

REQUEST FOR PROPOSALS

FOR

CAPACITY

Levitan & Associates, Inc.

Procurement Administrator on behalf of

Ameren Illinois Utilities

AmerenCILCO

Peoria, IL

AmerenCIPS

Springfield, IL

AmerenIP

Decatur, IL

ISSUE DATE: February 18, 2008

DUE DATE: March 31, 2008

**The Ameren Illinois Utilities
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The Ameren Illinois Utilities Request for Proposals for Capacity

1.0 Introduction

Levitan & Associates, Inc. (LAI), as Procurement Administrator on behalf of the Ameren Illinois Utilities, is issuing this Request for Proposals (RFP) for capacity covering the period June 1, 2008 through May 31, 2009. Serving about 1.2 million customers throughout Illinois, the Ameren Illinois Utilities include Central Illinois Light Co. doing business as (d/b/a) AmerenCILCO, Central Illinois Public Service Co. d/b/a AmerenCIPS, and Illinois Power Co. d/b/a AmerenIP. Unless otherwise noted, throughout this RFP AmerenCILCO, AmerenCIPS, and AmerenIP are hereafter referred to as the Ameren Illinois Utilities. The Ameren Illinois Utilities are subsidiaries of Ameren Corporation, headquartered in St. Louis, Missouri. More information about the Ameren Illinois Utilities can be found at <http://www.ameren.com>.

The Ameren Illinois Utilities seek to procure 100% of the monthly capacity for the summer months (June 2008 through September 2008) and 90% of the monthly capacity requirements for the non-summer months (October 2008 through May 2009) to meet the resource adequacy requirements of eligible customers that are served under fixed price, bundled service tariffs. Eligible customers include retail customers in the following customer classes for whom energy requirements are less than 1 MW and whose service has not been declared competitive: residential (BGS-1); non-residential less than 150 kW (BGS-2); non-residential from 150 kW to 400 kW (BGS-3A); non-residential from 400 kW up to 1,000 kW (BGS-3B); and, lighting service (BGS-5). The capacity to be procured under this RFP by the Ameren Illinois Utilities will be allocated among the respective requirements of AmerenCILCO, AmerenCIPS and AmerenIP.

2.0 Background

Under the Electric Service Customer Choice and Rate Relief Law of 1997 (the Customer Choice Law or the Law), retail customers were provided the opportunity to purchase their power and energy requirements from alternative suppliers. The Customer Choice Law also contained provisions to restructure the State's electric utility industry, in particular, incentives for electric utilities to divest generation assets. After residential rates were discounted in accord with the Customer Choice Law, retail rates for all customers were frozen. Further, the utilities filed delivery service rates for those customers that elected to take their power supply from other retail suppliers. During this transition period, the Ameren Illinois Utilities utilized long-term purchased power agreements (PPAs) to provide power, energy and certain ancillary services to their full requirements customers. By January 1, 2007 the transition period and the PPAs used to supply this service ended.

Facing the end of the transition period and the coincident expiration of the PPAs, the Ameren Illinois Utilities participated in the Illinois Commerce Commission (ICC or Commission) approved Illinois Auction in September 2006. The goal of

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the Illinois Auction was to procure the full requirements service – capacity, energy and ancillary services – needed to meet the requirements of the retail customers who continued to rely on the Ameren Illinois Utilities at the end of the transition period. For customers with peak demands up to 1 MW, the Illinois Auction produced contracts with varying terms covering total load: 17 months for about one-third, 29 months for the next one-third, and 41 months for the last one-third. Upon expiration of the transition period, Ameren Illinois Utilities' rates were unfrozen, thereby exposing customers to rate increases consistent with changes in market prices. As a result of the rate increases, Public Act 095-0481 was signed into law, including the Illinois Power Agency Act (IPA Act) and modifications to the Public Utility Act (PUA). The IPA Act and PUA replaced the Illinois Auction with a portfolio procurement process. This legislation declared that customer classes with peak demands of 400 kW or more to be competitive by no later than May 2010 for the Ameren Illinois Utilities. The legislation also established the Illinois Power Agency (IPA) to administer a procurement process beginning in August 2008. Under Section 16-111.5(a) of the PUA, the Ameren Illinois Utilities have oversight responsibility for procuring power and energy for eligible retail customers for the period June 1, 2008 through May 31, 2009. Procurement responsibility then shifts to the IPA and the IPA's administrator begins the process in 2008 to ensure additional power purchases from June 1, 2009.

Under Section 16-111.5(j) of the PUA, the Ameren Illinois Utilities filed a procurement plan with the ICC. On December 19, 2007, the ICC approved the procurement plan.¹ Consistent with the requirements of the PUA, the Ameren Illinois Utilities' procurement plan defined the procurement process, identified the portfolio of energy and power products to be procured, and identified LAI as the Procurement Administrator. As Procurement Administrator, LAI is authorized to serve as the interface between the Ameren Illinois Utilities 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 ICC recommending acceptance or rejection of bids. The IPA Act and the PUA authorizes 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.

¹ O7-0527 (Central Illinois Light Company d/b/a Ameren CILCO, Central Illinois Public Service Company d/b/a Ameren CIPS and Illinois Power Company d/b/a Ameren IP - Approval of Initial Procurement Plan) Order December 19, 2007.

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3.0 Purpose and Scope

The Ameren Illinois Utilities intend to procure capacity for planning year June 1, 2008 through May 31, 2009 that will meet the resource adequacy requirements of eligible customers at the lowest total cost. The Ameren Illinois Utilities will also solicit bids for both financially settled energy products and renewable energy credits to serve eligible customer load through separate RFPs.

One-third of the full requirements service contracts entered into by the Ameren Illinois Utilities resulting from the Illinois Auction will expire on May 31, 2008. The capacity provided under these contracts will be replaced by the procurement of the following monthly “Capacity Amounts”:

Month	Capacity Amount (MW)
June 2008	1,570
July 2008	1,840
August 2008	1,840
September 2008	1,420
October 2008	1,040
November 2008	1,020
December 2008	1,130
January 2009	1,140
February 2009	1,170
March 2009	1,010
April 2009	880
May 2009	1,110

3.1 Product Definition

Capacity shall mean the instantaneous rate at which Energy can be delivered, received or transferred (measured in MW) to satisfy the criteria of the Midwest Independent Transmission System Operator (MISO) under its Open Access Transmission and Energy Market Tariff on file with the FERC and the MISO Business Practice Manuals (BPM), as the same may be amended (collectively referred to as the MISO Agreements). The bidder will designate a specified “Generation Resource” (Capacity Source) to be operated and bid into the MISO energy market consistent with the obligations of a Network Resource. A Network Resource is defined under Module E of the MISO Tariff.

The Ameren Illinois Utilities shall have the right to designate the Capacity from the Capacity Source in the amount consistent with the Capacity Amount, as a

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Network Resource. To the extent the Capacity is designated by the Ameren Illinois Utilities as a Network Resource, the successful bidder will operate and bid the Capacity Source into the MISO energy market as a Network Resource under the MISO Agreements. The bidder will warrant and the Procurement Administrator will verify that the Capacity Source satisfies the definition of a Generation Resource, as defined in the MISO Agreements and the Capacity of the Capacity Source has been deemed deliverable under the MISO Agreements.

Bidders may offer bids for any or all of these monthly capacity requirements subject to the following restrictions:

1. Capacity shall be bid in whole MW amounts with a minimum bid quantity no less than 10 MW, in increments of 10 MW, and a maximum quantity equal to the Capacity Amount for that specific month. Each bid increment must have an associated price.
2. Bidders may offer capacity for some or all the months independently. For example, a bidder may offer 80 MW in blocks in month A, 100 MW in month C, and 50 MW in month E, and any of those bids may be accepted or rejected.
3. Bidders may not offer capacity bids with negative contingencies, such that acceptance of one bid precludes the acceptance of another bid.
4. The bidder's Capacity Source and associated CP Node and Network Resource name must be specified in the bid. Bids from a system of multiple units must identify each Network Resource to be used by name and CP Node.
5. During periods of unit outage, the bidder's replacement Capacity Source for the Capacity Amount must comply with the obligations of a Network Resource under the MISO Agreements.
6. The capacity offered by the bidder under this RFP may not be committed to any buyer other than the Ameren Illinois Utility, with whom the bidder has contracted, during the same delivery period.

4.0 Other Requirements

4.1 Contract

The Ameren Illinois Utilities expect to individually enter into binding agreements with the winning bidders. Therefore winning bidders in the RFP process will be expected to enter into three agreements: one with AmerenCIPS for 33% of the total contract amount, one with AmerenCILCO for 17% of the total contract amount and one with Ameren IP for 50% of the total contract amount. A draft of the proposed contract is included with this RFP as Attachment A, Confirmation Agreement. The terms and conditions specified in the proposed contract are designed to be

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consistent with the terms and conditions of the Edison Electric Institute Master Purchase and Sale Agreement Version 2.1.

Example

Following the bid evaluation process, Bidder A is identified as a winner for the following products and quantities.

July 2008	400 MW
August 2008	400 MW
January 2009	500 MW
February 2009	300 MW

At the conclusion of the ICC review period, Bidder A would enter into separate agreements with each of the three Ameren Illinois Utilities as follows:

	AmerenCIPS	AmerenCILCO	AmerenIP
July 2008	132 MW	68 MW	200 MW
August 2008	132 MW	68 MW	200 MW
January 2009	165 MW	85 MW	250 MW
February 2009	99 MW	51 MW	150 MW

Prospective bidders will be provided the opportunity to comment on the draft contract. Comments from prospective bidders regarding the contract terms may be submitted to the Procurement Administrator through the procurement website, at <http://www.levitan.com/AIURFP>. Bidders should download the contract documents and submit comments in red-lined form via email to aiurfp@levitan.com. The contract comments will be provided to the ICC for review. Based on comments received from bidders during the Bidder Comment Period, 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.

4.2 Credit Requirement

Prospective bidders will submit credit information in conjunction with the Bidder Pre-Qualification Application described in section 5.3 of this RFP. Each bidder will be required to provide a pre-bid letter of credit to ensure winning bidders whose bids are approved by the ICC execute contracts.

5.0 RFP Schedule and Procedure

5.1 Schedule

The following schedule and deadlines apply to this RFP. Subject to the

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provisions of the IPA Act, LAI 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>.

Activity	Date
RFP Issued	February 18, 2008
Notice of Intent to Bid Due	5:00 p.m. CPT, February 29, 2008
Bidder Pre-Qualification Applications Due	5:00 p.m. CPT, February 29, 2008
Bidders Notified of Results of Pre-Qualification Application Review	March 7, 2008
Bidder Contract Comment Period	February 18, 2008 to March 7, 2008
Bidder RFP Web Seminar	February 28, 2008
Bidder Practice Session	March 4, 2008
Final Contracts Posted to Website	March 17, 2008
Irrevocable Letter of Credit Due, Bidder Registration Form Due	5:00 p.m. CPT, March 24, 2008
Binding Bids Due	12:00 noon, CPT, March 31, 2008
Procurement Administrator Submits Report to ICC	April 2, 2008
ICC Approval of Recommendation	April 4, 2008
Bidders Notified of Selection	April 4, 2008
Contracts Executed with Selected Suppliers	No later than April 9, 2008

5.2 Communications

LAI's point of contact for this RFP is:

John Bitler, Vice President & Principal
Levitan & Associates, Inc.
100 Summer Street, Suite 3200
Boston, MA 02110

Office: 617-531-2818 x 22

Fax: 617-531-2826

Email: jrb@levitan.com

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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 the Ameren Illinois Utilities. Questions and responses will be posted on the website. All identifying information will be redacted from the questions and responses prior to posting.

The Pre-Qualification Application and the Binding Bid must be submitted to the secure procurement website at <http://www.levitan.com/AIURFP>.

5.3 Bidder Pre-Qualification Application

Bidders shall submit a complete Pre-Qualification Application through the secure procurement website at <http://www.levitan.com/AIURFP> no later than 5:00 p.m. on February 29, 2008. A non-refundable fee of \$500 will be required for any bidder submitting a Pre-Qualification Application. This fee is to be payable to: Levitan & Associates, Inc.

The Pre-Qualification Application must contain the following information:

- 5.3.1 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 bidder ownership or operation of capacity sources in MISO. Describe any defaults or adverse situations as requested. This information will be treated as confidential.
- 5.3.2 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. (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) Financial information must include the most recent annual audited financial statement from an SEC Form 10-K and most recent quarterly unaudited financial statement from an SEC Form 10-Q. If these financial statements are not available, provide substitute financial information and a signed attestation from the company's Chief Financial Officer that the substitute financial information is accurate and complete. (c) Prior to execution of the Confirmation Agreement referenced in this RFP, if there is any subsequent material 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

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the bidder or its Guarantor, and calculate the Collateral Threshold (set forth in Table A in Section 5.5 below) that will be in effect for the bidder.

5.3.3 The bidder will certify that the bidder is 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.

5.4 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.

5.5 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 all prospective bidders.

The bidder and the Ameren Illinois Utilities must meet specific creditworthiness criteria in order to be eligible for a positive Collateral Threshold. Table A below illustrates the Collateral Thresholds for different credit ratings.

The credit rating used for Table A will be the lowest senior unsecured long-term debt rating then assigned by Standard and Poor's (a division of The McGraw-Hill Companies) ("S&P"), Moody's Investors Service, Inc. ("Moody's") or Fitch Ratings (a subsidiary of Fimalac, S.A.) ("Fitch") or their respective successors, or if such senior unsecured long-term debt rating is not available, then the then assigned issuer rating (or corporate credit rating) assigned by S&P or Fitch, discounted one notch, or the then assigned issuer rating assigned by Moody's; provided, 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.

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Table A

Credit Rating Applicable			Collateral Threshold
S&P	Moody's	Fitch	
BBB- or above	Baa3 or above	BBB- or above	\$5,000,000
BB+	Ba1	BB+	\$2,000,000
Below BB+	Below Ba1	Below BB+	\$0

5.6 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. Notification of pre-qualification will be issued no later than March 7, 2008. If a bidder satisfies the pre-qualification requirements, the bidder will then be required to provide to the Ameren Illinois Utilities with an irrevocable letter of credit (ILOC) in the amount of \$100,000. The pre-procurement ILOC must be in the form provided as Attachment B. The ILOC must be provided by 5:00 p.m. CPT on March 24, 2008 in order to satisfy the registration requirements. Such ILOC must remain valid from March 24, 2008 through April 11, 2008.

5.7 Binding Bids

Registered bidders shall submit binding, firm and irrevocable bids for each product offered no later than 12:00 noon CPT, March 31, 2008. Binding bids must be submitted on the form provided on the secure procurement website. Capacity bids shall be priced at \$ per MW-day over the term of the bid. Bids must be offered as sealed, binding commitment with pay-as-bid-settlement with a fixed price. The bidder will be responsible for providing Capacity for all hours of the term.

5.8 Notification and Award

In accordance with the IPA Act, the Procurement Administrator will evaluate the binding bids upon receipt of electronic sealed bids, and must submit a confidential report of the procurement and the bids recommended for selection within two business days of receipt to the ICC. The winning bidders will receive a preliminary notification of selection which will be conditional upon the ICC's approval of the Procurement Administrator's recommendations. As specified in Section 16-111.5 (f), the ICC shall review the confidential report and shall accept or reject the recommendations of the procurement administrator within two business days after receipt of the report.

The Procurement Administrator will notify the successful bidder(s)

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immediately upon receiving approval from the ICC. The successful bidders will be required to sign the contract upon notification that they have been selected. The maximum time between the close of bidding and the execution of the contract, which is 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 recommendation to the ICC within 2 business days after opening the bids. (b) The ICC 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) The individual Ameren Illinois Utilities, AmerenCILCO, AmerenCIPS and AmerenIP, will enter into binding contracts with the winning bidders within 3 business days after the ICC approves the results of the procurement.

Following execution of the Confirmation Agreements, if a Seller's Collateral Threshold is less than 10% of the remaining contract value, the Seller may be required to provide performance assurance in the form of a letter of credit, cash collateral or another form of commercially reasonable security acceptable to Buyer. Such assurance would be equal to the positive difference, if any, between 10% of the remaining contract value with respect to all outstanding transactions under the Confirmation Agreement and the Seller's Collateral Threshold, rounded up to the nearest \$10,000. If Buyer's Collateral Threshold is lower than the highest two (2) consecutive months of receivables that would be due to Seller from Buyer during the remaining period of delivery for all transactions under the Confirmation Agreements, the Buyer may be required to provide performance assurance in the form of a letter of credit, cash collateral or another form of commercially reasonable security acceptable to Seller. Such assurance would not exceed the difference between the highest two (2) consecutive months of receivables that would be due to Seller from Buyer during the remaining period of delivery for all transactions under the Confirmation Agreements and Buyer's Collateral Threshold.

6.0 Evaluation Process and Criteria

6.1 Evaluation of Binding Bids

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 monthly Capacity Amounts, subject to price benchmarks. The Procurement Administrator, in consultation with the Procurement Monitor and the ICC Staff, will establish market-based price benchmarks for the purpose of independently evaluating the bids received. The benchmarks will be considered confidential but will be subject to review and approval

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by the ICC prior to bidding. By submitting a binding bid, the bidder agrees to execute the contract upon award.

6.2 Binding Bids

Bids must remain open, firm and binding until 5:00 pm on April 9, 2008, or until the Illinois Commerce Commission has approved the award and the bidder has executed a contract, whichever comes first.

7.0 Confidentiality

Except for bidder's questions on the RFP, all information provided 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 Pre-Qualification Applications and Binding Bids submitted. Bidders should be aware that, in addition to employees of the Procurement Administrator, the Procurement Monitor will have concurrent access to all information on the secure procurement website. The Procurement Monitor is under contract with the ICC, and has pledged to protect all confidential information to which the Procurement Monitor has access during this RFP. The ICC 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 ICC approves the RFP results and the Procurement Administrator's recommendations.

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).

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ATTACHMENT A

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ATTACHMENT B