

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, JUNE 28, 2023

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held pursuant to proper notice in person at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on June 28, 2023. Chairman Cory Sheehy called the meeting to order at 2:00 p.m. Roll call was taken which showed a quorum was present. Participation in this meeting was available in person for both members and the general public, however, as an accommodation to members that cannot physically attend and the general public, a webinar broadcast of the meeting was made available live in listen-only mode.

CEO Kevin Gaden introduced Jason Deering who will be Dale Detmer's replacement as the Power Plant Manager in Breese upon his retirement in August. The Report of April 26, 2023 was moved for approval by Dan Cook and seconded by Dick Simon. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Chairman Cory Sheehy stated that pursuant to the Open Meetings Act, anyone attending this meeting in person shall be permitted an opportunity to comment. Questions during the rest of the meeting are reserved for Board members. If questions arise during the meeting, they can be raised with an appropriate staff member after the meeting by calling IMEA's main number at 217-789-4632 and being directed by the operator at that time. This includes questions from those listening and viewing the webinar broadcast. He then asked if anyone from the public would like to make a comment and hearing none, he proceeded with the meeting.

OLD BUSINESS

Update on Legal Matters – General Counsel Troy Fodor reported the following:

- Ameren Missouri Rush Island SSR Revenue Requirement/Rate Filing (Docket No. ER22-2721) – The participants reached a settlement which was filed with FERC on May 5, 2023. This settlement only covers the first year of the potential SSR period. So far, the financial impact on IMEA from the Rush Island SSR has been a net positive, but it was known that the potential adverse impact would not start until June of 2023. With the MISO auction price for PY 2023/2024 coming in lower than PY 2022/2023, the offsetting revenues for the first 9 months of the 1st SSR year will disappear and IMEA will become a net payer. MISO determined that Rush Island is needed for at least another year and has requested mitigation plans and posted the updated study. No filings have been made yet for SSR Year 2 at FERC. Staff will consider the cost/benefit analysis of filing protests for SSR years 2 and 3.
- Big River Solar Reactive Revenue Filing (Docket ER22-1610) – This is the reactive case for the Ranger Power project that is under contract with IMEA. IMEA is entitled to ≈16.78% of the attributes starting on June 1, 2025. The settlement was approved by FERC on May 23, 2023. In a separate document, FERC approved the MISO tariff change so the reactive payment was reduced to “zero” retroactively effective December 1, 2022 (subject to appeal). The figures for the annual net savings and the net resettlement for over-collection were discussed.

- Complaints vs. PJM Capacity Performance Non-Performance Charges – This pertains to numerous complaints challenging the non-performance charges assessed against individual generators by PJM after Winter Storm Elliot. IMEA has or will intervene in all. IMEA had penalties assessed for Trimble County Unit 1 outage, but overperformed and should be entitled to bonus compensation for other resources. If complaining generators are successful in having their penalties reduced, it will reduce IMEA’s over-performance payments from PJM. FERC set the matters for an abbreviated settlement conference without yet ruling on substantive issues. Danny Chung attended the first settlement conference on behalf of IMEA on June 26, 2023.
- PJM Filing to Delay RPM Auctions (ER23-1609) Filed April 11, 2023 – PJM requested to revise the Reliability Pricing Model (RPM) Auction schedule for the 2025/2026 through 2028/2029 Delivery Years until after FERC action on an upcoming filing by PJM. Currently scheduled to be filed by October 1, 2023, the filing on PJM’s capacity market rules is expected to address demonstrated reliability concerns in the PJM footprint during the energy transition over the near term. FERC approved the filing subject to condition on June 10, 2023. Compliance filing is required specifying actual dates for auctions within 15 days.
- Cybersecurity Rate Incentives (Docket No. RM22-019) Issued September 22, 2022 – Final Rule issued on April 21, 2023; effective date is July 3, 2023. FERC declined to adopt the ROE incentive proposed in the NOPR (the 200-basis point adder on a utility’s authorized ROE for eligible investments). A Regulatory Asset incentive is the only incentive under the final rule. Under this incentive, a utility would be permitted to defer recovery of certain cybersecurity costs that are generally expensed as they are incurred and treat them as regulatory assets, while also allowing such regulatory assets to be included in the utility’s rate base.
- No final action yet on other pending NOPRs at FERC.
- ComEd 2023/24 Transmission Formula Rate Update – Fodor presented a chart showing a breakdown of the ComEd transmission rate increase with the total impact on IMEA projected to be a 17.37% increase. The rate base and depreciation expense increased due to plant additions attributable to new substations, new transmission lines, installation of physical substation security updates and bridge work. In addition, the annual revenue requirement has been reduced by \$5M, plus interest of \$2M, to reflect the transmission portion of ComEd’s voluntary proposal to refund all amounts previously recovered from customers in connection with the conduct detailed in the Deferred Prosecution Agreement on July 17, 2020.
- Sierra Club vs. Prairie State Generating Company – Filed on March 22, 2023 in the US District Court for the Southern District under the Federal Clean Air Act. Pursuant to the SDIL mandatory mediation program, the parties must agree to a mediator by June 20th, however, mediation is non-binding. A pre-trial conference is set for April 24, 2024 and a bench trial is set for May 14, 2024. PSGC filed a Motion to Dismiss on May 23, 2023. A joint Motion to Stay Discovery was approved pending the ruling on the PSGC Motion to Dismiss.
- Rantoul Customer – Possible Public Utility Regulatory Policies Act (PURPA) Contract – The draft Interconnection Agreement along with cost estimates for interconnection upgrade requirements were sent to the applying customer on March 27, 2023. The customer is working on project financing and notified Rantoul of a change in the scope of the project. The solar generation is reduced and the natural gas generation has been eliminated. The solar facilities portion of the project would likely be a Qualifying Facility under PURPA. Staff will continue to work with the customer for an excess renewable energy output contract if the project proceeds.

- Ameren Wholesale Connection Agreements/Umbrella Construction Agreements (WCA/UCA) – Engineering and IMEA’s Staff Attorney have restarted meetings with Ameren and will continue to work internally on strategy to achieve the best negotiated solution with Ameren.
- Chatham SERC Registration – IMEA Staff continues working with the Village consultant to prepare for Chatham’s registration with SERC as a Transmission Owner. The reliability compliance documents for both Critical Infrastructure Protection (CIP) standards and Operations and Planning (O&P) standards are almost complete. SERC is also now requesting a coordination agreement between Chatham and CWLP which Chatham’s consultant is preparing.

Member Hosted Solar Site Agreements with Sol Customer Solutions – Gary Stephenson reported that in December of 2022, IMEA executed three Power Purchase Agreements (PPAs) with subsidiaries of Sol Customer Solutions (SCS) to purchase output from new solar projects to be built at Marshall, Oglesby and Princeton. Since that time, SCS proposed an amendment to the executed PPAs that would raise the contract price by 30%. Stephenson explained that IMEA responded by sending a demand letter to two of the SCS subsidiaries (the Princeton site was not approved by the Princeton City Council) in early June stating that all conditions to the contracts have been satisfied and that construction should commence immediately. IMEA Staff proposed a 15% price increase on a final offer basis, although as of June 27, no response has been received. Stephenson explained that if IMEA Staff is able to negotiate a satisfactory outcome with SCS, it would require an amendment to the Agreement. He stated that litigation against the SCS counterparties remains under consideration. He reported that discussions with alternative developers are ongoing and a new set of PPAs would be negotiated should discussions progress which would likely include the Princeton transfer site if certain conditions are met. IMEA Staff is also exploring USDA loan forgiveness opportunities for future sites in other IMEA communities and Staff will submit a Letter of Support as part of the USDA application.

Prairie Wolf Solar, LLC Capacity Transaction – Rakesh Kothakapu reported that IMEA entered into a 5-year 50 MW capacity agreement with Prairie Wolf Solar in December of 2020 which runs from Planning Years 2022/23 through 2026/27. He explained that Prairie Wolf delivered the full 50 MW of capacity for the first Planning Year 2022/23, however, Prairie Wolf then notified IMEA that it intended to deliver less than the 50 MW for certain seasons over the remainder of the agreement due to the implementation of the seasonal capacity construct by MISO. Prairie Wolf requested an amendment to the contract to change the contract quantity from 50 MW to “as available” for the future Planning Year at the same price that the contract was originally negotiated. Kothakapu stated that for Planning Year 2023/24, Prairie Wolf transferred to IMEA 54.9 MW of Summer capacity, 50 MW for Fall, 15.7 MW for Winter and 33.7 MW for Spring. He stated that IMEA had procured the undelivered portion of 16.3 MW in Spring and 34.3 MW in Winter in the MISO capacity auction. He explained that there were no damages to IMEA for the current year due to low MISO clearing prices so there is no action in the near term. The next obligation for Prairie Wolf will be in March of 2024 to transfer the capacity for the upcoming PY 2024/25. Kothakapu stated that IMEA had reimbursed Prairie Wolf for the additional 4.9 MW based on the MISO auction clearing price. He stated that discussions with Prairie Wolf had been slower than anticipated, although there are no current deadlines. IMEA Staff continues to seek various approaches to resolve this issue, but with the settlement of FY 2023/24 auction, this could be further delayed.

Discussion ensued regarding alternatives to resolving the issues raised by the SCS and Prairie Wolf contract disputes.

U.S. Supreme Court Appeal of Build America Bonds Case – CEO Kevin Gaden stated that the IMEA Board had approved IMEA’s participation in the Supreme Court appeal at its April 2023 Board meeting. All other plaintiffs in this BABs case also gained their Board’s approval to proceed. He explained that the Petition for Writ of Certiorari was originally due in late May. Since it was a very short time to file a good Writ and have good Amicus Briefs filed with the Court on time, the plaintiffs sought and gained an extension from the Court to file on or before July 13, 2023. IMEA Staff will update the Board as this case progresses.

NEW BUSINESS

Resolution #23-06-886 – Approving New Delivery Point for the City of Mascoutah – CEO Gaden reported that IMEA Staff received its first application for a customer supply PURPA agreement from a retail customer in Mascoutah. He explained that the customer is a trucking firm which currently has ≈30 kW load primarily for lighting and truck maintenance machines for their fleet and plans to convert some or all of their truck fleet to all electric over time. The customer has installed ≈150 kW of solar on building rooftops served by the City. Gaden stated that Mascoutah has a FERC waiver allowing IMEA to negotiate and contract directly with the customer to buy output of local renewable generation. He explained the logistics of how this arrangement would work and that IMEA would receive the load data from Mascoutah and make electronic payments directly to the customer. IMEA Staff will be sending a draft of the PURPA offtake power supply agreement to Mascoutah and the retail customer for their review soon. IMEA Staff recommends approval of Resolution 23-06-886 authorizing the CEO to finalize and execute the agreement between IMEA, Mascoutah and the retail customer and also to approve this solar output as a new Delivery Point for the City under the Power Sales Contract. Dale Detmer moved to approve the Resolution as presented. The motion was seconded by Dan Cook and the roll call vote was unanimous.

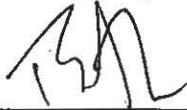
Public Relation and Marketing Engagement – Staci Wilson explained that strategic communications are key to any organization and advocacy and messaging materials are critical to increase public information. IMEA Staff are currently in need of the short-term ability to utilize a marketing/media consultant for that purpose. She stated that after reviewing several options, Mac Strategies seems to be the best fit and has the background to provide these types of services for IMEA. She reported that these costs are already included and approved as part of the current fiscal year budget. IMEA Staff is seeking the authority and approval for the CEO to sign a media consulting contract for an amount not to exceed \$60,000 in the fiscal year. The approval for the CEO to sign a media consulting contract for an amount not to exceed \$60,000 was moved for approval by Larry Taylor and seconded by Dick Simon. The motion carried by unanimous roll call vote.

State of Illinois “Accelerating Grid-Interactive Electrification in Small Utilities” (GRIP) Funding Opportunity – Staci Wilson reported that as part of the Bipartisan Infrastructure Law, there is potential funding available from the Department of Energy. IMEA/IMUA is partnering with the Illinois Finance Authority (IFA) to pursue this grant opportunity. She explained that the IMEA/IMUA’s goals are to accelerate and manage electric vehicle loads to address resource adequacy shortfall/peak demand capacity and to create Demand Response/Peak Notification/Bring Your Own Device Programs for effective real-time consumer communications resulting in lower energy costs for municipalities and customers. Phase 1 would be the deployment of a grid-optimized Operations Center. Wilson explained that IMEA Staff would utilize the existing Operations Center to identify times of grid congestion, high market prices and peak demand. This process would establish an effective real-time consumer

communications infrastructure, enabling informed consumer consumption decisions that have a measurable beneficial impact on grid operations during times of stress. Enrollment incentives would be offered to participate, including the opportunity for a smart thermostat rebate. There would also be an opt-in for IMUA members since all costs are recovered from Federal grant funds. Phase 2 would establish an effective Electric Vehicle Managed Charging Program. Wilson explained that IMEA Staff would utilize the infrastructure built in Phase 1 to provide signals to Level 2 charging customers to shift patterns of demand in ways that provide grid benefits. Enrollment incentives and on-going rewards to participants with verified performance would be offered as well as “bring your own device” options for the future. She reported that there is a potential \$13-18 million available from this grant and there is no cost share required. The grant is a 5-year duration with the potential to work with the IFA to extend to year 2031. Wilson stated that the grant application includes costs to hire one additional employee to specifically manage the grant program and reporting requirements. The grant also includes costs of an energy services vendor to handle direct marketing, customer support and enrollment incentives. Dan Cook made a motion to move forward with formal negotiations of grant terms and conditions if and when the Federal funds are granted. David Coston seconded the motion and it passed by unanimous roll call vote.

Chairman Cory Sheehy asked for a motion to adjourn the meeting. The motion was made by Dale Detmer, seconded by Dick Simon and carried unanimously by voice vote. The meeting was adjourned at 3:43 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, JUNE 28, 2023**

MEMBERS PRESENT

Altamont	Larry Taylor
Carmi	David Coston
Freeburg	John Tolan
Highland	Dan Cook
Marshall	Cory Sheehy
Naperville	Brian Groth
Rock Falls	Dick Simon
Winnetka	Brian Keys

MEMBERS ABSENT

Breese	Vacant
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OTHERS PRESENT

Chatham	Patrick McCarthy
Flora	Bob Coble
Waterloo	Tim Birk
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Jaken Hicks
IMEA	Staci Wilson
IMEA	Rakesh Kothakapu
IMEA	Rodd Whelpley
IMEA	Sean McCarthy
IMEA	Tammy Hall
IMEA	Eric Weinant
IMEA	Daniel Chung
IMEA	Ed Cobau
Guest	Raheel Arshed (Naperville)
Guest	Jason Deering (Breese)