More information about Ameren Illinois Company can be found at <http://www.ameren.com>.

The RECs solicited under this RFP will be subject to the rate impact caps of subsection (c) of Section 1-75 of the Illinois Power Agency Act (IPA Act) that established a Renewable Portfolio Standard (“RPS”), which requires a minimum percentage of Ameren Illinois Company’s supply for Eligible Retail Customers to be procured from cost-effective renewable energy resources.<sup>1</sup> The IPA Act allows the utilities to satisfy the RPS by purchasing either the energy from qualifying renewable resources, or by acquiring qualifying RECs. The 2012 Power Procurement Plan prepared by the IPA and approved (with certain modifications) by the Illinois Commerce Commission (“Commission”) on December 21, 2011, states that the June 2012 through May 2013 RPS requirements for Ameren Illinois Company shall be met through the acquisition of qualifying RECs.<sup>2</sup> This RFP is intended to solicit offers to sell such RECs to Ameren Illinois Company.

As Procurement Administrator for the 2012 procurement cycle, LAI is authorized to serve as the interface between the Ameren Illinois Company and bidders. In issuing this RFP, LAI has the responsibility for managing the bidder pre-qualification and registration process, receiving and reviewing all bids, and submitting a confidential report to the Commission recommending acceptance or rejection of bids. The IPA Act and the Public Utility Act (“PUA”) authorize the Procurement Monitor to monitor the interactions among the Procurement Administrator, suppliers, and the utilities and to report to the Commission on progress of the procurement process. The Procurement Monitor also consults with the Procurement Administrator regarding the development and use of benchmark price criteria, standard form contracts, credit policies, and bid documents. Boston Pacific Company, Inc. has been selected to be the Procurement Monitor for this procurement process.

In accord with the IPA’s 2012 Procurement Plan, a single RECs procurement with simultaneous but separate bids and separate bid evaluations will be held for Ameren Illinois Company and Commonwealth Edison Company (“ComEd”). The IPA has

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<sup>1</sup> Eligible Retail Customers include those residential and non-residential customers with peak demands less than 400 kW who acquire power and energy under fixed price tariffs.

<sup>2</sup> 11-0660 (Illinois Power Agency – Petition for Approval of Procurement Plan) Order, December 21, 2011.

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retained NERA Economic Consulting (“NERA”) as the 2012 Procurement Administrator for ComEd. In this RFP, “Procurement Administrator” means LAI, unless specifically stated otherwise. LAI and NERA will coordinate the procurement of RECs through the pre-qualification, registration, and bid submission phases, as described more fully throughout this document. **Bidders should review the ComEd RFP on NERA’s website at <http://comed-energyrfp.com/> for information regarding the details of the NERA / ComEd procurement.**

2.0 Product Solicited

2.1 Eligible Renewable Resources

The IPA is seeking RECs that satisfy all requirements under the IPA Act. According to the IPA Act, a REC “means a tradeable credit that represents the environmental attributes of a certain amount of energy produced from a renewable energy resource.” (IPA Act, Section 1-10.)

Renewable energy resources include “energy and its associated renewable energy credit or renewable energy credits from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, anaerobic digestion, crops and untreated and unadulterated organic waste biomass, tree waste, hydropower that does not involve new construction or significant expansion of hydropower dams, and other alternative sources of environmentally preferable energy. For purposes of this Act, landfill gas produced in the State is considered a renewable energy resource. ‘Renewable energy resources’ do not include the incineration, burning, or heating of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than tree waste, railroad crossties, utility poles, and construction or demolition debris, other than untreated and unadulterated waste wood.” (IPA Act, Section 1-10.)

The type(s) of RECs to be bid must be specified in the Pre-Qualification Application. RECs from “other alternative sources of environmentally preferable energy” require approval from the IPA in order to be eligible for participation in this RFP.

This RFP is for Standard RECs as defined in Schedule P of the REC Agreement attached to this RFP as Attachment B.

2.2 REC Quantity

For the planning year June 1, 2012, through May 31, 2013, the IPA Act requires that RECs equivalent to 7% of Ameren Illinois Company’s Eligible Retail Customer load for June 1, 2010 through May 31, 2011 be acquired through this RFP. Based on the IPA’s Procurement Plan reporting of the electricity consumption of the eligible customers of 16,048,235 MWh for the period June 1, 2010 through May 31, 2011 and the 7% minimum RPS requirement, and taking

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into consideration the 600,000 RECs already purchased under long-term contracts, the the target quantity to be procured is 523,376 RECs.<sup>3</sup> Each REC represents the environmental attributes corresponding to one megawatt-hour (1 MWh) of energy produced from renewable energy resources that qualify under the IPA Act.

The IPA Act further requires that, to the extent available, a minimum of 75% of the RECs must be derived from qualified wind resources, and a minimum of 0.5% of the RECs must be derived from qualified photovoltaic resources, if available. These percentages are based on the entire annual REC quantity, and therefore the technology targets will be adjusted to account for the types of RECs already under long-term contract. Bidders may submit bids for any whole number of RECs up to the procurement target in each of the six REC classes described in Section 2.3 below.

Notwithstanding these goals, lesser quantities than the quantities stated above may be purchased if the RECs are deemed to be not “cost effective” in accordance with the IPA Act. (Section 1-75(c)(1) - (2).) The Renewable Energy Resource Budget (“RRB”) for this procurement, adjusted for long-term contract purchases and ACP collection from real-time pricing customers, is \$12,978,111. REC purchases that would cause this budget to be exceeded are deemed to be not “cost effective.”

### 2.3 REC Classes

There are six classes of RECs, which are derived from six classes of eligible renewable resources:

- **IAW:** Wind energy resources from Illinois and states adjacent to Illinois: Wisconsin, Indiana, Iowa, Kentucky, Michigan, and Missouri (“Adjacent States”)
- **IAP:** Photovoltaic energy resources from Illinois and the Adjacent States
- **IAN:** Non-wind, non-photovoltaic renewable energy resources from Illinois and the Adjacent States
- **OSW:** Wind energy resources from states other than Illinois and the Adjacent States (“Other States”)
- **OSP:** Photovoltaic energy resources from Other States

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<sup>3</sup> A Long-Term Renewable Resources Procurement was held in the fall of 2010 that resulted in contracts being executed by Ameren Illinois Company that deliver 600,000 RECs annually for a 20-year term beginning on June 1, 2012.

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- **OSN:** Non-wind, non-photovoltaic renewable energy resources from Other States.

The REC class must be specified for each bid.

2.4 RECs Are Unit Non-Specific

Bidders do not need to specify the source of the RECs in advance of submitting bids.

2.5 REC Preferences

The IPA Act specifies a preference for RECs derived from qualified Illinois and Adjacent State renewable resources over Other State renewable resources. (Section 1-75(3).) The technology requirements take precedence over the locational requirement.

2.6 Replacement RECs

If a successful bidder (supplier) is unable to deliver the obligated quantity within the required delivery period, the supplier may, *with the prior approval of Ameren Illinois Company*, provide qualified replacement RECs, provided, however, that the replacement RECs must be of the same class as defined above, except as follows, in accordance with the REC preferences:

- RECs derived from wind energy resources located in Illinois and Adjacent States can replace RECs derived from wind energy resources in any state;
- RECs derived from photovoltaic energy resources located in Illinois and Adjacent States can replace RECs derived from photovoltaic energy resources in any state;
- RECs derived from non-wind, non-photovoltaic renewable energy resources included in the IPA Act located in Illinois and Adjacent States can replace RECs derived from non-wind, non-photovoltaic renewable resources in any state;
- RECs derived from alternative energy resources approved by the IPA located in Illinois and Adjacent States can replace RECs derived from alternative energy resources approved by the IPA in any state;
- RECs derived from wind or photovoltaic energy resources located in Illinois and Adjacent States can replace RECs derived from non-wind, non-photovoltaic renewable energy resources located in any state;

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- RECs derived from wind or photovoltaic energy resources located in any Other State can replace RECs derived from non-wind, non-photovoltaic renewable energy resources located in any Other State; and
- RECs derived from non-wind, non-photovoltaic renewable energy resources included in the IPA Act located in any Other State can replace RECs derived from non-wind, non-photovoltaic renewable resources in any Other State.

**2.7 Delivery Date / Vintage**

Regardless of delivery date, which may be as generated, all RECs submitted in response to this RFP must be generated during the Vintage Period January 1, 2012 through May 31, 2013.

Bidders must deliver RECs in accordance with the following schedule:

- Total of 10% of awarded RECs delivered by last business day in August 2012
- Total of 30% of awarded RECs delivered by last business day in November 2012
- Total of 60% of awarded RECs delivered by last business day in February 2013
- Total of 100% of awarded RECs delivered by July 15, 2013.

Recognizing that there may be a lag between the generation of a REC and the actual delivery and verification of the REC through the tracking system, delivery of RECs must be completed no later than the 15<sup>th</sup> of the month of the second month following the Vintage Period (*i.e.*, by July 15, 2013). The approximately six week reconciliation period after the end of the Vintage Period will also allow suppliers to make up potential shortfalls in their delivery obligation. Bidders may deliver RECs sooner than required by the delivery schedule, but payment will be for delivered RECs only up to the specific delivery percentage for each period.

**2.8 Bid Pricing**

A bid price must be an “all-in” bid price on a *per REC* basis. Bidders may offer as many RECs as they choose, up to the procurement target, in any or all classes, and each REC may be offered at a different price. The Procurement Administrator may select all, some, or none of the RECs offered by a bidder.

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3.0 Other Requirements

3.1 Contract

Ameren Illinois Company expects to enter into binding contracts with the winning bidders. A draft of the proposed contract is included with this RFP as Attachment B, REC Agreement. Attachment B is a long-form confirmation that incorporates the “Master Renewable Energy Certificate Purchase and Sale Agreement” prepared by the American Bar Association’s Section of Environment, Energy and Resources, the Environmental Markets Association (“EMA”) and the American Council on Renewable Energy (“ACORE”), Version 1.0.

Prospective bidders will be provided the opportunity to comment on the draft contracts. Bidders should download the contract documents and submit comments with tracked changes in MSWord via email to [aiurfp@levitan.com](mailto:aiurfp@levitan.com). The contract comments will be reviewed by the Procurement Administrator, Procurement Monitor, Ameren Illinois Company, IPA and Commission Staff. Based on comments received from bidders, the Procurement Administrator reserves the right to modify the terms of the contract prior to the date when binding bids are due. Bidders must agree to the terms of the final contract in advance of submitting binding bids. The terms of the contract will not be subject to negotiation with the winning bidders.

3.2 Pre-Bid Letter of Credit

Each bidder will be required to provide a pre-bid irrevocable letter of credit (“ILOC”) in the form of Attachment C, to ensure that winning bidders whose bids are approved by the Commission execute contracts and deliver the awarded RECs. In order to request modifications to the pre-bid ILOC, bidders should download the document and submit comments with tracked changes in MSWord via email to [aiurfp@levitan.com](mailto:aiurfp@levitan.com). The pre-bid ILOC comments will be reviewed and all acceptable modifications will be posted to the procurement website on a rolling basis for the use of all bidders. Only those modifications to the form of the ILOC that are posted on the website will be accepted.

4.0 RFP Schedule and Procedure

4.1 Schedule

The following schedule and deadlines apply to this RFP. Subject to the provisions of the IPA Act, the Procurement Administrator reserves the right to revise this schedule at any time with the concurrence of the Procurement Monitor. Announcements regarding any schedule revisions will be posted on the RFP website at <http://www.levitan.com/AIURFP>.

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<b>Activity</b>	<b>Date</b>
RFP Issued	March 21, 2012
Draft Contract Documents Issued	March 21, 2012
Optional Bidder Contract Comments Due	April 16, 2012, 12:00 noon CPT
Bidder Pre-Qualification Application Due	April 16, 2012, 12:00 noon CPT
Bid Participation Fee Due	April 16, 2012, 12:00 noon CPT
Pre-Qualification Notices Distributed	April 18, 2012
Final Contract Posted to Website	April 25, 2012
Bidder Registration Form and ILOC Due	May 3, 2012, 12:00 noon CPT
Bidder Practice Session	May 8, 2012
Binding Bids Due	May 10, 2012, 2:00 pm, CPT
Preliminary Notifications to Bidders	May 11, 2012
Procurement Administrator and Procurement Monitor Submit Reports to Commission	No later than May 14, 2012 <sup>4</sup>
Commission Ruling on Recommendation	No later than May 16, 2012 <sup>5</sup>
Final Notifications to Bidders	No later than May 16, 2012 <sup>6</sup>
Contracts Executed with Selected Suppliers	No later than May 21, 2012 <sup>7</sup>

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<sup>4</sup> Legislation allows the Procurement Administrator and Procurement Monitor two business days to submit their reports to the Commission.

<sup>5</sup> Legislation allows the Commission two business days after receipt of the Procurement Administrator and Procurement Monitor reports to accept or reject the recommendation of winning bids. As of RFP issuance, the Commission's calendar lists a Pre-Bench Session on May 15, 2012, and a Bench Session on May 16, 2012.

<sup>6</sup> Bidders will receive final notification of the bidding results after the Commission ruling.

<sup>7</sup> Legislation allows Ameren Illinois Company three business days after the Commission ruling on the procurement results to execute contracts with winning bidders. The contract execution deadline will therefore depend on the date of the Commission ruling.

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4.2 Communications

LAI's points of contact for this RFP are:

John Bitler  
Vice President & Principal  
Office: 617-531-2818 x 22  
Email: [jrb@levitan.com](mailto:jrb@levitan.com)

Sara Wilmer  
Executive Consultant  
617-531-2818 x15  
[sw@levitan.com](mailto:sw@levitan.com)

Levitan & Associates, Inc.  
100 Summer Street, Suite 3200  
Boston, MA 02110  
Fax: 617-531-2826

All questions regarding this RFP must be submitted in writing to the procurement website at: <http://www.levitan.com/AIURFP>. *Questions should not be directed to Ameren Illinois Company.* Questions and responses will be posted on this website. All identifying information will be redacted from the questions and responses prior to posting.

The Binding Bid must be submitted through the secure procurement website at: <http://www.levitan.com/AIURFP>.

4.3 Bidder Pre-Qualification Application

Bidders shall submit a complete Pre-Qualification Application by email to [aiurfp@levitan.com](mailto:aiurfp@levitan.com) or fax to 617-531-2826 (email is preferred) no later than 12:00 noon CPT on April 16, 2012. A non-refundable fee of \$500 (the "Bid Participation Fee") will be required for any bidder submitting a Pre-Qualification Application. Payment instructions for the Bid Participation Fee are posted to the procurement website. A bidder who has already paid the Bid Participation Fee for the Capacity RFP, Energy RFP, or in the Spring 2012 ComEd RFPs is not required to pay another Bid Participation Fee.<sup>8</sup>

The Pre-Qualification Application must contain the following information. All non-public information will be treated as confidential.

**Bidder's Information:** Provide name of company, address, and company representative (name, phone number, email address and fax number). Provide basic information on the bidder as requested, including a brief description of

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<sup>8</sup> Bid Participation Fees paid for the 2012 Rate Stability Procurements for Ameren Illinois Company or ComEd cannot be applied to the spring 2012 procurements.

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bidder ownership or operation of renewable energy resources. Describe any defaults or adverse situations as requested.

**Product Information:** Provide types of renewable resources that may be bid into the procurement. All resource types that may be utilized must be indicated, but it is not required to bid all resource types that are indicated. Provide tracking systems that will be utilized, options include the PJM Environmental Information System's Generation Attribute Tracking System ("PJM-GATS"), the Midwest Renewable Energy Tracking System ("M-RETS"), or the North American Renewables Registry ("NARR"); bidders may propose alternative tracking systems for Procurement Administrator approval.<sup>9</sup>

**Notice Information:** Provide information that can be used to complete contracts in the event that the bidder is awarded capacity as a result of this procurement.

**Agency Authorization:** A bidder submitting a Proposal under an agency authorization ("Agency Agreement") must identify the Principal or Principals in the Agency Agreement. A bidder applying under an Agency Agreement must provide one copy of its Agency Agreement with its Pre-Qualification Application.

**Financial Information:** The Bidder or its parent company that is providing an unconditional corporate guarantee ("Guarantor") must provide the following information indicating financial condition and evidence of creditworthiness. Please note that bidders participating only in the RECs procurement do not need to provide financial statements.

- (a) Credit information must include the current senior unsecured long-term debt credit ratings from Standard & Poor's, Moody's, and Fitch, if available, or if not available, the current issuer or corporate credit ratings.
- (b) Prior to execution of the REC Agreement referenced in this RFP, if there is any subsequent change in credit rating (including watch list actions), litigation, financial commitments, contingencies, or financial condition, a statement describing such material change must be submitted to LAI within 1 business day of occurrence. LAI will utilize this financial information to assess the creditworthiness of the bidder or its Guarantor, and calculate the collateral Threshold (set forth in Table A in Section 4.5 below) that will be in effect for the bidder.

**ComEd RECs RFP:** If a bidder intends to also participate in the 2012 ComEd

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<sup>9</sup> Ameren Illinois Company does not hold accounts with the REC tracking systems. Suppliers will retire RECs on behalf of Ameren Illinois Company, and will bear any costs associated with retiring the RECs. All costs and fees associated with utilizing a generation tracking system will be borne by the supplier of the RECs.

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RECs RFP, bidders can indicate on the Pre-Qualification Application that they would like to have the common information automatically transmitted to the ComEd Procurement Administrator. Bidders who have submitted the Standard Part 1 Form on the ComEd renewables procurement and requested that the ComEd Procurement Administrator share that information with the Procurement Administrator do not need to complete the starred fields in the Pre-Qualification Application.

4.4 Requests for Additional Information from Bidders

The Procurement Administrator may contact bidders to obtain additional clarification regarding the Pre-Qualification Application. All requests for information from the Procurement Administrator will be issued in writing, via email.

4.5 Review of Bidder Pre-Qualification Application

The Procurement Administrator and Procurement Monitor will review the Pre-Qualification Applications submitted by prospective bidders to determine the completeness of the applications. The information provided will be used to pre-qualify prospective bidders. In order to be eligible for pre-qualification, a bidder must have paid all balances due to the IPA.

The required Performance Assurance under the contract is calculated as the difference between a supplier's collateral threshold and 10% of the remaining contract value, unless this calculation results in a value less than or equal to \$50,000, in which case the bidder will not be required to post Performance Assurance. Suppliers have the option to deliver RECs at contract execution in lieu in order to reduce the remaining contract value.

Bidders must meet specific creditworthiness criteria in order to be eligible for a positive Collateral Threshold under the REC Agreement. Table A below illustrates the collateral Thresholds for different credit ratings. Affiliated bidders will be limited to a maximum aggregate unsecured credit limit that equals the highest potential Threshold provided in Table A, *i.e.* \$2.5 million.

The credit rating used for Table A will be the lowest senior unsecured long-term debt rating then assigned by Standard and Poor's Financial Services LLC (a subsidiary of The McGraw-Hill Companies, "S&P"), Moody's Investors Service, Inc. ("Moody's"), Fitch Ratings (a subsidiary of Fimalac, S.A., "Fitch"), or their respective successors. If such senior unsecured long-term debt rating is not available, then the rating then assigned as an issuer default rating by Fitch, or the issuer rating then assigned by Moody's, or the issuer rating then assigned by S&P if such entity is a U.S. utility operating company with an investment grade rating, or the issuer rating then assigned by S&P, discounted one notch, if such entity is not a U.S. utility operating company with an investment grade rating; provided,

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however, that (a) in the event a Party is rated by all three rating agencies, then the lower of the two highest ratings will be used and (b) in the event the two highest ratings are common, such common rating will be used.

**Table A**

<b>Credit Rating</b>			<b>Collateral Threshold</b>
<b>S&amp;P</b>	<b>Moody's</b>	<b>Fitch</b>	
BBB- or above	Baa3 or above	BBB- or above	\$2,500,000
Below BBB-	Below Baa3	Below BBB-	\$0

**4.6 Bidder Registration**

Once the Procurement Administrator has completed its review of the Pre-Qualification Applications, bidders will be notified if they have or have not been pre-qualified, they will also be notified of their stand-alone Collateral Threshold. Notification of pre-qualification will be issued no later than April 18, 2012. If a bidder satisfies the pre-qualification requirements, the bidder will then be required to provide Ameren Illinois Company with a pre-bid ILOC in the amount of \$10,000. The pre-bid ILOC must be in the form provided in Attachment C hereto, with the only acceptable modifications those that have been posted to the procurement website. **Please note the required credit ratings for issuing banks stated in paragraph 14 of the pre-bid ILOC.** The ILOC must be provided by 12:00 noon CPT on May 3, 2012, in order to satisfy the registration requirements. Such ILOC must remain valid from May 3, 2012 through May 22, 2012.

In addition to providing the pre-bid ILOC, pre-qualified bidders will also be required to complete a Bidder Registration Form certifying that they are not part of a joint venture or participating in a bidding agreement with another bidder for the purposes of submitting a bid under this RFP, and that they will execute the REC Agreement if selected as a winning bidder. The Bidder Registration Form can be downloaded from the procurement website, and must be submitted by 12:00 noon CPT on May 3, 2012.

**4.7 Supplier Fee**

The Illinois Power Agency has determined that a Supplier Fee will be charged to winning bidders in this procurement. The Supplier Fee is designed to cover the costs of administering the procurement process. Winning bidders will be required to execute a Supplier Fee Agreement following notification of award. The Supplier Fee Agreement is posted to the procurement website, additional details regarding the amount of the Supplier Fee will be made available prior to bidding.

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4.8 Binding Bids

Registered bidders shall submit binding, firm, and irrevocable bids during the bidding window from 12:00 noon CPT to 2:00 pm CPT on May 10, 2012. Binding bids must be submitted on the form provided on the secure procurement website. Bids shall be priced in \$/REC. Bids must be offered as sealed, binding commitments with pay-as-bid-settlement at the fixed price

4.9 Notification and Award

In accordance with the IPA Act, the Procurement Administrator will evaluate the binding bids immediately after 2:00 pm CPT on May 10, 2012, and will submit a confidential report of the procurement and the bids recommended for selection to the Commission within two business days. As specified in Section 16-111.5(f), the Commission shall review the confidential report and shall accept or reject the recommendations of the Procurement Administrator within two business days after receipt of both the Procurement Administrator's and Procurement Monitor's reports.

Preliminary notifications will be made to bidders on May 11, 2012. The Procurement Administrator will distribute final notifications to bidders immediately upon receiving notification of the Commission ruling. The successful bidders will be required to sign the REC Agreement upon notification that they have been selected. The maximum time between the close of bidding and the execution of the contract, as specified by the PUA, is 7 business days, based on the following provisions: (a) The Procurement Administrator and the Procurement Monitor will submit separate confidential reports on the procurement results and recommendations to the Commission within 2 business days after opening the bids. (b) The Commission will review the reports and accept or reject the recommendations of the Procurement Administrator within 2 business days of after receipt of the reports. (c) Ameren Illinois Company will enter into binding contracts with the winning bidders within 3 business days after the Commission ruling on the results of the procurement.

5.0 Evaluation Process and Criteria

5.1 Evaluation of Binding Bids

The Procurement Administrator, in consultation with the IPA, Commission Staff, and the Procurement Monitor, will develop market-based price benchmarks for all REC purchases. In accordance with the IPA Act (Section 16-111.5(e)(3)), the benchmarks "shall be based on price data for similar products for the same delivery period and same delivery hub, or other delivery hubs after adjusting for that difference. The price benchmarks may also be adjusted to take into account differences between the information reflected in the underlying data sources and the specific products and procurement process being used to procure power for

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the Illinois utilities.”

Upon receipt of binding bids from Registered Bidders, the Procurement Administrator will evaluate the bids in accordance with the requirements specified in Section 16-111.5(e) of the PUA. Bids will be evaluated based on price to arrive at the lowest cost combination of bids that satisfy the Contract Quantities, subject to the price benchmarks, the RRB, and IPA Act priorities. The Procurement Administrator will evaluate the remaining bids in accordance with the procedure described in Attachment A. The entire bid evaluation process will be observed and verified by the Procurement Monitor.

**5.2 Bids Not Subject to Subsequent Negotiation**

Illinois law grants procurement administrators the “discretion to negotiate to determine whether bidders are willing to lower the price of bids that meet the benchmarks approved by the Commission; [and further provides that] any post-bid negotiations with bidders shall be limited to price only and shall be completed within 24 hours after opening the sealed bids and shall be conducted in a fair and unbiased manner; [and further provides that] in conducting the negotiations, there shall be no disclosure of any information derived from proposals submitted by competing bidders; [and further provides that] if information is disclosed to any bidder, it shall be provided to all competing bidders.” (220 ILCS 5/16-111.5(c)(1)(vii)) Illinois law also requires the procurement administrator to “notify potential bidders that the procurement administrator may enter into a post-bid price negotiation with bidders that meet the applicable benchmarks.” (220 ILCS 5/16.111.5(e)(1)) **In accordance with this discretion, the Procurement Administrator has chosen NOT to engage in any post-bid negotiations as a part of this RFP.**

**5.3 Binding Bids**

All bids must remain open, firm, and binding until 5:00 pm CPT on May 16, 2012, or until the Commission has ruled on the results of the procurement event.

Those bids identified as winning bids following the Commission’s ruling on the results of the procurement event must remain open, firm, and binding until May 21, 2012, or until the bidder has executed a REC Agreement, whichever comes first.

**6.0 Confidentiality**

Except for bidder’s questions on the RFP, all information submitted to the Procurement Administrator by email or through the secure procurement website will be considered confidential. The Procurement Administrator will take reasonable precautions and use reasonable efforts to maintain the confidentiality of all Bidder Pre-Qualification Applications and Binding Bids submitted. Bidders should be aware that, in addition to

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employees of the Procurement Administrator, the Procurement Monitor will have concurrent access to all procurement information. The Procurement Monitor is under contract with the Commission, and has pledged to protect all confidential information to which the Procurement Monitor has access during this RFP. The Commission will also receive confidential reports from the Procurement Administrator and from the Procurement Monitor, which may contain confidential information submitted by bidders. The winning bidders and the load weighted average of the winning bid prices for each product will be announced publicly after the Commission rules on the RFP results and the Procurement Administrator's recommendations. In addition, the Commission determined that that the product volumes awarded for each contract type and for each contract term will be publicly disclosed after a Commission vote accepting the Procurement Administrator's recommendation of the selected bids, provided there are at least three winning bidders in the entire procurement event.

Prior to the selection of winning bids, bidders will be prohibited from (i) disclosing any information about their bids to other parties and (ii) receiving information about competing bids from other parties. No party will disclose the terms or conditions of such agreements, except (i) to those persons who have a need to know and have agreed to keep such information confidential, and (ii) to comply with any applicable law, rule, regulation, tariff, or court order, consistent with PUA section 16-111.5(h).

**7.0 Other**

This RFP does not constitute an agreement or agreement to agree. As Procurement Administrator, LAI reserves the right to reject any or all proposals, or to recommend that no offers be accepted. Any recommendation for award made by the Procurement Administrator will require the execution of a standard REC Agreement, the pricing and material terms of which will be subject to formal approval by the Commission.

If there is any conflict between this RFP and the REC Agreement, the REC Agreement prevails.

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**ATTACHMENT A**

Eligible bids for RECs fall in six classes, abbreviated as follows:

**IAW:** Wind energy resources from Illinois and states adjacent to Illinois: Wisconsin, Indiana, Iowa, Kentucky, Michigan and Missouri (“the Adjacent States”)

**IAP:** Photovoltaic energy resources from Illinois and the Adjacent States

**IAN:** Non-wind, non-photovoltaic energy resources from Illinois and the Adjacent States

**OSW:** Wind energy resources from states other than Illinois and the Adjacent States

**OSP:** Photovoltaic energy resources from states other than Illinois and the Adjacent States

**OSN:** Non-wind energy resources from states other than Illinois and the Adjacent States.

The total REC requirement (**TRR**) and Renewable Energy Resource Budget (**RRB**) are stated in Section 2.2 of the RFP. In accordance with the IPA Act and the Illinois Power Agency’s calculations, a REC portfolio that exceeds the RRB is deemed to be not “cost effective,” and therefore the total cost of RECs purchased will not exceed the **RRB**. Bids which exceed the price benchmarks are also deemed to be not cost-effective. The IPA Act also requires that, to the extent that applicable bids are available and cost effective, the Wind Target (**WT**) and Photovoltaic Target (**PT**) must be met.

The IPA Act gives preference to RECs derived from Illinois and Adjacent State renewable resources. If sufficient RECs are not available in Illinois or Adjacent States, they may be procured from other states. According to the Commission’s Order in 07-0527 on December 19, 2007, the Commission has determined that “wind generation should receive priority over the locational requirement.”<sup>1</sup> Proposals from bidders that meet the minimum requirements defined in Section 4.8 will be evaluated based on price, technology, and locational preferences in accordance with the following procedure.

To perform the bid selection, bids will be grouped in several different ways:

- All bids will be grouped by the six classes defined above, and ranked from lowest to highest within each class based on the price per REC offered. Any bids above the applicable price benchmark will be eliminated.
- All bids less than or equal to the applicable price benchmark will also be combined

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<sup>1</sup> ICC Order 07-0527 at p.51. For evaluation purposes, the priority given to the wind target is expanded to include the photovoltaic target in prioritizing technology requirements over locational requirements.

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into a single, combined pool (**CP**), and ranked from lowest to highest solely based on price.

- All wind REC bids less than or equal to the applicable price benchmark, regardless of location, will be grouped into a wind pool (**WP**) and ranked from lowest to highest based on price.
- All photovoltaic REC bids less than or equal to the applicable price benchmark, regardless of location, will be grouped into a photovoltaic pool (**PP**) and ranked from lowest to highest based on price

*Step 1:* Bids will be selected, from lowest price to highest, from the **CP**. If the **RRB** is reached before the **TRR**, the maximum number of cost effective RECs to be procured has been determined as being less than the **TRR**. If the **TRR** is reached before the **RRB** is met, the number of RECs procured will be equal to the **TRR**. Proceed to Step 2.

*Step 2:* If both the **WT** and **PT** have been reached or exceeded, go to Step 3. Otherwise, replace the highest price selected resource bid with either the lowest price bid from the remaining **WP** bids or the lowest price bid from the remaining **PP** bids, such that the proportional progress toward the **WT** and **PT** occurs in parallel. In practice this means that the bids from the **WP** (**PP**) will be selected if the **WT** (**PT**) is farther from being reached than the **PT** (**WT**). Skip over switching out **IAW**, **IAP**, **OSW**, or **OSP** bids (i) doing so would violate the respective **WT** or **PT**, or (ii) if the **WT** and/or **PT** is not yet satisfied and switching out the **IAW**, **IAP**, **OSW**, or **OSP** bid would result in fewer wind and/or photovoltaic bids being selected, respectively. Continue substitutions as needed to meet the individual technology targets until (i) both the **WT** and **PT** have been reached, (ii) the **WP** and **PP** are exhausted, or (iii) the **RRB** is reached. When no more substitutions are possible, proceed to Step 3.

*Step 3:* Identify the highest price **OSW**, **OSP**, or **OSN** bid from the selected group. From the unselected group, identify the lowest priced **IAW**, **IAP**, or **IAN** bid. Between the identified bids in the unselected group and the identified bids in the selected group, make the least-cost substitution (i) that does not violate the **WT** or **PT**, or (ii) if the **WT** and/or **PT** was not satisfied in Step 2, that does not result in fewer wind and/or photovoltaic bids being selected, respectively. Repeat Step 3 until there are no more substitutions possible without violating the **RRB**. When there are no more substitutions possible, the selection process is complete.

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**ATTACHMENT B**

**Renewable Energy Credit Agreement**

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**ATTACHMENT C**

**Form of Irrevocable Letter of Credit**