

REQUEST FOR PROPOSALS

FOR

STANDARD WHOLESALE ENERGY PRODUCTS

Levitan & Associates, Inc.

Procurement Administrator on behalf of

Illinois Power Agency

for

Ameren Illinois Utilities

AmerenCILCO

Peoria, IL

AmerenCIPS

Springfield, IL

AmerenIP

Decatur, IL

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ATTACHMENT A – ISDA Long Form Confirmation Letter

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1.0 Introduction

Levitan & Associates, Inc. (“LAI”), as Procurement Administrator on behalf of the Illinois Power Agency (“IPA”), is issuing this Request for Proposals (“RFP”) for energy supply to serve customers of the Ameren Illinois Utilities covering the period June 1, 2010 through May 31, 2013. The Ameren Illinois Utilities serve about 1.2 million customers throughout Illinois, and 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 IPA seeks to secure the partial supply requirements of the Ameren Illinois Utilities’ “Eligible Retail Customers” who are served under fixed-price, bundled service tariffs. Eligible Retail Customers include retail customers in the following customer classes for whom energy requirements are less than 400 kW: residential (DS-1); non-residential less than 150 kW (DS-2); non-residential from 150 kW to 400 kW (DS-3A); and lighting service (DS-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, 2010, through May 31, 2013.

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 (“Customer Choice 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 capacity, energy and certain ancillary services to their full requirements

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customers. By January 1, 2007 the transition period and the PPAs used to supply 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 the Illinois Auction was to procure the full requirements service – capacity, energy and ancillary services – needed to serve the retail customers who continued to rely on the Ameren Illinois Utilities beyond 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 of the load, 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 IPA to administer a procurement process beginning in August 2008. Under Section 16-111.5(a) of the PUA, the Ameren Illinois Utilities had oversight responsibility for procuring capacity, energy, and renewable energy credits (“RECs”) for Eligible Retail Customers for the period June 1, 2008 through May 31, 2009. Procurement responsibility then shifted to the IPA and the IPA’s Procurement Administrator to facilitate the procurement process to ensure additional power purchases from June 1, 2009 onward.

Under Section 16-111.5(d) of the PUA, the IPA filed a procurement plan with the ICC. On December 28, 2009, the ICC approved the procurement plan with certain modifications.¹ Consistent with the requirements of the PUA, the procurement plan identifies the portfolio of energy and power products to be procured. As Procurement Administrator for the 2010 procurement cycle, 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 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,

¹ 09-0373 (Illinois Power Agency – Petition for Approval of Initial Procurement Plan) Order December 28, 2009.

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credit policies, and bid documents. Boston Pacific Company, Inc. has been selected to be the Procurement Monitor for this procurement process.

3.0 Purpose and Scope

The IPA has developed a portfolio of power products on behalf of the Ameren Illinois Utilities for the planning period June 1, 2010 through May 31, 2013, consistent with the ICC-approved procurement plan that will ensure adequate, reliable and affordable electric service to Eligible Retail Customers at the lowest reasonable cost. To accomplish these objectives, the Ameren Illinois Utilities will utilize a portfolio approach that incorporates forward financial swap contracts procured on their behalf by the IPA, and physical purchases in the MISO DAM and/or RTM. LAI is also soliciting bids for both capacity and RECs in separate RFPs to serve Eligible Retail 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.

Pursuant to Section 16-111.5(k) of the PUA, the Ameren Illinois Utilities executed a five-year financial swap agreement covering a portion of the energy to serve eligible load. This financial swap agreement will provide price certainty for 1,000 MW of around-the-clock (“ATC”) energy for the period of June 1, 2010 through December 31, 2012. Under the terms of this swap arrangement, the Ameren Illinois Utilities will pay a fixed price in exchange for a floating price, the MISO day-ahead locational marginal price (LMP) at the Ameren Illinois Utilities Load Zone. Additionally, the Ameren Illinois Utilities procured a portion of the energy needed to serve eligible load for the period of June 1, 2010 through May 31, 2011 as a result of the 2009 Illinois Power Agency procurement process. The remainder of the energy to serve eligible load under the 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, 2010 through May 31, 2013:

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Month	Peak Load Volume (MW) 2010/11	Peak Load Volume (MW) 2011/12	Peak Load Volume (MW) 2012/13
June	450	550	0
July	1100	1150	0
August	1050	1100	0
September	550	500	0
October	400	250	0
November	450	300	0
December	650	600	0
January	700	700	800
February	650	500	750
March	500	300	650
April	350	100	550
May	350	150	550

Month	Off-Peak Load Volume (MW) 2010/11	Off-Peak Load Volume (MW) 2011/12	Off-Peak Load Volume (MW) 2012/13
June	550	250	0
July	600	600	0
August	700	550	0
September	400	200	0
October	400	50	0
November	400	150	0
December	650	400	0
January	750	550	750
February	650	400	700
March	450	200	600
April	350	0	500
May	350	0	500

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The products to be procured are financially settled fixed for floating electricity swaps. The floating price will be calculated as the average MISO Day-Ahead 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.

In addition to the individual month products, bidders will also have the option to submit combination products consisting of either on-peak or off-peak energy for specific groups of months. Bidders may bid up to the Maximum Bid Volume for each combination product (shown in the table below), which is determined by the lowest On- or Off-Peak Load Volume from the individual months listed in the tables above. For example, for the July-August 2010 On-Peak combination product, the respective Load Volumes for July and August 2010 are 1,100 MW and 1,050 MW; the Maximum Bid Volume is therefore set at the lowest of these: the August Load Volume of 1,050 MW. The combination products available to bidders are shown in the following table:

Product		Maximum Bid Volume (MW)
Jul-Aug 2010	On-Peak	1,050
	Off-Peak	600
Oct-Nov-Dec 2010	On-Peak	400
	Off-Peak	400
Jan-Feb 2011	On-Peak	650
	Off-Peak	650
Mar-Apr 2011	On-Peak	350
	Off-Peak	350
Jul-Aug 2011	On-Peak	1,100
	Off-Peak	550
Oct-Nov-Dec 2011	On-Peak	250
	Off-Peak	50

3.2 Bidding Requirements

Bidders may offer bids for any or all of these monthly and combination products subject to the following restrictions:

1. Energy products shall be bid in whole MW amounts with a minimum bid quantity no less than 50 MW, in increments of 50 MW, up to a maximum bid quantity equal to the full volume for each product. Each 50-MW block may have a different price, or multiple blocks may be bid at the same price
2. Bidders may offer energy for all or some of the individual monthly energy

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products. For example, a bidder may offer 100 MW (2 blocks) for January 2011 Off-Peak, 450 MW (9 blocks) for July 2010 On-Peak, and 150 MW (3 blocks) for March 2011 On-Peak, and any of those months may be accepted or rejected.

3. Bidders may offer energy for all or some of the combination energy products, and any of those bids may be accepted or rejected
4. Bidders must specify a maximum willingness to supply for each month of the procurement period, which cannot exceed the maximum volume for a given month's on- or off-peak load as listed in the first two tables in section 3.1. By indicating a maximum willingness to supply for a given month's on- or off-peak load, the bidder is indicating that, in choosing among both individual monthly energy products and any relevant combination energy products, the procurement administrator may not select more than the bidder's specified maximum. Each block bid will be considered independently.

For example, a bidder may offer 100 MW (2 blocks) for July 2010 On-Peak and 100 MW (2 blocks) for Jul-Aug 2010 On-Peak. If the bidder specifies a maximum willingness to supply 100 MW (2 blocks) for the month of July, the Procurement Administrator may end up selecting either the 2 blocks bid for July 2010 On-Peak, the 2 blocks bid for Jul-Aug 2010 On-Peak, or one block from each, but not more than the maximum willingness to supply for either July or August 2010. This example assumes that these blocks would end up being part of the winning solution, the Procurement Administrator may also determine that a supplier has won fewer blocks than their maximum willingness to supply for a particular month.

4.0 Other Requirements

4.1 Contract

The Ameren Illinois Utilities expect to individually enter into binding contracts with the winning bidders. Winning bidders in the RFP process will be expected to enter into three contracts: one with AmerenCIPS for 33% of the total contract amount, one with AmerenCILCO for 17% of the total contract amount and one with AmerenIP for 50% of the total contract amount. All product sales will be transacted under the International Swaps and Derivatives Association ("ISDA") Confirmation Letter, a draft of 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.

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June 2010 On-Peak	100 MW
July 2010 On-Peak	50 MW
April 2011 Off-Peak	50 MW
May 2011 Off-Peak	150 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
June 2010 On-Peak	33 MW	17 MW	50 MW
July 2010 On-Peak	16.5 MW	8.5 MW	25 MW
April 2011 Off-Peak	16.5 MW	8.5 MW	25 MW
May 2011 Off-Peak	49.5 MW	25.5 MW	75 MW

Prospective bidders will be provided the opportunity to comment on the draft contract. Bidders should download the contract documents and submit comments in red-lined form via email to aiurfp@levitan.com. The contract comments will be reviewed by the Procurement Administrator, Procurement Monitor, Ameren Illinois Utilities, IPA and ICC. 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 irrevocable letter of credit (“ILOC”) in the form of Attachment B, once it has been finalized following the comment period, to ensure winning bidders whose bids are accepted by the ICC execute contracts.

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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>.

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Activity	Date
RFP Issued	March 22, 2010
Draft Contract Documents Issued	March 26, 2010
Bidder Contract Comment Period	March 29, 2010 to April 21, 2010
Pre-Qualification Application Due Bid Participation Fee Due	5:00 p.m. CPT, April 19, 2010
Bidders Notified of Results of Pre-Qualification Application Review	April 26, 2010
Final Contract Documents Posted to Website	April 26, 2010 (Pre-Bid ILOC) April 29, 2010 (Contract)
Bidder Practice Session	April 30, 2010
Irrevocable Pre-Bid Letter of Credit Due, Bidder Registration Form Due	5:00 p.m. CPT, May 3, 2010
Binding Bids Due	12:00 noon, CPT, May 4, 2010
Procurement Administrator & Monitor Submit Report to ICC	May 5, 2010 ²
ICC Approval of Recommendation	May 6 or 7, 2010 ³
Bidders Notified of Selection	May 6 or 7, 2010 ⁴
Contracts Executed with Winning Bidders	May 11 or 12, 2010 ⁵

5.2 Communications

LAI's points of contact for this RFP are:

² Legislation allows the Procurement Administrator & Monitor two business days to submit their reports to the ICC. LAI will submit its report within one business day. Boston Pacific Company, Inc. has also committed to submitting its report within one business day.

³ Legislation allows the ICC two business days after receipt of the Procurement Administrator and Procurement Monitor reports to approve the recommendation of winning bids.

⁴ Winning bidders will be notified immediately after the ICC approves the Procurement Administrator's report and recommendations.

⁵ Legislation allows the individual Ameren Illinois Utilities three business days after the ICC approves the results of the procurement to execute contracts with winning bidders. The contract execution deadline will therefore depend on the date the ICC approves the results of the procurement.

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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 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>.

5.3 Bidder Pre-Qualification Application

Bidders shall submit a complete Pre-Qualification Application to the Procurement Administrator as described on the secure procurement website (<http://www.levitan.com/AIURFP>) no later than 5:00 p.m. on April 19, 2010. A non-refundable fee of \$500 (the “Bid Participation Fee”) will be required for any bidder submitting a Pre-Qualification Application. The Bid Participation Fee can be submitted by check mailed to: Illinois Power Agency, Attn: Mark Pruitt, James R. Thompson Center, 100 West Randolph Street, Suite 3-355, Chicago, IL 60601. The check should be made out to “Illinois Power Agency.”

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

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

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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: (i) the most recent annual audited financial statements, including a balance sheet, income statement, statement of cash flows, all notes corresponding to those financial statements, and schedules – this requirement should be met by an SEC Form 10-K, if available; (ii) the most recent quarterly unaudited financial statements, including a balance sheet, income statement, statement of cash flows, all notes corresponding to those financial statements, and schedules – this requirement should be met by an SEC Form 10-Q, if available; and (iii) any SEC Form 8-Ks, or the equivalent, filed since the most recent quarterly financial statement.

If these financial statements are not available, the bidder shall provide substitute financial information that must include: (i) annual audited financial statements for the most recently completed fiscal year, including notes corresponding to the annual financial statements and schedules; (ii) the most recent quarterly unaudited financial statements, including notes corresponding to the quarterly financial statements and schedules; and (iii) any notifications from the company to investors or a government body regarding unscheduled material events affecting the company's investors or the public, which were issued following the most recently completed fiscal year.

All substitute financial information should include an attestation from an authorized officer of the company that certifies the financial statements as accurate and complete, as well as an independent accountant's report that certifies those financial statements are free from material misstatement. Rejecting non-SEC financial reports is at the Procurement Administrator's discretion if the Procurement Administrator deems any non-SEC financial reports to be insufficiently supported.

(c) Prior to execution of the ISDA Confirmation Letter 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 5.5 below) that will be in effect for the bidder.

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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.

A bidder submitting a proposal under an agency authorization (“Agency Agreement”) must identify the Principal or Principals in the Agency Agreement. Bidders applying under an Agency Agreement must provide one (1) copy of its Agency Agreement with its Bidder Pre-Qualification Application. If the bidder is acting as agent for a single Principal, identify the Principal as the entity on whose financial standing the bidder relies. If the bidder is acting as agent for multiple entities, the bidder must identify the Principal with the lowest credit rating as the entity on whose financial standing the bidder relies.

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 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. Each bidder and Guarantor will be granted a single credit limit to be applied across any ISDA Confirmation Letter awarded as a result of this Energy RFP and all other Fixed Price Customer Supply Contracts (as defined in Attachment A) between the parties. Affiliated bidders will be limited to a maximum aggregate unsecured credit limit that equals the highest potential Threshold provided in Table A, *i.e.*, \$80 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 (a division 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, or if such senior unsecured long-term debt rating is not available, then the issuer rating (or corporate credit rating) then assigned by Fitch, discounted one notch, 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, however, that (a) in the event a Party is rated by all three rating

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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

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%	\$80,000,000 [40,000,000 – IP] [26,400,000 – CIPS] [13,600,000 – CILCO]
BBB+	Baa1	BBB+	10%	\$60,000,000 [30,000,000 – IP] [19,800,000 – CIPS] [10,200,000 – CILCO]
BBB	Baa2	BBB	8%	\$40,000,000 [20,000,000 – IP] [13,200,000 – CIPS] [6,800,000 – CILCO]
BBB-	Baa3	BBB-	6%	\$20,000,000 [10,000,000 – IP] [6,600,000 – CIPS] [3,400,000 – 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, and, if they have 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 26, 2010. If a bidder satisfies the pre-qualification requirements, the bidder will then be required to provide to the Ameren Illinois Utilities with a pre-bid ILOC in the amount of \$250,000. The pre-bid ILOC must be in the form provided as Attachment B, once it has been finalized following the comment process. The pre-bid ILOC must be provided by 5:00 p.m. CPT on May 3, 2010 in order to satisfy the registration requirements. Such pre-bid ILOC must remain valid from May 3, 2010 through May 13, 2010.

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In addition to the pre-bid ILOC, pre-qualified bidders will also be required to submit 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. This form will be made available to bidders upon notification of pre-qualification.

5.7 Binding Bids

Registered bidders shall submit binding, firm and irrevocable bids for each product offered no later than 12:00 noon CPT, May 4, 2010. 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.

5.8 Notification and Award

In accordance with the IPA Act, the Procurement Administrator will evaluate the binding bids immediately after 12:00 noon CPT on May 4, 2010, and will submit a confidential report of the procurement and the bids recommended for selection within one business day of receipt to the ICC.⁶ 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) 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 is 7 business days, based on the following provisions: (a) The Procurement Administrator and the Procurement Monitor submit separate confidential reports on the procurement results and recommendation to the ICC within 2 business days after opening the bids.⁷ (b) The ICC reviews the reports and accepts or rejects 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, enter into binding contracts with the winning bidders within 3 business days after the ICC

⁶ The Procurement Monitor, who must also submit a post-bidding report to the ICC, has also committed to submitting its report within one business day of Bid Day.

⁷ As stated previously, both the Procurement Administrator and the Procurement Monitor have committed to shorten this timeline by submitting their reports within one business day of Bid Day,

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accepts or rejects the results of the procurement.

5.9 Performance Assurance

Following execution of the ISDA Confirmation Letters, if a Seller's collateral Threshold is less than the total aggregate credit exposure under each and every Fixed Price Customer Supply Contract to which Seller is a party, the Seller will be required to provide performance assurance in the form of a letter of credit or cash collateral. Such assurance would be equal to the positive difference, if any, between (a) the total aggregate credit exposure under each and every Fixed Price Customer Supply Contract to which Seller is a party, with such exposure to be calculated as per the applicable Confirmation Agreements and (b) the single collateral Threshold amount applicable to the Seller for the purposes of all the Fixed Price Customer Supply Contracts to which Seller is a party. Consistent with the provisions of section 5.5 herein, affiliates will be limited to a total collateral threshold of \$80 million, and guarantors will be limited to the limits shown in Table A.

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 energy product amounts, subject to price benchmarks. The Procurement Administrator, in consultation with the ICC Staff, the Procurement Monitor, and the IPA, 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. By submitting a binding bid, the bidder agrees to execute the contract upon award.

6.2 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

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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, LAI has chosen NOT to engage in any post-bid negotiations as a part of this RFP.**

6.3 Binding Bids

All bids must remain open, firm and binding until 5:00 pm on May 7, 2010, or until the ICC has accepted or rejected the results of the procurement event.

Those bids identified as winning bids following the ICC’s approval of the procurement event must remain open, firm and binding until May 13, 2010, or until 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 will be announced publicly after the ICC accepts or rejects the RFP results and the Procurement Administrator’s recommendations. In addition, the ICC determined that the product volumes awarded for each contract type and for each contract term will be publicly disclosed after a Commission vote accepting a procurement administrator recommendation to accept certain 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

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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