

REPORT OF COMMUNICATIONS WITH THE ILLINOIS POWER AGENCY

This form must be completed and submitted to the Illinois Procurement Policy Board within 30 days for each communication report required by 30 ILCS 500/50-39. Submit reports to:

PROCUREMENT POLICY BOARD
511 W. CAPITOL AVENUE, SUITE 102
SPRINGFIELD, IL 62704

Or you may send a signed, scanned copy via email with "IPA Communication Report" in the Subject line to: ppb@illinois.gov

Date of Communication: 7/15/14

Time of Communication:

Type of Communication:

- Telephone
 In Person
 Electronic (Email, Fax, Etc.) – Attach A Complete Copy of the Entire Communication String
 Written – Attach Copy
 Other

Initiator:

Initiator of Communication: Richard L. McCartney
Representing: Ameren Illinois
Location: St Louis MO
Email Address (if communication was via email) rmccartney@ameren.com
Telephone Number (if telephonic):
Is this person a Lobbyist required to register under the Lobbyist Registration Act

Duration of Call or In-Person Communication:
 Yes No

Recipient(s): (If there are additional persons involved in the communication, attach an additional sheet that lists the other participants' names, job titles, which entity they represent, email address and/or telephone number, if applicable)

Recipient One Name: Anthony Star
Recipient Title: Director
Representing: IPA
Location: Chicago
Email Address (if communication was via email) anthony.star@illinois.gov
Telephone Number (if telephonic):

Recipient Two Name: See attached cover letter for list of recipients

Recipient Title:
Representing:
Location:
Email Address (if communication was via email)
Telephone Number (if telephonic):

Recipient Three Name:
Recipient Title:
Representing:
Location:
Email Address (if communication was via email)
Telephone Number (if telephonic):

If any of these additional participants are lobbyists required to register under the Lobbyist Registration Act, they must submit a written report to be submitted with this communications report to the Procurement Policy Board that memorializes the communication that includes, but is not limited to (i) the date and time of each communication; (ii) the identity of each person from whom the written or oral communication was received, the individual or entity represented by that person, and any action the person requested or recommended; (iii) the identity and job title of the person to whom each communication was made; (iv) if a response is made, the identity and job title of the person making each response; (v) a detailed summary of the points made by each person involved in the communication; (vi) the duration of the communication; (vii) the location or locations of all persons involved in the communication and, if the communication occurred by telephone, the telephone numbers for the callers and recipients of the communication; and (viii) any other pertinent information.

Communication Details:

Provide a detailed summary of the points made by each person involved in the communication:
Summary of Ameren Illinois forecast for the period June 2015 through May 2020 as required by law to be provided to the IPA.



Was a response made? If so, complete the following for each person making the response (attach an additional sheet that lists the other respondents' names, job titles, which entity they represent, email address and/or telephone number, if applicable):

Respondent Name: Anthony Star
Respondent Title: Director
Location: Chicago
Telephone Number (if telephonic):

Provide a detailed summary of the response:
Confirmed receipt.

Other pertinent information:

Richard L. McCartney
SIGNATURE

7/30/14
DATE

American Illinois

Director, Power Supply



July 15, 2014

Illinois Power Agency ("IPA")
Anthony Star - Director
160 N. LaSalle
Suite C-504
Chicago, Illinois 60601
VIA EMAIL

Dear Mr. Star:

June 2015 through May 2020 Forecasts

Energy and Capacity

In the attached files and as described below, Ameren Illinois Company ("AIC") provides forecast scenarios for customers who take supply from AIC fixed price tariffs:

Expected Forecast
Expected Forecast with Incremental Energy Efficiency
High Forecast
Low Forecast

In each of the forecast scenario files, AIC has included the existing hedges for energy and capacity and a calculation of the hedging position based on the past IPA strategy pertaining to the spring 2015 procurement. This hedging position equals 106% of year 1 requirements for June through October, 75% of year 1 requirements for November through May (with an assumption that the balance equal to 100% would be procured in a separate fall 2015 procurement), 50% of year 2 requirements and 25% of year 3 requirements. AIC has provided this data and calculations solely to ensure the IPA has all of the pertinent information it needs in preparing its next procurement plan. These calculations do not imply any recommendation from AIC and all calculations should be independently verified by the IPA or its consultant.

- 1) AIC Expected Forecast 2015 through 2020.xlsx

The before switching forecast (delivery service load including distribution losses) is filtered by expected switching to create the after switching forecast. As of this writing, approximately 66% of residential load has already switched away from AIC

fixed price tariffs. Such switching has been driven in large part by the sizeable amount of customers that have participated in contracts resulting from multiple rounds of municipal aggregation referenda. Due in large part to a drop in our tariff price effective June 2014, our expected forecast assumes no additional aggregation referenda in the near term. In addition, our forecast includes an assumption that a modest amount of load will return to the fixed price tariff between now and May 2015. Starting in June 2015 and continuing through the balance of the planning horizon, we have forecasted flat switching given the uncertainty regarding our future tariff price and its relationship to the price offered by other suppliers. We will point out that a sizeable amount of residential load (~30% of total) has municipal aggregation contracts expiring in June 2016. That being said, we believe it is too early to predict that this load will return to Ameren Illinois supply and we recommend further monitoring until better information becomes available.

The expected forecast suggests existing energy hedges account for the following:

Plan Year	Hedge Percentage
2015	37%
2016	18%
2017	8%

2) AIC Expected Forecast 2015 through 2020 Extra EE.xlsx

This forecast is identical to that provided above; with the exception that incremental energy efficiency measures are included (the impact of *existing* energy efficiency measures was already considered in the forecast under item 1). More details regarding the energy efficiency analysis is provided below and in the files attached.

The expected forecast with incremental energy efficiency suggests existing energy hedges account for the following:

Plan Year	Hedge Ratio
2015	37%
2016	18%
2017	8%

3) AIC High Forecast 2015 through 2020.xlsx

The before switching forecast (delivery service load including distribution losses) is based on a high growth scenario which is then filtered by a low switching scenario to calculate an after switching forecast which is higher than the expected case. The low switching scenario assumes that the AIC fixed price tariff will become more attractive relative to ARES options and thus a more substantial amount of customers that previously left the AIC fixed price tariff under municipal aggregation will return as existing aggregation contracts expire. The result of the low switching scenario is a

forecast where fixed price load returns to levels in proximity to those seen before municipal aggregation.

The high forecast suggests existing energy hedges account for the following:

Plan Year	Hedge Ratio
2015	28%
2016	10%
2017	4%

4) AIC Low Forecast 2015 through 2020.xlsx

The before switching forecast (delivery service load including distribution losses) is based on a low growth scenario which is then filtered by a high switching scenario to calculate an after switching forecast which is lower than the expected case. The high switching scenario assumes that additional municipal aggregation referenda will occur in the planning horizon and that switching outside of municipal aggregation will also continue. The result of the high switching scenario is a forecast where little eligible retail load remains at the end of the planning horizon.

The high forecast suggests existing energy hedges account for the following (not including the impact of any partial curtailment of long term renewable contracts that may occur under this scenario):

Plan Year	Hedge Ratio
2015	55%
2016	34%
2017	20%

5) AIC Capacity 2015 through 2020.xlsx (includes expected, expected with incremental energy efficiency, high and low scenarios)

Regardless of the forecast scenario, Ameren Illinois has no existing bilateral purchases which results in the following hedge percentages.

Plan Year	Hedge Ratio
2015	0%
2015	0%
2016	0%

Ameren Illinois encourages the IPA to consider hedging a portion of forecasted capacity requirements via a bilateral procurement. While AIC can meet 100% of its capacity requirement through the MISO yearly auction, the downside is that no forward price hedging would occur and therefore all of the capacity cost for the prompt year becomes fully dependent on the results of the MISO auction. This is in contrast to the PJM auction which meets the capacity requirement three years into the

future and therefore provides greater price certainty. Ameren Illinois remains concerned that the unhedged MISO capacity creates risk to eligible retail customers in a scenario where scarcity price occurs and customers are 100% exposed to the MISO auction. We therefore encourage the IPA to consider a return to partial forward hedging of capacity requirements.

Renewables

In the attached files and also described below, AIC provides our expected, expected with incremental energy efficiency, high and low forecasts associated with renewables. Each scenario includes a yearly calculation of the targeted renewable quantities and an associated budget cap for the planning horizon. In addition to the forecasts, AIC has included the existing renewable purchase quantities and associated dollars and further used this data to calculate the remaining renewable target and remaining budget. AIC has provided this data and calculations solely to ensure the IPA has all of the pertinent information it needs in preparing its next procurement plan. These calculations do not imply any recommendation from AIC and all calculations should be independently verified by the IPA or its consultant.

Please note that AIC continues to collect and hold RPS funds collected from real time pricing tariffs. At the end of May 2014, AIC holds approximately \$5.5 million in a liability account awaiting further direction from the IPA. For clarification purposes, these funds are not included in the budgets associated with the above mentioned forecast scenarios which pertain solely to AIC fixed price load.

6) RPS Expected Forecast 2015 through 2020.xlsx

Plan Year	Remaining Budget	Remaining Target RECs
2015	\$3,989,468	0
2016	\$2,760,816	0
2017	\$3,724,724	94,142

The forecast suggests that existing purchases do not cause the budget to be exceeded; however existing purchases are in excess of the target. This phenomenon is explained by reviewing the calculation requirement under the law whereby targeted RECs for an upcoming year are based in part on actual load from a prior period. Since actual load in that prior period was low (due to municipal aggregation), then the target RECs for the upcoming period will reflect the lower load.

Assuming the IPA continues its past practice of seeking updated forecasts in March 2015, if such updates reach the same conclusion as outlined above, proportional curtailment of the long term renewable contracts would not be warranted and an incremental procurement would not be pursued since existing purchases exceed the target.

7) RPS Expected EE Forecast 2015 through 2020.xlsx

Plan Year	Remaining Budget	Remaining Target RECs
2015	\$3,858,659	0
2016	\$2,628,764	0
2017	\$3,592,673	84,722

8) RPS High Forecast 2015 through 2020.xlsx

Plan Year	Remaining Budget	Remaining Target RECs
2015	\$7,795,354	0
2016	\$13,425,397	0
2017	\$15,307,462	368,189

9) RPS Low Forecast 2015 through 2020.xlsx

The low RPS scenario is indicative of the budget being exceeded and therefore a partial curtailment of the long term renewable contracts.

Plan Year	Remaining Budget	Remaining Target RECs
2015	\$(420,168)	0
2016	\$(3,424,196)	0
2017	\$(4,224,922)	0

Forecasting Methodology

10) AIC Forecasting Methodology.doc

This file provides a description of the methodology used by Ameren Illinois in preparing its forecasts for the IPA. The document was included as an Appendix in past procurement plans.

11) Load Data Request 2014 – Ameren Illinois Response.doc

This file contains our responses to a series of questions posed by the IPA and its consultant. While we do not have responses to all of the questions, we welcome the opportunity to discuss further with you so as to ensure you and your consultant have the information needed for preparation of the upcoming procurement plan.

Updated Forecast for November 2014 through May 2015

- 1) AIC Expected Energy November 2014 through May 2015.xlsx

The approved IPA plan has a new requirement this year which is to provide an updated forecast for the period November 2014 through May 2015. This forecast is to be separate from the forecast for the period June 2015 through May 2020 and is to be used by the IPA in determining whether energy procurement should occur in September 2014. If procurement is determined to be justified by the IPA, the forecast is also intended to form the basis for determining the quantities under September 2014 procurement.

Ameren Illinois has updated its eligible retail forecast for this period using the assumption that some load will return to the fixed price tariff. The result is that existing hedges are not enough to provide 100% hedging for some months throughout the winter. Pursuant to the prior procurement plan, the IPA should determine whether the forecasted unhedged quantities justify a September 2014 procurement.

Energy Efficiency Compliance with 220 ILCS 5/Section 16-111.5b

AIC personnel in the Energy Efficiency department have completed considerable analysis so as to be in compliance with the statutory requirements. The following files are provided in this regard:

- 1) AIC EE IPA Submission Document which contains a summary of the findings. Included in the document are the following appendices:

Appendix 1: Section 16-111.5B

Appendix 2: IPA/ICC Section 16.111.5B Workshop Summaries (referenced in the document as “2013 Workshop” and “2014 Workshop”)

Appendix 3: Program Descriptions

- 2) Appendix 4 AIC Potential Study 2013.
- 3) Appendix 5 AIC Third Party RFP.
- 4) All third party bids are included in the directory titled “Appendix 6 AIC Third Party Bids CONFIDENTIAL”. Please make note of the confidential nature of the contents of this directory as it should be treated in accordance with applicable laws.

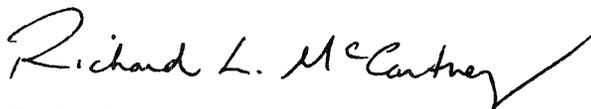
- 5) The detailed analysis is included in the directory "Appendix 7 AIC IPA Analysis CONFIDENTIAL". Please make note of the confidential nature of the contents of this directory as it should be treated in accordance with applicable laws.

Summary

The advent of municipal aggregation has created considerable uncertainty to the forecasting process and this will continue through this planning horizon. AIC believes the forecasts attached and described in this letter represent reasonable estimates, however, we caution that actual results could vary considerably.

Please let us know if you have questions or wish to discuss any of the files. For matters pertaining to Power Supply, I can be reached at 314-613-9181 or rmccartney@ameren.com. For matters pertaining to Energy Efficiency, please contact Keith Goerss, Sr. Manager of Energy Efficiency, at 309-677-5708 or kgoerss@ameren.com. Any legal issues can be addressed with Ed Fitzhenry at 314-554-3533 or efitzhenry@ameren.com

Sincerely,



Richard L. McCartney
Director, Power Supply Acquisition

cc: Mario Bohorquez, Brian Granahan - IPA
J. Blessing, K. Goerss, E. Fitzhenry, J. Range, R. Saunders, C. Miller - AIC
Richard Zuraski - ICC Staff