

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
GENERATION COMMITTEE MEETING
Wednesday, March 26, 2025 @ 10:00 A.M.**

AGENDA

Call to Order

Roll Call

Opportunity for Public Comment

Approval of Minutes – 9/25/2024

1. Review of recent Board approved changes to capacity compensation
2. Update on consideration of enhanced capacity compensation concept for higher unit runs than Member averages
3. Review Members' plans to either build new or refurbish existing local generation
4. Recommendation for Approval of IMEA Member Generation Policy suggested revisions
5. Recommendation for Approval of Peru Unit #6 as a Dedicated Capacity Addition
6. Recommendation for Approval of Waterloo new Combustion Turbine as a Dedicated Capacity Addition
7. Recommendation for Approval of Rock Falls Non-Dedicated Units #6, 7, 8 and 9 as Dedicated Capacity Additions
8. Other business
9. Adjourn

WEBINAR PARTICIPATION - Please use the link below to register:

<https://events.gcc.teams.microsoft.com/event/2760b279-345c-4a25-8fd1-16f061ff3841@244964f4-143f-41af-a3ee-b94b50296820>

Generation Committee Members: Josh Eckart, Cory Sheehy, Bob Coble, Joe Fosdyck,
Rich Baldridge, Jeff Mangrich, Brad Myers, Shannon Risley

Illinois Municipal Electric Agency

Member Generation Policy

A. PAYMENTS FOR DEDICATED CAPACITY

1. ~~Effective September 1, 1999, the~~ For IMEA fiscal year 2024/2025, which began May 1, 2024, Dedicated Capacity Payment for Member-owned generation dedicated to the Agency under each Capacity Purchase Agreement (“CPA”) shall continue to be split into two components as follows:

Base Component - \$2.00 per kW/mo.

Production Component- \$1.20 per kW/mo for diesel and combustion turbine capacity, or \$2.00 per kW/mo for steam driven capacity.

For IMEA fiscal year 2025/2026, which begins May 1, 2025, and beyond, subject to future revision by the IMEA Board of Directors, compensation for the Base Component and the Production Component shall be as follows:

<u>Base Component</u>	<u>Fiscal Year</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>	<u>28/29</u>	<u>29/30</u>	<u>30/31</u>	<u>31/32</u>	<u>32/33</u>	<u>33/34</u>	<u>34/35</u>
<u>CPA w/no limit on Base Component (\$/kW-month)</u>		<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>
<u>CPA with limit on Base Component* (\$/kW-month)</u>		<u>\$0.40</u>	<u>\$0.80</u>	<u>\$1.20</u>	<u>\$1.60</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>	<u>\$2.00</u>

* Certain dedicated Member-owned generating units (or portions of units) have been excluded from receiving the Base Component payment under the terms and conditions of the Member’s Capacity Purchase Agreement or a Supplement to Capacity Purchase Agreement. Notwithstanding such limit, beginning May 1, 2025, the Agency will phase in payment of the Base Component for such units as shown above.

<u>Production Component</u>	<u>Fiscal Year</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>	<u>28/29</u>	<u>29/30</u>	<u>30/31</u>	<u>31/32</u>	<u>32/33</u>	<u>33/34</u>	<u>34/35</u>
<u>All except steam (\$/kW-month)</u>		<u>\$1.40</u>	<u>\$1.60</u>	<u>\$1.80</u>	<u>\$2.00</u>	<u>\$2.20</u>	<u>\$2.20</u>	<u>\$2.20</u>	<u>\$2.20</u>	<u>\$2.20</u>	<u>\$2.20</u>
<u>Steam (\$/kW-month)</u>		<u>\$2.20</u>	<u>\$2.40</u>	<u>\$2.60</u>	<u>\$2.80</u>	<u>\$3.00</u>	<u>\$3.20</u>	<u>\$3.40</u>	<u>\$3.60</u>	<u>\$3.60</u>	<u>\$3.60</u>

Additional Incentive Compensation. Additional incentive compensation shall be offered for new, quick start, dual fuel, high efficiency resources installed after January 1, 2025 as follows: A Member that commits a new, quick start, dual fuel, high efficiency generating unit(s) dedicated to the Agency and agrees (i) to be subject to dispatch outside of the normal rotation based on price by IMEA and/or the RTO, (ii) to potentially run the unit(s) more often based on such dispatch outside the normal rotation, (iii) to adequately staff the resource to be able to meet such dispatch, (iv) to be subject to the RTO energy market rules, (v) to install, or allow IMEA to install, at IMEA’s expense, an ICCP (communication link) that allows the RTO and IMEA to monitor and potentially adjust the output of the resource, and (vi) to be subject to

such other requirements as reasonably determined by the Agency. Dedicated Capacity Additions meeting the above requirements shall receive an additional incentive compensation as follows:

\$1.00/kW-month for units with a heat rate of 8,000btu/kWh or better as verified in the then-current URGE test for the unit as scheduled annually by IMEA Staff.

\$0.50/kW-month for units with a heat rate greater than 8,000btu/kWh, but less than or equal to 11,000btu/kWh as verified in the then-current URGE test for the unit as scheduled annually by IMEA Staff.

Resources with the heat rates greater than 11,000btu/kWh will not be eligible.

For a Scheduled Outage or an Unscheduled/Forced Outage of a unit that is eligible for and receiving Additional Incentive Compensation that continues for more than 1 day during any period, the Additional Incentive Compensation payment shall be withheld/retained by the Agency until the unit can perform a Satisfactory Generation Run. For an outage that qualifies as an Inability to Respond to Agency Dispatch by such a unit, the grace period is 1 day, but a minimum 95% of scheduled capacity must be completed to show the unit or capacity is ready for dispatch before the Additional Incentive Compensation shall be restored. For an outage that qualifies as a Unit Found Inoperable by such a unit, there is no grace period and the Additional Incentive Compensation payment shall be withheld/retained by the Agency until the unit can perform a Satisfactory Generation Run. No loss of Additional Incentive Compensation shall be extended beyond the date when the Member is ready to perform its Satisfactory Generation Run or 95% of scheduled capacity, as applicable, solely due to the scheduling requirements of the Operations Center, unless the unit subsequently fails to perform at the applicable Satisfactory Generation Run or 95% level.

For purposes of calculating the Dedicated Capacity Payments, one month shall be considered equal to 30 days.

Except for those dedicated Member-owned generating units (or portions of units) excluded from Base Component payment or limited with respect to the time period over which Base Component payments may occur in accordance with the exceptions agreed to in the terms and conditions of their Capacity Purchase Agreements, and except as set forth herein with respect to certain types of outages, the Base Component and Production Component shall be paid monthly for all Member Dedicated Capacity that is in operating condition and capable of being dispatched by the Agency, based on periodic net tested capabilities in accordance with the requirements of Paragraph 1a of this Section A.

Subject to Board approval, the Production Components may be adjusted one year from the effective date of this Policy, and annually thereafter. Such adjustment shall take into account published changes from the base value on the effective date of Producer Price Index 4981-11341, (Electric Power and Natural Gas Utilities, Primary Products, Electric Power, Residential, East North Central, Non-investor Owned Utilities), published by the U.S. Department of Labor, Bureau of Labor Statistics. In no event shall the sum of the Base and Production Components be below the base values shown above, unless the terms of Resolution 90-08-134 apply.

- 1a. Capacity Testing. The CPA between the Agency and its generation-owning Members provides that the Dedicated capacity in kW of a Generating Facility shall be determined through tests performed according to the terms and conditions specified in the Procedure for the Uniform Rating of Generating Equipment (MAIN Guide No.3) as specified by the MidAmerica Interpool Network (MAIN), as the same may be modified from time to time. They also provide that in the event MAIN is modified or no longer exists, or should IMEA for whatever reason became associated with another organization to establish, maintain and coordinate reliability in the region, such other organization's testing criteria shall replace those of MAIN for purposes of this Agreement. MAIN no longer exists. For Member Dedicated Capacity located within the MISO or PJM area, capacity testing criteria is now provided, respectively, in the MISO Resource Adequacy Business Practice Manual, BPM-011, or the PJM Rules and Procedures for Determination of Generating Capability, Manual 21, as the same may be modified from time to time.

Capacity testing that meets the testing requirements of the RTO shall be conducted annually. The duration of the capacity test shall be not less than 1 continuous hour for simple cycle combustion turbines and gas and/or diesel-fired reciprocating engine prime movers. Capacity testing for steam driven generating units shall not be less than 2 continuous hours. The testing shall be conducted if practicable at times and under conditions when all or substantially all of a Generating Facility can be run at the same time without exceeding the load requirements of the local distribution system. The tests shall be conducted jointly by representatives of IMEA and the Member with personnel and equipment necessary to operate the Generating Facilities being furnished and paid for by the Member. Member shall have the right to request additional attempts at the capacity test up to two times within the testing period if it is not satisfied with the results of the test.

- 1b. Failure to Test. PJM and MISO have imposed deadlines for the performance each year of a capacity test for all generating units or other capacity resources to be used to meet capacity obligations in the RTO's region for the year. Each Member-owned generating unit that is dedicated to the Agency shall be required to successfully perform a capacity test that meets the RTO testing requirements each year no later than the RTO testing period deadline. If a generating unit is disqualified from being used to meet or otherwise offset the Agency's capacity obligations in the RTO for any Planning Year due to a failure to perform such a test prior to the RTO testing period deadline, caused by the unit's inability to perform during an attempted test, then the Dedicated Capacity of the generating unit for that Planning Year shall be deemed to be one-half of the prior year's capacity test. If a generating unit is disqualified from being used to meet or otherwise offset the Agency's capacity obligations in the RTO for any Planning Year due to a failure to perform such a test prior to the RTO testing period deadline, where the Member refused to attempt to test the unit at the request of the Agency, then the Dedicated Capacity of the generating unit for that Planning Year shall be deemed to be zero.

IMEA will attempt to work with the RTO to avoid such disqualification of a Member-owned generating unit, including but not limited to seeking to have capacity tests from previous periods or generation runs counted towards the then-current testing requirement, by seeking extensions to the deadlines or waivers of the requirements, and by any other available means.

For clarification, the provisions of this paragraph 1b regarding failure to test shall not apply to reduce the Dedicated Capacity of a generating unit that successfully tested for the applicable Planning Year but that was unable to be used to meet or offset the Agency's capacity obligations in the RTO for other reasons. In addition, such provisions of paragraph 1b shall not apply to reduce the Dedicated Capacity of a generating unit that failed to perform a successful capacity test by the RTO deadline if the Agency is able to purchase replacement capacity and the Member reimburses the Agency for such replacement capacity and any RTO penalties associated with the failure to test. If a generating unit has had its Dedicated Capacity reduced for the applicable Planning Year pursuant to the provisions of this paragraph 1b regarding failure to test, such unit shall be unavailable to be dispatched by the Agency above the amount of its then-currently reduced Dedicated Capacity level during that Planning Year.

2. ~~For IMEA fiscal year 2024/2025, which began May 1, 2024, and beyond, Effective July 1, 1998,~~ the Agency shall continue to add to the Member Dedicated Capacity Payment a Member Generation Payment, consisting of the following:

Generation Payment = 3 Mills per kWh for all net generation scheduled by the Agency and delivered by the Generating Member (excluding generation for periodic exercising, maintenance, or testing including periodic capacity testing).

3. All payments by the Agency to Participating Members for Dedicated Capacity and delivered energy shall be based on declared net tested capacity and net energy produced on behalf of the Agency, which shall exclude all internal station usage necessary to operate power plant equipment and unit auxiliaries.

For purposes of determining the net delivered energy, the Agency will calculate a Station Service Constant for each generating unit based on the incremental auxiliary load allocated to each unit as established during periodic capability tests. The net output of the unit is calculated by subtracting the unit's Station Service Constant from the gross unit kW output anytime the unit is operated. To properly allocate incremental unit auxiliary load, it is the intent of this policy to encourage Agency Members to provide sufficient metering so that accurate individual unit auxiliary load requirements may be determined on an hourly basis during the periodic capability tests. House power, defined in this Policy as power plant loads when there is no gross generation, will be treated as municipal load during all hours. To establish a baseline for normal house power consumption, the Agency will utilize the actual metered auxiliary load for the integrated whole clock hour prior to the initiation of startup procedures for operation of any generating unit. The incremental unit auxiliary load will be the unit's average hourly auxiliary load during the periodic capability test minus the base house power load. In cases where one or more unit auxiliary meters service multiple generating units, the total incremental auxiliary load determined during the periodic capability test will be allocated among the units proportional to gross unit loading. IMEA shall base the declared net tested capability on periodic capability tests, but the tested capability will not exceed the manufacturer's name plate rating. Members may utilize the kVA nameplate rating as the

maximum capability of a unit provided that the unit(s) will operate at the tested power factor during typical peak operations.

4. When scheduled by the Agency, Members shall be reimbursed their actual cost of fuel necessary to provide the Agency with the scheduled amount of net kilowatt hours leaving their plants. The Agency shall develop and issue to all generating Members a uniform fuel cost reporting form, which *shall* be required each month in order to receive fuel reimbursement payments. In order to receive proper reimbursement, the Member will send in to the Agency copies of all receipts for such expenditures within 3 months from the date of the purchase of such fuel. If the Agency has not received such documentation within 3 months, the Agency will have the discretion to withhold any fuel reimbursement until such documentation has been received. If in any month there was a generation run for which fuel reimbursement is not to be made, but the fuel for such generation run was not separately metered and reported by the Member, then the Agency shall determine the amount to be properly reimbursed based on the ratio of reimbursable generation output to non-reimbursable generation output.

B. DISPATCH AND OUTAGE SITUATIONS AND PROCEDURES

1. **MANDATORY GENERATION EXERCISE** Each dedicated generating unit will be required to perform a mandatory generation exercise meeting the requirements of a Satisfactory Generation Run several times throughout the year. A Satisfactory Generation Run requires the unit to deliver at least 90% of its declared net tested capability for the duration of each exercise period. For high speed diesels (1800 RPM) the exercise period is a minimum of 15 minutes every calendar month. For steam driven generating units, the exercise period is a minimum of 2 consecutive hours every four calendar months. For all other dedicated units, the exercise period is a minimum of 1 continuous hour every four calendar months. For purposes of implementing the foregoing two sentences, it shall be sufficient if the unit has successfully exercised once during each of the following blocks of time: Aug. 1 – Nov. 30; Dec. 1 – March 31; and April 1 – July 31. This exercise can be scheduled any time with notification to the Operations Center with a 48-hour advance notification (lesser notification time permitted at the sole discretion of the Operations Center). Dedicated units otherwise operated by the Member at the request of the Agency can be considered to have fulfilled the requirements of the mandatory generation exercise for that exercise period if they fulfill the minimum requirements of a Satisfactory Generation Run.

For each exercise period a unit has not performed a Satisfactory Generation Run, a \$1,000.00 penalty per unit will be imposed, unless the unit has otherwise been removed from availability for scheduled maintenance, testing, training or for insufficient load with Agency approval as provided for in the CPA. If a unit has not successfully completed the Satisfactory Generation Run for 12 continuous months, the Production Component shall be retained on a daily basis until the unit is proven capable of running a Satisfactory Generation Run. If the unit is still inoperable after 30 days, the Base Component will also be retained on a daily basis until the unit can successfully complete a Satisfactory Generation Run. This policy should assure compliance of each of the dedicated units with this Member Generation Policy giving the ability to sustain contractual commitments. The \$1000.00 penalty for non-performance of a

Satisfactory Generation Run will *not* be imposed on any dedicated generating unit that is entirely excluded from the payment of the Production Component for the duration of the exercise period of the unit. The requirement to perform a Satisfactory Generation Run for an exercise period may be excused without penalty with respect to one or more dedicated generating units if the unit or units were prevented from exercising during the exercise period due to operational issues with transmission or distribution facilities on the Agency's or Transmission Owner's side of the Delivery Point or due to issues with the Agency's or Transmission Owner's SCADA, metering or communications equipment that impaired the Operations Center's ability to effectively monitor the unit's performance.

2. As long as the Agency has not been notified by a Member that all or a portion of its Dedicated Capacity is inoperable, or the unit is not otherwise on an outage as described herein other than an approved Scheduled Outage, the Base and Production Components will be paid, and the Agency may call upon that generation up to its full declared net capability at any time.
3. A generating Member shall produce requested output from their Dedicated Capacity within a maximum of one hour after scheduled time of operation (six hours if steam driven generation). Such scheduled time to be set by the Agency at least ten hours prior to the requested time of operation for normal scheduled operations." If the Member fails to perform within one hour of requested time of operation (or six hours if steam driven generation) under such normal conditions, the failure to deliver will become an Unscheduled Outage for the unit and the Unscheduled Outage shall continue until the unit can perform a Satisfactory Generation Run. Under emergency conditions, the Agency shall have the authority to request generation at requested output from the Member's Dedicated Capacity, designed to do so, within a one (1) hour period from the time the Agency notifies the generating Member to operate. If under extreme emergency conditions the Member's entire plant capacity is needed, any steam driven generating unit will have an eight (8) hour period from the time the Agency notifies the generating Member to operate.
- 3a. If IMEA receives a directive from the RTO to run its generation in the RTO or any localized portions thereof or if favorable economic conditions exist in the RTO or any localized portions thereof, the IMEA Operations Center may request an Agency Dispatch from Members in the affected area on shorter notice than set forth in 3 above. The IMEA Operations Center may also request that the Member or Members produce the requested output at or within a specific time period. For such an Agency Dispatch, the Member will coordinate with the Operation Center and make a good faith effort to produce the requested output at or within the time requested. Failure to meet the requested time or output will not result in an Unscheduled Outage or an Inability to Respond unless the unit fails to meet the requested output in one hour (six hours if steam driven generation) and cannot be brought back into service within 24 hours.
4. If the Agency requests generation from the Members Dedicated Capacity, a rotation of the Dedicated Capacity will be used for each RTO region and each Local Balancing Authority (formerly Control Areas) within an RTO region. This list of the Member's Dedicated Capacity will be available in the Operations Center and within the Member area of the Agency website (imea.org). When needed by the Agency, the Operations Center will request an

amount of capacity and energy to be provided by the plant. If and when additional energy is needed, the Agency will notify the next power plant on the list for that Local Balancing Authority, via rotation. When all of the Power Plants are generating, staff will start at the beginning of the rotation list until energy requirements are met.

For On-Peak Periods, a rotation of Member Dedicated Capacity by unit type and Local Balancing Authority will be used for each dispatch. Units will be categorized by unit type based on minimum optimum run time and placed on one of three lists for the appropriate Local Balancing Authority; the 1 hour dispatch list, the greater than 1 hour but less than 4 hour dispatch list, and the 4 or more hour dispatch list. These lists shall be available in the Operations Center and within the Member area of the Agency website. For each Agency Dispatch, the Operations Center shall determine which list to draw from based on the run time expected to be required. The rotation for On-Peak periods shall be the same for normal and emergency situations, unless an emergency situation is localized to a specific geographic area where generation from one or more particular Members is more capable to address the emergency in which case the more effective units may be called upon rather than following the rotation.

For Off-Peak Periods, the rotation will be based on Local Balancing Authority location without regard to unit type. Under normal conditions during Off-Peak periods, the IMEA Operations Center will endeavor to not call on any Member Dedicated Capacity if the dispatch period is expected to be shorter than a minimum of four consecutive hours. In the event of an Emergency, the Agency shall have the authority to request generation disregarding this four consecutive hour limitation. For Off-Peak periods, if an emergency situation is localized to a specific geographic area where generation from one or more particular Members is more capable to address the emergency, then the units that more adequately relieve the emergency condition may be called upon rather than following the rotation.

- 4a. If IMEA receives a directive from the RTO to run its generation in any localized portions of the RTO region or if favorable economic conditions exist for any localized portions of the RTO, the IMEA Operations Center may request an Agency Dispatch from Members in the affected area and not follow the rotation described in 4 above.
5. The Agency shall provide to each generating Member, in as far in advance as practicable, periodic estimates of dispatch and generation projected to be necessary for the Agency's behalf.
6. From time to time, a generating Member may need to run a unit for a short period without the ability to give the required notice to the Operations Center, such as to briefly test a unit in connection with maintenance work. On a case by case basis, the Operations Center will coordinate with the Member to adjust schedules for these short generation runs.
7. Unit Unavailability
 - a. Scheduled Outages

1. The CPA states that Dedicated Capacity "removed from availability for scheduled maintenance procedures, testing and training will receive monthly payments, provided the Member notifies the Agency (Operations Center) 45 days prior to the unavailability of such Capacity..." The Agency also recognizes the need for Members to be able to schedule brief unit outages on short notice to maintain the reliability of the Dedicated Capacity. Therefore, with at least 48 hours notice to the Operations Center, Members may schedule such a brief unit outage for any unit or units, *provided* the duration of each of the brief unit outages is limited to 24 hours, and provided further that such brief unit outages shall be limited to a maximum of four such outages per unit per calendar year ("24 Hour Outages"). Should the Agency deny any outage request, the denial will be in written form to the Member. Except for the 24 Hour Outages that may be scheduled with a minimum of 48 hours notice, the Agency will not approve any Scheduled Outage of Dedicated Capacity that extends into or begins during the Summer On-Peak period (May 16 through September 15) but may approve Scheduled Outages (up to 25% of the total Dedicated Capacity from all member-owned generation) that extend into, begin during or extend through the Winter On-Peak period (January 2 through end of February). Furthermore, the Agency reserves the right, at the discretion of the CEO, to refuse to approve the scheduling of any maintenance outage for which 48 hour prior written and verbal notification has not been given. The Member shall effectively return the unit to service with prompt written and verbal communication to the Operations Center.
2. Upon approval of a Scheduled Outage by the Agency, no capacity payment will be withheld for a unit because it exceeds its scheduled outage time during an Off-Peak period (September 16th through January 1st and March 1st through May 15th). For approved outages scheduled with at least 45 days notice that extend 30 days into an On-Peak period, the Production Component payment shall be retained by the Agency until the unit can perform a Satisfactory Generation Run. For approved outages scheduled with at least 45 days notice that extend 60 days into an On-Peak period, both the Production and Base Component shall be retained by the Agency until the unit can perform a Satisfactory Generation Run, wherein the Base and Production Component payment will be reinstated. For approved 24 Hour Outages scheduled during an On-Peak period (with at least 48 hours notice) that exceed their scheduled outage time by 3 days *or* that are scheduled during an Off-Peak period but continue more than 3 days into an On-Peak period, the Production Component payment shall be retained by the Agency until the unit can perform a Satisfactory Generation Run. For approved 24 Hour Outages scheduled during an On-Peak period (with at least 48 hours notice) that exceed their scheduled outage time by 30 days *or* that are scheduled during an Off-Peak period but continue more than 30 days into an On-Peak period, both the Production and Base Component shall be retained by the Agency until the unit can perform a Satisfactory Generation Run, wherein the Base and Production Component payment will be reinstated. No loss of Base or Production Component shall occur as a result of the performance of a Satisfactory Generation Run being delayed solely due to the scheduling requirements of the Operations Center, *unless* the Member subsequently fails to perform the Satisfactory Generation Run.

3. The Operations Center will coordinate the Scheduled Outages so that no more than 30% capacity is out of service during any one time in each Local Balancing Authority with the exception of the Winter On-Peak period which will be limited to 25% out of service at any one time. The acceptance by the Agency of Scheduled Outages will be on first come first served basis.

b. **Unscheduled and Forced Outages**

Members shall notify the Operations Center through prompt verbal and IMEA initiated outage form confirmation of the unavailability of any dedicated capacity due to a Forced or Unscheduled Outage. For a Forced or Unscheduled Outage that continues for more than 60 days during an Off-Peak period (September 16 through January 1 or March 1 through May 15), the Production Component payment shall be retained by the Agency until the unit can perform a Satisfactory Generation Run. If the outage continues for more than 90 days during the Off-Peak period, both the Production and Base Component shall be retained by the Agency until the unit can perform a Satisfactory Generation Run, wherein the Base and Production Component payment will be reinstated. For a Forced or Unscheduled Outage that continues for more than 1 day during an On-Peak period (May 16 through September 15 for Summer On-Peak or January 2 through February 28 (29th during a leap year) for Winter On-Peak), the Production Component payment shall be retained by the Agency until the unit can perform a Satisfactory Generation Run. If the outage continues for more than 10 days during an On-Peak period, both the Production and Base Component shall be retained by the Agency until the unit can perform a Satisfactory Generation Run, wherein the Base and Production Component payment will be reinstated. No loss of Production or Base Component shall occur as a result of the performance of a Satisfactory Generation Run being delayed solely due to the scheduling requirements of the Operations Center, *unless* the Member subsequently fails to perform the Satisfactory Generation Run.

c. **Units Found Inoperable**

IMEA reserves the right to inspect Member dedicated capacity at any time. Whether during an On-Peak ~~or~~ Off-Peak period, units found to be unavailable, inoperable or out of service without prior verbal and written notification, or without prior transfer of non-dedicated capacity, will have both the Production and Base Component retained immediately by the Agency until the unit can perform a Satisfactory Generation Run, wherein the Base and Production Component payment will be reinstated. No loss of Production or Base Component shall occur as a result of the performance of a Satisfactory Generation Run being delayed solely due to the scheduling requirements of the Operations Center, *unless* the Member subsequently fails to perform the Satisfactory Generation Run.

d. **Units Unable to be Dispatched due to Delivery issues**

Units that are in a state of readiness but unable to operate in parallel with the utility grid due to operational issues with the transmission or distribution facilities on the Agency's or Transmission Owner's side of the Delivery Point or due to issues with the Agency's or Transmission Owner's SCADA, metering, or communications equipment that impairs the Operations Center's ability to effectively monitor the unit's performance will not be dispatched or penalized. If the transmission or delivery issues are on the Member side of the Delivery Point causing the units to be unable to be dispatched, the units will be

classified as Inability to Respond to Agency Dispatch, if called upon to run, and the applicable penalties for Inability to Respond to Agency Dispatch will apply (see below).

8. Inability to Respond to Agency Dispatch

a. Whenever Member generation is scheduled through Agency Dispatch and the Member is unable to deliver at a minimum 95% of the scheduled capacity for the scheduled operating time period, subject either to the provisions of the CPA under normal dispatch conditions or within the emergency provisions, then the following Component retentions will apply:

1. If the deficient capacity occurrence is during an On-Peak period (May 16th through September 15th and January 2nd through February 28th (29th for leap year), the Member shall have a period of 1 day from the deficient capacity occurrence date to correct the problem(s) causing the deficient capacity. If the problem(s) are not corrected within 1 day, the Production Component for the deficient capacity shall be retained by the Agency until the deficient capacity is shown to be available by delivering a minimum 95% of the scheduled capacity for the scheduled operating time period. If the problem(s) are not corrected within 10 days, both the Production and Base Component for the deficient capacity will be retained by the Agency until the deficient capacity is shown to be available by delivering a minimum 95% of the scheduled capacity for the scheduled operating time period, wherein the Base and Production Component payment will be reinstated.
2. If the deficient capacity occurrence is during an Off-Peak period, the Member shall have a period of 60 days from the deficient capacity occurrence date to correct the problem(s) causing the deficient capacity unless the outage extends 1 day into an On-Peak period. If the problem(s) are not corrected within 60 days or extend 1 day into an On-Peak period, the Production Component for the deficient capacity shall be retained by the Agency until the deficient capacity is shown to be available by delivering a minimum 95% of the scheduled capacity for the scheduled operating time period. If the problem(s) are not corrected within 90 days or extend 10 days into an On-Peak period, both the Production and Base Component for the deficient capacity will be retained by the Agency until the deficient capacity is shown to be available by delivering a minimum 95% of the scheduled capacity for the scheduled operating time period, wherein the Base and Production Component payment will be reinstated.

No loss of Production or Base Component shall occur as a result of the demonstration of the availability of deficient capacity being delayed solely due to the scheduling requirements of the Operations Center, *unless* the Member subsequently fails to perform the demonstration of the availability of deficient capacity.

b. In addition, if a Member should make no attempt to fulfill Agency Dispatched capacity, then the Member will be assessed a penalty calculated as the deficient scheduled capacity times the Production Component of the contributing unit(s) plus an amount equal to any Additional Incentive Compensation then-currently being paid to the contributing unit(s), each for a minimum 30 day period.

9. Once a loss of Production or Base Component occurs for a Scheduled Outage, Unscheduled/Forced Outage, or Unit found Inoperable Outage, it does not end until a Satisfactory Generation Run has been completed. For an Inability to Respond to Agency Dispatch event, a minimum 95% of scheduled capacity must be completed to show the unit or capacity is ready for dispatch. No loss of Production or Base Component shall extend solely due to the scheduling requirements of the Operations Center.
10. In the event of an Inability to Respond to Agency Dispatch/Unscheduled Outage, neither of the events may be subsequently reported or regarded as a Scheduled Outage. Causes contributing to an Inability to Respond to Agency Dispatch/Unscheduled Outage must be corrected within the guidelines and times defined for each such event.

C. OPERATING PROCEDURES FOR DEDICATED CAPACITY

1. All Internal power plant station electrical usage requirements necessary to operate building lighting, heating, appliances, compressors, etc. shall be treated as municipal load when the Members' plants are not operating, similar to other municipal building power requirements, and shall be purchased under the terms of the Amended Power Sales Contracts.
2. When operating on behalf of the Agency, Members shall be reimbursed their actual cost of fuel necessary to provide the Agency with the scheduled amount of net kilowatt hours leaving their plants. The Agency shall review and quantify each Member's internal power plant metering to assure that other loads are not included in the station power or auxiliary power determination.
3. The Agency shall develop a complete and thorough database on each Generating Members' existing and planned power plant interconnection facilities, metering equipment and their capabilities. Such database shall be periodically updated.
4. All power plant watt hour meters shall be calibrated and tested periodically at the discretion of the Agency, and at the Agency's expense.
5. The Agency shall investigate and offer, if feasible, the joint purchase and installation of appropriate gas and oil meters for its entire generating membership, and shall issue technical guidelines and deadlines for such installation.

In the event a Member's generating unit(s) does not easily lend itself to the installation of such equipment, the Agency and its Generationg Committee shall establish appropriate fuel consumption metering parameters for those units only.

Should the Agency determine that a Member's fuel metering equipment is inadequate; the Agency shall address the issue and seek a practical and mutually agreeable solution.

6. Generating Members shall be solely responsible for the proper procurement, handling, storage and maintenance of adequate supplies of fuel necessary to operate their facilities in accordance with the Agency's dispatch and fuel use estimates.

D. EXTENDED OUTAGES/RETIREMENTS/TRANSFERS/ADDITIONS OF DEDICATED CAPACITY

1. The provisions of the CPA on extended outages and/or retirement of Generating Facilities, capacity transfers and additions of Dedicated Capacity are hereby interpreted, expanded and implemented by the Board of Directors of IMEA in this Section of the Generation Policy.
- 1a. Section 4(E) of the CPA provides: "If all or part of the Dedicated Capacity from any Generating Facility is unavailable for a continuous period of twelve (12) months other than due to its removal from availability by prior written notice to, and with the approval of IMEA,

IMEA shall have the right to reduce the Dedicated Capacity for such Generating Facility for the remainder of the term of this Agreement by the amount of such availability expressed in kilowatts and Exhibit I shall be revised accordingly.”

The Board has found that 12 months may not be a reasonably sufficient time to repair a generating unit that experiences an unexpected, significant mechanical and/or electrical failure, especially with respect to certain of the larger and older generating units in service in the fleets of the membership. Assuming repair of the failed generating unit is determined to be unfeasible, the Board has also found that 12 months may not be a reasonably sufficient time to install replacement generation. Generation-owning Members are encouraged to implement a preventative maintenance program designed to detect normal life-cycle deterioration of components within the generating system and replace those components before they fail. In advance of a significant equipment failure, Generating Members are also encouraged to identify qualified parts and service providers that may be called on when needed to facilitate timely repairs.

The Board has determined and the Agency commits that it will not unilaterally exercise the right to permanently reduce a Member’s Dedicated Capacity under Section 4(E) of the CPA for a generating unit that has experienced a significant equipment failure unless it has been unavailable for a continuous period of 24 months; provided however, the additional 12 months granted by this provision shall be contingent on the Member’s Governing Body having taken affirmative action within 6 months after the date of the significant equipment failure event to evaluate the damage to the generating unit and to adopt a plan of action for the repair or replacement of the generating unit. IMEA Staff believes that 6 months should be an appropriate period of time for such evaluation in most cases if the Member has been proactive in its preventative maintenance program and in identifying resources for qualified repair parts and services.

The Agency further commits that any permanent reduction of a Member’s Dedicated Capacity under Section 4(E) of the CPA will require action by the Board. If the generation-owning Member determines that it will require more than 6 months to evaluate and/or more than 24 total months to repair or replace a generating unit that has suffered a significant equipment failure, the Member may request an extension of time from the Board (based on a showing of good cause), which the Board will consider and either grant or deny in its sole judgment and discretion.

- 1b. A generation-owning Member may retire one or more of its generating units that are dedicated to the Agency under a CPA and have its Dedicated Capacity permanently reduced by giving notice in writing to the Agency not less than 30-days prior to the retirement date. Generation-owning Members are encouraged to coordinate any planned retirements with the Agency and to give sufficiently more than 30 days’ notice so the Agency can plan which resources it will have available to meet capacity obligations for upcoming RTO Planning Years. The RTO Planning Years currently run from June 1 to May 31. The Agency should be advised by no later than November 1 each year if a generating unit that has been dedicated to the Agency will not be available for the upcoming RTO Planning Year that begins June 1 of the following year due to retirement. The Agency recognizes that a generating unit that experiences a

significant equipment failure requiring retirement may not be able meet the preferred notice period that coordinates with the RTO Planning Year.

2. Dedicated Capacity Replacement. Any Member having Generating Facilities that are Dedicated Capacity under a Capacity Purchase Agreement with IMEA shall be permitted to transfer the Dedicated Capacity Payment associated with all or a portion of that Dedicated Capacity to one or more replacement Generating Facility. Any such replacement Generating Facilities must be utility grade generation equipment as approved by the Board. The transfer of Dedicated Capacity Payments shall only be permitted if the Member: (1) retires then existing Generating Facilities; (2) places then existing Generating Facilities into “Cold Standby”; (3) designates then existing Generating Facilities as “Emergency Only” units, or (4) reduces and permanently limits the Dedicated Capacity of existing Generating Facilities that remain in service. The reduction in Dedicated Capacity will be applied to the current level of Dedicated Capacity that the Generating Facilities qualify for at the time of the transfer. Notice of the transfer of Dedicated Capacity Payment to replacement units shall be given at least one year in advance of the date of the change in status of the unit to either retired, reduced, Cold Standby or Emergency Only; provided however, the Agency recognizes that such notice may not be possible if a generating unit experiences a significant equipment failure that requires retirement and replacement. Replacement Generation Facilities shall be built or installed and placed in service and tested within one year of the change in status of the unit to either retired, Cold Standby or Emergency Only. Dedicated Capacity payment on replacement generation shall be limited based on the lesser of 1) KW tested net capability of the new unit(s), 2) KVA nameplate rating of the new unit(s) or 3) KW nameplate rating of the old unit(s) or KW tested net capability of the old unit(s) at the time of replacement, whichever is greater, plus the permanent KW Dedicated Capacity reduction applied to existing unit(s) that remain in service.
3. For purposes of this Section, retirement shall mean the total and complete removal from service of the affected generating unit(s). Under no circumstances shall a retired unit be allowed to generate electricity on behalf of the Member or any other party following the effective date of retirement. A Member retiring a Cold Standby or Emergency Only unit shall notify the Agency at least one month prior to the scheduled date of retirement.

A Member may elect to place a generating unit in Cold Standby or designate a unit as an Emergency Only unit, rather than retiring said unit and replace the unit with one or more new units whose total Dedicated Capacity payment is limited as indicated above. A generating unit shall be automatically designated an Emergency Only unit as set forth in Section F of this Policy if it fails to comply with the NESHAP RICE Rules for non-emergency RICE. A unit placed in Cold Standby or designated as Emergency Only shall be subject to the following conditions:

- a. A unit in Cold Standby or designated as Emergency Only can only be exercised periodically and/or operated in the case of an emergency to provide for the native load requirements of its municipal owner if sufficient Agency provided resources are not available to meet the load requirements.

- b. A unit when placed in Cold Standby or designated as Emergency Only will not have its generating capability tested by the Agency and the unit will not be exercised regularly to maintain an active state of readiness. The Agency will provide the load reduction for a Cold Standby resource to be exercised no more than two times per year for brief periods scheduled upon mutual agreement and at least a one week notice to the Agency. The Agency will provide the load reduction for an Emergency Only resource to be exercised as set forth in Section F.7. The Agency will reduce the bill to the municipality under the Power Sales Contract by the Agency's avoided energy cost, if any, for the net energy produced by the Cold Standby or Emergency Only resource during the unit's hours of operation for exercising, provided however the Agency will not reduce the bill by more than the Energy Charge under Rate Schedule B as in effect from time to time multiplied by the net energy, and provided further the avoided energy cost shall be deemed to be zero (\$0.00) if proper notice of the exercise is not given by the Member and accepted by the Agency.
 - c. All costs of operation and maintenance are borne solely by the municipal owner of the Cold Standby or Emergency Only resource. IMEA will not reimburse fuel expenses or make Dedicated Capacity Payments or Member Generation Payments to the municipality for a Cold Standby or Emergency Only resource. The municipality remains obligated for its full energy requirements from IMEA except in the case of an emergency as stated above. Telemetering equipment will be maintained by the Agency until a Cold Standby or Emergency Only resource is officially retired and the municipality must maintain appropriate metering.
4. Dedicated Capacity Additions. Any Participating Member desiring to add capacity to its system shall advise the Generation Committee of its intentions to add or replace such additional capacity at least one year prior to the Member's approval of funding for such capacity. The Board of Directors shall determine, on a case-by-case basis, whether or not the Participating Member will receive Dedicated Capacity payments for Dedicated Capacity additions under these circumstances, based on the prior review and recommendation by the Generation Committee and the Agency.
5. For Dedicated Capacity Additions after January 1, 2025 (which can be new, then existing non-dedicated, then existing emergency only, then existing cold standby or previously retired), the Dedicated Capacity for the unit shall be limited such that the total Dedicated Capacity is limited to an amount equal to the highest of the previous three (3) calendar years' peak demand (kW) billed to Member by IMEA, subject to any applicable replacement unit limitations and any declared lesser amount by Member; provided however if IMEA or the Member has appropriate rights and/or approvals from the RTO and/or the local Transmission Owner and any other required entity for the Members' Generating Facilities to exceed its peak demand by a limited or unlimited amount, that amount shall be added back to the peak demand for purpose of the above determination; and provided further the maximum shall not exceed the installed or net tested capacity value for the unit (currently referred to in the industry as ICAP) that is recognized by the RTO for purposes of bidding the forced outage adjusted or usable portion thereof (currently referred to in the industry as UCAP or SAC) into the RTO's

capacity auctions. The Dedicated Capacity shall be adjusted on May 1 of each calendar year based on the previous year's testing or such other date as approved by the Board of Directors.

E. USE OF NON-DEDICATED CAPACITY

1. The Agency shall have the right to install telemetering equipment on any and all generation installed by its Members, regardless of whether or not such generation is dedicated to the Agency.
2. To avoid Component retention during an Inability to Respond to Agency Dispatch/Unscheduled or Scheduled Outage, Members with non-dedicated capacity (other than Cold Standby and Emergency Only units) that is not dedicated to any other program will be allowed to use such capacity to replace existing dedicated capacity for the duration of the outage. Member will notify the Agency in writing of its intention and the Agency may call upon that capacity as if it were dedicated to the Agency. This use of non-dedicated capacity will follow the same guidelines as the Agency dedicated capacity in the Generation Policy until the Member dedicated capacity that is out of service is shown to be operable and placed back in service.
3. Non-dedicated capacity that can be used by the Member to replace their existing dedicated capacity, as provided in E.2 above, will be subject to the same periodic capability testing procedures required by the Agency for dedicated capacity. The Member will be reimbursed by the Agency for the actual cost of fuel for the non-dedicated capacity for the following conditions:
 - a. dispatched by the Agency to provide the Agency with a scheduled amount of net kilowatt hours leaving the Member's plant.
 - b. performing periodic capability tests at the request of the Agency.
 - c. exercised at the minimum levels of the exercise schedule prescribed in B.1 above for dedicated capacity.
4. If a Member would like to change the designation of a generating unit(s) from Non-dedicated to Dedicated Capacity, it must verify in writing that the unit(s) is in full compliance with all Federal, State and Local laws and rules in effect at that time. A Member seeking such change in designation shall submit a written request to the Agency, seek and obtain Board of Directors approval. Such change in designation shall not be effective until approved by the IMEA Board of Directors to allow additional Dedicated Capacity. Non-dedicated unit(s) that are converted into Dedicated Capacity shall be limited as to the amount that can be dedicated the same as set forth in Section D.5 above.

F. USE OF UNITS DESIGNATED AS "EMERGENCY ONLY"

1. Any Member with generating capacity can designate individual unit(s) as Emergency Only units and voluntarily accept the restrictions that come with that designation, in lieu of making such unit(s) compliant with the non-emergency RICE requirements of the NESHAP RICE Rules, 40 CFR Part 63, Subpart ZZZZ.

2. Emergency Only units shall not be operated in any circumstance that would violate the operating restrictions under the NESHAP RICE Rules in 40 CFR 63.6640(f) and 63.6675 and other applicable Subpart ZZZZ requirements.
3. The Agency does not pay for capacity associated with generating units that have been designated or otherwise qualify as Emergency Only units and does not reimburse fuel or make any Generation Payment in connection with the operation of such units. Any Dedicated Capacity Payments being made to a Member for capacity from generating unit(s) designated or that otherwise qualify as Emergency Only unit(s) shall cease immediately upon the date that the generating unit(s) is or becomes an Emergency Only unit.
4. As of May 3, 2013, unless it was previously placed in a 45 day notice Scheduled Outage, permanently retired or placed in Cold Standby, any IMEA Member generating unit heretofore treated as Dedicated Capacity or Non-Dedicated Capacity that is subject to and not found in compliance with the requirements of the NESHAP RICE Rules for non-emergency RICE shall be considered by the Agency as having Emergency Only status. NESHAP RICE-Compliant Dedicated Capacity units that subsequently fail an emission performance test or experience malfunction of required emission controls shall not be defaulted to Emergency Only status, but rather shall be treated as being under an Unscheduled or Forced Outage.
5. IMEA Member units designated as Emergency Only status shall be strictly limited by the rules in effect governing units designated as Emergency Only. If an Emergency Only unit exceeds the designated allowable uses of such units, it is the sole responsibility of the Member to correct the problem and/or pay the associated fees and penalties. The Member assumes full responsibility for maintaining Emergency Only status.
6. IMEA Members with Emergency Only units will not be allowed to use these units to avoid Component retention during an Inability to Respond to Agency Dispatch/Outage or Mandatory Generation Exercise penalties imposed on Dedicated Capacity.
7. An Emergency Only unit will not have its generating capability tested by the Agency *unless* so required by the governing RTO to remain responsive to events through the IMEA that is initiated by the governing RTO. The Agency will provide load reduction for an Emergency Only unit to be exercised no more than nine times per year for brief periods scheduled upon mutual agreement and at least a one week notice to the Agency.
8. Like all other IMEA Member capacity, Emergency Only units cannot be used for peak shaving purposes or to avoid the obligation to purchase its full-requirements from IMEA under the Power Sales Contract. Notwithstanding any electricity produced by the operation of an Emergency Only unit(s), the Member will nevertheless be billed as if its full load were supplied by IMEA; provided however, (a) if an Emergency Only unit(s) is operated for a Force Majeure event under the Power Sales Contract, the Member will not be billed for the portion of its demand and energy that was provided by the Emergency Only unit(s), and (b) if an Emergency Only unit(s) is operated for an approved exercise under this Policy, the Member's invoice for that billing period will be reduced as set forth in D.3.b.

9. The Member will be responsible for documenting all required recordkeeping and preparing and submitting all reports to the appropriate entities for their units designated as Emergency Only, including any environmental requirements.
10. If a Member would like to change the designation of a generating unit(s) from Emergency Only to Dedicated Capacity, it must bring the unit(s) into full compliance with all Federal, State and Local rules in effect at that time. A Member seeking such change in designation shall submit a request to the Agency, seek and obtain Board of Directors approval and document to the satisfaction of the President & CEO its full compliance with the aforesaid rules. Such change in designation shall not be effective until approved by both the IMEA Board of Directors as to its agreement to allow additional Dedicated Capacity and by the President & CEO as to its compliance with all applicable rules. Emergency Only unit(s) that are converted into Dedicated Capacity shall be limited as to the amount that can be dedicated the same as set forth in Section D.5 above.
11. If a Member would like to designate an Emergency Only unit as Non-Dedicated Capacity under Section E.2, it must bring the unit(s) into full compliance with all Federal, State and Local rules in effect at that time and submit a request and documentation showing full compliance for approval by the President & CEO.
12. Any unit placed in Emergency Only status and for which a replacement unit was allowed at the grandfathered payment level shall be considered retired for purposes of the Capacity Purchase Agreement and shall not be used in any way for additional capacity credits in the future without approval of the IMEA Board of Directors.

G. ADMINISTRATIVE ITEMS

1. The Generation Committee shall become a standing committee of IMEA, shall at all times be comprised of both Generating and non-Generating Members, and shall have representation from Members with all types of generating capacity. The Generation Committee duties shall consist of, among others, developing and implementing operating and maintenance standards, reviewing capacity installations, retirements or derates, monitoring joint purchasing guidelines and inventories, hearing Member requests and/or disputes concerning Member Generation, and enforcing the provisions of the Agency's CPA and Generation Policy.
2. For purposes of this policy, the term "Agency," as used herein shall mean appropriate Agency staff as delegated by the President & CEO. All approvals requiring Board of Directors action and approval are indicated by reference to "Board." The term "Operable" as used herein shall mean sufficient generation to meet the requirements of a Satisfactory Generation Run for the scheduled operating time period.
3. It is understood that either the Agency or a Member may initiate a request for a generation schedule. Regardless of which party initiated the request for a generation schedule, the operation of Dedicated Capacity is subject to the operational constraints and/or penalty provisions of this Generation Policy.
4. It is the intention of the Board of Directors that appeals or exceptions to this policy be denied except under extreme conditions as may be determined by the Board on a case by case basis. The Member will have up to 150 days after dedicated capacity is penalized to bring an appeal before the Board or else forfeit all rights to take action before the Board. The generation policy cannot be overridden on appeal for (1) any penalties assessed or (2) waiving the 150 day notice requirement without a two-thirds (2/3) weighted vote of the Members present.
5. The Agency shall periodically reissue a data request to all Generating Members in order to reevaluate its generation policy. A five year schedule is recommended for a complete survey of Generating Member facilities, equipment and other capabilities.

ADDENDUM A
TO THE IMEA MEMBER GENERATION POLICY

DEFINITIONS

Unless otherwise specifically defined within the body of the Member Generation Policy to the contrary, capitalized terms when used in the Member Generation Policy shall have the meaning set forth below, or if not defined below shall have the same meaning as assigned to them under the Capacity Purchase Agreements and the Power Sales Contracts in effect between the Agency and its Members or under the Illinois Joint Municipal Electric Power Act. Capitalized terms not defined herein or in the referenced contracts and statute may be capitalized as a matter of proper grammar as in proper references or titles, but otherwise should be given their common meaning in municipal government or in the electric industry.

Dedicated Capacity – With respect to Generating Facilities dedicated to the Agency pursuant to a Capacity Purchase Agreement between the Agency and a Member, the dependable capacity of such Generating Facility as established and revised from time to time by IMEA through tests performed pursuant to Section 1a of the Member Generation Policy. As of any date, the Dedicated Capacity shall be the dependable capacity most recently established through such tests or such lesser amount as declared by the Member.

Emergency Only units - Emergency Only units are generating units that have been designated to operate as emergency RICE under the NESHAP RICE Rule as defined by and in accordance with 40 CFR Part 63, Subpart ZZZZ and are operated pursuant to the requirements of 40 CFR 63.6640(f) and other applicable Subpart ZZZZ requirements as amended from time to time.

Forced Outage - Generator fails *during operation* and is unavailable for further dispatch.

Generating Facility – Those generating facilities of a Member that are listed on the Exhibit I to a Capacity Purchase Agreement between the Agency and a Member. Where the Member's Generating Facilities or a portion thereof consist of one or more units of a common type (e.g. coal-fired steam generating units or internal combustion engines) such Generating Facilities shall be treated as a single Generating Facility for purposes of determining payments for Dedicated Capacity.

Inability to Respond to Agency Dispatch - A problem prevents utilization of at least 95% of scheduled generator output. Scheduled generator output will not exceed the total declared net tested capability of the member's generation less any capacity previously declared unavailable by the member. Examples would be unit derating, insufficient load, a distribution system "wires" problem that separates an otherwise healthy generator from its load, or failure of plant personnel to respond to dispatch in a timely manner.

NESHAP RICE Rules – National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines established by the federal Environmental Protection Agency, 40 CFR Part 63, Subpart ZZZZ.

ADDENDUM A
TO THE IMEA MEMBER GENERATION POLICY

Off-Peak - The calendar periods September 16th through January 1st and March 1st through May 15th.

On-Peak - The calendar periods May 16th through September 15th will be the Summer On-Peak period and January 2nd through February 28th (29th during leap year) will be the Winter On-Peak period.

Planning Year – The 12-month period from June 1st of one year to May 31st of the following year that is used by the RTOs for developing resource plans and for which IMEA Member generating resources are, will be, or are under consideration to be committed to the RTO as a Capacity Resource.

RTO – The Regional Transmission Organization that controls and operates the transmission system and the energy, capacity and ancillary service markets and obligations for the geographic area where the Member is physically located. Currently, the Agency has Members located in two different RTO regions; PJM Interconnection LLC and Midcontinent Independent System Operator, Inc.

Satisfactory Generation Run - Generator produces at least 90% of its declared net tested capability (based on the most recent capability test results) for the duration of its minimum exercise period (15 minutes for high speed, 1800rpm diesels, *or* 2 hours for steam driven capacity units, or 1 hour for all other types of dedicated units). Run must be scheduled at least 48 hours in advance with the Operations Center (lesser notice permitted at the sole discretion of the Operations Center.)

Scheduled Outage - Member notifies Operations Center 45 days in advance of maintenance outage and receives Operations Center approval. Member may also schedule a maintenance outage limited to a 24 hour period with 48 hour advance notice to and approval from the Operations Center as long as such maintenance outages are limited to no more than four per year per unit.

Station Service Constant - Incremental unit auxiliary load established during capability testing that represents a constant amount by which gross unit generation is reduced for the purpose of determining a unit's net delivered energy in any given hour.

Transmission Owner – Ameren Illinois, Southern Illinois Power Cooperative, City of Springfield CWLP, or Commonwealth Edison Company, depending in which area the Member is physically located and whose transmission and distribution system is interconnected with the Member's system.

Unscheduled Outage - Generator is *not operating* at the time member becomes aware of failure and notifies Operations Center that it is unavailable for dispatch. Also applies to any maintenance outage situation where the Operations Center is notified by the Member but does not qualify as a Scheduled Outage.

Dedicated Generation Outages and Penalties

Scheduled Outages (maintenance outage planned with prior approval of Agency)		
Notice Period	Outage Duration	Penalty
45 days - <i>lesser amount at discretion of GM&CEO</i>	any length, off-peak only (except up to 25% during Winter On-Peak)	Off-Peak: Grace Period: 1 day Additional Incentive/No penalty Production or Base On-Peak: Grace period: 1 day Additional Incentive/30 days Production/60 days Base
48 Hours - <i>lesser amount at discretion of GM&CEO</i>	24 hour max, any time of year limit of 4/unit/year	Off-Peak: Grace Period: 1 day Additional Incentive/No penalty Production or Base On-Peak: Grace period: 1 day Additional Incentive/3 days Production/30 days Base

Unscheduled Outages & Forced Outages (Agency promptly notified of unit failure when unit not operating or maintenance outage not qualifying as a Scheduled Outage) (Agency promptly notified of unit failure during operation)		
Notice Period	Outage Duration	Penalty
N/A	any length, any time of year	Off-Peak: Grace Period: 1 day Additional Incentive/60 days Production/90 days Base On-Peak: Grace period: 1 day Additional Incentive + Production/10 days Base

Unit found inoperable without Agency notification		
Notice Period	Outage Duration	Penalty
N/A	any length, any time of year	On or Off-Peak: Grace period: 0 days Additional Incentive, Production + Base

Inability to Respond to Agency Dispatch (Can't deliver at least 95% of capacity scheduled by Agency)		
Notice Period	Duration	Penalty on Capacity Deficiency
N/A	any length, any time of year	Off-Peak: Grace Period: 1 day Additional Incentive/60 days Production/90 days Base On-Peak: Grace period: 1 day Additional Incentive + Production/10 days Base
N/A	for each incident where Member makes no attempt to meet dispatch schedule	On or Off-Peak: Additional Incentive + Production retained for min of 30 days

NOTE: With appropriate Agency notification, non-dedicated capacity may continue to be substituted for dedicated generating units to avoid penalties (E.2)