

approaching and an increased reliance on wholesale power market purchases to serve Illinois retail electric customers, the Commission sees a greater need to promote the interests of the State of Illinois through active participation in matters related to wholesale power markets. Staff in the Commission's Energy Division has been actively monitoring and participating in wholesale energy matters for decades. Given the Energy Division Staff's expertise in wholesale energy matters, the Commission believes that the Energy Division is the most appropriate location for the IMMU.

The Commission supports the development of an IMMU and believes the use of the IMMU will enhance the openness and transparency of the auction process and the wholesale market and as such, is in the public interest. The Commission hereby orders the creation of the IMMU, which will reside in the Commission's Energy Division and consist of ICC Staff with expertise in economics, power system modeling, power market analysis, statistics, econometrics, energy trading, or similar fields. The duties of the IMMU will include, but not be limited to, monitoring day-ahead, real-time, bilateral, and over-the-counter electricity markets, modeling transmission systems and identifying transmission constraints, intervening in FERC proceedings, promoting the interests of Illinois through participation in regional state committees and RTO workshop processes, and reporting to the Commission, the General Assembly, policy makers and the general public on the state of competition in the wholesale market and its impact on Illinois retail electric customers. The IMMU will also ensure that the auction process is conducted in an open and transparent manner, conduct analyses of the post-auction results, and participate in auction-related dockets before the Commission. The Commission finds that the creation of the IMMU is in the public interest and necessitated by the Commission's approval of a procurement auction.

V. AUCTION DESIGN ISSUES

For the most part, Auction Design" issues were addressed in Section V of the parties' briefs. The parties' arguments on these issues are summarized below. Unless otherwise indicated, assertions contained in these summaries represent the positions of the parties, not findings by the Commission.

A. General Effectiveness and Suitability

1. Comments of Parties

The **Ameren Companies'** comments on the general effectiveness and suitability of its proposal are contained on pages 44-47 of its brief. They propose a multiple round descending clock format auction to acquire vertical tranches of power to serve their customers starting in 2007, asserting that the proposed auction process is the best method of procuring supply for the Ameren Companies' customers in the post-2006 period. They claim the proposed auction design is a tried-and-tested, successful process to acquire power and energy, and that this process is in accord with Federal