

ILLINOIS
POWER AGENCY

Long-Term Renewable Resources RFP
Ameren Illinois

Bidder Workshop
November 4, 2010

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

Comment Review Process

- ◆ All written comments and 11/1 workshop comments reviewed by personnel from:
 - Procurement Administrator
 - Procurement Monitor
 - ICC Staff
 - IPA
 - Ameren Illinois
- ◆ Contract changes agreed upon by all contract review participants

Comment Process

- ◆ Please submit any comments to the changes in the Final Draft by 10AM CPT on Friday 11/5
- ◆ Submit comments in Microsoft Word by email to aiurfp@levitan.com
- ◆ Comments will be reviewed for final contract, which will be posted on Monday 11/8

Potential Future Federal Regulation

- ◆ Added language:

“The Parties agree that any such negotiated physical delivery contract shall utilize Party B’s load zone within MISO as the delivery point. The obligations of the parties under this PPA will remain in effect through such ninety (90) day period.”

Illinois Pass-Through Tariffs

- ◆ Added language:

“With respect to subsection (3) above, Party A shall only be responsible for its pro-rated share of any disallowed amounts required to be returned to Party B notwithstanding the failure of other similarly situated sellers to return amounts owed in connection with such disallowance.

Illinois Pass-Through Tariffs

- ◆ Added language:

“(c) its election to accept the reduced Annual Contract Quantity contained in Party B’s notice for such Delivery Year and all future Delivery Years until such time as the Annual Contract Quantity can be either partially or fully restored pursuant to any subsequent action by the ICC or other governmental entity allowing recovery of related costs. In the event of any such subsequent action by the ICC or other governmental entity, Party B will increase the Annual Contract Quantity on a pro-rated basis among those sellers that opted to accept the reduction pursuant to subsection (c) above (or other substantially similar subsection).

Illinois Pass-Through Tariffs

- ◆ Added language:

“Notwithstanding the above provisions, if pursuant to this section the Annual Contract Quantity is ever reduced below 40% of the initial Annual Contract Quantity established under this PPA, then Party A shall have the right to terminate this PPA upon 30 days notice.”

Illinois Pass-Through Tariffs

- ◆ Added language:

“In the event that Party A exercises its right to terminate this PPA pursuant to this section, neither Party shall have any further liability to the other Party under this PPA and no termination payment shall be owed by either Party (but provided that any amount due and recoverable from customers through such pass-through tariffs prior to such termination shall be paid by the party owing such amounts, subject to netting hereunder, **and that any amounts due to be returned from Party A to Party B pursuant to subsection (3) above shall also be paid by Party A**).

Form of Guaranty / Form of Post-Bid LC

- ◆ Schedule 1 to Form of Guaranty
 - Includes 10 modifications from spring procurements and based on bidder comments
 - Available to all bidders / guarantors
- ◆ Schedule 2 to Form of Guaranty
 - Contains modifications to be used in the event that a party chooses to execute a single guaranty for Ameren Illinois Company with respect to all outstanding contractual obligations
- ◆ Schedule 1 to Form of Post-Bid LC
 - Includes 6 modifications
 - Available to all bidders

Discussion of Other Contract Issues

Pre-Bid Collateral

- ◆ Revised Form of Pre-Bid Letter of Credit posted to website
 - Includes changes to accommodate new beneficiary

- ◆ Cash will be accepted as pre-bid collateral
 - Process currently being developed
 - Final details available as soon as possible

Supplier Fee

- ◆ Fee paid by winning suppliers to cover costs of procurement
- ◆ Amount of fee based on number of MWh awarded in first contract year
- ◆ Set at \$1.20/MWh for September 30th bid date
- ◆ Supplier Fee will be increased for December 9th bid date
- ◆ Exact amount will be determined as soon as possible
- ◆ Supplier Fee Agreements will be due by bidding deadline (12PM CPT on 12/9)

Procurement Budget

- ◆ Budget level selected in order to reduce risk of regulatory-out clause implementation
- ◆ Annual budget expected to decrease each year
 - Cost impact capped at 2.015% in 2011, no further increase
 - Load forecast forecasted to decrease as load migrates

Solar Percentage for Procurement

- ◆ This may be the only opportunity to allocate resources to solar, unclear if there will be future long-term procurements
- ◆ Solar ramp up matures to 6% in 2015, only 3 years into 20 year contracts
 - ICC order doesn't allow for staggered start dates, deliveries have to start 6/1/12, can't make special condition for solar
- ◆ Wind still has 75% carve-out, not reduced for solar
- ◆ Not obligated to buy out-of-market solar

Bid Evaluation Procedure

- ◆ Selection parameters
 - Total target: 600,000 MWh
 - Wind target: 450,000 MWh (75%)
 - PV target: 36,000 MWh (6%)
 - Budget: \$8,992,297
- ◆ Bids adjusted by resource factors to allow for direct comparison
 - $\text{REC Price} = \text{Bid Price} - (\text{FEP} * \text{Resource Factor})$
 - Wind resource factor: 0.98
 - Solar resource factor: 1.20
 - Other resource factor: 1.00

Benchmarks

- ◆ Bids subject to confidential benchmarks
- ◆ Bids above benchmarks will not be considered for selection
- ◆ IPA Act language on benchmarks:
 - “...’cost-effective’ means that the costs of procuring renewable energy resources ... do not exceed benchmarks based on market prices for renewable energy resources in the region, which shall be developed by the procurement administrator, in consultation with the Commission staff, Agency staff, and the procurement monitor and shall be subject to Commission review and approval.”
- ◆ Benchmarks reviewed and approved by ICC on September 22nd

Bid Evaluation Process

- ◆ Cost-Effectiveness
 - Stack bids based on price, initial group includes 600,000 least expensive MWh, or if budget is hit before getting to 600,000 MWh, the maximum number of MWh that can be selected under the budget
- ◆ Technology Preference
 - If 600,000 MWh are included in initial group, switch out Other bids to increase selection of Wind and PV bids
 - Goal is to achieve similar progress toward individual technology goals (e.g., 50% of wind target = 225,000 MWh, 50% of PV target = 18,000 MWh)
- ◆ Location Preference
 - Switch out OSW for IAW, OSP for IAP, and OSN for IAN to the extent possible under the budget

Discussion of Appendix K

- ◆ Notes from discussion will be shared with IPA

Upcoming Schedule

- ◆ Monday, 11/8: Final contract posted
- ◆ Tuesday, 11/16: Pre-Qualification Applications Due
 - Bidders who have already submitted PQAs will be contacted by email to confirm submitted information
 - Bidders can add new resources to existing PQA packages by submitting new Resource Information forms
- ◆ Monday, 11/22: Bidders notified of PQA results
 - Notification includes credit Threshold for bidder/guarantor
- ◆ Thursday, 12/2: Bidder Registration materials due
 - Bidder Registration form
 - Pre-Bid collateral
- ◆ Tuesday, 12/7: Bidder Practice Session
- ◆ Thursday, 12/9: Bid Day