

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, AUGUST 23, 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 August 23, 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.

The Report of June 28, 2023 was moved for approval by Dick Simon and seconded by Brian Keys. 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. He then asked if anyone from the public would like to make a comment and hearing none, he proceeded with the meeting.

### OLD BUSINESS

Executive (Closed) Session Minutes: General Counsel Troy Fodor explained that the January 18, 2023 meeting had been closed to the public for discussion of personnel matters and recommended that the Executive (Closed) Session minutes of January 18, 2023 be approved and released as public records. Fodor then reported that the minutes of April 26, 2023 pertained to a discussion of the purchase, sale or delivery of electricity and the possibility of litigation. These minutes reflect pre-decisional matters that are still being planned and negotiated and for which the need for confidentiality still exists. Larry Taylor moved that the Board make the determination that the minutes of January 18, 2023 be released and the need for confidentiality still exists with respect to the minutes dated April 26, 2023 and that IMEA continue to restrict public access to such minutes. Dick Simon seconded the motion and the motion carried by unanimous roll call vote.

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 1<sup>st</sup> 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. On July 23, 2023, MISO made the filing with FERC for approval of the SSR Year 2. IMEA has intervened, but did not file a protest.

- 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 intervened to protect its interests. IMEA had penalties assessed for Trimble County Unit 1 outage, but overperformed from other IMEA resources and should be entitled to over performance payments 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. Staff Attorney, Danny Chung, attended the first settlement conference on behalf of IMEA in person on June 26, 2023 as well as most of the total 10 settlement conference days since. IMEA’s General Counsel has monitored the proceedings remotely. At the end of the 60-day period, the Settlement Judge requested, and the Chief Judge approved a 30-day extension of the settlement period. The parties have made progress towards settlement, but the matter is not concluded yet.
- PJM Interim Capacity Market Filing (Docket Nos. ER23-1996) – This pertains to a tariff change to refine the definition of emergency action for purposes of determining Performance Assessment Intervals (PAIs) for non-performance charges for the Delivery Years for the next two capacity auctions. PAIs will now be limited to times when there is a shortage of resources to meet the Primary Reserve Requirement. FERC accepted the changes on July 28, 2023. There will be a new filing to address further PJM capacity market changes going forward expected in October 2023.
- Ameren Illinois Depreciation Filing (Docket Nos. EL23-2445 – Filed July 20, 2023, Ameren is changing individual line item depreciation rates. If approved, this will result in a 9.66% increase in depreciation expense over and above other increases in new transmission facilities. A small Illinois cooperative group protested and IMEA intervened.
- Ameren 2022 Transmission Charges True-Up Submission – On July 26, 2023, Ameren’s presentation to transmission customers indicated Ameren’s actual investment and costs were slightly less than projected. The actual billing determinants were 4% less than projected. The net result will be \$10 million under recovery to be added to the 2024 revenue requirement.
- Notices of Proposed Rulemaking (NOPRs)
  - Accounting and Reporting (Docket No. RM21-11) – This final rule issued July 20, 2023 creates new accounts specifically documenting each Renewable Generation type, Energy Storage and Environmental Credits effective on January 1, 2025.
  - Credit-Related Information Sharing in Organized Wholesale Electric Markets (Docket No. RM22-13) – This final rule issued June 15, 2023 permits the jurisdictional RTOs/ISOs to share credit-related information with each other; permits the jurisdictional RTOs/ISOs to use market participant credit-related information received from other RTOs/ISOs and requires that an RTO/ISO that receives credit-related information from another RTO/ISO keep that information confidential. IMEA agrees with this rule which became effective on August 21, 2023.
  - Improvements to Generator Interconnection Procedures and Agreements (Docket No. RM22-14) – This final rule issued July 28, 2023 reforms both large and small generator interconnection procedures and addresses transmission planning queue backlogs. This will require a “first-ready, first served” generator interconnection cluster study process in lieu of a “first-come, first-served” “one unit at a time” interconnection study approach. These reforms include increased financial commitments and readiness requirements for interconnecting generators. These reforms anticipate increasing the speed of the interconnection study process, will include deadlines for transmission providers to complete interconnection studies and penalties and incorporate technological advancements into the interconnection process.

- Rantoul Customer – Possible Public Utility Regulatory Policies Act (PURPA) Contract – The customer (Prominic) has signed an Interconnection Agreement with the Village, although the in-service date is still unknown. IMEA will negotiate a Qualifying Facility (PURPA) Power Offtake Agreement with Prominic for an excess energy output contract if the project proceeds.
- Ameren Wholesale Connection Agreements/Umbrella Construction Agreements (WCA/UCA) – IMEA staff meetings with Ameren continue.
- Chatham SERC Registration – IMEA Staff has been working with Chatham, its consultant and CWLP on reliability compliance documentation and plan to support registration with SERC as a Transmission Owner. Chatham has not registered as a Transmission Owner yet. The reliability compliance documents for Critical Infrastructure Protection standards and Operations and Planning standards are almost complete. SERC is requesting a Coordination Agreement between Chatham and CWLP which Chatham’s consultant is preparing and IMEA Staff will review. SERC has not objected to the timing of the process.

Member Hosted Solar Site Agreements with Sol Customer Solutions – General Counsel Troy Fodor 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 to IMEA by 30%. Fodor 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. On July 27, 2023, SCS sent IMEA a letter that purported to be a notice of termination of the Agreements. On August 2, 2023, IMEA Staff responded challenging SCS’s right to terminate and also submitted a claim against the surety bonds that SCS posted as collateral for the Agreements. IMEA received a response from the surety bond company on August 16<sup>th</sup> asking for additional information which IMEA Staff is currently working on. Fodor explained that, at this point, the possibility of negotiating a satisfactory outcome with SCS appears to be gone, although 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 submitted 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 Years 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. Kothakapu reported that this issue is now resolved. In mid-July, IMEA Staff met with

Prairie Wolf management and after due considerations, Prairie Wolf notified IMEA that they no longer seek amendments or changes. Prairie Wolf has agreed to retain the obligation to serve IMEA with 50MW all seasons for the remainder of the contract. IMEA credited Prairie Wolf the revenue it received from MISO for the extra 4.9MW for the summer season only, which had been held as additional collateral until after the auction.

U.S. Supreme Court Appeal of Build America Bonds Case – CEO Kevin Gaden reported that the participants in this case include IMEA, Indiana Municipal Power, Missouri Public Utility Alliance, American Municipal Power, Kentucky Municipal Agency and Northern Illinois Power Agency. IMEA is responsible for 14% of the cost of this litigation. He stated that the Petition for Writ of Certiorari has been filed to the U.S. Supreme Court by the deadline which was July 13 and the Amicus Briefs have been or will be filed by various industry entities. IMEA Staff expects to hear the next steps from the Court in late September 2023.

### NEW BUSINESS

Capacity Credits for Member-Owned BTMG – Eric Weinant reported that IMEA Staff has received inquiries on IMEA member generation policy from Members and these queries seek higher compensation to install new generation or replace the existing generation with efficient units. Staff believes that member generation provides value to member towns in addition to providing capacity and energy to the agency. He stated that IMEA also reimburses for fuel when these units are dispatched. He stated that this compensation mechanism should also consider the fairness arising from IMEA Members that pay these costs, but do not own generation (19 Members have generation, 13 do not). IMEA Staff is reviewing the existing rates to make sure the overall compensation to Members is reflective of the ongoing costs as intended and if any adjustments may be necessary. Weinant explained that IMEA Staff aims to create a formulated approach that balances both Member ownership and value these resources provide to the IMEA portfolio in the long term. Staff will discuss this outcome at a later Board meeting.

Chairman Cory Sheehy asked for a motion to adjourn the meeting. The motion was made by Brian Keys, seconded by Dick Simon and carried unanimously by voice vote. The meeting was adjourned at 2:47 p.m.

Respectfully submitted,



---

Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
EXECUTIVE BOARD MEETING  
WEDNESDAY, AUGUST 23, 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**

**OTHERS PRESENT**

Breese	Jason Deering
Flora	Bob Coble
Greenup	Mike Ryder
Rantoul	Jake McCoy
Sullivan	Mike Kirk
Waterloo	Tim Birk
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Staci Wilson
IMEA	Rakesh Kothakapu
IMEA	Rodd Whelpley
IMEA	Sean McCarthy
IMEA	Tammy Hall
IMEA	Eric Weinant
IMEA	Ed Cobau
Guest	Raheel Arshed (Naperville)