

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, FEBRUARY 14, 2024

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held in person pursuant to proper notice at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on February 14, 2024. Vice Chairman Dick Simon 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 only for both members and the general public, however, as an accommodation to members that could not physically attend and the general public, a webinar broadcast of the meeting was made available live in listen-only mode.

The Report of January 17, 2024 was moved for approval by John Tolan and seconded by Larry Taylor. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Vice Chairman Dick Simon stated that pursuant to the Open Meetings Act, any person attending this meeting shall be permitted an opportunity to comment. Questions during the rest of the meeting are reserved for Board members. He then asked if anyone from the public would like to make a comment. Hearing none, Vice Chairman Simon proceeded with the meeting.

OLD BUSINESS

Update on Solar Projects – Eric Weinant reported that Staff were in negotiations with Altorfer, Tangent and Madison regarding the behind-the-meter solar projects at Marshall, Oglesby and Princeton; however, there were still concerns on similar issues as in previous negotiations with other vendors. He stated that within the past week, Altorfer Inc. appears willing to sign as the sole counterparty for these projects and is willing to take on some of the outstanding obligations that IMEA Staff is seeking in these contracts. IMEA Staff will seek to complete the updated interconnection and siting approvals as soon as the PPA is completed. Weinant stated that a specific site at Princeton's Transfer Station site had been chosen. The surveying for this site has been completed and the Geotech Study is underway. He stated that IMEA Staff gave a presentation and answered questions at Oglesby's City Council meeting last week to address any remaining questions. Weinant explained that if Staff is unable to come to an agreement with Altorfer, there remains the option to issue a new RFP. If a new RFP is issued, Board approval would be needed for a new PPA.

Weinant stated that SolAmerica had received confirmation that the PACE loan applications were submitted to the USDA in December for the solar projects in Highland, Carmi, Metropolis and Rantoul. He stated that IMEA's latest versions of the PPA, Interconnection Agreements and Siting Agreements were submitted with the USDA application. He explained that open issues in these agreements were still being resolved and that the USDA would be informed of any updates. Weinant noted that the required Federal review of the National Policy Act would most likely slow down this process. He explained that IMEA Staff is working with SolAmerica to seek alternate sites in Rantoul.

as the interconnection study indicated project site feasibility issues. A new interconnection study will most likely be required for a new site.

Regarding utility-scale projects, Weinant reported that Staff has been in contact with over 20 developers and is in steady contact with the 4 to 5 most likely candidates. He explained that mineral rights, interconnection issues and supply chain issues continue to delay promising projects. Developers are waiting to offer projects due to price uncertainty with solar panels, future tariff concerns, transformer and other electric equipment concerns, the cost of debt volatility and labor availability. IMEA Staff continues to seek out potential projects without major risk contingencies, however, a contract without some level of contingencies continues to be a challenge. He reported that MISO's next interconnection cycle will likely allow for a bigger set of projects to choose from next summer.

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

- PJM Offer of Settlement (Docket No. ER23-2975) – An Offer of Settlement was filed by PJM on September 29, 2023 to resolve the Winter Storm Elliott complaints. A protest was made by Chief Companies who intervened late and did not participate in the settlement process. There have been numerous filings back and forth between PJM, the Settling Parties and Chief Companies. On December 19, 2023, FERC entered Orders that clarified that the late intervention was not granted in the root complaint cases and, therefore, approved the settlement as uncontested. The final true-up by PJM should be submitted within 60 days.
- PJM Capacity Market Filing (Docket Nos. ER24-98 & ER24-99) – Filed October 13, 2023, PJM made two separate filings proposing enhancements to tariff provisions governing the Capacity Market rules. The proposed changes in ER24-98 would have modified the rules governing the market seller offer cap and Capacity Performance, including changing when penalties can be assessed, imposing penalties on Fixed Resource Requirement (FRR) entities and denying bonus payments to generators that did not clear the auction and to Demand Response resources even if they did clear the auction. The proposed changes in ER24-99 modified aspects of PJM's Reliability Pricing Model (RPM), including resource adequacy risk modeling, capacity accreditation, testing requirements for capacity resources and the Capacity Performance stop loss. IMEA intervened, but did not protest.

On January 30, 2024, FERC entered an Order accepting the changes in Docket ER24-99 effective December 12, 2023. PJM fixed the Capacity Performance Penalty cap at 1.5 times the Base Residual Auction Clearing Price which should avoid the defaults that are caused by very high penalties as seen during Winter Storm Elliott. Going forward, PJM can test generators to verify its capabilities; testing failures are subject to penalties. PJM changed the way it determined usable capacity in its capacity auctions. For thermal generators, it will be determined based on performance during critical hours by doing a historical analysis based on the unit class performance during critical periods during the last 30 years. This is further adjusted by the unit's actual performance. Regarding variable resources, PJM will use forward looking modeling to predict the set of hours when the system will need capacity – those hours could change every year as more renewable resources are added to the system. The changes by PJM to reduce usable capacity from generators is being done at the same time PJM's modeling is being used to increase load projection and reserves for future auctions. This will lower the available generation to clear the PJM Capacity

Auction and may increase the clearing price in the auction. IMEA is well hedged against these cost increases with ownership of generating resources and is not subject to further reductions to be applied to natural gas units.

On February 6, 2024, FERC entered an Order rejecting the changes in Docket ER24-98. FERC rejected PJM's request to not allow non-capacity resources, including those that did not clear or were not offered into the capacity auction, and Demand Response to be excluded from receiving bonus payments. IMEA's resources will still be able to be paid if they overperform during an event.

- PJM ComEd Cost of New Entry Filing (Docket ER24-462) – Filed November 21, 2023, PJM proposed establishing a new Cost of New Entry area for ComEd Illinois with a proposed effective date of January 22, 2024. It will increase the Cost of New Entry (CONE) in ComEd over what it is currently and what it is for other zones because the amortization period will be shortened to account for the fact that the Illinois CEJA law only allows new natural gas generators to run until 2045. It could affect whether the ComEd zone and the Rest of System price separate in the auction and could cause higher clearing prices for capacity in ComEd if the prices separate in the auction. IMEA intervened, but did not protest. The Illinois AG's Office, CUB and the ICC opposed the filing. On January 19, 2024, FERC entered an Order accepting PJM's revisions to its tariff effective January 22, 2024.
- MISO Resource Adequacy Filing (Docket No. ER23-2977) – Filed September 29, 2023, MISO proposed changes to the Resource Adequacy construct to include a reliability-based demand curve. This would be a transition from a vertical demand curve to a sloping demand curve and could affect clearing prices of capacity. IMEA intervened, but did not protest. There were numerous filings both supporting and protesting the filing. FERC Staff subsequently issued a Deficiency Letter. MISO answered the Deficiency Letter on December 21, 2023 and there were additional numerous protests and responses to MISO's response as well. FERC has not ruled yet.
- Ameren Illinois Depreciation Filing (Docket Nos. EL23-2445) – Filed July 20, 2023, Ameren filed to change 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 group of Illinois cooperatives protested. IMEA intervened but did not protest. FERC accepted the protest and set the matter for trial, but suspended the trial phase for settlement negotiations. On September 26, 2023, FERC set the matter for settlement proceedings. The settlement phase is ongoing.
- Ameren Audit Refund (Docket No. FA20-6) – FERC Staff audited Ameren's books for the period January 1, 2016 through December 31, 2019 and required refunds. Ameren calculated the refunds, but lowered them with adjustments. IMEA and a small electric cooperative group filed a protest of the refund report. On February 1, 2024, FERC entered an Order denying intervention and rejecting the protest stating that procedurally there is no right to intervene in an uncontested FERC audit report proceeding.
- Chatham SERC Registration – IMEA Staff has been working with Chatham, its consultant and CWLP on reliability compliance documentation to support Chatham's registration with SERC as a Transmission Owner. At this time, Chatham is waiting on CWLP approval of upgrades to the operating procedures. The outstanding PRC-002 Protection System issues have been resolved. Upon CWLP's approval, Chatham will formally begin the registration process with SERC.

NEW BUSINESS

Executive (Closed) Session Minutes: General Counsel Troy Fodor recommended that the Executive (Closed) Session minutes of April 26, 2023 not be released as public records at this time. Fodor explained that these meetings had been closed to the public for discussion of the purchase, sale or delivery of electricity pursuant to Subsection (c)(23) of Section 2 of the Open Meetings Act. These minutes reflect pre-decisional power supply matters that are still under consideration and for which the need for confidentiality still exists. David Coston moved that the Board make the determination that 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. Brian Keys seconded the motion and the roll call vote showed an affirmative approval with a 7-0 vote.

Travel Expenditures – Staci Wilson stated that pursuant to the Local Government Travel Expense Control Act, member expenses must be approved by a roll call vote at an open meeting of the governing board. The estimated travel, lodging, food and registration expenses (maximum amount of \$2,470 per person) for the APPA Legislative Rally were read aloud and are attached. Dan Cook moved for approval of the travel expenditures for the APPA Legislative Rally participants, seconded by John Tolan. The roll call vote showed an affirmative approval with a 7-0 vote.

Authorizing Sale of 2015 Subaru Outback as Surplus Property – CEO Kevin Gaden stated that IMEA maintains pool cars for staff use to drive to Member cities and other meetings. He reported that IMEA had purchased a Tesla Model 3 near the end of 2023 which made a total 3 pool cars. The 2015 Subaru was Kevin Wagner's car for many years and currently has 150,000 miles on it. IMEA Staff will be looking to sell the vehicle in the coming months due to high mileage and increased maintenance costs. Gaden explained that he needs Board approval to sell the 2015 Subaru Outback as surplus property. Brian Groth moved for approval of the authorization for the CEO to sell the 2015 Subaru Outback as surplus property, seconded by Larry Taylor. The roll call showed an affirmative approval with a 7-0 vote.

Resolution #24-02-899 – Approving Revised Schedule A for Power Sales Contract with Naperville – Rakesh Kothakapu explained that Schedule A reflects the location, voltage and point of measurement of the energy delivered by IMEA. He stated that the current Schedule A for Naperville includes two delivery points which are identified as Amoco Co-Gen. The owner of these co-generation facilities notified the City of Naperville that these units were retiring as of December 31, 2023. Kothakapu reported that due to this retirement, Schedule A for Naperville needs to be updated to reflect the removal of the two delivery points. IMEA Staff will remove the RTU equipment which monitors these facilities. Dan Cook moved to approve Resolution #24-02-899 approving the revisions of Schedule A for the Power Sales Contract with Naperville, seconded by John Tolan. The roll call vote showed an affirmative approval with a 7-0 vote.

Resolution #24-02-896 – Approving the Form of New Power Sales Contract and Capacity Purchase Agreement for the Period October 1, 2035 Through May 31, 2055 –

General Counsel Troy Fodor thanked the Contract Working Group for all their efforts. He stated that the Power Sales Contract and Capacity Purchase Agreement were submitted to Members for their review prior to the December 2023 Board meeting. He explained that feedback had been received

from the Members or their attorneys and changes have been made in response to that feedback. Fodor summarized the context of these documents to be a similar format to the existing ones explaining they had been updated for industry changes including the rules of PJM and MISO. He stated that the rates and charges remain the same as the current methods; the Board of Directors sets the rates. These rates are “postage stamp” rates with limited exceptions. The new exceptions include a new Member Directed Resource option and a cost causer provision. Fodor reported that the length of the contract is from October 1, 2035 to May 31, 2055, and it will be a full requirements contract. IMEA provides and Member purchases full load obligation. The Members’ customer self-supply policies are not affected. He also stated that the Agency and Member covenants remain the same.

Fodor stated that Members with generation still dedicate that generation to IMEA under the terms of the Capacity Purchase Agreement and the Member Generation Policy. IMEA Staff established a floor of \$3.20/kW-month for capacity credits for all existing Participating Members with limitations to capacity credits tied to Member’s peak load or greater if the Transmission Owner and RTO allow the generation to push out to the grid. He explained that transmission service plans, management and rate determination along with the Member Services structure remain the same. Fodor reported that a provision for IMEA to serve as a Member’s limited agent was added to accommodate RTOs and Transmission Owners along with a Member self-directed carbon-free resource opportunity. If Members desire an added portion of self-controlled resources, they can add up to 10% nameplate of their overall peak load. Fodor then discussed the changes that had been made to each document based on member feedback.

Brian Groth from Naperville stated that he would not be able to attend the IMEA Board of Directors meeting the next day due to a previously scheduled commitment. He explained that it was his understanding that by approving the standard form of the Power Sales Contract, it does not bind any Member community to a contract extension. He reminded Members of the goals set out in IMEA’s Sustainability Plan which the Board will regularly keep the Members updated on going forward. He explained that since he actively participated in the working group to establish the form of the new Power Sales Contract, he experienced the level of effort put forth by the Members involved to provide reliable energy delivery to IMEA’s communities now and in the future. He stated that through that collective work, it will give all Members the flexibility to utilize local control over their energy mix while ensuring that all Members are protected from the cost shift that could occur with increased utilization of the Member Directed Resources concept. Groth stated that he was in favor of the Board’s approval of the contract form during its full Board meeting.

Larry Taylor moved to approve Resolution #24-02-896 approving the form of the new Power Sales Contract and Capacity Purchase Agreement for the period October 1, 2035 through May 31, 2055, seconded by David Coston. The roll call vote showed an affirmative approval with a 7-0 vote.

CFO Chris Wise presented a chart showing that IMEA’s actual average member costs have been consistently under budget over the last ten years except for the two years of the pandemic.

Ordinance #24-02-897 – Adopting Revised Operating & Capital Budget and Appropriations Therefore for the Fiscal Year Ending April 30, 2024 for the IMEA - CFO Chris Wise reviewed the revised budget pointing out that the MWh sales are projected to be 5.3% lower than the original budget and the average cost to Participating Members is projected to be 3.2% lower than the original budget. Wise

further reviewed the operating revenues & expenses and the capital budget. Brian Keys moved for approval of this Ordinance, seconded by Dan Cook. The roll call vote showed an affirmative approval with a 7-0 vote.

John Tolan, Executive Board Member from Freeburg left the meeting at 3:37 pm to travel to Freeburg for a City Council meeting.

It was discovered that a computer glitch in the electronic voting system prevented Executive Board Member Peter Suhr's vote from showing up as an Executive Board Member. At that time, Peter Suhr voted in the affirmative on the previous Ordinance #24-02-897.

Ordinance #24-02-898 – Adopting Operating & Capital Budget and Appropriations Therefore for the Fiscal Year Ending April 30, 2025 for the IMEA - CFO Chris Wise gave an overview of the upcoming FY2024/25 budget to include total MWh sales projected to be 3.9% higher than the revised FY2024 projection. The average cost to participating members is projected to be approximately 1.8% higher than the FY2024 original budget and 5.2% higher than the FY2024 revised budget. Wise further explained the budget assumptions, operating revenues & expenses and the capital budget. Brian Keys moved for approval of this Ordinance, seconded by Peter Suhr. The roll call vote showed unanimous approval except for an abstention from Freeburg due to him leaving the meeting.

CFO Chris Wise presented a chart outlining the Updated Financial Projections for FY2022-FY2028. He also presented a graph showing the effect that transmission costs have had on member average costs specifically the actual cost from years 2014-2023 and the projected cost from years 2024-2028.

Vice Chairman Dick Simon asked for a motion to adjourn the meeting. The motion was made by Brian Keys, seconded by Larry Taylor and carried unanimously by voice vote. The meeting was adjourned at 4:04 p.m.

Respectfully submitted,


Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, FEBRUARY 14, 2024**

MEMBERS PRESENT

Altamont	Larry Taylor
Carmi	David Coston
Freeburg	John Tolan
Highland	Dan Cook
Naperville	Brian Groth
Rock Falls	Dick Simon
St. Charles	Peter Suhr
Winnetka	Brian Keys

MEMBERS ABSENT

Marshall	Cory Sheehy (via webinar)
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OTHERS PRESENT

Breese	Jason Deering
Chatham	Pat McCarthy
Rantoul	Jake McCoy
Sullivan	Mike Kirk
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Alice Schum
IMEA	Staci Wilson
IMEA	Mike Genin
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Danny Chung
IMEA	Sean McCarthy
IMEA	Tammy Hall
IMEA	Rodd Whelpley
IMEA	Eric Weinant
IMEA	Cindy Evans
IMEA	Ed Cobau
IMEA	Jonathon Wygant
Guest	Raheel Arshed (Naperville)

LISTEN ONLY VIA WEBINAR

Flora	Bob Coble
Marshall	Cory Sheehy
Princeton	Jeff Mangrich
Red Bud	Josh Eckart
Waterloo	Tim Birk
Guest	Greg Hubert (Naperville)

TRAVEL, MEAL AND LODGING EXPENSE REIMBURSEMENT REQUEST FORM
Pursuant to Resolution 17-02-797

The following documentation is submitted to the corporate authorities of the Illinois Municipal Electric Agency for approval of travel expenses as per the requirements of Public Act 99-0604:

- (1) The name of the individual who received or is requesting the travel, meal, or lodging expense and the individual's job title or office.

Name of Employee or Officer

Job Title/Office

- (2) The date or dates and nature of the official business in which the travel, meal, or lodging expense was or will be expended.

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| (3) | <u>APPA Legislative Rally</u> | <u>February 26 – February 29, 2024</u> |
| | Name of Event or Program | Date(s) of Event or Program |
| | <u>Washington, D.C.</u> | <u>Advocacy</u> |
| | Location of Event or Program | Purpose of Event or Program |

- (4) Cost of travel (estimate): \$700.00
- Cost of meals (estimate): \$220.00
- Cost of lodging (estimate): \$1,550.00

Basis for the estimate: Estimate based on known cost of events and previous similar travel.

Signature

Date

2024 Legislative Rally Attendees

Hon. Kevin Timmermann	City of Breese, IL
Jason Deering	City of Breese, IL
Brad Myers	City of Carlyle, IL
Kevin Rolfingsmeyer	City of Carlyle, IL
Scott Testory	City of Farmer City, IL
Sue McLaughlin	City of Farmer City, IL
Dan Cook	City of Highland, IL
Hon. Kevin Hemann	City of Highland, IL
Cory Sheehy	City of Marshall, IL
Hon. Pat McMahan	City of Mascoutah, IL
Jesse Carlton	City of Mascoutah, IL
Hon. Don Canada	City of Metropolis, IL
Natalie Harris	City of Metropolis, IL
Hon. Jason Curran	City of Oglesby, IL
Hon. Susan Harbaugh	City of Red Bud, IL
Josh Eckart	City of Red Bud, IL
Dick Simon	City of Rock Falls, IL
Larry Hanrahan	City of Rock Falls, IL
Giovani McLean	City of St. Charles, IL
Peter Suhr	City of St. Charles, IL
Hon. Stanley Darter	City of Waterloo, IL
Tim Birk	City of Waterloo, IL
John Tolan	Village of Freeburg, IL
Matt Trout	Village of Freeburg, IL
Pat Barry	Village of Ladd, IL