



Ameren Illinois Utilities

Renewable Energy Credits Procurement

Bidder Information Session

March 25, 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
 - Section 1-75(c) of the IPA Act established a Renewable Portfolio Standard (RPS) that requires a minimum level of the utilities' supply to be procured from cost-effective renewable energy resources.

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
 - Initial Procurement Year is June 1, 2008 through May 31, 2009
 - The AIU will purchase the required minimum of 2 percent of the supply for eligible customers from renewable resources
 - The AIU will meet the RPS requirements by purchasing RECs

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
 - Request 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 works with the Procurement Monitor (Boston Pacific Company, Inc.) who oversees the procurement on behalf of the ICC

Schedule

RECs RFP Schedule



- ◆ 2/5-4/11: Bidder Q&A Period
- ◆ 3/10: RFP Released
- ◆ 3/10-3/21: Comment Period for Contract Documents
- ◆ 3/21: Bidder Pre-Qualification Applications Due
- ◆ 3/28: Pre-Qualified Bidders Notified
- ◆ 3/31: Contract Documents Finalized and Posted
- ◆ 4/7: Bidder Registration Form, ILOC Due
- ◆ 4/8: Bidder Practice Session **schedule change**
- ◆ 4/14: Binding Bids Due at 12 noon CPT
- ◆ 4/16: Report Submitted to ICC
- ◆ 4/18: Winning Bidders Notified
- ◆ 4/23: Contracts Executed

Products

RECs Products



- ◆ Renewable energy resources are defined in Section 1-10 of the IPA Act
- ◆ Target quantity to be procured: 415,000 RECs
 - 2% of electricity supplied to eligible retail customers in prior planning year (20,719,607 MWh)
- ◆ Each REC represents the environmental attribute corresponding to 1 MWh of energy produced from a qualified renewable energy resource
- ◆ All RECs offered must be generated between June 1, 2008 through May 31, 2009 (Vintage Year).
- ◆ Fewer RECs may be purchased if bids are not “cost effective”
 - Estimated average net increase in rate for eligible retail customers due to the cost of RECs can be no more than 0.5% of the amount paid per kilowatt-hour by those customers during the year ending 5/31/07
 - RECs procurement Budget Limit for the 6/1/08 - 5/31/09 planning year is \$7,730,039.

Classes of RECs



- ◆ Illinois wind energy resources
- ◆ Illinois non-wind energy resources
- ◆ Wind energy resources from states adjacent to Illinois: Wisconsin, Indiana, Iowa, Kentucky, Missouri and Michigan (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

RECs Procurement Priorities



Selection of RECs is based on priorities established by the IPA Act and the Order:

1. RECs procurement must be subject to the Budget Limit
2. IPA Act: at least 75% of the RECs procured must be derived from qualified wind resources
 - Wind RECs target: 315,000 RECs
3. Illinois RECs have priority over Adjacent States, and Adjacent States have priority over Other States
 - The ICC determined in the Order approving the AIU Procurement Plan that wind generation will have priority over locational requirements

Tracking System



- ◆ Bidders must use either the M-RETS or PJM GATS RECs tracking system unless an alternate tracking system has been proposed by the bidder as part of the Pre-Qualification Application and approved by the Procurement Administrator
- ◆ The 6 week reconciliation period requires that RECs be delivered no later than the 15th of the second month following the Vintage Year (July 15, 2009).

Bidding



- ◆ Bids will be in divisible 5,000 RECs blocks without contingencies
- ◆ All RECs in a block must be of the same class
 - A block may be derived from a portfolio of resources, provided all resources are of the same class
- ◆ Bid prices should be “all-in” on a per REC basis
- ◆ Bidders must provide an estimated delivery schedule
- ◆ Examples
 - If a bid for 20,000 RECs at a given price is submitted through the RFP, 5,000 RECs, 10,000 RECs, 15,000 RECs, or 20,000 RECs can be selected
 - Bidders may offer each 5,000 REC block at a different price

Contracts

Final Contract Documents



- ◆ Comments from bidders will be considered when finalizing the contract documents
- ◆ Final RECs Contract will be posted on March 31st
- ◆ Final RECs Pre-Bid Letter of Credit will be posted on March 31st
- ◆ Once finalized, contract documents are non-negotiable
- ◆ Successful bidders will be required to sign contracts within 3 business days of notification of selection

Bidder Registration

Pre-Qualification Notifications

- ◆ At this time, all bidders have been notified of receipt and any deficiencies in their Pre-Qualification Applications
- ◆ Bidders may call Sara Pierce at 617-531-2818 x15 or email aiurfp@levitan.com with any questions regarding Pre-Qualification status
- ◆ Bidders will be notified of Pre-Qualification status on Friday, March 28th

Bidder Registration



- ◆ Bidder Registration Form will be available on Friday, March 28th
- ◆ Bidder Registration Form due to Procurement Administrator by 5:00 PM CPT on Monday, April 7th
- ◆ Pre-bid Letter of Credit due to AIU by 5:00 PM CPT on April 7th
 - If pre-qualified, bidder will be required to provide AIU with an ILOC in the amount of \$10,000
 - 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 Session
 - April 8th, 3:00 pm EPT
 - Webinar details will be distributed to Pre-Qualified Bidders
- ◆ Bid evaluation process will also be explained during these practice sessions

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, April 14th
- ◆ 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

Contact Information

Procurement Administrator Contact Information



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