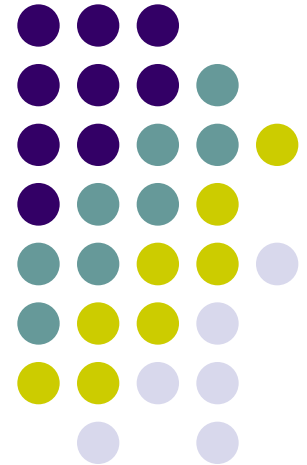
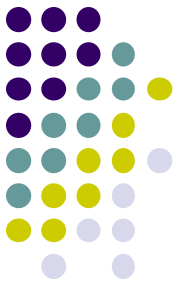




Illinois Competitive Retail Electric Market Legislative Briefing 2011

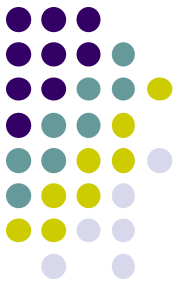


Illinois Competitive Energy Association ICEA



- **WHO WE ARE:** ICEA is an Illinois-based trade association of alternative retail electric suppliers (ARES) and alternative gas suppliers (AGS) whose mission is to preserve retail electric and natural gas customer choice and competition.
- **WHAT WE DO:** ICEA member companies provide electricity, green power options, natural gas, and other related services to residential, business, governmental, and non-profit energy consumers.
- **HOW WE HELP ENERGY CONSUMERS and the ILLINOIS ECONOMY:** For most business, governmental, and non-profit customers, energy costs are 20-40% of their operating expense. The competitive energy supplier delivers a range of risk management tools, innovative products and customized services designed to help our customers manage their energy costs, stay in business, and compete in today's marketplace.

ICEA Member Companies



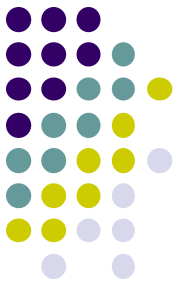
- Ameren Energy Marketing Company
- Champion Energy Services
- Constellation NewEnergy
- Direct Energy Services
- Exelon Energy
- FirstEnergy Solutions
- Integrys Energy Services
- MC Squared Energy Services
- Midwest Generation-Edison Mission Solutions
- Nordic Energy Services
- Reliant

Competitive Suppliers Electric Customers

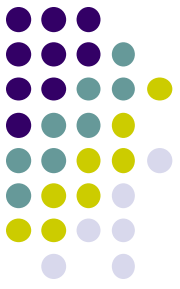


- ARES serve small, medium and large-sized business from Rockford to Cairo and manufacturers, retail merchants, and other commercial and industrial customers ranging from Main Street to among the Fortune 500.
- ARES-served governmental customers include municipal and county governmental units and their operating departments.
- ARES-served customers include school districts, colleges and universities, cultural and religious institutions, sporting facilities, office buildings and condo association, hospitals, hotels, restaurants, and grocery stores.

Competition in Illinois: A Strong History



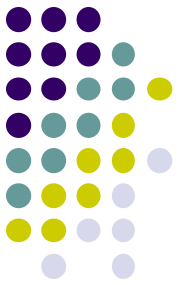
- **The Legislature restructures the Illinois electric industry and embraces competition** over traditional rate regulation by enacting the Electric Service Customer Choice and Rate Relief Law of 1997 (“Customer Choice Law”).
- **The “Retail Competition Act”** creates the Office of Retail Market Development at the ICC to promote an effectively competitive retail electricity market (Public Act 94-1095).
- **The “Illinois Power Agency Act”** declares certain large and medium size Ameren customers and medium and small size ComEd customers a competitive service to be served by retail electric suppliers in 2008 and 2010 (Public Act 95-0481).
- **Utility Consolidated Billing / Purchase of Receivables** legislation removes certain barriers to competition for residential and small commercial customers (Public Act 95-0700).



Illinois Retail Electric Market: One of the Most Successful in the US

- **52%** of all kilowatt hours consumed in Illinois are provided by retail electric suppliers.
- **42** retail electric suppliers certified in Illinois; **18** retail electric suppliers registered **with Ameren** and **24** retail electric suppliers registered **with Commonwealth Edison**.
- **22** retail electric suppliers certified to serve residential and small commercial customers.
- **200,000** residential customers have switched to retail electric suppliers as their source of electric supply.
- **22** Municipalities served by Commonwealth Edison passed ordinances to solicit electric supply offers from retail electric suppliers.

ICC Retail Electric Competition Report: ComEd

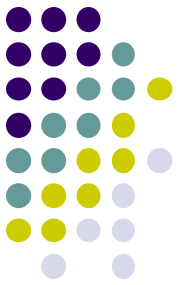


58% of the total electric usage of ComEd's customers was provided by retail electric suppliers

79.5% of all non-residential electric load (i.e. commercial and industrial (C&I) customers) was provided by retail electric suppliers.

- 97% of the very large commercial class
- 89% of the large commercial class
- 72% of the medium commercial & industrial class
- 39.5% of the small commercial class

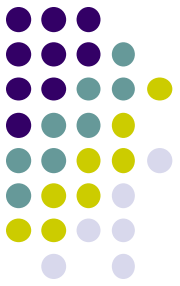
ICC Retail Electric Competition Report: Ameren



AmerenIP Service Territory

- 63% of total electric usage of AmerenIP's customers was provided by retail electric suppliers
- 85% of all non-residential load (i.e. commercial and industrial (C&I) customers) was provided by retail electric suppliers
 - 96% of the very large commercial and industrial class
 - 86% of the large commercial and industrial class
 - 75% of the medium commercial and industrial class
 - 45% of the small commercial class

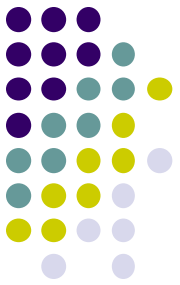
ICC Retail Electric Competition Report: Ameren



AmerenCIPS Service Territory

- 54% of total electric usage of AmerenCIPS's customers was provided by retail electric suppliers.
- 73% of all non-residential load (i.e. commercial and industrial (C&I) customers) was provided by retail electric suppliers
 - 80% of the very large (1MW and greater) class
 - 82% of the large commercial class
 - 69% of the medium commercial and industrial class
 - 44% of the small commercial class

ICC Retail Electric Competition Report: Ameren



AmerenCILCO Service Territory

- 60% of total electric usage of AmerenCILCO's customers was provided by retail electric suppliers
- 83% of all non-residential load (i.e. commercial and industrial (C&I customers) was provided by retail electric suppliers
 - 93% of the very large (1MW and greater) class
 - 87% of the large commercial class
 - 75% of the medium commercial and industrial class
 - 45% of the small commercial class

Electric Choice: Keeping the Doors Open for Illinois Manufacturers

“Illinois businesses have saved more than \$1 billion versus the in-place utility rates and the IMA Energy Program has helped keep our manufacturers’ doors open and operations running.

The IMA’s Energy Program and strategic partnership with Constellation NewEnergy, the leading competitive supplier in Illinois and throughout North America, have been crucial in helping our membership understand the market changes and how to take advantage of Electric Choice.”

-Greg Baise, President & CEO

Illinois Manufacturer’s Association

President’s Report
GREGORY W. BAISE

Electric choice and volatile energy costs



Illinois businesses have saved over \$1 billion versus the in-place utility rates and the IMA’s Energy Program has helped keep our Illinois manufacturers’ doors open and operations running.

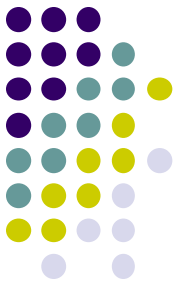
Ten years ago, Illinois’ electricity prices were among the highest in the nation and were causing great concern for manufacturers. These high electricity prices were primarily due to the inefficiencies of the vertically-integrated monopoly electric utility structure. As a government regulated industry, there was no incentive for fiscal or operational efficiency and Illinois ratepayers simply paid the price, especially Illinois’ industrial customers. Clearly another approach had to be found, and one that would give long term stability to both the industry and its customers.

Rising to the challenge of creating a system that would lessen the burden on Illinois manufacturers, the IMA led the way to creating an open and competitive marketplace for electricity supply. We convinced the General Assembly to pass the 1997 Illinois Electric Customer Rate and Relief Law. This law started a phased-in approach, over a ten-year period, to a fully open market and introduced competitive supply to businesses throughout the state. (You can read a more in-depth article outlining the history and benefits of electric rate restructuring on page 16 in this issue of *The Illinois Manufacturer*.) Over the course of the past 10 years, the Illinois Electric Customer Rate and Relief Law has benefited manufacturers by providing new opportunities to obtain savings and proactively manage their electric supply. Illinois businesses have saved more than \$1 billion versus the in-place utility rates and the IMA Energy Program has helped keep our manufacturers’ doors open and operations running. The IMA’s Energy Program and strategic partnership with Constellation NewEnergy, the leading competitive supplier in Illinois and throughout North America, have been crucial in helping our membership understand the market changes and how to take advantage of Electric Choice.

It is now 2007 and the transition period has come to an end. A wholesale electricity auction conducted last September helped determine the current utility rates. In addition, the rules and regulations inhibiting fair comparisons between utility and competitive electric service have been removed. Customer Transition Charges (CTCs) have been eliminated, utility bundled products have been restructured to be more transparent and delivery classes and rules synchronized for AmerenIP, AmerenCIPS, and AmerenGLO.

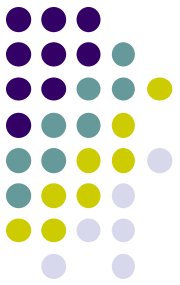
Costs for electricity have risen, and in many cases, greatly. However, following a ten-year freeze, increased costs should come as no surprise. Power is a commodity just like any other raw material used in producing goods. Has resin for plastics . . . iron ore for steel . . . wood for cabinetry . . . or any other material for that matter, increased in price over the last decade? Of course. But just as the costs for other raw materials are subject to market pressures, given the new economic activity in the power market, we expect energy costs to act and react favorably as the market gains a foothold in the economy. This will take some time, but the market eventually will become more and more stable and yield the results the IMA anticipated ten years ago.

Meanwhile, we encourage manufacturers to consider the choices available to them. Customer electric choice remains as critical a component to the success of Illinois’ manufacturing industry today as it was in 1997. In 1997, electric choice helped our manufacturers remove the twin burdens of utility inefficiencies and subsidies. Today, electric choice is giving our manufacturers options that mitigate the effects of rapidly rising and volatile energy costs, while creating a market for developing new electricity strategies and products. With over 41,000 non-residential Illinois businesses switching to competitive supply, we appear to be on the right track. ■



Where We Go From Here

- Continue to support competition and customer choice in Illinois.
- Support policies that encourage and expand the development of competition for all customers.
- Ensure competitive neutrality between competitive supply customers and utility customers.
- Count on the Illinois Competitive Energy Association (ICEA) as the “go-to” resource on competitive energy market issues. Our core mission is to educate members of the General Assembly, regulators at the ICC, public policy makers, and the public about the benefits and value that customer choice and competitive energy markets bring to Illinois consumers.



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