



# Ameren Illinois Utilities

## Energy and Capacity Procurements

Bidder Information Session

February 28, 2008

**LEVITAN & ASSOCIATES, INC.**  
MARKET DESIGN, ECONOMICS AND POWER SYSTEMS

# Agenda

- ◆ Procurement Process Overview
- ◆ Schedule
- ◆ Products
- ◆ Contracts
- ◆ Bidder Pre-Qualification and Registration
- ◆ Bidding Procedures

# Procurement Process Overview

# Regulatory Background



- ◆ Public Act 095-0481 signed in 2007 created the Illinois Power Agency Act (IPA Act) and modified the Public Utility Act (PUA)
  - The IPA Act and the PUA replaced the Illinois Auction with a Portfolio Procurement Process
  - The IPA Act established the Illinois Power Agency that will administer the Procurement Process starting in June 2009
  - The utilities are responsible for procuring power and energy for Eligible Customers for the Initial Procurement Year

# Ameren Illinois Utilities Procurement Plan



- ◆ The Ameren Illinois Utilities (AIU) filed the Initial Procurement Plan with the Illinois Commerce Commission (ICC)
  - Defined the procurement process and the products to be acquired
  - Identified the Procurement Administrator
- ◆ The ICC approved the Procurement Plan on December 19, 2007 in Order 07-0527
  - AIU will procure power and energy for Eligible Retail Customers
  - Initial Procurement Year is June 1, 2008 through May 31, 2009
  - Procurement of standard market products required to replace the Illinois Auction Contracts (BGS-FP 17 month) that Expire on May 31, 2008
    - The BGS-FP 17 month contracts currently serve roughly 1/3 of the below 1MW customer load
    - Financial swap contracts of 400 MW of 7x24 Energy have already been procured consistent with Section 16-111.5(k) of the Public Utility Act

# Procurement Process Organization

- ◆ RFP Process includes three separate RFPs
  - Financial Energy Swaps
  - Capacity
  - Renewable Energy Credits (RECs)
- ◆ All documents and information relating to the RFPs issued through procurement web site:  
<http://www.levitan.com/AIURFP>
- ◆ Documents posted on web site include:
  - Announcements
  - Q&A
  - Requests for Proposals
  - Contracts and credit documents
  - Forms

# Role of Procurement Administrator



- ◆ As Procurement Administrator, Levitan & Associates, Inc. (LAI) is responsible for the following:
  - Interfacing between AIU and bidders
  - Developing contracts, credit policies, bid documents and benchmark criteria
  - Managing the bidder pre-qualification and registration process
  - Receiving and reviewing all bids
  - Submitting a confidential report to the ICC recommending the acceptance or rejection of bids
- ◆ The Procurement Administrator also works with the Procurement Monitor (Boston Pacific Company, Inc.)

# Schedule



# Energy RFP Schedule

- ◆ 2/5-3/14: Bidder Q&A Period
- ◆ 2/11: RFP Released
- ◆ 2/11-2/29: Comment Period for Contract Documents
- ◆ 2/29: Bidder Pre-Qualification Applications Due
- ◆ 3/7: Pre-Qualified Bidders Notified, Contract Documents Finalized and Posted
- ◆ 3/10-3/14: Bidder Registration, ILOC Due *\*change from RFP\**
- ◆ 3/11: Bidder Practice Session *\*change from RFP\**
- ◆ 3/17: Binding Bids Due
- ◆ 3/19: Report Submitted to ICC
- ◆ 3/21: Winning Bidders Notified

# Capacity RFP Schedule



- ◆ 2/5-3/28: Bidder Q&A Period
- ◆ 2/18: RFP Released
- ◆ 2/18-3/7: Comment Period for Contract Documents
- ◆ 2/29: Bidder Pre-Qualification Applications Due
- ◆ 3/7: Qualifying Bidders Notified
- ◆ 3/17: Contract Documents Finalized and Posted
- ◆ 3/24: Bidder Registration, ILOC Due
- ◆ 3/25: Bidder Practice Session *\*change from RFP\**
- ◆ 3/31: Binding Bids Due
- ◆ 4/2: Report Submitted to ICC
- ◆ 4/4: Winning Bidders Notified

# Products

# Energy Products (1)

## ◆ Financial Energy Swaps

- Standard “fixed for floating” financially settled swaps
- AIU will acquire physical energy through the MISO Day Ahead and Real Time Markets
- Financial swaps to be settled at the AIU Load Zone
  - MISO model changes starting 6/1/08 will result in AMIL.BGS3, AMIL.BGS6 and AMIL.BGS9 being slices of the AIU system as a whole
- Swaps will allow AIU to hedge energy price exposure by paying a fixed price

## Energy Products (2)



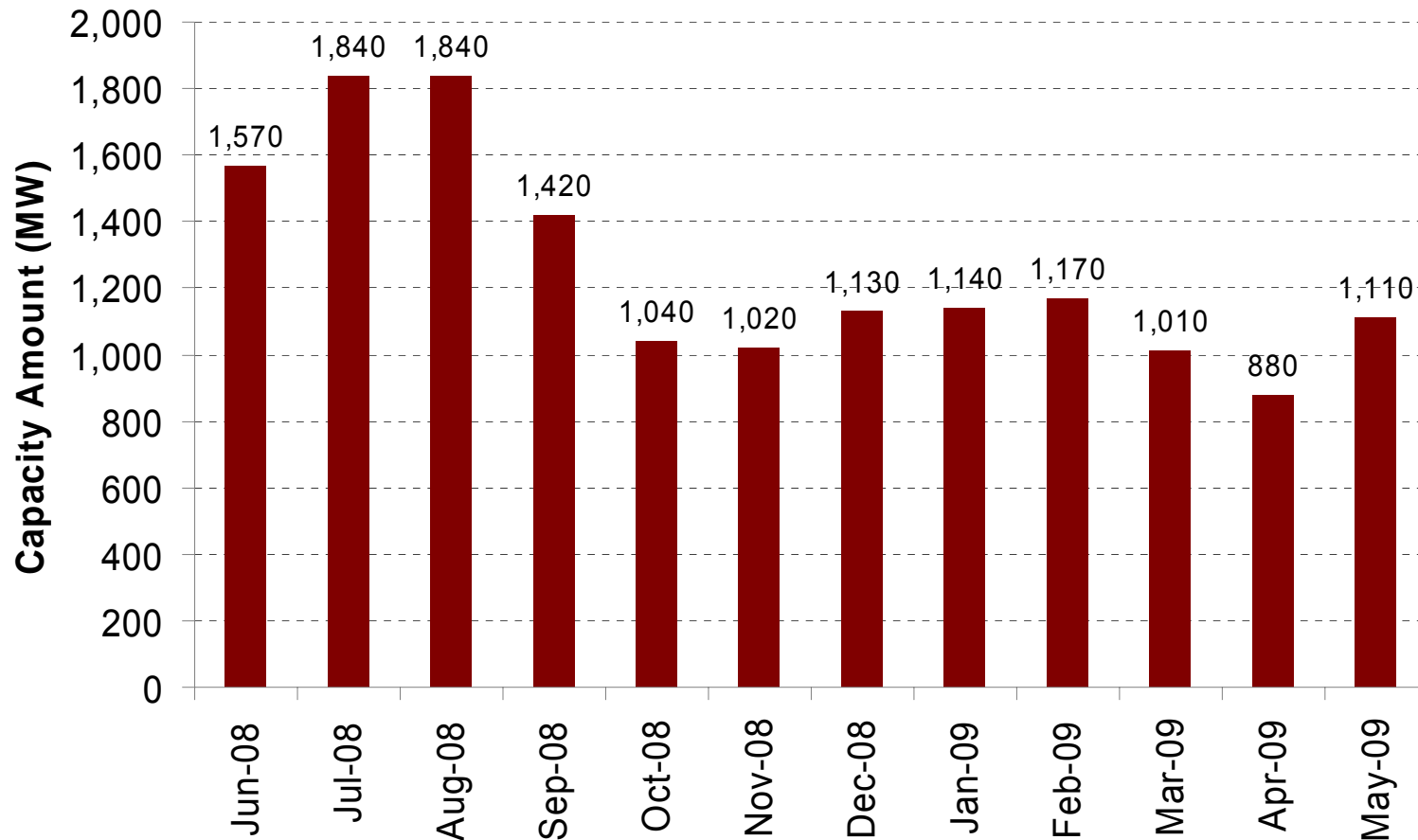
- ◆ Energy RFP seeking to procure six products differentiated by term, quantity and delivery period

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

# Capacity Products



- ◆ AIU will procure physical capacity to replace the capacity contracts expiring on May 31, 2008:



# Bidding Blocks



- ◆ Bids will be divisible blocks without contingencies
  - Energy: 25 MW blocks
  - Capacity: 10 MW blocks
- ◆ Examples:
  - If a bid for 100 MW at a given price is submitted through the Energy RFP, 25 MW, 50 MW, 75 MW, or 100 MW can be selected
  - If a bid for 100 MW at a given price is submitted through the Capacity RFP, 10 MW, 20 MW, 30 MW, etc. in 10 MW increments up to and including 100 MW can be selected

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# Contracts

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# Comments on Contract Documents

- ◆ Draft Contract Documents posted to RFP website
  - Energy: ISDA Confirmation Letter and Form of Pre-Bid Letter of Credit
  - Capacity: Confirmation Agreement and Form of Pre-Bid Letter of Credit
- ◆ Bidder comments should be submitted in redline form
  - Energy Comments Due February 29<sup>th</sup>
  - Capacity Comments Due March 7<sup>th</sup>
- ◆ Comments should be submitted via email to [aiurfp@levitan.com](mailto:aiurfp@levitan.com)

# Final Contract Documents



- ◆ Comments from bidders will be considered when finalizing the contract documents
- ◆ Final Energy RFP contract documents will be posted on March 7<sup>th</sup>
- ◆ Final Capacity RFP contract documents will be posted on March 17<sup>th</sup>
- ◆ Once finalized, contract documents are non-negotiable
- ◆ Successful bidders will be required to sign contracts within 3 business days of notification of selection

# Bidder Pre-Qualification and Registration

## Notice of Intent to Bid



- ◆ Notices of Intent to Bid for Energy and Capacity RFPs available at Procurement Web Site
- ◆ Notices of Intent Due by 5:00 pm CPT on February 29<sup>th</sup> for both Energy and Capacity RFPs
  - Can be submitted via fax to: 617-531-2826 or via email to [aiurfp@levitan.com](mailto:aiurfp@levitan.com)

# Bidder Pre-Qualification Applications



- ◆ Bidder Pre-Qualification Application available from procurement web site
- ◆ Pre-Qualification Applications include:
  - Bidder Information
  - Financial and Credit Information
  - Bidder Certifications
- ◆ Pre-Qualification Applications reviewed by Procurement Administrator, Procurement Monitor, and AIU Credit Risk Management

# Pre-Qualification Application Submission



- ◆ Pre-Qualification Applications due to LAI by 5:00pm CPT on Friday, February 29th
  - Same Application can be used for both Energy and Capacity
- ◆ Applications can be submitted via:
  - Mail to: Levitan & Associates, Inc., Attn. John Bitler, 100 Summer Street, Suite 3200, Boston, MA 02110
  - Fax to: 617-531-2826
  - E-mail to: [aiurfp@levitan.com](mailto:aiurfp@levitan.com)
  - Procurement web site
- ◆ Deficient Pre-Qualification Application submissions will be notified by 5:00 CPT on Monday, March 3<sup>rd</sup>

## Bid Participation Fee

- ◆ One fee per Pre-Qualification Application
- ◆ \$500 by certified check or wire transfer
  - Certified checks can be mailed to: Levitan & Associates, Inc., Attn: John Bitler, 100 Summer Street, Suite 3200, Boston, MA 02110
    - Checks will be accepted through Monday, March 3<sup>rd</sup>
  - Wire transfer details can be requested by emailing [aiurfp@levitan.com](mailto:aiurfp@levitan.com), details will also be distributed to the mailing list for each RFP
- ◆ If an IRS Form W-9 is required to process the Bid Participation Fee, it can also be requested by emailing [aiurfp@levitan.com](mailto:aiurfp@levitan.com)

## Pre-Qualification Notifications



- ◆ Bidders may call Sara Pierce at 617-531-2818 x15 or email [aiurfp@levitan.com](mailto:aiurfp@levitan.com) to confirm receipt of Notices or Intent, Pre-Qualification Applications, or any other submitted documents
- ◆ Notifications will be sent via email after 5:00 pm CPT on Friday, February 29th to all bidders from whom documents have been received
- ◆ Energy and Capacity Bidders will be notified of Pre-Qualification status by 5:00 CPT on Friday, March 7<sup>th</sup>



# Energy Bidder Registration



- ◆ Bidder Registration Form and final Form of Pre-Bid Letter of Credit will be distributed to Pre-Qualified Energy Bidders with credit notification
- ◆ Bidder Registration Form and Pre-Bid Letter of Credit due to Procurement Administrator by 5:00 CPT on Friday, March 14<sup>th</sup>
  - Deadline changed from March 10<sup>th</sup> to allow additional time to procure Irrevocable Letter of Credit from banks following credit notification
  - If pre-qualified, bidder will be required to provide AIU with an ILOC in the amount of \$250,000
  - Cash cannot be posted in place of the ILOC

# Capacity Bidder Registration



- ◆ Bidder Registration Form and final Form of Pre-Bid Letter of Credit will be distributed to Pre-Qualified Capacity Bidders on March 17<sup>th</sup>
- ◆ Bidder Registration Form and Pre-Bid Letter of Credit due to Procurement Administrator by 5:00 CPT on Monday, March 24<sup>th</sup>
  - If pre-qualified, bidder will be required to provide AIU with an ILOC in the amount of \$100,000
  - Cash cannot be posted in place of the ILOC

# Bidding Procedures

# Bid Forms and Bid Evaluation



- ◆ The bid forms will be reviewed in detail during the Bidder Practice Sessions
  - Energy: March 11<sup>th</sup>, 3:00 pm EST
  - Capacity: March 25<sup>th</sup>, 3:00 pm EST
- ◆ Bid evaluation process will also be explained during these practice sessions
- ◆ Session information will be distributed to pre-qualified bidders

## Bid Submission

- ◆ Bids may only be submitted with the Bid Form provided on the procurement web site following Bidder Registration
- ◆ Bids will be due by 12:00 noon CPT on Bid Day
  - Energy: March 17<sup>th</sup>
  - Capacity: March 31<sup>st</sup>
- ◆ Bid forms must be submitted through secure web site
- ◆ Backup method for submission will be via email or fax
- ◆ Bidders will be notified following receipt of bid form



## Supplier Fee

- ◆ Supplier Fee will be charged to winning bidders to cover the costs of administering the procurement process
- ◆ Amount of the Energy Supplier Fee in \$/MWh to be charged to the winning Energy bidders will be announced on March 10<sup>th</sup>, one week prior to Energy Bid Day
  - Energy Supplier Fee will be recovered through deductions from the initial monthly payments for each product to the winning bidders under the executed contracts with the AIU
- ◆ There will not be a Capacity Supplier Fee

# Contact Information

# Procurement Administrator Contact Information



- ◆ Procurement Web Site
  - <http://www.levitan.com/AIURFP>
- ◆ Mailing Address
  - Levitan & Associates, Inc.  
Attn: John Bitler  
100 Summer Street, Suite 3200  
Boston, MA 02110
- ◆ E-Mail
  - [aiurfp@levitan.com](mailto:aiurfp@levitan.com)
- ◆ Phone
  - 617-531-2818 (John Bitler x22 or Sara Pierce x15)
- ◆ Fax
  - 617-531-2826