

**Illinois Power Agency
The Ameren Illinois Utilities
Request for Proposals for Long-Term Renewable Resources**

ATTACHMENT A

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

IAW: Wind energy resources from Illinois and Adjacent States

IAP: Photovoltaic energy resources from Illinois and Adjacent States

IAN: Other renewable energy resources from Illinois and Adjacent States

OSW: Wind energy resources from Other States

OSP: Photovoltaic energy resources from Other States

OSN: Other renewable energy resources from Other States

The total renewable resource target (**RRT**) for this RFP is 600,000 MWh per year. The IPA Act requires that, to the extent that it is available and cost effective, a minimum of 75% of the MWh purchased must be from wind energy resources; therefore the wind target (**WT**) will be set at 450,000 MWh per year. The IPA Act, as amended by HB6202, also requires that at least the following specified percentages shall come from photovoltaics on the following schedule: 0.5% by June 1, 2012; 1.5% by June 1, 2013; 3% by June 1, 2014; and 6% by June 1, 2015 and thereafter; the photovoltaic target (**PT**) will be announced no later than the deadline for submitting bidder registration materials. In accordance with the IPA Act, a renewable resource portfolio whose cost exceeds the renewable resource budget (**RRB**) is deemed to be not “cost effective,” and therefore the total cost of RECs purchased will not exceed the **RRB**. Individual bids which exceed the price benchmarks are also deemed to be not cost-effective and will not be selected.

For purposes of this RFP, the IPA Act gives preference to MWh derived from renewable resources in Illinois and Adjacent States (Wisconsin, Indiana, Iowa, Kentucky, Michigan or Missouri) over MWh derived from elsewhere. If sufficient MWh are not available in Illinois or Adjacent States, they may be procured from Other States. According to the ICC’s Order in 07-0527 on December 19, 2007, 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 Sections 3.3 and 5.9 of the RFP will be evaluated based on price and the technology and locational preferences in accordance with the following procedure.

Benchmark prices will be developed for this procurement of long-term renewable resources. No bid will be selected for award that exceeds the price benchmarks. The price benchmarks will be confidential, but subject to ICC review and approval prior to bid day.

The Procurement Administrator, in consultation with the IPA, the ICC Staff, and the Procurement Monitor, will make appropriate price adjustments for bid evaluation purposes to

¹ ICC Order 07-0527 at p.51.

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allow for direct comparison of offers from renewable resources that have significantly different expected production profiles.

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 each class based on the price per MWh offered.
- All remaining bids will be combined into a single, combined pool (**CP**), and ranked from lowest to highest solely based on price.
- All wind bids, regardless of location, will be grouped into a wind pool (**WP**) and ranked from lowest to highest based on price.
- All photovoltaic bids, regardless of location, will be grouped into a photovoltaic pool (**PP**) 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 **RRB** is reached before the **TRR**, the selection is complete; the maximum number of cost-effective MWh has been selected. If the **RRT** is reached before the **RRB** is met, go to Step 2.

Step 2: If both the **WT** and **PT** have been reached or exceeded, go to Step 3. Otherwise, replace the highest price selected resource bid with either the lowest price bid from the remaining **WP** bids or the lowest price bid from the remaining **PP** bids, such that the proportional progress toward the **WT** and **PT** occurs in parallel. In practice this means that bids from the **WP** (**PP**) will be selected if the **WT** (**PT**) is farther from being reached than the **PT** (**WT**). Skip over switching out **IAW**, **OSW**, **IAP**, or **OSP** bids (i) if doing so would violate the respective **WT** or **PT** or, (ii) if the **WT** and/or **PT** are not yet satisfied and switching out the **IAW**, **OSW**, **IAP**, or **OSP** bid would result in fewer wind and/or photovoltaic bids being selected, respectively. Continue substitutions as needed to meet the individual technology targets until: (i) both the **WT** and **PT** have been reached, (ii) the **WP** and **PP** are exhausted, or (iii) the **RRB** is reached. When no more substitutions are possible, proceed to Step 3.

Step 3: Identify the highest price **OSW**, **OSP**, or **OSN** bid from the selected pool. From the unselected pool, identify the lowest priced **IAW**, **IAP**, or **IAN** bid. Between the identified bids in the unselected pool and the identified bids in the selected pool, make the least-cost substitution (i) that does not violate the **WT** or **PT** or, (ii) if the **WT** and/or **PT** was not satisfied in Step 2, that does not result in fewer wind and/or photovoltaic bids being selected, respectively. Repeat Step 3 until there are no more substitutions possible without violating the **RRB**. When there are no more substitutions possible, the selection process is complete.