

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

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|--|---|-------------|
| Illinois Commerce Commission | : | |
| On Its Own Motion | : | |
| Investigation of Rider CPP of | : | |
| Commonwealth Edison Company, and Rider | : | |
| MV of Central Illinois Light Company d/b/a | : | No. 06-0800 |
| AmerenCILCO, of Central Illinois Public | : | |
| Service Company d/b/a AmerenCIPS, and | : | |
| of Illinois Power Company d/b/a AmerenIP, | : | |
| pursuant to Commission Orders regarding | : | |
| the Illinois Auction | : | |

Auction Manager Exhibit 1.8

March 1, 2007

Summary Report on the Questionnaire on Auction Improvements for Potential Suppliers

The 2008 Illinois Auction

NERA

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Executive Summary

In February 2007, NERA Economic Consulting conducted an anonymous survey to gather the opinions of possible auction participants on potential improvements to the Illinois Auction process. These possible auction participants were asked to evaluate how given potential improvements could affect their participation in future auctions and could affect their evaluation of risks.

The survey asked a number of questions related to two core elements of the Illinois Auction Process:

- Term structure for the contracts to serve residential and small business customers; and
- Division of load into categories for fixed-price customers;

For each element, the survey asked possible auction participants to evaluate three alternatives. These alternatives, which included the status quo as option A and the recommendation from the ICC Staff's public report as option B, were as follows:

Table 1. Elements and Options.

| Element of Illinois Auction Process | Options | |
|--|----------|--|
| Term Structure of contracts for residential and small business customers | Option A | Ladder of 36-month contracts |
| | Option B | Consecutive 12-month contracts |
| | Option C | Mix of 12-month and 36-month contracts |
| Load categories for fixed-price customers | Option A | Same load categories as in 2006 |
| | Option B | Change the Ameren FP-LFP threshold to 400kW |
| | Option C | Three load categories: residential, small non-residential, large non-residential |

Further, the survey sought these possible auction participants' opinion on the timing of release of the supplier-product match. The survey also aimed to provide respondents with an opportunity to suggest additional improvements.

Thirteen possible auction participants responded to the survey.

The main findings on term structure are as follows:

- Option C, the mix of 12-month and 36-month contracts, garnered the most support. Five respondents rate it as most preferred and it is the unanimous second choice of all

other eight respondents. Should option C be used in the 2008 Illinois Auction, supplier views on how to split the load between the 12-month product and the 36-month product vary widely.

- Option B was most preferred by three respondents and least preferred by six respondents. Option B raised the most discussion; its opponents believed it was more difficult to price.
- Respondents have very different views regarding option A. Five respondents reported this option as their first choice while four respondents stated that option A would preclude their participation.

The main findings on load categories are as follows:

- Some respondents hold the view that a load category that brings together heterogeneous customer groups has the advantage of diversifying risk. Other respondents hold the view that a load category that is homogeneous in terms of migration behavior makes the load category easier to forecast and less risky.
- Option C, which adds a residential load category, garnered the most support. Eight of the 12 suppliers who provided a response on this issue supported this option.
- Most respondents believed that the choice of load categories would not affect their willingness to participate. Two respondents reported that options A and B would preclude them from participating or reduce their level of participation.
- The perception of risk associated with the various ComEd and Ameren load categories is broadly similar across respondents. A majority of the respondents view residential customers as the load category with the lowest supplier risks and associate higher risks with larger customers in the non-residential load category. Generally, respondents indicate that they are more likely to bid on the load categories with the lower risks.
- There was a consensus among respondents that the ability of customers, and in particular non-residential customers, to leave utility service during the supply period to take service from a Retail Electric Supplier (“RES”) was a significant factor in increasing risk.

In regard to the timing of release of the supplier-product match, a majority of respondents believed that an earlier release of the supplier-product match would not affect their participation while a minority of respondents felt that such information should be kept confidential for as long as possible.

Finally, when provided with an opportunity to suggest additional improvements, respondents offered a number of comments on a diverse set of topics, including the Supplier Forward Contracts, the load categories, and the availability of data.

I. Introduction

Between January 31 and February 26, 2007, NERA Economic Consulting (“NERA”) conducted a survey to gather the opinions of possible auction participants on potential improvements to the Illinois Auction process. (“Possible auction participants” and “suppliers” are used interchangeably in the rest of this report). There were three primary areas of investigation. Suppliers were asked to evaluate various options concerning:

- The term structure for the contracts to serve residential and small business customers;
- The division of load into categories for fixed-price customers; and
- The timing of the release of the supplier-product match;

to determine how these options could affect their participation in future auctions and could affect their evaluation of risks. The options included the status quo, recommendations from the ICC Staff’s public report, as well as options developed by NERA and the Illinois Utilities (ComEd and the Ameren Illinois Utilities). In addition, the survey sought to obtain general feedback about the Illinois Auction process and to provide suppliers the opportunity to suggest additional improvements. The questionnaire was developed by NERA and the Illinois Utilities, and reviewed by the ICC Staff.

The survey was conducted on an anonymous basis. The list of respondents was compiled separately from the responses to the survey. This report provides a summary of the survey process and a summary of the responses.

II. The Survey Process

The starting point for the list of contacts used for the questionnaire was the list of registrants to the Illinois Auction Web site. We excluded entities registered to the Illinois Auction Web site that appeared very unlikely to be possible auction participants such as municipal utilities, consulting companies, and law firms. The list was then supplemented by prospective suppliers from a publicly available list of PJM members and MISO market participants.

An initial screening was conducted by email. In this initial screening, suppliers were asked whether the 2008 Illinois Auction is an opportunity that they would consider. The email was sent on January 28, 2007 with a reminder sent on January 31, 2007. A round of follow-up calls was made to individuals who did not respond to the emails. One hundred and four individuals from 43 entities responded positively. We sent the survey to each entity by email, copying all individuals for which we had contact information from that entity.

A phone appointment was made with each entity that had been sent a survey so that we could respond to any questions that the supplier had regarding the survey. Some suppliers made it clear that although the Illinois Auction is an opportunity that they are considering, they were not interested in responding to the questionnaire. Clarification calls were conducted between February 5 and February 16, 2007.

The survey instructed respondents not to identify themselves on the questionnaire and to provide with their response a separate cover letter that would identify them. The filled-out questionnaire was separated from the accompanying identifying information upon receipt. We received 13 responses.

III. Presentation of Results

III.A. Term Structure

This section of the survey sought suppliers’ opinions on whether alternative term structures for the contracts to serve residential and small business customers would be an improvement to the Illinois Auction process.

Table 2. Term Structure Preference Rankings for the “B” and “FP” Products.

| | Number of Responses | | |
|--|----------------------------|-----------|-----------------------------|
| | Rank 1 (most preferred) | Rank 2 | Rank 3 (least preferred) |
| Option A: Ladder of 36-Month Contracts | 5 | 1 | 7 |
| Option B: Consecutive 12-month Contracts | 3 | 4 | 6 |
| Option C: 12-month and 36-month Contracts | 5 | 8 | 0 |
| Total | 13 | 13 | 13 |

Option A is the status quo, namely a ladder of 36-month contracts. Respondents have very different views regarding this option:

- Respondents who prefer this option cite reasons such as the view that a 36-month contract is an adequate hedge for generation while still providing a liquid market for those that do not own generation.
- Respondents who prefer option A always place option C in second place.
- Respondents who report A as being their least preferred option note that it does not allow to spread out the term risk, that it involves regulatory risk, and that it provides no flexibility (i.e., there are no other product options within the auction).
- Respondents who report A as being their least preferred option are split roughly equally between preferring options B and C.

Option A, the ladder of 36-month contracts, is the only option that respondents report could preclude their participation in the auction. When asked whether any of these options would preclude their participation in the auction, suppliers responded as follows:

Table 3. Options that Could Preclude Participation.

| Option | Number of respondents who thought the option would preclude their participation |
|--|---|
| Option A | 4 |
| Option B | 0 |
| Option C | 0 |
| No option would preclude participation | 9 |

Option B elicited the most discussion among respondents. Option B was most preferred by three respondents and least preferred by six suppliers. Most of the respondents that disliked option B provided lengthy comments to explain their position. These respondents maintained that option B would be more difficult to price due to the awkward possibility of having a gap in the supply period. They also maintain that option B would create risks that could not be actively managed and would create difficulties in hedging due to the fact a supply period could begin one to two years after the auction. One respondent wrote “Option B does not provide for enough interplay with retail markets and will likely result in more price volatility, jeopardizing both the auction process and results”. Another respondent viewed option B as “significantly flawed” due to the incorrect supporting premise that liquidity and depth in the wholesale energy market is limited to one year, and the fact that part of risk management for structured transactions that involve options are not completely hedgeable, such as load-following or ancillary services.

Option C garnered the most support. Five respondents rate it as most preferred. It is also the unanimous second choice of respondents who support a ladder of 36-month contracts (option A), and of respondents who support consecutive 12-month contracts (option B).

Another way to present respondents’ preferences is to look at preference between pairs of options. As illustrated by the table below, option C is preferred to option A, and option C is preferred to option B.

Table 4. Pairwise Analysis of Bidder Preferences.

| Bidder Preference | | Number of responses |
|--------------------------|------------------|----------------------------|
| A versus B | A preferred to B | 6 |
| | B preferred to A | 7 |
| A versus C | A preferred to C | 5 |
| | C preferred to A | 8 |
| B versus C | B preferred to C | 3 |
| | C preferred to B | 10 |

In sum, option C is an alternative that is well received by all respondents, which is not the case for either option A or option B. Other questions of the survey aimed to identify the effect of each option on participation in the auction. Option C does not preclude participation of any respondents and only one respondent commented that its level of participation could be reduced under option C. This is compared to three respondents who noted that option C could increase their level of participation. The effect of each option on participation is provided in the next table.

Table 5. Effect of Term Structure on Participation.

| | Precludes Participation | Reduces but Does Not Preclude Participation | Increases Participation | No Effect on Participation |
|-----------------|--------------------------------|--|--------------------------------|-----------------------------------|
| Option A | 4 | 1 | 1 | 7 |
| Option B | 0 | 4 | 3 | 6 |
| Option C | 0 | 1 | 3 | 9 |

Should option C be used in the 2008 Illinois Auction, the respondents' views on how to split the load between the 12-month product and the 36-month product vary widely. Four respondents believe that less than 50% of the load should be allocated to the 12-month product, while five respondents believe that 50% or more of the load should be allocated to the 12-month product. This is shown in Table 6 below.

Table 6. Preference on the Split Between 12 and 36-Month Products under Option C.

| 12-Month and 36-Month Split | Number of Respondents |
|--|------------------------------|
| Less than 10% for 12-month | 1 |
| Less than 50% but more than 10% for 12-month | 3 |
| 50% for 12-month | 2 |
| More than 50% for 12-Month | 3 |
| No Preference | 4 |

Should option C be used in the 2008 Illinois Auction, respondents are also divided regarding the benefits to adding a 24-month product. This is shown in Table 7 below.

Table 7. Benefits of a 24-Month Product.

| Are There Benefits to Adding a 24-Month Product? | Number of Respondents |
|---|------------------------------|
| Yes | 5 |
| No | 4 |
| No Preference | 4 |

III.B. Load Categories

This section of the survey sought respondents' opinions on whether alternative load categories for fixed-price customers would be an improvement to the Illinois Auction process.

Respondents view the load categories in two contrasting ways. The first view, held by a small number of respondents, is that a load category that brings together heterogeneous customer groups has the advantage of diversifying risk. The second view, held by a larger number of respondents, is that a load category that is homogeneous in terms of migration behavior makes the load category easier to forecast and less risky. These views are reflected in the responses to this section of the survey.

Table 8. Load Categories Preference Ranking.

| | Number of Responses | | |
|--|----------------------------|-----------|-----------------------------|
| | Rank 1 (most preferred) | Rank 2 | Rank 3 (least preferred) |
| Option A: Same Load Categories as in 2006 | 2 | 4 | 6 |
| Option B: Change the Ameren Load Categories | 2 | 6 | 4 |
| Option C: Add a Load Category | 8 | 2 | 2 |
| Total | 12 | 12 | 12 |

** One supplier did not respond.

Option C, which provides an additional fixed-price load category, is preferred by respondents and is consistent with the belief that added granularity would reduce risk. One respondent also noted that such an option addresses the potential concern that residential rate classes bear the migration risk of the small commercial rate classes. Of those who prefer option A or option B, half of the respondents place option C as their second choice and half place option C as their last choice.

Most respondents did not believe that the choice of load category would affect their willingness to participate. Two respondents reported that options A and B would preclude them from participating or would reduce the level of their participation. These respondents noted that these options do not provide enough granularity and that the large industrial customers associated with these options carry a high migration risk. In addition, one respondent commented that although option C would not preclude its participation, it would probably reduce its participation level. This information is summarized in Table 9 below.

Table 9. Options that Preclude or Reduce Participation.

| Option | Number of respondents who thought the option would preclude or reduce their participation | Number of respondents who thought the option would not preclude but would reduce their participation |
|-------------------------------------|--|---|
| A alone | 0 | 0 |
| B alone | 0 | 0 |
| C alone | 0 | 1 |
| A and B | 2 | 0 |
| None of the options, or No Response | 11 | 12 |
| Total | 13 | 13 |

In general, the perception of risk associated with the various load categories is similar across all respondents. A majority of respondents view residential customers as the load category with the lowest risks and associate higher risks with larger customers in the non-residential load categories. Generally, respondents indicate that they are more likely to be bid on the load categories with the lower risks. This is true for both ComEd as well as Ameren load categories.

For ComEd load categories, a clear majority of the respondents provided identical rankings. As shown in Table 10 below, ten out of 12 respondents ranked the “*Residential Customers*” as the category with the least risk, followed by “*Residential & Non-Residential 0-400 kW*”, “*Non-Residential 0-400 kW*” and “*Non-Residential 400 kW to 3 MW*”.

Table 10. Supplier Risk Ranks for ComEd Load Categories.

| Supplier Risk Ranks | | | | Number of respondents with same combination |
|------------------------------|---|---------------------------------|---------------------------------------|---|
| <i>Residential Customers</i> | <i>Residential & Non-Residential 0-400 kW</i> | <i>Non-Residential 0-400 kW</i> | <i>Non-Residential 400 kW to 3 MW</i> | |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | 10 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 3</i> | 1 |
| <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| Total | | | | 12 |

**Rank 1 is assigned to the load category that the respondent believes presents the lowest supplier risk and Rank 4 is assigned to the load category that the respondent believes presents the highest supplier risk. One supplier did not provide any rankings.

Respondents were asked whether these rankings would change either with a shorter enrollment window for larger customers or with an enrollment window being introduced for smaller customers. Most respondents do not expect their rankings to change should there be changes to the enrollment windows; however, some respondents noted that doing so would reduce risk. This information is presented in the following tables.

Table 11. Shorter Enrollment Window for ComEd Customers 400kW to 3MW.

| Shorter enrollment window for 400kW to 3MW | Number of Responses |
|---|----------------------------|
| Would change rankings | 1 |
| Would not change rankings | 7 |
| Only enrollment pre-auction could change rankings but shortened enrollment window would reduce risk | 1 |
| Only precluding customers from leaving the service during the supply period could change rankings | 1 |
| Precluding customers from leaving the service during the supply period would reduce risk | 1 |
| No response | 2 |
| Total | 13 |

Table 12. Introducing an Enrollment Window for ComEd Customers below 400kW.

| Introducing an enrollment window for non-residential customers below 400kW | Number of Responses |
|---|----------------------------|
| Would change rankings | 2 |
| Would not change rankings | 6 |
| Would not change rankings but would reduce risk | 2 |
| No response | 3 |
| Total | 13 |

As shown in Table 13 below, seven out of the ten respondents who ranked the “*Residential Customers*” as the category with the least risk, followed by “*Residential & Non-Residential 0-400 kW*”, “*Non-Residential 0-400 kW*” and “*Non-Residential 400 kW to 3 MW*” ranked those categories in the same order when asked about the categories that they are most likely to bid on.

Table 13. Bidding Likelihood Ranks for ComEd Load Categories.

| Bidding Likelihood Ranks | | | | Number of respondents with same combination | Number of Respondents | |
|------------------------------|---|---------------------------------|---------------------------------------|---|---|----------|
| <i>Residential Customers</i> | <i>Residential & Non-Residential 0-400 kW</i> | <i>Non-Residential 0-400 kW</i> | <i>Non-Residential 400 kW to 3 MW</i> | | Who also had supplier risk ranks of “1-2-3-4” | Others |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | 8 | 7 | 1 |
| <i>Rank 2</i> | <i>Rank 1</i> | <i>Rank 3</i> | <i>Rank 4</i> | 1 | 1 | 0 |
| <i>Rank 1</i> | <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | 1 | 1 | 0 |
| <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 2 | 1 | 1 |
| Total | | | | 12 | 10 | 2 |

**Rank 1 represents the option that the respondent is most likely to bid and Rank 4 represents the option that the respondent is least likely to bid. One supplier did not provide any rankings.

For the Ameren load categories, there are also similar views among respondents regarding risks among various load categories. As shown in Table 14 below, six out of 12 respondents ranked the “*Residential Customers*” as the category with the least risk, followed by “*Residential & Non-Residential 0-400 kW*”, “*Residential & Non-Residential 0-1 MW*”, “*Non-Residential 0-1 MW*”, “*Non-Residential over 400 kW*” and “*Non-Residential over 1 MW*”. Further, ten of the 12 respondents ranked “*Residential Customers*” as the category with the least risk, followed by “*Residential & Non-Residential 0-400 kW*”, while eight of the 12 respondents ranked “*Non-Residential over 400 kW*” and “*Non-Residential over 1 MW*” as the more risky categories.

Table 14. Supplier Risk Ranks for Ameren Load Categories.

| Supplier Risk Rank Combination | | | | | | Number of respondents with same combination |
|--------------------------------|---|---|-------------------------------|------------------------------------|----------------------------------|---|
| <i>Residential Customers</i> | <i>Residential & Non-Residential 0-400 kW</i> | <i>Residential & Non-Residential 0-1 MW</i> | <i>Non-Residential 0-1 MW</i> | <i>Non-Residential over 400 kW</i> | <i>Non-Residential over 1 MW</i> | |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | 6 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 5</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 5</i> | <i>Rank 6</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 6</i> | <i>Rank 4</i> | <i>Rank 5</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | <i>Rank 3</i> | 1 |
| <i>Rank 6</i> | <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| Total | | | | | | 12 |

**Rank 1 is assigned to the load category that the respondent believes presents the lowest supplier risk and Rank 6 is assigned to the load category that the respondent believes presents the highest supplier risk. One supplier did not provide any rankings.

Respondents were asked whether these rankings would change either with a shorter enrollment window for large customers or with an enrollment window being introduced for smaller customers. Most respondents do not expect their rankings to change should there be changes to the enrollment windows; however, some respondents noted that doing so would reduce risk. This information is presented in the following tables.

Table 15. Shorter Enrollment Window for Larger Ameren Customers.

| Shorter enrollment window for non-residential over 1 MW or over 400kW | Number of Responses |
|---|----------------------------|
| Would change rankings | 1 |
| Would not change rankings | 7 |
| Only enrollment pre-auction could change rankings but shortened enrollment window would reduce risk | 1 |
| No response / not sure / response not relevant | 4 |
| Total | 13 |

Table 16. Introducing an Enrollment Window for Ameren Customers below 400kW.

| Introducing an enrollment window for non-residential customers below 400kW | Number of Responses |
|---|----------------------------|
| Would change rankings | 2 |
| Would not change rankings | 7 |
| Would not change rankings but would reduce risk | 2 |
| No response / not sure / response not relevant | 2 |
| Total | 13 |

When asked about the likelihood of bidding on various Ameren load categories, respondents generally indicate that they are more likely to bid on the load categories with the lower risks. For example, of the six respondents who have supplier risk ranks of “1-2-3-4-5-6”, five respondents also ranked in that same order the load categories that they are most likely to bid on. Further, 10 respondents ranked the “*Residential Customers*” load category as the least risky followed immediately by “*Residential & Non-Residential 0-400 kW*” category and eight respondents indicated that they were most likely to bid on the “*Residential Customers*” load category followed immediately by “*Residential & Non-Residential 0-400 kW*” category. The information is presented in Table 17 below.

Table 17. Bidding Likelihood Ranks for Ameren Load Categories.

| Bidding Likelihood Ranks | | | | | | Number of respondents with same combination | Number of Respondents | |
|--------------------------|-------------------------------------|-----------------------------------|------------------------|-----------------------------|---------------------------|---|---|----------|
| <i>Res. Cust.</i> | <i>Res. & Non-Res. 0-400 kW</i> | <i>Res. & Non-Res. 0-1 MW</i> | <i>Non-Res. 0-1 MW</i> | <i>Non-Res. Over 400 kW</i> | <i>Non-Res. Over 1 MW</i> | | who also had supplier risk ranks of “1-2-3-4-5-6” | Others |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | 5 | 5 | 0 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 5</i> | 1 | 0 | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 6</i> | <i>Rank 5</i> | 1 | 0 | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 6</i> | <i>Rank 4</i> | <i>Rank 5</i> | 1 | 0 | 1 |
| <i>Rank 3</i> | <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | 1 | 0 | 1 |
| <i>Rank 6</i> | <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 | 0 | 1 |
| <i>Rank 6</i> | <i>Rank 5</i> | <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 | 0 | 1 |
| Total | | | | | | 11 | 5 | 6 |

**Rank 1 represents the option that the respondent is most likely to bid and Rank 6 represents the option that the respondent is least likely to bid. Two suppliers did not provide any rankings.

Respondents were asked whether there were load categories other than those suggested that would decrease their risk, that would increase their willingness to participate, or that would increase the level of their participation in the 2008 Illinois Auction. Most respondents did not believe there was another load category option other than those provided in the questionnaire that would decrease their risk, or increase their willingness to participate, or increase their level of participation in the 2008 Illinois Auction. One respondent supported a re-definition of the CPP-B product to include all customers at below 1 MW, citing that in this configuration, for residential customers, the load factor benefits outweigh migration risks. One respondent requested more granularity for the residential and small commercial customers. Another respondent noted that changing the switching rules from being “open-ended” (in ComEd’s case) to something more restrictive (as Ameren does with its larger fixed-price customers) would reduce the option cost associated with the CPP-A auction product (for serving ComEd’s larger fixed-price customers).

There was a consensus among respondents that the ability of customers, and in particular non-residential customers, to leave utility service during the supply period to take service from a Retail Electric Supplier (“RES”) was a significant factor in increasing risk. When asked which load categories are most affected, most respondents named “larger customers” roughly corresponding to the CPP-A (for ComEd) and BGS-LFP (for the Ameren Illinois Utilities) load categories. However, one respondent noted that it is the middle load category (400 kW to 1 MW) that is the most volatile as larger customers tend to have high, consistent migration, while smaller customers have a low propensity to migrate. Two respondents viewed the risk as

significant more generally: one respondent viewed the risk as significant for all customers above 100 kW while the other respondent viewed the risk as significant for all non-residential customers.

III.C. Timing of Information Release

The current tariffs foresee that the number of tranches won by each supplier for each product (the “supplier-product match”) is released approximately one month before the supply period begins. For the 2008 Illinois Auction, expected to take place in the latter half of January 2008, this would imply a release of this information on or about May 1, 2008. Respondents were asked whether their participation would likely be impacted if the information release came earlier. A majority of respondents believe their participation will not be impacted. Four respondents believe that their participation may be impacted if the information were released as early as March 1, 2008. Of these, two respondents believe that their participation may also be impacted if this same information were released on April 1, 2008. One of these respondents noted that the information should be revealed no earlier than one month after Commission approval of the auction results. Respondents who believe that their participation would be negatively impacted by an earlier release of the supplier-product match supported their position by noting that to hedge their position in the market they would want the information to remain confidential as long as possible.

Table 18. Impact of Time of Release of Supplier Information on Participation.

| Participation will be impacted if Supplier-Product Match is released on: | Number of Respondents | |
|--|-----------------------|-----|
| | No | Yes |
| March 1, 2008 | 9 | 4 |
| April 1, 2008 | 11 | 2 |

III.D. General Feedback on Auction Improvements

There was no general theme to the “free form” comments by respondents. The comments received were the following:

Availability of Load Data (Supply Period). It is essential to receive the following updated current for the auction and from the effective date (execution) of the contract through the end of the term on a frequent (daily) basis: (1) Detailed Switching Statistics, Customer Counts and Size Distributions, (2) Capacity Peak Load Contribution, and (3) Actual Load Data (Ameren in particular).

Availability of Load Data (Pre-Auction). The regulatory agencies of Illinois and NJ must ensure that the EDCs provide adequate historic load data to potential Suppliers for the products being auctioned. Doing so will provide the least uncertainty to Suppliers and should result in lower prices for end use customers.

Bilateral Provisions in the Supplier Forward Contracts. It is understandable why individual contracts cannot be negotiated, but the contracts themselves should be bilateral in nature, especially Credit. Performance Assurance should be negotiated item (i.e. Terms and conditions in a Guaranty or L/C).

Capacity pricing. It would be very helpful if we would be able to charge on capacity where the cost fluctuates with capacity, rather than energy; this would protect against random PLC jumps in multi-year deals as capacity gets more expensive.

Customer Switching. Would you consider a charge or some form of compensation for the risks created by customers switching to or from RES Service?

Monthly Pricing. It would be helpful to have more granular pricing (i.e. Monthly) instead of just summer/winter pricing.

Product Definition. The basic structure of the Hourly Pricing Auctions (both in Illinois and NJ) should be revised to provide a better balance of risk/reward to potential Suppliers. We believe that the significantly decreased levels of participation in the Hourly Auctions (as opposed to the FP Auctions) is due to this risk/reward imbalance.

Product Definition Methodology. The Auction process should aggregate the largest amount of customer load in the respective utility service territories that behaves in a similar fashion. This suggests a cut along kW or MW lines as opposed to residential or non-residential status alone. The customer class should not dictate the grouping but rather the behavior – aggregation of load will always outweigh granularity, even in the case of migration. However, at a point, the migration condition will begin to outweigh the aggregation. Successfully navigating this break point will yield a successful auction as it will maximize participation.

Rate Caps and Deferred Cost Recovery. The major factor affecting our participation level is regulatory uncertainty in the State of Illinois, especially as it affects the creditworthiness of the utilities. If rate caps or deferred cost recovery are implemented our participation will be drastically reduced, potentially to zero.

Regulatory Process. It would be our preference to continue the ongoing discussions being carried out through the ICC process, generally we prefer the "BGS-CPP" auction process and apart from procedural challenges, i.e. Guaranty process and some of the proposed changes being discussed regarding self-provided credit calculations we do not see many areas to be revised.

Appendix A: The Questionnaire on Auction Improvement for Potential Suppliers

QUESTIONNAIRE ON AUCTION IMPROVEMENTS FOR POTENTIAL SUPPLIERS

Released January 31, 2007.

I. Overview and Instructions

This questionnaire has been developed in an effort to examine potential improvements to the Illinois Auction process. It considers alternative schemes on term structure, on how to split the load into categories for future Illinois Auctions, and on the timing of the release of certain supplier information. In Section II of the questionnaire we present different options for the term structure. In Section III we present different options for load categories in the auction. In Section IV we review the timing of the release of certain supplier information. In Section V, we seek your general comments regarding potential improvements to the Illinois Auction Process. We ask for your cooperation in responding to the questions in Sections II, III, IV, and V.

Alternatives considered in this questionnaire include the status quo and recommendations from the ICC Staff's public report. The ICC Staff's public report is available from the Illinois Auction Web site by going to the Regulatory Information page (<http://www.illinois-auction.com/index.cfm?fa=bid.reginfo>). The ICC Staff's public report is also filed in Docket 06-0800 and is available through e-docket from the ICC Web site at www.icc.illinois.gov. Alternatives considered also include options that have been developed by the Illinois Utilities (ComEd and the Ameren Illinois Utilities) and the Auction Manager (NERA). This questionnaire has been reviewed by the ICC Staff.

Please note that the fact that this survey is being conducted does not necessarily mean that there will not be changes to items not covered here nor does it mean that there will necessarily be changes to the specific items covered. Any changes to the Illinois Auction would be prospective and will not affect current contracts resulting from the September 2006 Illinois Auction.

You have been asked to participate in the survey because you are a participant in the PJM and/or MISO wholesale markets and because in initial screening you indicated that participation on the 2008 Illinois Auction was an opportunity that you would consider. The Auction Manager Team will pre-arrange a telephone appointment with you so that you may obtain any necessary clarification regarding the survey. Please print your completed survey and mail or courier the hard copy to the Auction Manager at:

Attn: Chantale LaCasse
NERA Economic Consulting
1166 Avenue of the Americas
34th Floor
New York NY, 10036

Appendix A: The Questionnaire on Auction Improvement for Potential Suppliers

Please do not include your name or the name of your company, or identify yourself in any way on the survey document. Please return the survey on or before February 20, 2007 with a cover letter that enables the Auction Manager to identify and verify that the survey is yours. The Auction Manager will tabulate the survey results and present tabulated results to the ICC Staff and the Illinois Utilities. Respondents may request the tabulated results from the Auction Manager. Further the Auction Manager will present the comments and textual answers to questions to the ICC Staff and the Illinois Utilities. The survey response forms, which will not identify the respondent, will be available for viewing by the ICC Staff. The Auction Manager will not retain a record that matches a respondent to a completed survey. Please do not email your completed survey so that we may preserve the anonymity of your responses. The ICC Staff and the Illinois Utilities may use the survey results to develop and support positions in the pending docket before the ICC regarding potential auction improvements.

II. Options for Term Structure for 2008 Illinois Auction

In the 2006 Illinois Auction, equal percentages of 17-month, 29-month, and 41-month contracts were solicited to procure 100 percent of the load of residential and small to medium non-residential customers, with delivery beginning January 2007 (the CPP-B and BGS-FP products). Below we present Options A through C, which are alternative term structures for the BGS-FP and CPP-B products. **For the BGS-LFP and CPP-A load categories, the term is assumed to be one year under all options.** Please consider the following options of how terms could be structured for BGS-FP and CPP-B.

Option A: Current Plan: Ladder of 36-Month Contracts

Replace the expiring BGS-FP and CPP-B contracts each year with new 36-month contracts as shown in the diagram below. Under this plan, each year 33% of the load would be procured in the Illinois Auction through 36-month contracts. Eventually, load would be served entirely by 36-month contracts, in a combination of one-third new contracts and two-thirds old contracts.

Option A: Ladder of 36-Month Contracts

| Auctions | Products | Delivery Period | | | | | |
|--------------|-----------------|-----------------|----------|--------|--------|--------|--------|
| | | Jan-07 | Jun-07 | Jun-08 | Jun-09 | Jun-10 | Jun-11 |
| 2006 Auction | CPP-B BGS-FP | 17 month | | | | | |
| | CPP-B BGS-FP | 29 month | | | | | |
| | CPP-B BGS-FP | 41 month | | | | | |
| 2008 Auction | CPP-B BGS-FP | | 36-month | | | | |
| 2009 Auction | CPP-B BGS-FP | | 36-month | | | | |

Option B: Use Consecutive 12-month Contracts

Replace the expiring BGS-FP and CPP-B contracts each year with three, consecutive 12-month contract terms as shown in the diagram below. Under this plan, each year 33% of the load would be procured by consecutive 12-month contracts. Suppliers could serve consecutive 24-month or 36-month terms by winning two or more consecutive 12-month contracts. Eventually, load would be served entirely by 12-month contracts, in a combination of one-third new contracts and two-thirds old contracts.

Appendix A: The Questionnaire on Auction Improvement for Potential Suppliers

Option B: Consecutive 12-Month Contracts

| | | Delivery Period | | | | | |
|--------------|-----------------|-----------------|--------|----------|----------|----------|----------|
| Products | | Jan-07 | Jun-07 | Jun-08 | Jun-09 | Jun-10 | Jun-11 |
| 2006 Auction | CPP-B BGS-FP | 17 month | | | | | |
| | CPP-B BGS-FP | 29 month | | | | | |
| | CPP-B BGS-FP | 41 month | | | | | |
| 2008 Auction | CPP-B BGS-FP | | | 12-month | 12-month | 12-month | |
| 2009 Auction | CPP-B BGS-FP | | | | 12-month | 12-month | 12-month |

Option C: Split into 12-month and 36-month Contracts

Replace the expiring BGS-FP and CPP-B contracts with a mix of 12-month and 36-month contracts. Under this plan, each year a certain percentage of the load would be procured through 12-month contracts while another percentage of the load would be procured through 36-month contracts. Eventually, the load would be served through a fixed percentage of new 12-month and 36-month contracts, and a fixed percentage of old 36-month contracts.

Option C: Split into 12-month and 36-Month Contracts

| | | Delivery Period | | | | | |
|--------------|-----------------|-----------------|--------|-----------|-----------|--------|--------|
| Products | | Jan-07 | Jun-07 | Jun-08 | Jun-09 | Jun-10 | Jun-11 |
| 2006 Auction | CPP-B BGS-FP | 17 month | | | | | |
| | CPP-B BGS-FP | 29 month | | | | | |
| | CPP-B BGS-FP | 41 month | | | | | |
| 2008 Auction | CPP-B BGS-FP | | | 12-month | | | |
| | CPP-B BGS-FP | | | 36-months | | | |
| 2009 Auction | CPP-B BGS-FP | | | | 12-month | | |
| | CPP-B BGS-FP | | | | 36-months | | |

Questions on Term Structure

- Options A through C above present alternative term structures for the load of residential and small to medium non-residential customers (CPP-B and BGS-FP load categories). Please rank these options by order of preference, with Rank 1 being your preferred option and Rank 3 being your least preferred option.

| | |
|--------|--|
| Rank 1 | |
| Rank 2 | |
| Rank 3 | |

- For the options you ranked in 2nd and 3rd place, please explain briefly the reasons you like them less.

- Which options, if any, might preclude you from participating in the 2008 Illinois Auction? Why might these preclude your participation?

- Which options, if any, might potentially reduce your level of participation relative to what you envision under the current plan? Why might these reduce your participation?

- Which options, if any, might potentially increase your level of participation relative to what you envision under the current plan? Why might these increase your participation?

- With respect to Option C, do you have any preference for the percentage of load between 12-month and 36-month terms? Do you see a benefit to adding a 24-month term?

- Would you like to offer any other comments with respect to term structure?

III. Options for Load Categories in the 2008 Illinois Auction

In the 2006 Illinois Auction, ComEd fixed-price customers were split into two load categories, CPP-B for customers below 400 kW and CPP-A for customers generally between 400 kW and 3 MW. Ameren fixed-price customers were split into two load categories, BGS-FP for customers below 1 MW and BGS-LFP for customers over 1 MW. Below we present Options A through C, which present alternative categories for the load of fixed-price customers. Please consider the following options of how these load categories could be defined and please assess the impact that these options might have on your participation and your evaluation of risks.

Option A: Same Load Categories as in 2006

Split the load for the Illinois 2008 Auction using the same load categories as in the Illinois 2006 Auction as shown in the table below.

Option A: Same Load Categories as 2006

| ComEd | Ameren |
|--|---|
| Load Categories for Fixed-Price Customers | |
| Residential and non-residential 0–400 kW (CPP-B) | Residential and non-residential 0–1 MW (BGS-FP) |
| Non-residential 400 kW to 3 MW (CPP-A) | Non-residential over 1 MW (BGS-LFP) |

Option B: Change the Ameren Load Categories

Align the load categories for Ameren to the load categories used by ComEd in the 2006 Auction. The dividing line for Ameren’s load categories would be at 400 kW instead of 1 MW, as shown in the table below.

Option B: Change the Ameren Load Categories

| ComEd | Ameren |
|--|--|
| Load Categories for Fixed-Price Customers | |
| Residential and non-residential 0–400 kW | Residential and non-residential 0–400 kW |
| Non-residential 400 kW to 3 MW | Non-residential over 400 kW |

Option C: Add a Load Category

Introduce a residential load category. The load for each of ComEd and Ameren would then be split into residential, smaller non-residential, and larger non-residential as shown in the table below.

Option C: Add a Load Category

| ComEd | Ameren |
|--|---------------------------|
| Load Categories for Fixed-Price Customers | |
| Residential | Residential |
| Non-residential 0–400 kW | Non-residential 0–1 MW |
| Non-residential 400 kW to 3 MW | Non-residential over 1 MW |

Questions on Load Categories

Options A through C above present alternative categories for the fixed-price load. Please rank these options in order of preference in terms of which option is more likely to increase your level of participation in the auction. Rank 1 is for the option that makes you more likely to participate or that makes you want to participate at a higher level (and Rank 3 is for the option that makes you least likely to participate or that makes you want to participate at a lower level).

| | Level of Participation in Auction |
|--------|--|
| Rank 1 | |
| Rank 2 | |
| Rank 3 | |

8. Which of Options A though C, if any, might preclude you from participating in the 2008 Illinois Auction or reduce your participation? Please explain why.

9. For the options you ranked in 2nd and 3rd place please explain briefly the reasons you ranked them lower.

Appendix A: The Questionnaire on Auction Improvement for Potential Suppliers

10. Options A through C include various load categories for ComEd customers. Please rank each of these load categories from 1 to 4 according to which load category presents the lowest risk, and rank each of these load categories from 1 to 4 according to which option you would be most likely to bid on. Please use “1” for the option that presents the lowest supplier risk or for the category that you are most likely to bid. (You may assume that non-residential customers 400 kW to 3 MW would be subject to an enrollment period following the auction as was the case in the 2006 Illinois Auction.)

| Load Categories for ComEd Customers | Lowest Supplier Risk | Most Likely to Bid |
|--|----------------------|--------------------|
| Residential customers | | |
| Residential and non-residential 0–400 kW | | |
| Non-residential 0–400 kW | | |
| Non-residential 400 kW to 3 MW * | | |

*You may assume that non-residential customers 400 kW to 3 MW would be subject to an enrollment period following the auction as was the case in the 2006 Illinois Auction.

11. Would your rankings regarding the load categories for ComEd customers in Question 4 change if the enrollment period for non-residential customers 400 kW to 3 MW were shortened? How short must the enrollment period be for your rankings to change?

12. Would your rankings regarding the load categories for ComEd customers in Question 6 change if there was an enrollment window for non-residential customers under 400 kW?

13. Options A through C include various load categories for Ameren customers. Please rank these load categories from 1 to 6 according to which option presents the lowest risk, and rank each of these load categories from 1 to 6 according to which option you would be most likely to bid on. Please use “1” for the option that presents the lowest supplier risk or for the category that you are most likely to bid.

Appendix A: The Questionnaire on Auction Improvement for Potential Suppliers

| Load Categories for Ameren Customers | Lowest Supplier Risk | Most Likely to Bid |
|--|----------------------|--------------------|
| Residential customers | | |
| Residential and non-residential 0–400 kW | | |
| Residential and non-residential 0–1 MW | | |
| Non-residential 0–1 MW | | |
| Non-residential over 400 kW * | | |
| Non-residential over 1 MW ** | | |

* Please assume that non-residential customers over 400 kW would be subject to an enrollment period following the auction and that none of these customers could leave to take service from a Retail Electric Supplier (“RES”) during the supply period as was the case for the 2006 Illinois Auction.

** Please assume that non-residential customers over 1 MW would be subject to an enrollment period following the auction and that none of these customers could leave to take service from a RES during the supply period as was the case for the 2006 Illinois Auction.

14. Would your rankings regarding the load categories for Ameren customers in Question 7 change if the enrollment period for non-residential customers over 1 MW (or for non-residential customers over 400 kW) were shortened? How short must the enrollment period be for your rankings to change?

15. Would your rankings regarding the load categories for Ameren customers in Question 7 change if there was an enrollment window for non-residential customers under 400 kW?

16. Are there alternatives for load categories not suggested here that you believe would increase your willingness to participate or the level at which you would participate in the 2008 Illinois Auction? If so, what are they and why would they increase your willingness to participate or the level at which you would participate?

Appendix A: The Questionnaire on Auction Improvement for Potential Suppliers

17. Are there alternatives for load categories not suggested here that you believe would decrease supplier risk? If so, what are they and why would they decrease supplier risk?

18. Do you consider the ability of customers to leave during the supply period to take service from a RES a significant factor in increasing risk? If so, for which of the load categories in Question 4 and Question 7 is this increase in risk most significant?

IV. Timing of Information Release

In the 2006 Illinois Auction, the number of tranches won by each bidder for each product was released one month before the supply period began. For the 2008 Illinois Auction, expected to take place in the latter half of January 2008, this would imply a release on or about May 1, 2008. Would your willingness to participate in the 2008 Illinois Auction be impacted if this same information were released:

1. on March 1, 2008?

2. on April 1, 2008?

If so, please briefly explain why.

V. General comments on Auction Improvements

Objectives of the Illinois Auction include obtaining reliable supply for the Utilities' customers at competitive market prices and promoting the participation of all market participants on an equal and fair basis. Do you have any additional comments or suggestions for improvements to the Illinois Auction process to better achieve these objectives? You may address in your comments any aspect of the Auction Process and any factor that affects your participation.

Appendix B: Tabulated Data on Responses

Section II. Options for Term Structure for 2008 Illinois Auction

- Options A through C above present alternative term structures for the load of residential and small to medium non-residential customers (CPP-B and BGS-FP load categories). Please rank these options by order of preference, with Rank 1 being your preferred option and Rank 3 being your least preferred option.

Table II.1. Term Structure Preference Ranking Combinations

| Ranking Combination | | | Number of Respondents |
|------------------------|--------|--------|-----------------------|
| Rank 1 | Rank 2 | Rank 3 | |
| A | C | B | 5 |
| B | C | A | 3 |
| C | A | B | 1 |
| C | B | A | 4 |
| All other combinations | | | 0 |
| Total | | | 13 |

2. For the options you ranked in 2nd and 3rd place, please explain briefly the reasons you like them less.

**Table II.2-A. Reasons for Less Preferred Options
For Suppliers who Rank C in 2nd place and B in 3rd place**

| | |
|---|---|
| 1 | Option B does not provide for enough interplay with retail markets and will likely result in more price volatility, jeopardizing both the auction process and results. |
| 2 | For both Options 2 and 3, the more limited 12-mos terms can expose the buyers to a concentrated higher price period. The rolling three year term over time will smooth out price increases for the end—use customers. |
| 3 | Option B seems to be based on the premise that liquidity and depth in the wholesale energy market is limited to one year -- i.e. That the 36-month term will not be reasonably competitive. Even if that were accurate, our opinion is that anything that limits longer-dated liquidity and depth is not desirable. Promoting those market characteristics ought to be the objective of everyone involved in the discussion. Another reason why Option B is significantly flawed is that part of risk management for structured transactions that involve options that are not completely hedgeable -- such as load-following or ancillary services -- is an assumption of risk costs that are closer to expected value than out in the right tail if the contract is of longer duration. Put simplistically, you have a greater chance of recovering after a "bad" year if you have more years left in the deal. The build-up of risk costs for the 36-month auction product represents a levelized value that is built on the expected value assumption, with discount rates for each cost stream that reflect the ability to recover the levelized value for all of the MWh in the sale. Breaking the 36 months into three consecutive 12-month contracts disrupts the basic assumption about recovery and could lead to three prices that in aggregate are higher than the single levelized price. In addition, it is difficult to imagine a company that is willing to commit to supply three years or two years from the auction, with margining risk right away on the one hand and a delayed revenue stream on the other. Option C preserves the benefit of levelization discussed above, but also offers the 12-month alternative. Our only objection to this structure is the emphasis away from enhancing longer-term liquidity by having a 12-month product. Liquidity and depth will develop in NIHUB with Option A, just as it did in West Hub when the New Jersey auction got under way. |
| 4 | We really have not preference, but find the 3 year term hedgeable and familiar to the market and supply sources. |

**Table II.2-A. Reasons for Less Preferred Options
For Suppliers who Rank C in 2nd place and B in 3rd place**

| | |
|---|---|
| 5 | <p>The ideal procurement window is 3 years. It provides an adequate hedge for those who own generation, but also it is within a liquid term for procuring power thereby allowing those that are not generation owners to provide significant competition for those products. In an environment of an ever-changing portfolio, a three year contract balances the interests no matter what portfolio one might have. Auctioning off three consecutive, but separate, 12 month contracts may yield an awkward result for any one's individual portfolio to manage regardless of whether it is a portfolio of generation or market purchases. Auctioning a portion for 1 year and a portion for 3 years simply reduces the amount to be auctioned off for what would be the most efficient term.</p> |
|---|---|

**Table II.2-B. Reasons for Less Preferred Options
For Suppliers who Rank C in 2nd place and A and 3rd place**

| | |
|---|---|
| 1 | A three-year time period is a long time in an uncertain market. |
| 2 | Term length. |
| 3 | Neither of these options offer a 24-month commitment. |

**Table II.2-C. Reasons for Less Preferred Options
For Suppliers who Rank A in 2nd place and B in 3rd place**

| | |
|---|--|
| 1 | <p>Our Company prefers Option C because it provides flexibility for bidding based on perceived market structures in the near and long term. The 2 products of Option C will provide different perspectives on market risk and hedging requirements, and will likely produce a balance of product pricing to reflect these markets. Option B also has multiple terms, but is the least preferred.</p> <p>Option B could have the potential to reduce our Company's level of participation. Supply contracts that begin one to two years after the auction concludes may present additional difficulties in hedging these products and dealing with potential rules changes in the PJM and MISO Control Areas.</p> |
|---|--|

**Table II.2-D. Reasons for Less Preferred Options
For Suppliers who Rank B in 2nd place and A in 3rd place**

| | |
|---|---|
| 1 | Less flexibility. |
| 2 | Option A and B have higher credit exposure and cash requirements than option C. |
| 3 | Not enough detail provided to understand how B will work. And A is just too long a term when considering how many potential market and rule changes can occur over 36 months. |
| 4 | (no reasons provided) |

3. Which options, if any, might preclude you from participating in the 2008 Illinois Auction?
Why might these preclude your participation?

Table II.3. Options Potentially Precluding Auction Participation

| Option | Number of Respondents | Reasons Given (if any) |
|---------------------------|------------------------------|--|
| Option A | 4 | A three-year time period is a long time in an uncertain market. |
| | | Term. |
| | | All 36-month terms. |
| | | There is no opportunity to spread out the term risk. The regulatory risk is a significant concern when the only term structure option is 36-month. |
| Option B | 0 | N/A |
| Option C | 0 | N/A |
| None of the options / N/A | 9 | N/A |
| Total | 13 | |

4. Which options, if any, might potentially reduce your level of participation relative to what you envision under the current plan? Why might these reduce your participation?

Table II.4. Options Potentially Reducing Auction Participation

| Option | Number of Respondents | Reasons Given |
|----------|-----------------------|---|
| Option A | 4 | <p>A three-year time period is a long time in an uncertain market.</p> <p>Term.</p> <p>Higher credit exposure and cash requirements.</p> <p>An exclusive 36-month transaction, although attractive on some levels would create regulatory risk that would be difficult to manage. We would participate, but at a much smaller scale.</p> |
| Option B | 4 | <p>Option B may reduce our participation slightly, as it may create risks that can not be actively managed. In any event, the expected impact on our participation is small across the board.</p> <p>With 12-mos or single year options described in Option B, I do believe they would reduce the level of our participation as they are more difficult to price and place more isolated exposure to Seller (i.e. One 12-mos period can bring more volatility and exposure than a 3-year though this is not always true).</p> <p>Option B could have the potential to reduce our Company's level of participation. Supply contracts that begin one to two years after the auction concludes may present additional difficulties in hedging these products and dealing with potential rules changes in the PJM and MISO Control Areas.</p> <p>Option B would potentially reduce our participation / interest level due the possible awkward position to manage if it is simply 2nd or 3rd year or a mix of 1st year and 3rd year with a gap in between. Also, serving a continuous three years is preferable from a portfolio perspective.</p> |

Table II.4. Options Potentially Reducing Auction Participation (continued)

| Option | Number of Respondents | Reasons Given |
|-----------------------------------|------------------------------|---|
| Option C | 0 | N/A |
| Options A and C | 1 | Not enough term flexibility. Neither of these options offers a 24-month commitment. For option A there is no opportunity to spread out the term risk. The regulatory risk is a significant concern when the only term structure option is 36-month. |
| None of the options / No response | 4 | N/A |
| Total | 13 | |

5. Which options, if any, might potentially increase your level of participation relative to what you envision under the current plan? Why might these increase your participation?

Table II.5. Options Potentially Increasing Auction Participation

| Option | Number of Respondents | Reasons Given (if any) |
|---|-----------------------|--|
| Option A | 1 | Option A would present the most interest as a supplier. The ideal procurement window is 3 years. It provides an adequate hedge for those who own generation, but also it is within a liquid term for procuring power thereby allowing those that are not generation owners to provide significant competition for those products. In an environment of an ever-changing portfolio, a three year contract balances the interests no matter what portfolio one might have. Auctioning off three consecutive, but separate, 12-month contracts may yield an awkward result for any one's individual portfolio to manage regardless of whether it is a portfolio of generation or market purchases. Auctioning a portion for 1 year and a portion for 3 years simply reduces the amount to be auctioned off for what would be the most efficient term. |
| Option B | 3 | Option B. Term. Opportunity to bid on several combinations of term structures. |
| Option C | 3 | Gives me more flexibility. The additional product choices provide flexibility for pricing and in addressing near and longer term market rules (and any potential rules revisions). A blended term option (12 and 36 months). We would be willing to take a larger position for 12 months, but the idea of taking a small piece of a 36-month term would be attractive as well. |
| None of the options, N/A, or options other than A, B or C | 6 | A single twelve month term might increase our interest. A change to shorter terms may potentially increase our participation. Our participation is not readily attached to term, but to market conditions, credit exposure to the EDCs, and other factors. |
| Total | 13 | |

6. With respect to Option C, do you have any preference for the percentage of load between 12-month and 36-month terms? Do you see a benefit to adding a 24-month term?

Table II.6-A. 12-Month and 36-Month Split

| 12-Month and 36-Month Split | Number of Respondents | Reasons Given (if any) |
|------------------------------------|------------------------------|--|
| No more than 10% for 12-month | 1 | We would prefer to maximize the 36-month term as much as possible. |
| No more than 20% for 12-month | 1 | N/A |
| 1/3 for 12-month, 2/3 for 36-month | 2 | Reduce volatility in retail rates, and other short-term market impacts on customers |
| 50% for 12-month, 50% for 36-month | 2 | Should be balanced toward 50-50 in the first year. After gaining some Auction experience, the balance could be skewed differently based on levels of participation and pricing outcomes for Illinois customers. No need for a 24 month product. |
| Higher percentage for 12-Month | 1 | N/A |
| 2/3 for 12-month, 1/3 for 36-month | 1 | N/A |
| 75% for 12-month, 25% for 36-month | 1 | N/A |
| No preference / No direct response | 4 | With regards to the percentage of load, the load should be split into hedgeable blocks, i.e. (50 MW, 100 MW). We would be willing to take a larger position for 12 months, but the idea of taking a small piece of a 36-month term would be attractive as well. |
| Total | 13 | |

Table II.6-B. Benefits to Adding a 24-Month Product

| Are There Benefits to Adding a 24-Month Product? | Number of Respondents | Reasons Given (if any) |
|---|------------------------------|---|
| Yes | 5 | 24-month term would offer another product and another opportunity to be selected as a winning bidder. |
| | | A 24-month term reduces risks and is a participant-friendly term. |
| No | 4 | N/A |
| No Preference | 4 | N/A |

7. Would you like to offer any other comments with respect to term structure?

Table II.7. Comments on Term Structure

| | |
|---|--|
| 1 | Other auctions have shown that the rolling 3-year term is most effective. |
| 2 | We'd like to see some empirical evidence to support whatever change is advocated. For example, if Option B gains a lot of support, it would be beneficial to see the assumptions underlying the reasons why Option B is thought to be a superior design, with supporting data as opposed to someone's hunch. |
| | (11 respondents did not offer additional comments) |

Section III. Options for Load Categories for 2008 Illinois Auction

1. Options A through C above present alternative categories for the fixed-price load. Please rank these options in order of preference in terms of which option is more likely to increase your level of participation in the auction. Rank 1 is for the option that makes you more likely to participate or that makes you want to participate at a higher level (and Rank 3 is for the option that makes you least likely to participate or that makes you want to participate at a lower level).

Table III.1. Load Category Preference Ranking Combinations

| Ranking Combination | | | Number of Respondents |
|----------------------------|---------------|---------------|------------------------------|
| Rank 1 | Rank 2 | Rank 3 | |
| A | B | C | 1 |
| A | C | B | 1 |
| B | A | C | 1 |
| B | C | A | 1 |
| C | A | B | 3 |
| C | B | A | 5 |
| No response | | | 1 |
| Total | | | 13 |

2. Which of Options A through C, if any, might preclude you from participating in the 2008 Illinois Auction or reduce your participation? Please explain why.

Table III.2. Options Potentially Precluding or Reducing Auction Participation

| Option | Option(s) may preclude or reduce participation | Reasons Given | Option does not preclude but reduces participation | Reasons Given |
|-------------------------------------|---|--|---|----------------------|
| Option A alone | 0 | N/A | 0 | N/A |
| Option B alone | 0 | N/A | 0 | N/A |
| Option C alone | 0 | N/A | 1 | (No reason given) |
| Option A and Option B | 2 | Large industrials carry a very high migration risk. Neither of these options provide enough granularity. Residential and non-residential customers are all bundled into one class making it difficult to assess migration risk. | 0 | N/A |
| None of the options, or No response | 11 | N/A | 12 | N/A |
| Total | 13 | | 13 | |

3. For the options you ranked in 2nd and 3rd place, please explain briefly the reasons you ranked them lower.

**Table III.3-A. Reasons for Less Preferred Options
For Suppliers who Rank B in 2nd place and C in 3rd place**

| | |
|---|--|
| 1 | Option A is the best given that it has a large cross section of customers, it has the benefit of diversifying risks. Residential customers tend to change consumption more dramatically with changes in weather, while commercial customers tend to migrate from service more readily with smaller savings. Combining these classes will diversify our portfolio of risk we take on with each tranche, which together may be more beneficial together than separately. |
|---|--|

**Table III.3-B. Reasons for Less Preferred Options
For Suppliers who Rank C in 2nd place and B in 3rd place**

| | |
|---|---------------------|
| 1 | (No reasons given). |
|---|---------------------|

**Table III.3-C. Reasons for Less Preferred Options
For Suppliers who Rank A in 2nd place and C in 3rd place**

| | |
|---|--|
| 1 | There is a fine balance between attempting to isolate migration risk to a particular customer class vs. Developing a broader customer categorization where migration is blunted while having the largest customer class possible. Category B seems to accomplish this latter balance and would be more even for the overall Auction. |
|---|--|

**Table III.3-D. Reasons for Less Preferred Options
For Suppliers who Rank C in 2nd place and A in 3rd place**

| | |
|---|---|
| 1 | Option B is preferred because it provides more definition between the classes of customers least likely and more likely to shop. Option C also provides this type of separation, but introduces more load categories. |
|---|---|

**Table III.3-E. Reasons for Less Preferred Options
For Suppliers who Rank A in 2nd place and B in 3rd place**

| | |
|---|---|
| 1 | For ComEd, concerns have been raised about the residential rate classes bearing the migration risk of the small commercial rate classes. Segregating the residential rate classes would directly address that concern. Also, residential load is stable and predictable in terms of weather response. We're indifferent to the Option C change in Ameren. |
| 2 | Just prefer to split out Residential. |
| 3 | Option C is preferred because there would be more products in the auction and a increased opportunity to win. In addition, the load would be available in smaller chunks, reducing cash requirements and credit exposure. |

**Table III.3-F. Reasons for Less Preferred Options
For Suppliers who Rank B in 2nd place and A in 3rd place**

| | |
|---|--|
| 1 | B and A. Large industrials carry a very high migration risk. |
| 2 | Prefer to keep residential separate. |
| 3 | We like the idea of breaking out smaller non-resi from large non-resi. |
| 4 | A & B: Neither of these options provide enough granularity. Residential and non-residential customers are all bundled into one class making it difficult to assess migration risk. |
| 5 | Residential and small non-residential were not split. |

(One respondent did not rank options or respond to question 3.)

4. Options A through C include various load categories for ComEd customers. Please rank each of these load categories from 1 to 4 according to which load category presents the lowest risk, and rank each of these load categories from 1 to 4 according to which option you would be most likely to bid on. Please use “1” for the option that presents the lowest supplier risk or for the category that you are most likely to bid. (You may assume that non-residential customers 400 kW to 3 MW would be subject to an enrollment period following the auction as was the case in the 2006 Illinois Auction.)

Table III.4-A. Supplier Risk Ranks for ComEd Load Categories

| Supplier Risk Ranks | | | | Number of Respondents |
|-------------------------------|---|--------------------------------|-------------------------------------|------------------------------|
| <i>Residential Customers</i> | <i>Residential & Non-Residential 0-400 kW</i> | <i>Non-Residential 0-400kW</i> | <i>Non-Residential 400kW to 3MW</i> | |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | 10 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 3</i> | 1 |
| <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| <i>All other combinations</i> | | | | 0 |
| <i>No response</i> | | | | 1 |
| Total | | | | 13 |

Table III.4-B. Bidding Likelihood Ranks for ComEd Load Categories

| Bidding Likelihood Ranks | | | | Number of Respondents |
|---------------------------------|--|--------------------------------|-------------------------------------|------------------------------|
| <i>Residential Customers</i> | <i>Residential & Non-Residential 0-400kW</i> | <i>Non-Residential 0-400kW</i> | <i>Non-Residential 400kW to 3MW</i> | |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | 8 |
| <i>Rank 2</i> | <i>Rank 1</i> | <i>Rank 3</i> | <i>Rank 4</i> | 1 |
| <i>Rank 1</i> | <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | 1 |
| <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 2 |
| <i>All other combinations</i> | | | | 0 |
| <i>No response</i> | | | | 1 |
| Total | | | | 13 |

5. Would your rankings regarding the load categories for ComEd customers in Question 4 change if the enrollment period for non-residential customers 400 kW to 3 MW were shortened? How short must the enrollment period be for your rankings to change?

Table III.5. Effect of Enrollment Window for ComEd Customers

| Shorter enrollment window for non-residential 400 kW to 3 MW | Number of Responses | Reasons Given |
|---|----------------------------|--|
| No. A shorter enrollment window would not change our rankings. | 10 | If enrollment period means that, by known date, customers must either 1) opt in to the auction price; 2) notify ComEd that they are signing with a RES; or 3) default to the auction product for the entire auction contract year; then the cost of the option would be based on the number of days between auction certification and the known decision date. If enrollment period means all of the above except that for (3) customers default to the auction product but can leave at any time during the auction contract year, then the assumption underlying the option cost are not materially changed no matter how shortened the enrollment period. |
| | | Shortening the enrollment window would certainly reduce the risk, however this would not decrease it in such a way as to change the ranking. Only pushing the enrollment window prior to the auction would change our rankings. |
| | | It would be helpful if non-residential customers that did not make an election, were required to stay on FP SOS service for 12 months. |
| Yes. A shorter enrollment window would change our rankings. | 1 | Yes, a participant would know sooner what their load would be. As you know for any trading business, the greater the time and uncertainty, the greater the risk, the greater the cost. |
| Not sure / No response. | 2 | N/A |
| Total | 13 | |

6. Would your rankings regarding the load categories for ComEd customers in Question 6 change if there was an enrollment window for non-residential customers under 400 kW?

Table III.6. Effect of Enrollment Window for ComEd Customers

| Introduction of enrollment window for non-residential below 400kW | Number of Responses | Reasons Given |
|--|----------------------------|---|
| No. An enrollment window for smaller non-residential customers would not change our rankings. | 8 | <p>If customers were to be locked into service for the term of the contracts, the risk of migration would be decreased significantly. This would make these less risky contracts to serve. However, this would not likely change the risk ranking of these customers, and the diversity affect achieved by serving a customer base of Residential and non-residential customer between 0-400 kW would maintain this grouping as the most preferable customer group to serve.</p> <p>No because migration for those customers is not a significant driver of option cost.</p> <p>No, but an enrollment window for non-residential customers less than 400 kW would be helpful.</p> |
| Yes. An enrollment window for smaller non-residential customers would not change our rankings. | 2 | (No reasons given.) |
| Not sure / No response. | 3 | N/A |
| Total | 13 | |

7. Options A through C include various load categories for Ameren customers. Please rank these load categories from 1 to 6 according to which option presents the lowest risk, and rank each of these load categories from 1 to 6 according to which option you would be most likely to bid on. Please use “1” for the option that presents the lowest supplier risk or for the category that you are most likely to bid.

Table III.7-A. Supplier Risk Ranks for Ameren Load Categories

| Supplier Risk Ranks | | | | | | Number of Respondents |
|-------------------------------|-------------------------------------|-----------------------------------|------------------------|-----------------------------|---------------------------|-----------------------|
| <i>Res. Customers</i> | <i>Res. & Non-Res. 0-400 kW</i> | <i>Res. & Non-Res. 0-1 MW</i> | <i>Non-Res. 0-1 MW</i> | <i>Non-Res. Over 400 kW</i> | <i>Non-Res. Over 1 MW</i> | |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | 6 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 5</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 5</i> | <i>Rank 6</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 6</i> | <i>Rank 4</i> | <i>Rank 5</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | <i>Rank 3</i> | 1 |
| <i>Rank 6</i> | <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| <i>All other combinations</i> | | | | | | 0 |
| <i>No response</i> | | | | | | 1 |
| Total | | | | | | 13 |

Table III.7-B. Bidding Likelihood Ranks for Ameren Load Categories

| Bidding Likelihood Ranks | | | | | | Number of Respondents |
|-------------------------------|-------------------------------------|-----------------------------------|------------------------|-----------------------------|---------------------------|-----------------------|
| <i>Res. Customers</i> | <i>Res. & Non-Res. 0-400 kW</i> | <i>Res. & Non-Res. 0-1 MW</i> | <i>Non-Res. 0-1 MW</i> | <i>Non-Res. Over 400 kW</i> | <i>Non-Res. Over 1 MW</i> | |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | 5 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 5</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 4</i> | <i>Rank 6</i> | <i>Rank 5</i> | 1 |
| <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 3</i> | <i>Rank 6</i> | <i>Rank 4</i> | <i>Rank 5</i> | 1 |
| <i>Rank 3</i> | <i>Rank 1</i> | <i>Rank 2</i> | <i>Rank 4</i> | <i>Rank 5</i> | <i>Rank 6</i> | 1 |
| <i>Rank 6</i> | <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 3</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| <i>Rank 6</i> | <i>Rank 5</i> | <i>Rank 5</i> | <i>Rank 4</i> | <i>Rank 2</i> | <i>Rank 1</i> | 1 |
| <i>All other combinations</i> | | | | | | 0 |
| <i>No response</i> | | | | | | 2 |
| Total | | | | | | 13 |

8. Would your rankings regarding the load categories for Ameren customers in Question 7 change if the enrollment period for non-residential customers over 1 MW (or for non-residential customers over 400 kW) were shortened? How short must the enrollment period be for your rankings to change?

Table III.8. Effect of Enrollment Window for Ameren Customers

| Shorter enrollment window for non-residential over 1MW (or for non-residential over 400 kW) | Number of Responses | Reasons Given (if any) |
|--|----------------------------|---|
| No. A shorter enrollment window would not change our rankings. | 8 | <p>Shortening the enrollment window would certainly reduce the risk, however this would not decrease it in such a way as to change the ranking. Only pushing the enrollment window prior to the auction would change our rankings.</p> <p>Note: not likely to bid on Ameren.</p> <p>No - at least 12 months.</p> |
| Yes. A shorter enrollment window would change our rankings. | 1 | Yes, a participant would know sooner what their load would be. As you know for any trading business, the greater the time and uncertainty, the greater the risk, the greater the cost. |
| Not sure / No response / Response not relevant | 4 | <p>If enrollment period means that, by known date, customers must either 1) opt in to the auction price; 2) notify ComEd that they are signing with a RES; or 3) default to the auction product for the entire auction contract year; then the cost of the option would be based on the number of days between auction certification and the known decision date. If enrollment period means all of the above except that for (3) customers default to the auction product but can leave at any time during the auction contract year, then the assumption underlying the option cost are not materially changed no matter how shortened the enrollment period.</p> <p>12 months.</p> |
| Total | 13 | |

9. Would your rankings regarding the load categories for Ameren customers in Question 7 change if there was an enrollment window for non-residential customers under 400 kW?

| Table III.9. Effect of Enrollment Window for Ameren Customers | | |
|--|----------------------------|---|
| Introduction of enrollment window for non-residential below 400kW | Number of Responses | Reasons Given (if any) |
| No. An enrollment window for smaller non-residential customers would not change our rankings. | 9 | If customers were to be locked into service for the term of the contracts, the risk of migration would be decreased significantly. This would make these less risky contracts to serve. However, this would not likely change the risk ranking of these customers, and the diversity affect achieved by serving a customer base of Residential and non-residential customer between 0-400 kW would maintain this grouping as the most preferable customer group to serve. |
| | | No because migration for those customers is not a significant driver of option cost. |
| | | No, but an enrollment window for non-residential customers less than 400 kW would be helpful. |
| Yes. An enrollment window for smaller non-residential customers would not change our rankings. | 2 | Yes, a participant would know sooner what their load would be. As you know for any trading business, the greater the time and uncertainty, the greater the risk, the greater the cost. |
| Not sure / No response. | 2 | N/A |
| Total | 13 | |

10. Are there alternatives for load categories not suggested here that you believe would increase your willingness to participate or the level at which you would participate in the 2008 Illinois Auction? If so, what are they and why would they increase your willingness to participate or the level at which you would participate?

Table III.10. Alternatives for Load Categories to Increase Participation/Interest

| | |
|---|--|
| 1 | Our opinion is that the best range for CPP-B is 0-1 MW. In that configuration, for residential customers, the load factor benefits outweigh migration risks. |
| 2 | We would like to see more granularity such as: 0 kW - 100 kW, 100kW - 400 kW. |
| | (11 respondents did not offer additional comments.) |

11. Are there alternatives for load categories not suggested here that you believe would decrease supplier risk? If so, what are they and why would they decrease supplier risk?

Table III.11. Alternatives for Load Categories that would Decrease Participation/Interest

| | |
|---|---|
| 1 | We do not have enough detailed information about the various load categories to render a strong opinion on this question. |
| 2 | Changing the migration option from open-ended (in ComEd's case) to something more restrictive (as Ameren does with LFP) would greatly reduce the option cost in CPP-A. |
| 3 | No, the larger the loads, the higher probability for retail competitors to step in. We would normally price this into the transaction, but it does present a much larger risk that is not manageable. |
| 4 | We would suggest breaking out the residential class into separate categories such as less than 100 kW, 100kW to 400 kW, and greater than 400 kW. This increased level of granularity would provide a good mix of relatively homogenous migration risks. |
| 5 | Don't know at this point. |
| | (8 respondents did not offer additional comments.) |

12. Do you consider the ability of customers to leave during the supply period to take service from a RES a significant factor in increasing risk? If so, for which of the load categories in Question 4 and Question 7 is this increase in risk most significant?

Table III.12-A. RES as a Significant Risk

| Is ability of customers to leave to take service from a RES a significant risk? | Number of Respondents |
|---|-----------------------|
| Yes | 12 |
| No | 0 |
| No Response | 1 |
| Total | 13 |

Table III.12-B. Increase in Risk is Most Significant for Mid-Sized Customers

| | |
|---|---|
| 1 | Mid sized I&C customers (400 kW - 1 MW) in our perception sees the most volatility. Larger customers tend to have high, consistent migration, while smaller customers require more effort to migrate. |
|---|---|

Table III.12-C. Increase in Risk is Most Significant for Larger Customers

| | |
|---|--|
| 1 | Over 400 kW introducing a much higher risk of retail competition. |
| 2 | Non-residential over 1 MW. |
| 3 | It is a significant factor, especially for CPP-A and LFP. |
| 4 | Residential over 1 MW. |
| 5 | Migration risk by large industrials can add a very large premium to the supplier's bid. |
| 6 | This would be most significant for the largest customers. |
| 7 | The larger the customer the more this risk will present itself. |
| 8 | Suppliers of default service in Illinois are basing their forecast energy supply and costs on supplying a certain volume of energy, capacity etc. And will procure sources to meet this obligation. A change in the expected customer volumes (increase or decrease) has an immediate impact on Supplier revenues and margins. The larger load categories are most likely to shop. |

Table III.12-D. Increase in Risk is Most Significant for All but the Smallest Customers

| | |
|---|---|
| 1 | Load categories 100 kW to 400 kW and greater than 400 kW. |
| 2 | Non-Residential. |

(One respondent responded “yes”, but did not provide the load category for which this risk is most significant. Another respondent did not provide a response to this question 12.)

IV. Timing of Information Release

In the 2006 Illinois Auction, the number of tranches won by each bidder for each product was released one month before the supply period began. For the 2008 Illinois Auction, expected to take place in the latter half of January 2008, this would imply a release on or about May 1, 2008. Would your willingness to participate in the 2008 Illinois Auction be impacted if this same information were released:

1. on March 1, 2008?
2. on April 1, 2008?

If so, please briefly explain why.

Table IV-A. Impact of Release of Supplier Information on Participation if Released on: March 1, 2008

| Response | Number of Respondents | Reasons Given (if any) |
|----------|-----------------------|---|
| Yes | 4 | <p>Yes, possibly. The concluding date of the Illinois Auction is not a fixed date. If the Auction concluded and Auction results were released before winning Bidders could procure load hedges in the Energy Markets, the Bidders would be placed at a competitive disadvantage, which may discourage their participation in future Auctions. We would prefer that Auction Results be posted no less than one month after the Auction concludes, and the results are approved by the Illinois Commerce Commission.</p> <p>-----</p> <p>This would certainly be the least preferable since revealing our position to the market place any earlier may decrease our participation or increase our risk premium associated with hedging our positions.</p> <p>-----</p> <p>Yes, we would prefer not to have the information released sooner. We would like the information to remain confidential for as long as possible, so that we can confidentially hedge our position in the market.</p> |
| No | 9 | <p>This would not change our willingness to participate.</p> <p>-----</p> <p>No-this would be our preference.</p> |

**Table IV-B. Impact of Release of Supplier Information on Participation if Released on:
April 1, 2008**

| Response | Number of Respondents | Reasons Given (if any) |
|----------|-----------------------|---|
| Yes | 2 | <p>This would be slightly preferable to March 1, but the same principal applies. Revealing our position to the market place any earlier may decrease our participation or increase our risk premium associated with hedging our positions.</p> <p>Yes, we would prefer not to have the information released sooner. We would like the information to remain confidential for as long as possible, so that we can confidentially hedge our position in the market.</p> |
| No | 11 | This would not change our willingness to participate. |

V. General Comments on Auction Improvements

Objectives of the Illinois Auction include obtaining reliable supply for the Utilities' customers at competitive market prices and promoting the participation of all market participants on an equal and fair basis. Do you have any additional comments or suggestions for improvements to the Illinois Auction process to better achieve these objectives? You may address in your comments any aspect of the Auction Process and any factor that affects your participation.

Table V. General Comments on Auction Improvements

| | |
|---|--|
| 1 | The Auction process should aggregate the largest amount of customer load in the respective utility service territories that behaves in a similar fashion. This suggests a cut along kW or MW lines as opposed to residential or non-residential status alone. The customer class should not dictate the grouping but rather the behavior -- aggregation of load will always outweigh granularity, even in the case of migration. However, at a point, the migration condition will begin to outweigh the aggregation. Successfully navigating this break point will yield a successful auction as it will maximize participation. |
| 2 | It is understandable why individual contracts cannot be negotiated, but the contracts themselves should be bilateral in nature, especially Credit. Performance Assurance should be negotiated item (i.e. Terms and conditions in a Guaranty or L/C). |
| 3 | The major factor affecting our participation level is regulatory uncertainty in the State of Illinois, especially as it affects the creditworthiness of the utilities. If rate caps or deferred cost recovery are implemented our participation will be drastically reduced, potentially to zero. |
| 4 | It would be our preference to continue the ongoing discussions being carried out through the ICC process, generally we prefer the "BGS-CPP" auction process and apart from procedural challenges, i.e. Guaranty process and some of the proposed changes being discussed regarding self-provided credit calculations we do not see many areas to be revised. |
| 5 | <p>1. The basic structure of the Hourly Pricing Auctions (both in Illinois and NJ) should be revised to provide a better balance of risk/reward to potential Suppliers. We believe that the significantly decreased levels of participation in the Hourly Auctions (as opposed to the FP Auctions) is due to this risk/reward imbalance.</p> <p>2. The regulatory agencies of Illinois and NJ must ensure that the EDCs provide adequate historic load data to potential Suppliers for the products being auctioned. Doing so will provide the least uncertainty to Suppliers and should result in lower prices for end use customers.</p> |

Table V. General Comments on Auction Improvements

| | |
|---|---|
| 6 | <p>Customer Switching: Would you consider a charge or some form of compensation for the risks created by customers switching to or from RES Service?</p> <p>Monthly Pricing: It would be helpful to have more granular pricing (i.e. Monthly) instead of just summer/winter pricing.</p> <p>Capacity pricing: It would be very helpful if we would be able to charge on capacity where the cost fluctuates with capacity, rather than energy; this would protect against random PLC jumps in multi-year deals as capacity gets more expensive.</p> <p>Availability of Load Data: It is essential to receive the following updated current for the auction and from the effective date (execution) of the contract through the end of the term on a frequent (daily) basis: (1) Detailed Switching Statistics, Customer Counts and Size Distributions, (2) Capacity Peak Load Contribution, and (3) Actual Load Data (Ameren in particular).</p> |
| | (7 suppliers did not offer additional comments.) |

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