

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF BOARD OF DIRECTORS MEETING

THURSDAY, APRIL 26, 2018

A regularly scheduled meeting of the Board of Directors of the Illinois Municipal Electric Agency was held at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on April 26, 2018.

Chairman Greg Hazel called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present. Dan Cook, seconded by Tom Bruhl, moved the minutes of February 22, 2018 for approval. The motion was carried by unanimous voice vote.

Bob Childers reviewed the financial report for February and reported that the MWh sales to members was 1.4% below budget. Larry Taylor moved to approve the Treasurer's Report, seconded by Brent Maguire. The voice vote showed all in favor.

Opportunity for Public Comment: Chairman Greg Hazel stated that pursuant to the Open Meetings Act, any person in attendance at a meeting shall be permitted an opportunity to comment. He then asked if anyone would like to make a comment and hearing none, the meeting continued.

CEO Kevin Gaden recognized Lucy Hynes, the Deputy Director of Electric Distribution, from Naperville.

President & CEO Report – CEO Gaden discussed background information with regard to the executed wind output contract. He explained that the project had been delayed until the 3<sup>rd</sup> or 4<sup>th</sup> quarter of 2019 due to transmission construction delays with the regional transmission provider. The substation and line improvements will likely be completed by July 31, 2019 and at that time, project commissioning can commence. Staff is not concerned with this delay in operation because IMEA will only take energy when the project is deemed commercially operable. The Wind Purchase Agreement is for 15 years, so will expire before current IMEA member contracts expire. Geronimo will owe IMEA damages under the contract if commercial operation is delayed beyond December 31, 2019.

CEO Gaden reported that staff has worked to provide Market Participant services to Geronimo and the off-taker. These services include scheduling, settlement, REC tag management, capacity bidding, etc. The off-taker is concerned about IMEA's fiduciary responsibility and even though they have been reassured that staff would provide the same guidance to optimize positions as IMEA would take, their corporate legal counsel decided to use another provider. IMEA will self schedule and settle its 50MW share of Green River as it currently does with the Lee & Dekalb project.

CEO Gaden also reported on his FERC visit with TAPS members on March 19 and 20 along with the hiring of Adam Baker as the new IT Systems Administrator. Adam will begin employment on May 16 and has 17 years of experience. He ended his employment at the Dynegy/Kincaid power plant due to Vistra not staffing plant IT positions.

CEO Gaden then stated that work continues on updates to the IMEA Employee Policy & Procedures Manual with regard to the Sexual Harassment Policy. Staff is waiting on legislative changes that may impact language which would delay the internal target date. He reported on the ICC Supplier Diversity Report (Public Utilities Act) and stated that IMUA is working with the ICC on the scope and has posted a sample report on the members section of the IMEA website. Staci Wilson will give a high level overview in the IMUA Board meeting immediately following this meeting.

## **OLD BUSINESS**

**Operations:** Regarding the PJM Regional Transmission Organization (RTO), Alice Schum reported the results from the 2018/2019 3<sup>rd</sup> Incremental Auction that was held in February along with the last three year's clearing prices. The 2021/2022 Base Residual Auction will be held from May 10-16 and results will be posted on May 23. This auction is all capacity performance and must be an annual commitment for all resources bid in. All IMEA registrations have all been completed.

Regarding the MISO Regional Transmission Organization (RTO), Schum reported the results from the 2018/2019 Planning Resource Auction along with the last three year's clearing prices. She stated that MISO had reached a new wind peak on March 31<sup>st</sup> of 15,597MW. She stated that staff had completed the Organization of MISO States (OMS) survey to determine reliability and predictions for future planning years. MISO is working to implement new Capacity Import Limits (CIL) and Capacity Export Limits (CEL) just like PJM.

Schum also reported on Operation's communication protocols stating that Ameren prefers the contact to be through IMEA's Operation Center to prevent unnecessary charges. She reported that the metering at Trimble County Unit 1 does not meet strict PJM's requirements, and IMEA continues to work with PJM and LG&E to complete the needed steps to allow the meters to comply. Staff got approval yesterday for Trimble County 2 to be pseudo tied on June 1, 2018 with the North American Energy Standards Board.

Mike Genin reported on the Ameren rate increase effective January of 2019; the ComEd flat distribution rates for 2019; and the MISO Capacity Auction price.

**Trimble County:** Kevin Wagner reported the following:

- Last month a plant employee sustained a finger injury while working on a boiler feed pump actuator. No safety incidents have been reported since last November. The Plant Equivalent Availability Factor (EAF) for the 1<sup>st</sup> Quarter was 71.5%. TC1 EAF for this period was 92% and TC2 EAF was 58% reflecting commencement of the spring maintenance outage. The critical activity during the TC2 spring outage is the first of the turbine overhauls that typically occur at 8-year intervals over the life of the unit. The outage work is currently on schedule and TC2 is expected to return to service the middle of next month. The dewatering plant startup for the Coal Combustion Residue Treatment & Transport project is expected to occur in June with the rest of the systems coming on line throughout the summer. The bridge beams for the landfill access road are now in place and about 60% of the trees in the landfill area have now been cleared. This summer the plant will start a three-year project working with a vendor who will be pre-treating the coal with a solution that reduces NOx and Hg emissions. The plant owners (including IMEA) will share in the available tax

credits. To meet PJM's primary net metering requirements for pseudo-tying our portion of Trimble County, revenue metering in the 345 kV switchyard for TC1 will need to be installed. To date, the plant has relied on gross metering adjusted by engineering estimates of unit auxiliary usage. To minimize the cost of this upgrade, work will be coordinated with the 345 kV breaker replacements that LGE has planned this fall. A cost reimbursement agreement was executed with LGE so equipment orders could be placed in time for fall delivery.

Prairie State: Kevin Wagner reported the following activities:

- Workers at the plant are continuing their accident free performance since November. The plant's behavior based safety program implemented this past year has seen the safe work observation rate increase to 98%. The mine reported 4 recordables so far this year. Plant Equivalent Availability Factor (EAF) for the 1<sup>st</sup> Quarter was 93.8%. The EAF for Unit 1 for this period was 89.9% and the Unit 2 EAF was 97.8%. He presented a chart comparing plant EAF values for the past 6 years. The plant's forced outage rate so far this year is under budget. Unit 2 achieved a new record of 164 days of continuous operation. Unit 1 also performed very well in the 80 days prior to starting its 28-day scheduled outage that began in April. Unit 1 is currently ¾ of the way through its spring outage. Critical inspection, repair and "ruggedization" activities in the boiler are progressing on schedule. The goal is to provide sufficient boiler reinforcement against ash erosion and slag falls to allow 18 months of reliable operation between planned maintenance outages. PSGC staff also took advantage of the double unit outage situation earlier this month to install key components needed to separate the control systems for the units. This is being done to enhance plant reliability and reduce our NERC Compliance obligations. Unit 1 is expected to be back on line early next month.

Local Transmission/Generation: Kevin Wagner reported the following:

- Mascoutah 138 kV Project /Ameren Hilgard Switching Station – With continuing delays in acquiring the needed line easements for Mascoutah's 138 kV tie lines, Ameren has delayed completion of the Hilgard Switching Station until spring 2019. A number of the affected property owners reportedly have been pushing the City to look at ways it can share pole space with Ameren to install the tie lines within the existing transmission corridors on the south and east sides of town. Ameren's initial response to such a proposal was not favorable since it wants to reserve that space for its own future transmission expansion.
- Highland/Ameren Jarvis 345/138 kV Substation – IMEA and Highland staff and Ameren have been meeting to plan for 138 kV interim delivery point metering for the City of Highland at the Ameren Canteen Substation near Maryville. This will be in place by spring 2019 while the 138 kV facilities acquired from the City (including the Lochman Rd metering station) are de-energized and modified by Ameren to accommodate the interconnection of the new 345/138 kV Ameren Jarvis Substation that will become the permanent delivery point for Highland by fall 2019.
- ComEd Coordination Meeting – Staff met in Naperville with ComEd engineers and account personnel on April 3<sup>rd</sup> for the annual coordination meeting. The City of Naperville and the Village of Winnetka were also represented. Topics included a review of the NERC Compliance requirements affecting shared equipment at the 138 kV delivery points, metering upgrades ComEd is doing to facilitate activation of its AMI system at all wholesale

customer locations, and planned construction projects affecting the 138 kV interconnection at Winnetka, the interconnection for the Green River Wind project and the upgrades to the E Frankfort-University Park 345 kV line to enable our Incremental Capacity Transfer Rights into the ComEd area. Areas of particular concern focused on improving coordination with ComEd's contractors doing the meter upgrades and verifying meter programming and performance to avoid subsequent billing discrepancies. The City of Naperville also pressed ComEd on better management of excessively high voltages seen at the Westside delivery points.

- Unit Replacement/Repairs – The City of Carlyle has been preparing its power plant building for the installation of the new EMD Unit 11 scheduled to arrive around the middle of May. The City of Carmi is developing a proposal package that will combine the repair of its Unit 11 with a plant cooling system upgrade. The Board granted these members an opportunity for additional time to complete the repair or replacement of units that sustained significant damage last summer. Those efforts still appear to be on track.
- URGE Test Schedule - Staff finalized the URGE testing schedule for this summer. Emphasis is being placed on simultaneous operation of units during peak load periods. This will result in more tests being scheduled for the late afternoon hours. Staff has distributed a draft schedule earlier this week for member review and ask that plant operators confirm the dates and/or any changes if needed.

Solar Project Update: Kevin Wagner reported that the St. Charles solar facility completed the 1<sup>st</sup> quarter with ~144 mWhr net output. The solar facility at Rantoul produced 274 mWhr net output for the same period. Both locations demonstrated a 13% capacity factor for that period. The ribbon cutting/Open House will be held at the St. Charles facility on May 14.

General Counsel Troy Fodor reported on the following:

NERC Audit – Staff has been notified by Reliability First of an Inherent Risk Assessment. Staff is compiling information and considering hiring a consultant for the prep work and mock audit. The Entity Profile questionnaire is due on May 2, 2018. The Reliability Compliance Audit will be conducted by Reliability First in 2019.

FERC Matters –

- MISO Capacity Construct Reboot Filing (ER18-462) – MISO's capacity construct was approved several years ago by FERC. The Midwest Transmission Dependent Utilities (TDUs) had an appeal with a Section 217(b) argument pending in the appellate court. FERC asked the appellate court for a voluntary remand of the previous order. MISO made a new capacity construct filing that is the same as the then current version. FERC rejected original MISO capacity construct filing and approved the new reboot version. The Midwest TDUs have filed a Request for Rehearing with FERC on their Section 217(b) argument. They are in the same position as IMEA's Section 217(b) argument from the PJM pseudo-tie orders.
- MISO External Zones (ER18-1173) – MISO is creating pricing zones for capacity from external resources which could result in a price separation between Zone 4 where IMEA's load is located and the external resources. This would potentially impact IMEA's Trimble County resources if IMEA ever needed to redirect them to MISO, rather than PJM. IMEA did not protest.
- PJM Replacement Capacity (ER18-988) – PJM currently has a 3-year forward capacity contract followed by 3 incremental auctions. PJM is concerned that market participants are

gaming the system with replacement capacity being used to avoid production obligation, but still getting paid. If approved by FERC, PJM's filing will affect the base auctions as well as incremental auctions and the bilateral markets so that the price of replacement capacity going forward will be at or near the BRA clearing price, if not higher.

- PJM Capacity Auction Adjustments for State (Nuclear et al) Subsidies (ER18-1314) – PJM submitted revisions to the PJM tariff to propose two alternative proposals for addressing the impacts of state public policies on the PJM capacity market. They include Option A, the Capacity Repricing proposal and Option B, the Minimum Offer Pricing Rule (MOPR)-Ex proposal.
- FERC Docket No. EL17-75 re: Energy Efficiency Resources – This action could potentially authorize retail customers to access the PJM or MISO markets without the consent of the IMEA member that serves them. In a previous FERC order, they gave electric retail regulatory authorities the power to opt-in or opt-out of demand response. In this recent case, FERC ruled that energy efficiency resources were not subject to that opt-in/opt-out condition so the rules for customer resources might have to be different between Demand Response and Energy Efficiency.

PJM/ICTR Project – General Counsel Troy Fodor reported that the ICTR project was complete although staff is monitoring PJM until auction results are posted in May. PJM certified 1,097 ICTRs into the ComEd Zone to IMEA under PJM project #AC1-223, the final step to get ICTRs for an upgrade. All parties have signed the UCSA and staff expects it to be filed at FERC as a Service Agreement prior to the auction. Fodor stated that PJM had posted updated planning parameters for FY2021/22 reflecting the ICTR rights into the ComEd zone. Staff is waiting on PJM auction results along with the final construction schedule from ComEd and will likely withdraw the backup project after the May 2018 PJM auction is complete.

## NEW BUSINESS

Next Steps in Renewables – CEO Kevin Gaden discussed the challenges on changes with the State and Federal requirements such as carbon tax, Clean Power Plan, Renewable Portfolio Standard, Illinois Future Energy Jobs Act and the Illinois NextGrid Project. He reported on compliance with transmission interconnections and the RTO's along with the changing tax credit policy with regard to wind and solar energy. Gaden also stated that traditional suppliers have set up subsidiaries to leverage the tax structure.

CEO Gaden discussed IMEA's recent wind project acquisition which provides energy at significantly lower prices than the 2009 project. By bidding two initial solar projects, Gaden stated that IMEA got a lower price than the projected price if IMEA had solicited the projects directly. These member community projects allows the members to display technology to inform their customers. Gaden explained that there are additional opportunities in BTMG solar beyond Rantoul and St. Charles. Staff recommends soliciting member input with the similar strategy previously used along with increasing the size of the installations.

Update on Recent Solar Energy Credit Program Ruling – Staci Wilson stated that the Future Energy Jobs Act (FEJA), signed into law December 7, 2016, created new renewable energy programs funded by customers of the investor-owned utilities. The Long-Term Renewable Resources Procurement Plan (LTRRPP), which will be implemented by the Illinois Power Agency (IPA), was approved by the ICC on April 3<sup>rd</sup>. Wilson stated that FEJA shifted the state's Renewable Portfolio

Standards from compliance through the procurement of “renewable energy resources” to compliance through the purchase and retirement of RECs. The ICC ruled that customers and projects located in the service territories of municipal electric utilities are allowed to participate in any of these three programs: the Adjustable Block Program, the Community Renewable Generation Program and the IL Solar for All Program.

Wilson explained that the “Adjustable Block Program” were incentives offered to facilitate the development of new solar and community solar projects. The program provides a schedule of prices and quantities to scale up and for REC prices to adjust at a predictable rate over time. This would allow for solar distributed generation (rooftop solar) and community solar energized after June 1, 2017 to be eligible for these incentives. The REC delivery contracts must be at least 15 years in length with full payment up front upon energization for systems under 10kW and payment made over four years for systems over 10kW to 2MW.

Wilson described “Community Solar” as a solar array with “subscribed shares” which is remote and not connected to the customer. The goal is to expand renewable energy generation access to a broader group of energy consumers to ensure robust participation opportunities for residential and small commercial customers and those who cannot install renewable energy on their own properties. She explained the requirements of the IPA to allow for community solar in municipal utilities along with virtual net metering.

Wilson then stated that the “Solar for All” was a program to incent low-income participation in solar projects. This program was proposed to have no upfront costs to participants and a cash-flow positive experience and has four subprograms. She presented a chart showing the breakdown of REC pricing within the Adjustable Block Program and stated that the final dollar amounts of incentives will be posted in June.

Chris Jewell explained the process and specifics of payment terms for RECs from Ameren and ComEd to developers along with the timeline for percentages of credit.

CEO Gaden reviewed a timeline showing the process IMEA would take for future IMEA solar sites to include RFP member site selection submittals, IPA acceptance for qualified vendors for REC program, developer bids and final Board approval.

Discussion ensued regarding the question of whether or not to implement more solar projects within the IMEA footprint and how to implement other program requirements such as virtual net metering policies as well as the effects of the new FEJA programs. Staff recommended going forward with 500kW to 2MW solar projects in member communities.

Staci Wilson summarized several frequently asked questions with regards to FEJA and solar installations. This information outlined the specifics of future solar projects in municipalities, the importance of net metering policy/interconnection agreements and how the whole process would work. A “Residential/Commercial Solar Installation Worksheet” was provided for municipals to complete in order to track and plan for increased loads due to new solar facilities as well as to track renewable generation resources.



Resolution #18-04-814 – Establishing the Schedule of Meetings for the 2018-2019 Fiscal Year – CEO Gaden reviewed the IMEA Executive Board/Board of Director’s meeting schedule. Dale Detmer moved to approve this resolution, seconded by John Hodapp. The roll call vote showed unanimous approval.

Committee Appointments – CEO Gaden presented the committee appointments for the next fiscal year based upon the recommendations from the Nominations & Awards Committee for the Board’s review and approval. Brian Keys moved to approve the committee appointments for upcoming FY 2018-19, seconded by Larry Taylor. Voice vote showed unanimous approval.

At that time, CEO Kevin Gaden then asked for a motion to go into Executive Session for discussion of personnel matters. Cory Sheehy moved to go into closed session, seconded by Tom Bruhl. Voice vote showed all in favor. The meeting was closed to the public pursuant to Section 2(c)(1) of the Open Meetings Act, 5 ILCS 120/2(c)(1) at 12:18 p.m. The meeting was returned to open session at 12:59 p.m. There were no votes held or formal action taken during the closed session.

With no other business to be discussed, Dan Cook moved to adjourn the meeting at approximately 1:00 p.m. Dominic Rivara seconded the motion, which was unanimously approved by voice vote.

Respectfully submitted,



Assistant Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
BOARD OF DIRECTORS MEETING  
THURSDAY, APRIL 26, 2018**

**MEMBERS PRESENT**

Altamont	Larry Taylor
Bethany	Shannon Risley
Breese	Dale Detmer
Bushnell	Justin Griffith
Cairo	Todd Ely
Carlyle	John Hodapp
Carmi	David Coston
Chatham	Shane Hill
Farmer City	Sue McLaughlin (via teleconference)
Fairfield	Mayor Brent Maguire
Freeburg	John Tolan
Highland	Dan Cook
Marshall	Cory Sheehy
Metropolis	Rick Abell
Naperville	Mark Curran
Oglesby	Dominic Rivara
Princeton	Jeff Mangrich
Rantoul	Greg Hazel
Red Bud	Josh Eckart
Rock Falls	Dick Simon
Roodhouse	Mayor Tom Martin
St. Charles	Tom Bruhl
Winnetka	Brian Keys

**MEMBERS ABSENT**

Casey	Shelby Biggs
Flora	Bob Coble
Greenup	Mike Ryder
Ladd	Pat Barry
Mascoutah	Cody Hawkins
Peru	Mayor Scott Harl
Riverton	Russ Patrick
Sullivan	Mayor Ann Short
Waterloo	Tim Birk

**OTHERS PRESENT**

Naperville	Lucy Hynes
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Rodd Whelpley
IMEA	Staci Wilson
IMEA	Kevin Wagner
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Chris Jewell
IMEA	Tammy Hall