

REQUEST FOR PROPOSALS

FOR

RENEWABLE ENERGY CREDITS

Levitan & Associates, Inc.

Procurement Administrator on behalf of

Ameren Illinois Utilities

AmerenCILCO

Peoria, IL

AmerenCIPS

Springfield, IL

AmerenIP

Decatur, IL

ISSUE DATE: March 11, 2008

DUE DATE: April 14, 2008

**The Ameren Illinois Utilities
Request for Proposals for Renewable Energy Credits**

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Request for Proposals for Renewable Energy Credits

1.0 Introduction

Levitan & Associates, Inc. (LAI), as Procurement Administrator, is issuing this Request for Proposals (RFP) for Renewable Energy Credits (RECs) on behalf of the Ameren Illinois Utilities. The Ameren Illinois Utilities collectively refers to Central Illinois Light Company d/b/a AmerenCILCO, Central Illinois Public Service Company d/b/a AmerenCIPS, and Illinois Power Company d/b/a AmerenIP. The Ameren Illinois Utilities are subsidiaries of Ameren Corporation, headquartered in St. Louis, Missouri. The Ameren Illinois Utilities serve about 1.25 million customers throughout Illinois. More information about the Ameren Illinois Utilities can be found at www.ameren.com.

2.0 Purpose and Scope

Section 1-75(c) of the Illinois Power Agency Act (the IPA Act) establishes a Renewable Portfolio Standard (RPS), which requires a minimum percentage of the Ameren Illinois Utilities' supply for eligible retail customers to be procured from cost-effective renewable energy resources. The IPA Act allows the utilities to satisfy the RPS by purchasing either the energy from qualifying renewable resources, or by acquiring qualifying RECs. In accordance with Procurement Plan prepared by the Ameren Illinois Utilities and approved by the Illinois Commerce Commission on December 19, 2007, the Ameren Illinois Utilities have elected to meet their RPS requirement by purchasing RECs. This RFP is intended to solicit and procure the required RECs for the first year that the RPS is implemented, June 1, 2008 through May 31, 2009.

As Procurement Administrator, LAI is authorized to serve as the interface between the Ameren Illinois Utilities and bidders, issue this RFP, manage the bidder pre-qualification and registration process, receive and review all bids, and submit a confidential report to the Illinois Commerce Commission recommending acceptance or rejection of bids.

3.0 Product Solicited

3.1 Eligible Resource Types

The Ameren Illinois Utilities seek RECs that satisfy all requirements under the IPA Act. According to the IPA Act, a REC "means a tradeable credit that represents the environmental attributes of a certain amount of energy produced from a renewable energy resource." (IPA Act, Section 1-10.) For the purposes of this procurement, the terms "Renewable Energy Certificate" and "Renewable Energy Credit" are both short-formed as "REC" and are considered interchangeable.

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Renewable energy resources “includes energy and its associated renewable energy credit or renewable energy credits from wind, solar thermal energy, photovoltaic cells and panels, biodiesel, crops and untreated and unadulterated organic waste biomass, trees and tree trimmings, hydropower that does not involve new construction or significant expansion of hydropower dams, and other alternative sources of environmentally preferable energy. For purposes of this Act, landfill gas produced in the State is considered a renewable energy resource. ‘Renewable energy resources’ do not include the incineration, burning, or heating of tires, garbage, general household, institutional, and commercial waste, industrial lunchroom or office waste, landscape waste other than trees and tree trimmings, railroad crossties, utility poles, and construction or demolition debris, other than untreated and unadulterated waste wood.” (IPA Act, Section 1-10.)

This RFP is for Standard RECs as defined in Schedule P of the REC Contract attached to this RFP as Attachment B.

3.2 Quantity/REC Requirement

For the planning year June 1, 2008 through May 31, 2009, the IPA Act requires that the Ameren Illinois Utilities acquire RECs equivalent to 2% of the amount of electricity supplied to eligible retail customers in the prior planning year. Eligible retail customers include those residential and non-residential customers with peak demands less than 400 kW who acquire power and energy under fixed price tariffs. For the period June 1, 2006 through May 31, 2007, the Ameren Illinois Utilities supplied 20,719,607 MWh of electricity to their eligible retail customers. Based on the 2% minimum RPS requirement, the target quantity of RECs to be procured is 414,392 RECs. Each REC represents the environmental attribute corresponding to one megawatt-hour (1 MWh, or 1,000 kilowatt-hours) of energy produced from qualified renewable energy resources.

The IPA Act further requires that a minimum of 75% of the RECs must be derived from qualified wind resources. Therefore, of the target quantity of RECs to be procured, a minimum of 310,794 RECs must be from qualified wind resources.

Notwithstanding these goals, the Ameren Illinois Utilities may purchase less than the quantities stated above if the RECs are deemed to be not “cost effective” in accordance with the IPA Act. (Section 1-75(c)(1) - (2).) The amount of renewable purchases shall be limited such that the estimated average net increase due to the cost of the RECs included in the amounts paid by eligible retail customers is no more than 0.5% of the amount paid per kilowatt-hour by those customers during the year ending May 31, 2007. The Ameren Illinois Utilities has determined that 0.5% of the amount paid per kilowatt-hour during the year ending May 31, 2007

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equates to 0.04348 cents per kilowatt-hour for eligible retail customers. This limit was multiplied by the forecast requirements for the June 1, 2008 through May 31, 2009 planning year to arrive at a total Budget Limit of \$7,730,039. A REC portfolio that exceeds this total annual cost is deemed to be not “cost effective.”

To facilitate the bid evaluation process and the administration of the resulting contracts, bidders must submit bids for blocks of 5,000 RECs. Each block represents an individual “bid.” Bidders may offer as many blocks (or bids) as they choose, and each block (or bid) may be offered at a different price. Ameren may purchase all, some, or none of the blocks offered by a bidder.

Because each block consists of 5,000 RECs, the total target purchases solicited under this RFP is “rounded up” to **415,000 RECs**. Similarly, the target number of RECs to be purchased from wind resources is “rounded up” to **315,000 RECs**.

Each block offered must be comprised of either all *Unit Specific* RECs or a portfolio of RECs from specified renewable energy facilities. *Unit Specific* RECs means that the renewable energy facility that is eligible to generate the RECs is specified.

If a bidder offers a block of RECs from a portfolio of eligible renewable energy resources, all of the resources in the portfolio must be identified. The relative contribution of RECs from each of the resources within the portfolio need not be specified and may vary over the delivery period. However, each block must consist of RECs of all the same vintage and all of the resources comprising the portfolio must be of one class and one class only. The six classes are as follows:

- Illinois wind energy resources
- Illinois non-wind energy resources
- Wind energy resources from states adjacent to Illinois: Wisconsin, Indiana, Iowa, Kentucky, and Missouri (“the Adjacent States”)
- Non-wind energy resources from the Adjacent States
- Wind energy resources from states other than Illinois and the Adjacent States
- Non-wind energy resources from states other than Illinois and the Adjacent States.

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If a successful bidder (supplier) is unable to deliver the obligated quantity within the required delivery period, the supplier may, *with the prior approval of the Ameren Illinois Utilities*, provide qualified replacement RECs, provided, however, that the replacement RECs must be of the same class as defined above, except as follows:

- RECs derived from wind energy resources located in Illinois can replace RECs derived from wind energy resources in any of the Adjacent States, or from wind resources located in any other state.
- RECs derived from wind energy resources located in any of the Adjacent States can replace RECs derived from wind energy resources located in any other state (except Illinois);
- RECs derived from non-wind energy resources located in Illinois can replace RECs derived from non-wind resources in any of the Adjacent States, or from non-wind resources located in any other state;
- RECs derived from non-wind energy resources located in any of the Adjacent States can replace RECs derived from non-wind energy resources located in any other state (except Illinois);
- RECs derived from wind energy resources located in Illinois can replace RECs derived from non-wind energy resources located in any state;
- RECs derived from wind energy resources located in an Adjacent State can replace non-wind energy resources located in an Adjacent State or any other state (except Illinois);
- RECs derived from wind energy resources located in a state other than an Adjacent State or Illinois can replace RECs derived from non-wind energy resources located in a state other than an Adjacent State or Illinois.

3.3 Delivery Date/Vintage Year

Regardless of delivery date, which may be as generated, all RECs must have been generated during Vintage Year June 1, 2008 through May 31, 2009.

Bidders must supply an estimated delivery schedule of the RECs.

Recognizing that there may be a lag between the generation of a REC and the actual delivery and verification of the REC through the tracking system, delivery of RECs must be completed no later than the 15th of the

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month of the second month following the Vintage Year (*i.e.*, by July 15, 2009). The approximately six week reconciliation period after the end of the planning year will also allow suppliers to make up potential shortfalls in their delivery obligation.

3.4 Resource Location

In accord with the IPA Act, the highest procurement priorities will focus on meeting the target for REC purchases subject to the Budget Limit, subsequent preferences shall be given to cost-effective RECs derived from renewable energy resources located in the State of Illinois. RECs derived from renewable energy resources located in states adjacent to Illinois (Wisconsin, Indiana, Iowa, Kentucky, and Missouri) will be selected if there are insufficient cost-effective RECs from Illinois sources. If there are insufficient cost-effective RECs offered from Illinois and from states adjacent to Illinois, RECs derived from elsewhere will be selected.

3.5 Pricing

Bid price should be an “all-in” bid price on a *per REC* basis. All RECs within each 5,000 REC block will be uniformly priced.

4.0 Other Requirements

4.1 Contract

Selected bidders will be required to execute a contract substantially similar to the contract set forth in Attachment B (the “REC Contract”). Attachment B is a long-form confirmation that incorporates the “Master Renewable Energy Certificate Purchase and Sale Agreement” prepared by the American Bar Association’s Section of Environment, Energy and Resources, the Environmental Markets Association (EMA) and the American Council on Renewable Energy (ACORE), Version 1.0. Based on comments received from bidders in the Pre-Qualification Application, LAI reserves the right to modify and reissue the contract in Attachment B prior to the date when binding bids are due.

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 to ensure winning bidders whose bids are approved by the ICC execute contracts.

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4.3 REC Tracking

Selected REC suppliers will be required to utilize the M-RETS generation tracking system or PJM GATS. A REC supplier may utilize an alternative generation tracking system, but only if approved by the Procurement Administrator during the bidder qualification phase of this RFP. All costs and fees associated with utilizing a generation tracking system will be borne by the supplier of the RECs.

4.4 Bidder Association

A qualified bidder must certify that it is not associated or acting jointly with any other qualified bidder for the purposes of submitting a bid in response to this RFP.

5.0 RFP Schedule and Procedure

5.1 Schedule

The following schedule and deadlines apply to this RFP. LAI reserves the right to revise this schedule at any time and at LAI's sole discretion, subject to the schedule constraints of the IPA Act.

Table 1 – RFP Schedule

Activity	Date
RFP Issued	March 11, 2008
Notice of Intent to Bid Due	5:00 p.m. CPT, March 21, 2008
Bidder Pre-Qualification Applications Due	5:00 p.m. CPT, March 21, 2008
Bidders Notified of Results of Pre-Qualification Application Review	March 28, 2008
Bidder Registration, Irrevocable Letter of Credit Due	5:00 pm CPT, April 7, 2008
Binding Bids Due	12:00 noon, CPT, April 14, 2008
Procurement Administrator Submits Report to ICC	April 16, 2008
ICC Approval of Recommendation	April 18, 2008
Bidders Notified of Selection	April 18, 2008
Contracts Executed with Winning Bidders	April 18, 2008 to April 23, 2008
Binding Bids remain open and firm until	5:00 pm CPT, April 23, 2008

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5.2 Communications

LAI's point of contact for this RFP is:

John Bitler
Vice President & Principal
Telephone: 617-531-2818 Ext 22
Fax: 617-531-2826
Email: jrb@levitan.com

Questions regarding this RFP must be submitted in writing to the procurement website at: <http://www.levitan.com/AIURFP>. 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 also be submitted to the secure procurement website at: <http://www.levitan.com/AIURFP>.

5.3 Notice of Intent to Bid

This RFP as well as a Notice of Intent to Bid are available on the public section of the RFP website at <http://www.levitan.com/AIURFP>. Bidders submitting a Notice of Intent to Bid will be issued a user name and password for access to a secure section of the website under the RECs RFP tab. Bidders must submit a Notice of Intent to Bid in order to participate further in this procurement process. However, the Notice of Intent to Bid is non-binding.

5.4 Bidder Pre-Qualification Application

Bidders shall submit a complete Pre-Qualification Application through the secure procurement website at <http://www.levitan.com/AIURFP> on the forms provided no later than 5:00 p.m. on March 21, 2008. A non-refundable fee of \$500 will be required for any bidder submitting a Pre-Qualification Application. This fee is to be payable to: Levitan & Associates, Inc.

The Pre-Qualification Application must contain the following information:

5.4.1 Bidder's Information. Provide name of company, address, and company representative (name, phone number, email address and fax number). Provide the name, title, and contact information for person who is authorized to make representations and certifications and submit a binding bid on behalf of the company. Provide basic information on the bidder as requested, including a brief description of bidder ownership or operation of renewable energy

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resources. Describe any defaults or adverse situations as requested. This information will be treated as confidential.

- 5.4.2 Financial Information. The bidder or its parent company that is providing an unconditional corporate guarantee (Guarantor) must provide information indicating financial condition and evidence of creditworthiness. (a) Credit information must include the most recent 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 Contract 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 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 6.2 that will be accepted by the Ameren Illinois Utilities.
- 5.4.3 REC Specifications. Bidders are required to certify that the RECs will be generated during the planning year June 1, 2008 through May 31, 2009. Bidders shall demonstrate how the RECs offered comply with the definition of a REC from a Renewable Energy Resource under the IPA Act.
- 5.4.4 REC Tracking. Bidders shall specify the generation tracking system that will be utilized.
- 5.4.5 Renewable Energy Resource Information. Proposals must include a complete description of the generation facility (or in the case of a portfolio, generation facilities) that will produce the renewable energy. Such information shall include but not be limited to: facility name, owner, operator, location, NERC region, technology type, nameplate capacity (MW), expected availability during planning year June 1, 2008 through May 31, 2009, dates of scheduled outages, fuel specifications, date of commercial operation. For generation facilities that have achieved commercial operation, bidders must provide historic [daily/weekly/monthly]

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production data since commercial operation or for a maximum of three years, [*Ameren to specify other information potentially required by wind consultant*]. For generation facilities that have not yet achieved commercial operation, provide the expected date of commercial operation and current development status.

5.4.6 Quantity. Specify the quantity of RECs for which the bidder would like to be qualified to offer from each resource or portfolio. Bidders will not be awarded contracts for more RECs than have been qualified.

5.4.7 Optional Practice Bid. Bidders have the option of participating in a practice bidding session. Practice bids are intended only to allow prospective bidders an opportunity to test the forms and the electronic submission system.

5.4.8 Comments on REC Contract. Bidders shall provide any comments or suggested edits to the REC Contract by March 21, 2008.

5.5 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. In addition, each bidder will have an opportunity to submit to the Procurement Administrator suggested changes to the REC Contract. However, the Procurement Administrator is not obligated to make any of the requested changes. Based on edits received from bidders, the Procurement Administrator may issue a revised REC Contract.

5.6 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 prospective bidders.

5.6.1 The RECs must be derived from a qualified renewable energy resource in accordance with the IPA Act, and the bidder must propose to register the RECs with a qualified generation tracking system, as described in Section 4.3.

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

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The credit rating used for Table A will be the lowest senior unsecured long-term debt rating then assigned by Standard and Poor’s (a division of The McGraw-Hill Companies) (“S&P”), Moody’s Investors Service, Inc. (“Moody’s”) or Fitch Ratings (a subsidiary of Fimalac, S.A.) (“Fitch”) or their respective successors, or if such senior unsecured long-term debt rating is not available, then the then assigned issuer rating (or corporate credit rating) assigned by S&P or Fitch, discounted one notch, or the then assigned issuer rating assigned by Moody’s; provided, however, that (a) in the event a Party is rated by all three rating agencies, then the lower of the two highest ratings will be used and (b) in the event the two highest ratings are common, such common rating will be used. In the event the bidder is not rated, the collateral threshold will be \$0.

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

5.6.3 For all offers of RECs derived from wind resources, a third-party wind consultant will evaluate the bidders’ wind resources. Based on a standard methodology developed by the wind consultant, an estimate of the expected REC production from the wind resources will be developed. A bidder will be qualified to offer RECs only up to this estimate. In the event the quantity of RECs offered exceeds the wind consultant’s estimated quantity, the bid quantity will be limited to the wind consultant’s estimate.

5.7 Bidder Registration

Upon completion of the Procurement Administrator’s review of the Pre-Qualification Applications, all bidders will be notified if they have or have not been pre-qualified, no later than March 28, 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 \$10,000. The pre-procurement ILOC must be in the form provided as Attachment C. The ILOC must be provided by 5:00 p.m. CPT on April 7, 2008 in order to satisfy the registration requirements. Such ILOC must remain valid from April 7, 2008 through 5 p.m. CPT on April 23, 2008 or until a REC contract is executed with the bidder, whichever comes first.

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5.8 Binding Bids

Registered bidders shall submit binding, firm and irrevocable bids for each REC offered no later than 12:00 noon CPT, April 14, 2008. Binding bids must be submitted on the form provided on the secure procurement website. Bids must remain open, firm and binding until 5:00 pm CPT on April 23, 2008, or until the Illinois Commerce Commission has approved the award and the bidder has executed a contract, whichever comes first.

5.9 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 Illinois Commerce Commission. LAI intends to submit the confidential report to the Illinois Commerce Commission by April 15, 2008. The Illinois Commerce Commission 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. LAI intends to notify the successful bidder(s) immediately upon receiving approval from the Illinois Commerce Commission. The successful bidders will be required to sign the REC Contract immediately upon notification that they have been selected.

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 prices for RECs in accordance with the procedure described in Attachment A. By submitting a binding bid and letter of credit, the bidder certifies that it will execute the REC Contract upon award and approval by the Illinois Commerce Commission.

7.0 Confidentiality

Except for bidder's questions on the RFP, all information provided through the secure procurement website will be considered confidential. LAI 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 LAI, the Procurement Monitor will have concurrent access to all information on the secure procurement website. The Procurement Monitor, Boston Pacific, is under contract with the Illinois Commerce Commission, and has pledged to protect all confidential information to which Boston Pacific has access during this RFP. The Illinois Commerce Commission will also receive confidential reports from the Procurement

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Administrator and from the Procurement Monitor, which may contain confidential information submitted by bidders. The Illinois Commerce Commission will publicly announce the weighted average price of all of the selected bids after the Illinois Commerce Commission approves the RFP results and the Procurement Administrator's recommendations.

8.0 Other

This RFP does not constitute an agreement or agreement to agree. LAI reserves the right to reject any or all proposals, or to recommend that no offers be accepted. Any recommendation for award made by LAI will require the execution of a mutually agreeable [contract], the pricing and material terms of which will be subject to formal approval by the Illinois Commerce Commission.

If there is any conflict between this RFP and the REC Contract, the REC Contract prevails.

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ATTACHMENT A

Eligible bids for RECs fall in six classes, abbreviated as follows:

ILW: Illinois wind energy resources

ILN: Illinois non-wind energy resources

ASW: Wind energy resources from states adjacent to Illinois: Wisconsin, Indiana, Iowa, Kentucky, and Missouri (“the Adjacent States”)

ASN: Non-wind energy resources from the Adjacent States

OSW: Wind energy resources from states other than Illinois and the Adjacent States

OSN: Non-wind energy resources from states other than Illinois and the Adjacent States.

The total Ameren REC procurement requirement is 414,392 MWh of RECs for the 2008-2009 delivery period. In accordance with the IPA Act and Ameren’s calculations, a REC portfolio that exceeds a Budget Limit of \$7,730,039 is deemed to be not “cost effective,” and therefore the total amount of RECs purchased will not exceed the **Budget Limit**. The IPA Act also requires that, to the extent that it is available and cost effective, a minimum of 75% of the RECs purchased must be from wind energy resources. The IPA Act also gives preference to RECs derived from Illinois renewable resources. If sufficient RECs are not available in Illinois, they may be procured from Adjacent States; if sufficient RECs are not available in Illinois or Adjacent States, they may be procured from other states, subject to the Budget Limit. According to the ICC’s Order approving Ameren’s Initial Procurement Plan, the ICC has determined that “wind generation should receive priority over the locational requirement.”¹ Proposals from bidders that meet the minimum requirements defined in Section 6.1 will be evaluated based on price, type (wind versus non-wind) and locational preferences in accordance with the following procedure.

Bidders are required to submit bids for one or more blocks of RECs. Each block consists of 5,000 MWh of RECs. Each individual bid is for a single block, at a single price, for a uniform class of RECs (as defined above). Based on block size of 5,000 MWh, the Total REC requirement (**TRR**) will be established at 415,000 MWh. Similarly, the wind target (**WT**) will be set at 315,000 MWh.

¹ ICC Order 07-0527 at p.51.

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To perform the bid selection, bids will be grouped in several different ways:

- All bids will be grouped by the six classes defined above, and ranked from lowest to highest within the class based on the price per REC offered.
- All bids will also be combined into a single, combined pool (**CP**), and ranked from lowest to highest solely based on price.
- All wind RECs, regardless of location, will also be grouped into a wind pool (**WP**) and ranked from lowest to highest based on price.

Step 1: Bids will be selected, from lowest price to highest, from the **CP**. If the **Budget Limit** is reached before the **TRR**, the selection is complete; the maximum number of cost effective RECs has been selected. If the **TRR** is reached before the **Budget Limit** met, go to Step 2.

Step 2: If the **WT** has been reached or exceeded, go to Step 3. Otherwise, replace the highest price non-wind REC bid that had been selected with the lowest price bid from the remaining **WP**. Continue substitutions until either the **WT** is reached, the **WP** is exhausted, or the **Budget Limit** is reached. When no more substitutions are possible, proceed to Step 3.

Step 3: Identify the highest price **ASW**, **ASN**, **OSW** or **OSN** bid from the selected pool. From the remaining bids among the combined unselected pool of **ILW** and **ILN** bids, identify the lowest cost bid. If this lowest cost bid can replace the highest selected **ASW**, **ASN**, **OSW** or **OSN** bid without violating the **WT** or the **Budget Limit**, make this substitution. If the substitution would violate the **WT**, then instead use the lowest cost bid from the combined unselected pool of **ILW** bids only. If there are no **ILW** bids remaining, then consider for replacement only the highest cost remaining previously selected **ASN** and **OSN** bids. Repeat Step 3 until there are no more substitutions possible. When there are no more substitutions possible, go to Step 4.

Step 4: Identify the highest price **OSW** or **OSN** bid from the selected pool. From the remaining bids among the combined unselected pool of **ASW** and **ASN** bids, identify the lowest cost bid. If this lowest cost bid can replace the highest selected **OSW** or **OSN** bid without violating the **WT** or the **Budget Limit**, make this substitution. If the substitution would violate the **WT**, then instead use the lowest cost bid from the combined unselected pool of **ASW** bids only. If there are no **ASW** bids remaining, then consider for replacement only the highest cost previously selected **OSN** bids. Repeat Step 4 until there are no more substitutions possible. When there are no more substitutions possible, the selection process is complete.

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ATTACHMENT B

REC Contract

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