

**Illinois Power Agency**  
**Spring 2014 Procurement Events:**  
**Ameren and ComEd**  
**Standard Products RFP (Block Energy)**

**Bidder Information Call**  
**Tuesday, April 1, 2014**



# Agenda

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- Overview
- Master Agreements
- The RFP Process
- Products & Bidding

# Overview

# Regulatory Filings by the IPA

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- On **September 30, 2013** the Illinois Power Agency (“IPA”) filed a procurement plan for each of Ameren Illinois Company (“Ameren”) and Commonwealth Edison Company (“ComEd”)
- The Illinois Commerce Commission (“ICC”) approved the IPA’s procurement plan with modifications
- The IPA retained **NERA to serve as Procurement Administrator** for both the Ameren and ComEd portfolios
- The Ameren and ComEd load forecasts have been updated since the Plan was filed and volumes for these procurement events reflect this update

# IPA Procures Volumes Not Already Under Contract

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- **Volumes under contract** as of June 1, 2014 include:
  - ◆ Contracts from prior energy procurements
  - ◆ Energy from Long-Term Renewables contracts
  - ◆ Energy from Rate Stability block procurement
  - ◆ Results of this procurement if approved by the ICC

# RFP Features Standard Products

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- Each product represents:
  - ◆ either ComEd or Ameren
  - ◆ on-peak or off-peak hours (the “Segment”)
  - ◆ a given month from June 1, 2014 through May 31, 2017
- The quantity of each product is divided into blocks of **25 MW**
- The quantity of some products (Segment of a month) is zero
- Suppliers can also bid on **combinations** of products

# Combinations Follow Traded Products

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- **Combinations** reflect months that are typically traded together
- The number of blocks available in a Combination is the minimum number of blocks available in the months of the Combination
  - ◆ July and August
  - ◆ October, November, and December
  - ◆ January and February
  - ◆ March and April
  - ◆ June to May (inclusive)
- Combinations available on-peak or off-peak

# Updated! Targets for Ameren Products

Peak	On	Off	On	Off	On	Off	On	Off
Month /Year	2014		2015		2016		2017	
January			0	0	3	3	4	4
February			0	0	3	2	4	4
March			0	0	0	0	3	2
April			0	0	0	0	2	1
May			0	0	0	0	3	2
June	8	0	5	2	5	4		
July	12	6	8	5	7	6		
August	11	4	7	4	7	5		
September	0	0	2	1	5	3		
October	0	0	0	0	2	2		
November	0	0	0	0	3	2		
December	0	0	3	2	4	4		



# Updated! Targets for ComEd Products

Segment	On	Off	On	Off	On	Off	On	Off
Month/Year	2014		2015		2016		2017	
January			24	20	10	4	0	0
February			23	17	8	3	0	0
March			20	11	5	0	0	0
April			15	7	1	0	0	0
May			15	9	1	0	0	0
June	49	38	13	5	0	0		
July	57	44	20	10	0	0		
August	56	42	18	8	0	0		
September	44	29	9	2	0	0		
October	35	22	4	0	0	0		
November	20	13	4	0	0	0		
December	24	20	11	5	0	0		

# Application Process is Online

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- **Part 1 (pre-qual):** respond to qualification standards
- **Part 2 (registration):** make cert., provide pre-bid security

## Part 1 Proposal (Apr. 1 – Apr. 8)

- **Online:** provide information using P1 web form
- **Online:** upload scanned signature pages
- **Online:** upload required supporting documents
- **Send to IPA:** pay Bid Participation Fee

## Part 2 Proposal (Apr. 15 – Apr. 22)

- **Online:** provide information using P2 web form
- **Online:** upload scanned signature pages
- **Send to applicable Company:** pre-bid letter of credit

# Bid Submission and Evaluation

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- Bid Submission
  - ◆ Bidders enter their bids in an **Excel spreadsheet** that will be provided to them at the time of qualification
  - ◆ Bidders will **transfer** their spreadsheet through a secure interface
  - ◆ Bidders may **encrypt** their Bid Forms for additional security
- Bid Evaluation
  - ◆ The evaluation considers only bids that **meet or beat the benchmarks**
  - ◆ Evaluation identifies for consideration by the ICC the least cost package
- ICC reviews and approves benchmarks on a confidential basis

# Bid Participation Fee

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- **Bid Participation Fee of \$500** paid by all participants
- Bid Participation Fee is due to the IPA on the Part 1 Date
- Two methods of payment:
  - ◆ Check made payable to the Illinois Power Agency
  - ◆ E-Check through <https://www.illinoisepay.com>
- For a complete set of instructions, email us at:  
[Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)

# Supplier Fees

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- Supplier Fees paid by winning bidders only
- Supplier Fees paid by the same two methods
- Bidders pay the Supplier Fees to the IPA within seven (7) business days of ICC decision
- **Estimates of Supplier Fees** at this time:
  - **\$215** per off-peak block
  - **\$325** per on-peak block
- **Final Supplier Fees** to be announced when Part 2 Proposals are due

# **Master Agreements**

# Disclaimer

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- Any statements herein or made on the call describing or referring to the agreements are summaries only and are qualified in their entirety by the agreements
- The governing agreements are those posted on **March 27, 2014** and bidders bear full responsibility for reviewing and understanding the written agreements

# Final Energy Contracts Posted on Mar. 27

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- A separate energy contract for ComEd and Ameren
- Each contract is standard and **non-negotiable**
- Bidders **must accept terms** of applicable supplier contract prior to bidding
- Bidders will execute the applicable supplier contract and related documents after the ICC decision



# The Ameren Energy Master Agreement:

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- **Based on industry standard** EEI Master Power Purchase & Sale Agreement
  - Confirmation Agreement
  - Exhibit A – Form of Guaranty and acceptable modifications
  - Exhibit B – Form of Letter of Credit and acceptable modifications
  - Exhibit C – EEI Master Power Purchase & Sale Agreement
  - Exhibit D – EEI Collateral Annex
  - Exhibit E – Paragraph 10 to EEI Collateral Annex
- Confirmation Agreement contains:
  - all **modifications** to the EEI Master Power Purchase and Sales Agreement
  - **Elections** to certain contract and credit terms

# Ameren: Main Features (non-credit)

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## ■ **Scheduling Requirement**

- ◆ For each delivery month, Ameren and supplier will work together to enter and approve all DART/Financial Scheduling entries within the MISO Portal no later than 10 business days prior to the start of the delivery month

## ■ **Delivery Point**

- ◆ Physical transaction scheduled to Ameren Illinois Company Load Zone (currently MISO CP Node AMIL.BGS6) for the day-ahead market in MISO

## ■ **Confidentiality**

- ◆ Included reference to the Illinois Public Utilities Act

## ■ **Confirmation**

- ◆ Pricing details for all products for which Bidder has approved bids are indicated in Table 1 of Confirmation Agreement

# Ameren: Main Credit Terms

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- **Exposure** is based on MtM methodology
- Standard Letter of Credit and Guaranty are provided as Exhibit to Confirmation Agreement
- Acceptable modifications to Letter of Credit and Guaranty are provided as Schedules to the Exhibits to the Confirmation Agreement
- Collateral Requirement applies **only to Seller**

# The ComEd Energy Master Agreement:

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- **Based on industry standard** EEI Master Power Purchase & Sale Agreement
  - EEI Master Power Purchase and Sales Agreement and Cover Sheet
  - EEI Collateral Annex (including Paragraph 10)
    - Schedule 1A to Collateral Annex (Post-Bid Letter of Credit)
      - Exhibit A to Schedule 1A (Letter of Full Transfer)
    - Schedule 2 to Collateral Annex (Guaranty)
    - Schedule 3 to Collateral Annex (MtM Calculation Methodology)
  - Confirmation Sheet (Sample)
- Cover Sheet contains all **modifications** to the EEI Master Power Purchase & Sales Agreement
- **Elections** to certain contract terms are found in Cover Sheet and Paragraph 10 of Collateral Annex

# ComEd: Main Features (non-credit)

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## ▪ **Scheduling Requirement**

- ◆ Seller must schedule 4 weeks in advance of delivery month
- ◆ Buyer must confirm 3 weeks in advance of delivery month
- ◆ Fixed dates apply to scheduling for June 2014 delivery month

## ▪ **Delivery Point**

- ◆ Physical transaction scheduled to ComEd Zone for the day-ahead PJM market

## ▪ **Confidentiality**

- ◆ Included reference to the Illinois Public Utilities Act

## ▪ **Confirmation**

- ◆ A single confirmation for all products for which Bidder has approved Bids

# ComEd: Main Credit Terms

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- **Exposure** is based on MtM methodology
- Methodology for calculating current MtM value is given in **Schedule 3** to the Collateral Annex
- Standard Letter of Credit and Guaranty are provided as Schedules to Collateral Annex
- Acceptable modifications have been posted to the website
- Collateral Requirement applies **only to Seller**

# **The RFP Process**

# Calendar

24-Mar	25-Mar	26-Mar	27-Mar	28-Mar
			<b>Master Agreements Issued</b>	
<b>31-Mar</b>	<b>1-Apr</b>	<b>2-Apr</b>	<b>3-Apr</b>	<b>4-Apr</b>
<b>RFP Documents Issued</b>	<b>PART 1 WINDOW OPENS</b>			
<b>7-Apr</b>	<b>8-Apr</b>	<b>9-Apr</b>	<b>10-Apr</b>	<b>11-Apr</b>
	<b>Part 1 Date Bid Participation Fee is Due</b>			
<b>14-Apr</b>	<b>15-Apr</b>	<b>16-Apr</b>	<b>17-Apr</b>	<b>18-Apr</b>
<b>PART 1 NOTIFICATION</b>	<b>PART 2 WINDOW OPENS</b>			
<b>21-Apr</b>	<b>22-Apr</b>	<b>23-Apr</b>	<b>24-Apr</b>	<b>25-Apr</b>
	<b>Part 2 Date Pre-Bid LC Due</b>		<b>Bidder Training</b>	
<b>28-Apr</b>	<b>29-Apr</b>	<b>30-Apr</b>	<b>1-May</b>	<b>2-May</b>
<b>Bids Due</b>		<b>Confidential Report to ICC</b>		<b>ICC decision</b>



# Register for your Online Application Account

[www.IPA-energyrfp.com](http://www.IPA-energyrfp.com)



**Register for an Application Account**

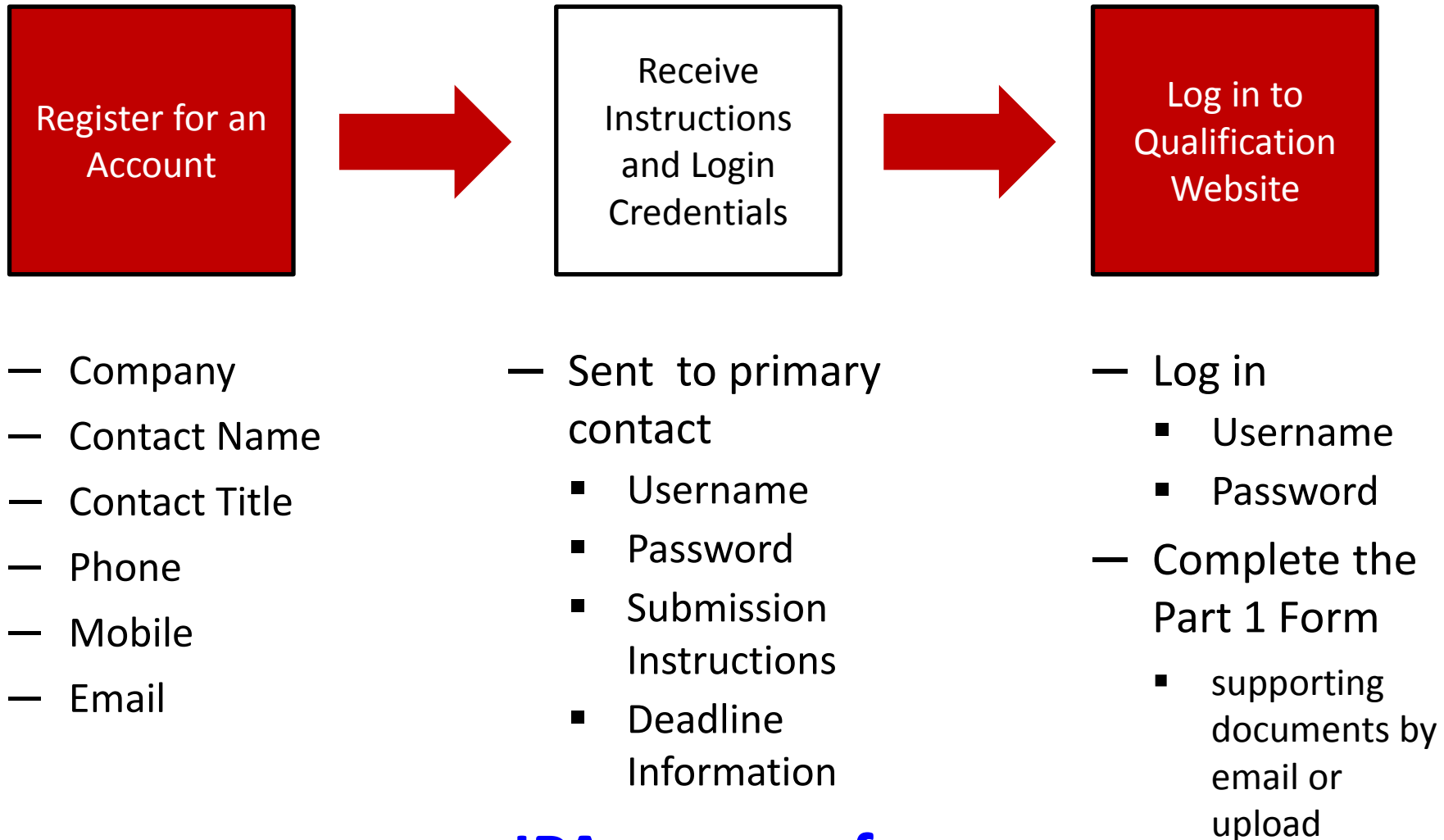
**Alternatively, send email to [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com) with:**

- Company name
- full name of contact
- phone and alternate number
- email address

**Bidders will receive log in credentials and instructions by email**

# From Registering to Logging In

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[www.IPA-energyrfp.com](http://www.IPA-energyrfp.com)

# The Part 1 Form

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- Bidders
  - ◆ Provide basic information and make certifications
  - ◆ If relying on financial standing of guarantor, provide information regarding guarantor
  - ◆ Provide credit ratings and financial information
  - ◆ May comment or propose modifications to **changes** made from previously used Pre-Bid Letters of Credit
  
- Part 1 Proposal consists of:
  - ◆ Information submitted through the **Online Part 1 Form**
  - ◆ Supporting **documents** (email or upload)
  - ◆ Supplements and signature pages (email or upload)
  - ◆ Payment of **Bid Participation Fee** to the IPA

# Part 1 Proposal Contact Information

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- **Officer of the Bidder** is an individual empowered to undertake contracts and bind the Bidder
  - ◆ Signs all representations (Part 1 and Part 2)
  - ◆ Designates the Representative (**Representative Upload**)
- **Representative** serves as contact for purposes of the RFP
  - ◆ The Representative or the Officer may name up to three **Nominees (Nominee Upload)**
- Communications from the Procurement Administrator sent to the Representative and will also be sent to the Nominees

**Representative and Nominees are main points of contact**

**Uploads available on Procurement Website**

# Other Part 1 Proposal Requirements

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- Bidder chooses either to rely on its own financial standing or on the financial standing of another party (“Entity”)
- Bidder provides for the Entity:
  - All available credit ratings
  - Annual and quarterly financial information (email or upload)
- **Separately for ComEd and Ameren**
  - **Optional!** Comments on the changes made to the previously used Pre-Bid Letter of Credit (**Comment Upload**)
  - Officer of the Bidder makes a number of certifications – all certifications in one place (**Certifications Upload**)
  - Officer of the Bidder can also provide with the Part 1 Proposal the certifications required by the Part 2 Proposal (**P2 Certifications Upload**)
  - Information to prepare the applicable supplier contract documents (**Supplement**)
- Additional requirements for Bidders in special circumstances

# Supplements to the Part 1 Form

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- The applicable supplier contract documents are **prepared by the Company** for bidders with bids recommended to the ICC (between the evaluation of bids and the ICC decision)
- Bidders are asked to provide all necessary information with the Part 1 Proposal
- A Bidder that fails to do so must acknowledge that the Bidder will be required to provide all necessary information by 12 PM (noon) CPT on the day after being notified by the Procurement Administrator that it has Bids recommended to the ICC  
**(Contract Delay Upload)**

# Part 1 Proposal: Process

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- Part 1 Proposal evaluated promptly when the Bidder clicks **SUBMIT**
- While the Procurement Administrator evaluates the Part 1 Proposal, the Bidder will be temporarily **locked out** of its account
- If **deficiencies** are noted, bidders are advised
  - ◆ On the same day if materials received before noon
  - ◆ Next business day otherwise
- Bidders generally have until the Part 1 Date or **one (1) business day** to respond to any request for additional information
- Bidders are **notified by email**
- Documents delivered via **secure electronic file transfer**

<b>Part 1 Date</b>	<b>12 PM CPT on April 8, 2014</b>
<b>Part 1 Notification</b>	<b>6 PM CPT on April 14, 2014</b>

# Part 1 Notification

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- With the Part 1 Notification the Procurement Administrator provides the following **documents for submission of the Part 2 Proposal**:
  - ◆ Bid Form
  - ◆ Instructions for completing, encrypting, and submitting the Bid Form
  - ◆ Invitation to training session on bid submission procedure
  - ◆ Username, password, security codes used for bid submission
- Materials provided to bidders by **secure electronic file transfer**
- Bidders are required to acknowledge receipt of confidential information required to bid in the Part 2 Form



# Part 2 Proposal is Due in Two Packages

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- Bidders
  - ◆ Provide any update to their contact information
  - ◆ Make certifications (**P2 Certifications Upload**)
  - ◆ Calculate required amount for the Pre-Bid Letter(s) of Credit
- Part 2 Proposal consists of:
  - ◆ Information submitted through the **Online Part 2 Form**
  - ◆ Signed certifications (email or upload)
  - ◆ Submission of executed **Pre-Bid Letter of Credit** to each Company for which Bidder intends to bid
  - ◆ Bids
- Additional requirements for Bidders in special circumstances

*Part 2 Proposal Excluding Bids Must be Received by*

**Part 2 Date**

**12 PM (noon) CPT on April 22, 2014**

# Pre-Bid Letters of Credit Must be Sufficient to Support Bids

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## Separately for each of Ameren and ComEd:

- The Pre-Bid Letter of Credit must be in the standard form or incorporate only modifications accepted and posted on [www.ipa-energyrfp.com](http://www.ipa-energyrfp.com)
- Each Pre-Bid LC is sent to the Company directly
- Pre-Bid Letter of Credit in an amount of **\$5,000/block** of a Bidder's Indicative Quantity subject to a **\$250,000 minimum**
- **Indicative Quantity** is the most blocks that a Bidder intends to bid across all Segments and all months for a Company
- Pre-Bid Letter of Credit expires May 21, 2014; Bidders may provide special instructions for the return of the Pre-Bid LC

# Instructions for Bid Submission

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- The **Bid Form** is the exclusive method for the submission of Bids
  - ◆ Bid Forms incompletely or inconsistently filled out will not be evaluated
  - ◆ Each tab represents a Company, a year, and a Segment
- Bid Forms duly filled out must be submitted to the Procurement Administrator via **secure electronic file transfer**
  - ◆ The Procurement Administrator confirms receipt of the Bid Form with each Bidder by phone
  - ◆ Procurement Administrator uses name on Bid Form
- **Step-by-step guide** provided with the Part 1 Notification
- Bidders will have opportunity to practice and will have a **backup method** for bid submission

## Bids Must Be Received

**Bid Date**

**Between 10 AM and 12 PM (noon) CPT on April 28, 2014**

# Post-Bid Process: ICC Decision

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- April 28: Procurement Administrator expects to notify Bidders by 6PM **on the Bid Date** whether their bids are recommended as winning bids to the ICC (earlier if practicable, later as circumstances warrant)
- If not already done, Bidders with bids recommended must provide the Supplement(s) for preparation of the applicable supplier contract documents **by 12PM CPT on the day after being notified**
- April 30: Procurement Administrator and the Procurement Monitor each submits a confidential report to ICC
- **May 2:** The ICC will decide whether to accept or reject the results of each procurement event

# Post-Bid Process: Contract Execution

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- **May 5** (12PM CPT): Company sends electronically to Bidder partially executed contract documents
  - ◆ ComEd prepares the guaranty for the winning Bidder's guarantor as well
  - ◆ For Ameren, bidder prepares own guaranty and submit original executed guaranty for receipt by Ameren on May 6 (4PM CPT)
- **May 6** (4PM CPT): Bidder countersigns, sends back electronically contract documents and fulfills creditworthiness requirements
- Bidder executes two hardcopy originals and overnights the originals to the Company; Company executes hardcopy originals, retains one and sends one original back to Bidder
- May 13: **Payment of the Supplier Fee** to the IPA is due
- Pre-Bid Letter of Credit may be drawn upon if Supplier Fees not paid by the deadline

# **Bids and Bid Forms**

# Bidders Bid on Products and Combinations

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## For each of **ComEd** and **Ameren**:

- All on-peak hours in a given month constitute the on-peak **Segment** for that month and all off-peak hours constitute the off-peak **Segment** for that month
- A **product** is a constant quantity of energy to the appropriate delivery point for each Company in either the on-peak Segment or the off-peak Segment of a specific month
- A **combination** is a grouping of products (either on-peak or off-peak). For example:
  - ◆ July and August 2014 on-peak
  - ◆ July and August 2014 off-peak
  - ◆ January and February 2015 on-peak

# Bids in the RFP

- A **Bid** is a price in \$/MWh for a block of a product or for a block of a combination

ComEd On-peak blocks	June	July	Aug.	July & Aug.
1	50.00		50.00	60.00
2			52.00	

- A Bidder may bid on **any number of products** and may bid on all products
- A Bidder may bid on **any number of combinations** and may bid on all combinations
- A Bidder may bid **both** on a product and on a combination that includes this product



# Maximum Willingness to Supply

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- The **maximum willingness to supply** is a maximum number of blocks that a Bidder wants to win for a particular Segment and month
- It will be assumed that the Bidder is willing to supply up to:
  - ◆ The target for the Segment and month
  - ◆ The number of blocks bid across all Products and Combinations that include that Segment and monthwhichever is smaller
- The Bidder may, **but is not required to**, specify a **maximum willingness to supply** for a Segment of a month to override this default
  - ◆ A Bidder would do this to specify a willingness to supply smaller than target and smaller than the total number of blocks bid for a Segment and month

# Bid Form

- The General Information tab has information about the products – and contact information that the RFP Bidder fills out

**Appendix 5**  
**Illinois Power Agency 2014 Spring Procurement Events**  
**Bid Form - General Information**  
**Monday, April 28, 2014**

**General Information:**

In addition to this 'General Information' sheet, this Bid Form contains the following ten (10) sheets:

- |                                   |                                   |
|-----------------------------------|-----------------------------------|
| 1) Ameren On-Peak Bids 2014-2015  | 7) ComEd On-Peak Bids 2014-2015   |
| 2) Ameren Off-Peak Bids 2014-2015 | 8) ComEd Off-Peak Bids 2014-2015  |
| 3) Ameren On-Peak Bids 2015-2016  | 9) ComEd On-Peak Bids 2015-2016   |
| 4) Ameren Off-Peak Bids 2015-2016 | 10) ComEd Off-Peak Bids 2015-2016 |
| 5) Ameren On-Peak Bids 2016-2017  |                                   |
| 6) Ameren Off-Peak Bids 2016-2017 |                                   |

Each sheet contains two sections. Section 1 is for entering Bids. Section 2 is for entering a Maximum Willingness to Supply for each month and Segment. Section 2 is optional.

**Bidder Information:**

Company Name  
Contact Name  
Phone Number  
Email


**Bidder information is incomplete. All fields are mandatory**

**Bidder  
Information**

# Ten Tabs for Bid Entry

- Jun 2014 – May 2015: On-Peak and Off-Peak (both)
- Jun 2015 – May 2016: On-Peak and Off-Peak (both)
- Jun 2016– May 2017: On-Peak and Off-Peak (Ameren only)

**Bid Entry for Products**

Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Jul-Aug 2015			Jan-Feb 2016								
Products											

Combinations											

**Bid Entry for Combinations**

# Two Steps to Bid Evaluation

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- **First Step:** Bids that fail to meet the benchmarks are eliminated
- **Second Step:** Selection of package that yields the lowest average cost per MWh



# **Questions?**

**Contact: [Illinois-RFP@nera.com](mailto:Illinois-RFP@nera.com)**