

REQUEST FOR PROPOSALS

FOR

STANDARD WHOLESALE ENERGY PRODUCTS

Levitan & Associates, Inc.

Procurement Administrator on behalf of

Ameren Illinois Utilities

AmerenCILCO

Peoria, IL

AmerenCIPS

Springfield, IL

AmerenIP

Decatur, IL

ISSUE DATE: February 11, 2008

DUE DATE: March 17, 2008

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

Table of Contents

1.0	Introduction.....	1
2.0	Background.....	1
3.0	Purpose and Scope	3
3.1	Product Definition.....	3
4.0	Other Requirements	4
4.1	Contract.....	4
4.2	Credit Requirement.....	5
5.0	RFP Schedule and Procedure.....	5
5.1	Schedule.....	5
5.2	Communications	6
5.3	Bidder Pre-Qualification Application.....	7
5.4	Requests for Additional Information from Bidders	8
5.5	Review of Bidder Pre-Qualification Application	8
5.6	Bidder Registration	10
5.7	Binding Bids	10
5.8	Notification and Award.....	11
6.0	Evaluation Process and Criteria	11
7.0	Confidentiality	12

ATTACHMENT A – ISDA Long Form Confirmation Letter

ATTACHMENT B – Form of Pre-Bid Letter of Credit

The Ameren Illinois Utilities Request for Proposals for Wholesale Energy Products

1.0 Introduction

Levitan & Associates, Inc. (LAI), acting as Procurement Administrator on behalf of the Ameren Illinois Utilities, issues this Request for Proposals (RFP) for energy supply covering the period June 1, 2008 through May 31, 2009. Serving about 1.25 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, 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 hedge the partial supply 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 Ameren Illinois Utilities will purchase the requisite energy needed to satisfy eligible customers' load requirements through the Midwest Independent System Operator (MISO) Day Ahead Market (DAM) and/or Real Time Market (RTM). Standard "fixed for floating" financially settled swap products will be procured under this RFP in order to hedge the Ameren Illinois Utilities' exposure to uncertain energy prices from June 1, 2008 through May 31, 2009.

The Ameren Illinois Utilities will purchase the financial products defined in this RFP and will allocate each product in direct proportion to the respective load 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"), traditional 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 being significantly discounted in accordance with the Customer Choice Law, retail rates were frozen and full requirements service was unbundled into generation service, transmission and distribution services. 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 service ended.

The Ameren Illinois Utilities Request for Proposals for Wholesale Energy Products

Facing the end of the transition period and the coincident expiration of the PPAs, the Ameren Illinois Utilities participated in the Illinois Auction in September 2006. The goal of the Illinois Auction was to procure the full requirements service 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. The legislation also established the Illinois Power Agency (IPA) to administer a procurement process beginning in June 2009. 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 beginning June 1, 2009.

Under Section 16-111.5(j) of the PUA, the Ameren Illinois Utilities filed a procurement plan with the Illinois Commerce Commission (ICC). On December 19, 2007, the ICC approved the procurement plan in the Order for 07-0527.¹ 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 in this solicitation, 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 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 07-0527 (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.

The Ameren Illinois Utilities Request for Proposals for Wholesale Energy Products

3.0 Purpose and Scope

The Ameren Illinois Utilities intend to procure a portfolio of power products for planning year June 1, 2008 through May 31, 2009 that will ensure adequate, reliable and affordable electric service to eligible customers at the lowest reasonable cost. To accomplish these procurement objectives, the Ameren Illinois Utilities will utilize a portfolio approach that incorporates forward financial swap contracts and physical purchases in the MISO DAM and/or RTM. The Ameren Illinois Utilities will also solicit bids for both capacity and renewable energy credits in separate RFPs to serve eligible customer load. The products contemplated in this RFP are strictly limited to the purchase of fixed for floating financially settled swap products that will provide price stability for eligible customers.

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 energy supply under these contracts will be replaced by the procurement of market energy purchases and will be substantially hedged through financial swaps. On August 28, 2007, the Ameren Illinois Utilities executed a financial swap agreement covering a portion of the energy to serve eligible load for the period of June 1, 2008 to May 31, 2009. This financial swap agreement covers a 400 MW energy block around-the-clock (ATC) product for the initial planning year. Under the terms of this swap arrangement, the Ameren Illinois Utilities will pay a fixed price in exchange for a floating price, the MISO real-time locational marginal price (LMP) at the Ameren Illinois Load Zone. The remainder of the energy to serve eligible load for the initial procurement plan will be covered by the financial swap products solicited under this RFP.

3.1 Product Definition

The Ameren Illinois Utilities seek to procure financial swap products for the following total contract quantities and terms during the period **June 1, 2008 through May 31, 2009:**

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

Product	Term	Type	Quantity (MW)
Product A	Annual	7x24	200
Product B	January and February	5x16	200
Product C	June	5x16	175
Product D	September	5x16	175
Product E	July and August	5x16	500
Product F	October, November and December	5x16	75

The products to be procured are financially settled fixed for floating electricity swaps. The floating price will be calculated as the average MISO Real-Time LMP for each hour of each settlement month at the Ameren Illinois Utilities Load Zone. The parties will then net the difference between the agreed upon fixed price and the floating price.

Bidders may offer bids for any or all of these products in independent 25 MW blocks up to the full quantity for each product. The minimum bid is 25 MW.

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. All product sales will be transacted under the International Swaps and Derivatives Association (ISDA) Confirmation Letter which is included with this RFP as Attachment A.

Example

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

Product A – Annual 7x24 – 100 MW

Product C – June 5x16 – 50 MW

Product D – September 5x16 – 50 MW

Product E – July & August 5x16 – 150 MW

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

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
Product A	33 MW	17 MW	50 MW
Product C	16.5 MW	8.5 MW	25 MW
Product D	16.5 MW	8.5 MW	25 MW
Product E	49.5 MW	25.5 MW	75 MW

Prospective bidders will be provided the opportunity to comment on the draft contract, during the time period shown in Section 5.1 of this RFP. 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 ISDA Confirmation Letter 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 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>.

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

Activity	Date
Bidder Q&A Period	February 4, 2008 to March 14, 2008
RFP Issued	February 11, 2008
Bidder Comment Period for Contract	February 11, 2008 to February 29, 2008
Bidder Web Seminar	February 28, 2008
Bidder Pre-Qualification Applications and Notice of Intent to Bid Due	5:00 p.m. CPT, February 29, 2008
Bidder Practice Session	March 3, 2008
Bidders Notified of Results of Pre-Qualification Application Review, Final Contracts Posted to Website	March 7, 2008
Irrevocable Letter of Credit Due, Bidder Registration Form Due, Procurement Administrator announces the value of the Supplier Fee	5:00 p.m. CPT, March 10, 2008
Binding Bids Due	12:00 noon, CPT, March 17, 2008
Procurement Administrator Submits Report to ICC	March 19, 2008
ICC Approval of Recommendation	March 21, 2008
Bidders Notified of Selection	March 21, 2008
Contracts Executed with Winning Bidders	March 21, 2008 but not later than March 26, 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

All questions regarding this RFP must be submitted in writing to the

The Ameren Illinois Utilities Request for Proposals for Wholesale Energy Products

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 this website. All identifying information will be redacted from the questions and responses posted.

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 Bidder Fee of \$500 will be required for any bidder submitting a Pre-Qualification Application. The Bidder Fee is to be payable to: Levitan & Associates, Inc. The Bidder Fee and the Supplier Fee, to be paid by the winning bidders, will be utilized to recover the cost of administering the procurement process. The Pre-Qualification Application must contain the following information:

5.3.1 Bidder's Information. Provide legal 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 experience selling energy swaps. 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 its 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 ISDA Confirmation Letter 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

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

creditworthiness of the bidder or its Guarantor, and calculate the 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 the 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 Threshold. The Threshold will be calculated based on the credit rating of the senior unsecured long-term debt for the company or its Guarantor (if such senior unsecured long-term debt rating is not available, then the issuer rating (or corporate credit rating) assigned by S&P or Fitch, discounted one notch, or the issuer rating assigned by Moody's), and then as the lesser of (i) the applicable percentage of the tangible net worth, equal to total assets less intangible assets and total liabilities per the most recent financial statement, or (ii) the applicable credit limit cap. If a party or its Guarantor is (a) only rated by one credit rating agency, such credit rating will apply; (b) rated by two credit rating agencies, the lower of the two credit ratings will apply; (c) rated by all three credit rating agencies (defined as S&P, Moody's, and Fitch), then the lower of the two highest credit ratings will apply and (d) in the event that the two highest credit ratings are common, such common credit rating will apply. If a party is not rated by any credit rating agency, then the Threshold for such party will be \$0. Table A applies for bidders and illustrates the tangible net worth and credit limit caps for different credit ratings as provided under section 5.3.2 of this RFP.

Notwithstanding the foregoing, if a bidder has entered into one or more Supplier Forward Contracts (SFCs) with the Ameren Illinois Utilities following the 2006 Illinois Auctions and such SFCs call for power delivery beyond May 31, 2008, the bidder's Threshold shall equal the

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

lesser of (a) the positive amount, if any, determined by multiplying [IP 50%, CIPS 33%, CILCO 17%] and the amount by which the Credit Limit under the SFCs exceeds the Total Exposure Amount under the SFCs (if the result is a negative amount, the bidder's Threshold shall be zero) and (b) the bidder's Threshold as determined in accordance with the paragraph immediately above and Table A.

Table A Credit Criteria for Bidders/Suppliers

Credit Rating			Threshold (the lesser of the following)	
S&P	Moody's	Fitch	Percent of Tangible Net Worth	Credit Cap
A- and above	A3 and above	A- and above	16%	\$40,000,000 – IP 26,400,000 – CIPS 13,600,000 – CILCO
BBB+	Baa1	BBB+	10%	\$30,000,000 – IP 19,800,000 – CIPS 10,200,000 – CILCO
BBB	Baa2	BBB	8%	\$20,000,000 – IP 13,200,000 – CIPS 6,800,000 – CILCO
BBB-	Baa3	BBB-	6%	\$10,000,000 – IP 6,600,000 – CIPS 3,400,000 – CILCO
Below BBB-	Below Baa3	Below BBB-	0%	\$0

The Ameren Illinois Utilities will provide reciprocal credit, as shown in Table B.

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

Table B Credit Criteria for Buyer/Ameren Illinois Utilities

Credit Rating			Threshold (the lesser of the following)	
S&P	Moody's	Fitch	Percent of Tangible Net Worth	Credit Cap
A- and above	A3 and above	A- and above	16%	\$60,000,000 – IP 39,600,000 – CIPS 20,400,000 – CILCO
BBB+	Baa1	BBB+	10%	\$45,000,000 – IP 29,700,000 – CIPS 15,300,000 – CILCO
BBB	Baa2	BBB	8%	\$30,000,000 – IP 19,800,000 – CIPS 10,200,000 – CILCO
BBB-	Baa3	BBB-	6%	\$15,000,000 – IP 9,900,000 – CIPS 5,100,000 – CILCO
Below BBB-	Below Baa3	Below BBB-	0%	\$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 an irrevocable letter of credit (ILOC) in the amount of \$250,000. 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 10, 2008 in order to satisfy the registration requirements. Such ILOC must remain valid from March 10, 2008 through March 26, 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 17, 2008. Binding bids must be submitted on the form provided on the secure procurement website. For each product the bids must be offered as sealed, binding commitments with pay-as-bid-settlement with a fixed price for each product block specified in \$/MWh. A Supplier Fee will be charged to the winning bidders to cover the costs of administering the procurement process. The amount of these fees will be communicated to all registered bidders one week prior to the bid due date. The supplier fees will be

The Ameren Illinois Utilities Request for Proposals for Wholesale Energy Products

recovered through deductions from the initial payment to the winning bidders under the executed contracts with the Ameren Illinois Utilities.

5.8 Notification and Award

In accordance with the IPA Act, the Procurement Administrator will evaluate the binding bids upon receipt of electronically 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 Procurement Administrator will notify the successful bidder(s) immediately upon receiving approval from the ICC. The successful bidders will be required to sign the ISDA Confirmation Letters upon notification that they have been selected and received ICC approval. The maximum time between the close of bidding and the execution of the supply agreements, 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 Ameren Illinois Utilities will enter into binding contracts with the winning bidders within 3 business days after the ICC approves the results of the procurement.

The names of the winning bidders and the load weighted average of the winning bid prices for each product will be announced when the ICC issues its decision to approve the recommended contracts with the winning bidders.

A market exposure will be calculated by the Ameren Illinois Utilities and reviewed by the Procurement Administrator at the time the ISDA Confirmation Letters are executed. Following execution of the ISDA Confirmation Letters, if a party's market exposure exceeds its Threshold, that party will provide security in the form of cash or ILOC equal to the positive difference between the market exposure and the party's Threshold, rounded up to the nearest \$100,000. The market exposure will be calculated daily for each bidder, and the cash or ILOC requirement may be adjusted accordingly.

6.0 Evaluation Process and Criteria

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 energy product

The Ameren Illinois Utilities Request for Proposals for Wholesale Energy Products

amounts, subject to price benchmarks. The procurement administrator in consultation with the ICC Staff and the Procurement Monitor will establish market-based price benchmarks for the purposes of independently evaluating the bids received for each product. The benchmarks will be based on price data for similar products for the same procurement period and for the same market settlement point. The benchmarks will be considered confidential but will be subject to review and approval by the ICC prior to bidding.

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 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).

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

ATTACHMENT A

**The Ameren Illinois Utilities
Request for Proposals for Wholesale Energy Products**

ATTACHMENT B