

REQUEST FOR PROPOSALS

FOR

CAPACITY

JULY 2011 TO MAY 2012

Levitan & Associates, Inc.

Procurement Administrator on behalf of

Illinois Power Agency

For

Ameren Illinois Company

ISSUE DATE: April 19, 2011

DUE DATE: May 11, 2011

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ATTACHMENT A – Confirmation Agreement

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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 capacity to serve customers of Ameren Illinois Company covering the period July 1, 2011 through May 31, 2012. This RFP represents the second phase of the 2011 capacity solicitation. The first phase solicited capacity to meet the requirements of Ameren Illinois Company customers for June 2011. Ameren Illinois Company serves about 1.2 million customers throughout Illinois. The Ameren Illinois Company is a subsidiary of Ameren Corporation, headquartered in St. Louis, Missouri. More information about Ameren Illinois Company can be found at <http://www.ameren.com>.

The IPA seeks to procure adequate capacity, which, when combined with previous capacity purchases, will meet 100% of Ameren Illinois Company’s monthly capacity requirements for the period from July 2011 through May 2012. The capacity will be procured in accordance with 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 that have peak demand less than 400 kW and whose service has not been declared competitive: 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).

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, Ameren Illinois Company utilized long-term purchased power agreements (“PPAs”) to provide capacity, 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, Ameren Illinois Company 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 meet the requirements of the retail customers who continued to rely on the Ameren Illinois Company at the end

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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 Company's 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 Company. The legislation also established the IPA to administer a procurement process beginning in August 2008. Under Section 16-111.5(a) of the PUA, Ameren Illinois Company 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 administrator to facilitate the procurement process to ensure additional power purchases from June 1, 2009.

Continuing with the 2011 procurement, under Section 16-111.5(d) of the PUA, the IPA filed a procurement plan with the ICC. On December 21, 2010, 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 2011 procurement cycle, LAI is authorized to serve as the interface between Ameren Illinois Company and bidders. In issuing this RFP, LAI has the responsibility for 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, credit policies, and bid documents. Boston Pacific Company, Inc. is the Procurement Monitor for the 2011 procurement process.

3.0 Purpose and Scope

The IPA intends to procure capacity on behalf of Ameren Illinois Company for the period July 1, 2011 through May 31, 2012, consistent with the ICC-approved procurement plan. The IPA will also solicit bids for physically-settled energy products and renewable energy credits to serve eligible customer load through

¹ 10-0563 (Illinois Power Agency – Petition for Approval of Procurement Plan) Order December 21, 2010.

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separate RFPs.

The capacity to be procured under this RFP consists of the following monthly “Planning Resource Credits” (“PRCs”) as such term is defined in the MISO Documents²:

Month	PRC Quantity (# of PRC)
July 2011	1,170
August 2011	1,250
September 2011	1360
October 2011	1100
November 2011	770
December 2011	760
January 2012	950
February 2012	870
March 2012	560
April 2012	640
May 2012	750

Each PRC Quantity above represents the quantity in MW of Unforced Capacity; as such term is defined in the MISO Documents, during the applicable Period of Delivery.

3.1 Product Definition

The PRCs delivered under this Confirmation Agreement shall be usable to satisfy the MISO Resource Adequacy Requirements (“RAR”) of Buyer. PRCs must be deliverable to the AMIL Local Balancing Authority area, but can include Aggregate PRCs, Local PRCs, and External PRCs, including any PRCs properly generated from Demand Response Resources (“DRR”) and/or PRCs properly generated from Load Modifying Resources (“LMR”) pursuant to the MISO RAR. Additionally, Seller must transfer the PRCs to Buyer using the Module E Capacity

² “MISO Documents” refer to the MISO Business Practice Manuals, as the same may be amended, collectively with MISO’s Open Access Transmission, Energy and Operating Reserve Markets Tariff (“ASM Tariff”) on file with the FERC, as may be amended from time to time.

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Tracking tool, or any successor system (“MECT”). The MECT counterparty code for Ameren Illinois Company is AMCP.

3.2 Bidding Requirements

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

1. PRCs shall be bid in whole MW amounts with a minimum bid quantity no less than 10 PRCs, in increments of 10 PRCs, and a maximum quantity equal to the Contract Quantity for that specific month. Each bid increment must have an associated price.
2. Bidders may offer PRCs for some or all of the months independently. For example, a bidder may offer 80 PRCs in month A, 100 PRCs in month C, and 50 PRCs in month E, and any of those bids may be accepted or rejected in 10-PRC increments.
3. Bidders may not offer bids with contingencies, such that acceptance of one bid is conditioned upon the acceptance or rejection of another bid.

4.0 Other Requirements

4.1 Contract

Ameren Illinois Company expects to enter into binding contracts with the winning bidders. A draft of the proposed contract is included with this RFP as Attachment A, Confirmation Agreement. The terms and conditions specified in the proposed contract are designed to be consistent with the terms and conditions of the Edison Electric Institute Master Purchase and Sale Agreement Version 2.1.

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 Company, 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 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 Each bidder will be required to provide a pre-bid irrevocable letter of credit (“ILOC”) in the form of Attachment B, to ensure that winning

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bidders whose bids are approved by the ICC execute contracts and deliver the awarded PRCs. Only those modifications to the form of the ILOC that are posted on the website will be acceptable

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 IPA and 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	April 19, 2011
Draft Contract Documents Issued	April 19, 2011
Bidder Contract Comment Period Ends	April 26, 2011, 12:00 pm CPT
Bidder Pre-Qualification Application Due	April 29, 2011, 12:00 pm CPT
Final Contracts Posted to Website	May 2, 2011
Bidder Practice Session	May 9, 2011
Bidder Registration Form and ILOC Due	May 10, 2011, 12:00 pm CPT
Binding Bids Due	May 11, 2011, 12:00 pm CPT
Procurement Administrator Submits Report to ICC	May 12, 2011
Preliminary Notifications to Bidders	May 12, 2011
ICC Approval of Recommendation	May 16, 2011
Final Notifications to Bidders	May 16, 2011
Contracts Executed with Selected Suppliers	May 19, 2011
PRCs transferred in MECT	May 19, 2011

5.2 Communications

LAI's points of contact for this RFP are:

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Vice President & Principal
(617) 531-2818 x22
jrb@levitan.com

Sara Wilmer
Executive Consultant
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sw@levitan.com

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All questions regarding this RFP must be submitted in writing via the procurement website at: <http://www.levitan.com/AIURFP>. Questions should not be directed to Ameren Illinois Company. Questions and responses will be posted on the 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 no later than 12:00 noon CPT on April 29, 2011. A non-refundable fee of \$500 (the "Bid Participation Fee") will be required for any bidder submitting a Pre-Qualification Application. Payment instructions for the Bid Participation Fee are posted to the procurement website. A bidder who has already paid the Bid Participation Fee for the Energy RFP, RECs RFP, or in the 2011 ComEd RFPs is not required to pay another Bid Participation Fee.

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

Bidder's Information: Provide name of company, address, and company representative (name, phone number, email address and fax number). Provide basic information on the bidder as requested, including a brief description of bidder ownership or operation of capacity resources in MISO. Describe any defaults or adverse situations as requested. This information will be treated as confidential.

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

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

Financial Information: Bidders participating in only this Capacity RFP do not need to provide financial information in the Pre-Qualification Application because, given that there is no requirement for Sellers to post Performance Assurance under the Confirmation Agreement, no unsecured collateral will be awarded for the Capacity RFP.

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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.

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.

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 May 2, 2011. If a bidder satisfies the pre-qualification requirements, the bidder will then be required to provide Ameren Illinois Company with a pre-bid ILOC in the amount of \$100,000. The pre-bid ILOC must be in the form provided as Attachment B, with only those modifications which have been posted as acceptable on the procurement website. The pre-bid ILOC must be provided by 12:00 noon CPT on May 10, 2011, in order to satisfy the registration requirements. The pre-bid ILOC must remain valid from May 10, 2011 through June 14, 2011.

In addition to providing the pre-bid ILOC, pre-qualified bidders will also be required to complete a Bidder Registration Form certifying that they are not part of a joint venture or participating in a bidding agreement with another bidder for the purposes of submitting a bid under this RFP, and that they will execute the Confirmation Agreement if selected as a winning bidder. The Bidder Registration Form can be downloaded from the procurement website, and must be submitted by 12:00 noon CPT on May 10, 2011.

5.7 Supplier Fee

The Illinois Power Agency has determined that a Supplier Fee will be charged to winning bidders in this procurement. The Supplier Fee is designed to cover the costs of administering the procurement process. Bidders will be required to submit a Supplier Fee Agreement acknowledging that they will pay the Supplier Fee if awarded products in this procurement. Additional details regarding the amount and payment of the Supplier Fee will be posted to the procurement website.

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5.8 Binding Bids

Registered bidders shall submit binding, firm and irrevocable bids for each product offered no later than 12:00 noon CPT, on May 11, 2011. Binding bids must be submitted on the form provided on the secure procurement website. Bids shall be priced in \$ per PRC. 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.

5.9 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 11, 2011, and will submit a confidential report of the procurement and the bids recommended for selection the next day to the ICC.³ Preliminary award notifications will be made to bidders following submission of the Procurement Administrator's bidding report to the ICC. 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 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 recommendations to the ICC within 2 business days after opening the bids;⁴ (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; and (c) The Ameren Illinois Company will enter into binding contracts with the winning bidders within 3 business days after the ICC approves the results of the procurement.

³ The Procurement Monitor, who must also submit a post-bidding report to the ICC, has also committed to submitting their report to the ICC one day after Bid Day.

⁴ As stated previously, the Procurement Administrator and Procurement Monitor have both committed to shorten this timeline by submitting their reports to the ICC one day after Bid Day.

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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 Contract Quantities, subject to price benchmarks. The Procurement Administrator, in consultation with the Procurement Monitor, the ICC Staff, and the IPA, 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 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 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 price 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 16, 2011 or until the Illinois Commerce Commission has approved the results of the procurement event.

Those bids that are identified as winning bids following the Commission’s approval of the procurement event must remain open, firm and binding until May 19, 2011 or until the bidder has executed a contract, whichever comes first.

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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 Bidder 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. In addition, the ICC determined that that the number of megawatts 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 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 – Confirmation Agreement

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ATTACHMENT B – Form of Pre-Bid Irrevocable Letter of Credit