

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, JANUARY 18, 2023

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held pursuant to proper notice in person and by webinar broadcast from the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on January 18, 2023. Chairman Dale Detmer called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present combining both in-person attendance and webinar participation as allowed under law during the Governor's continuing disaster declaration for the COVID-19 pandemic.

CEO Kevin Gaden announced the names of guests that were participating in the webinar and acknowledged the IMEA staff that was physically present in the Boardroom or on the webinar broadcast.

The Report of December 7, 2022 was moved for approval by Bob Coble and seconded by Shane Hill. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Chairman Dale Detmer stated that pursuant to the Open Meetings Act, any person attending this webinar 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. He then asked if anyone from the public would like to make a comment. Hearing none, Chairman Detmer proceeded with the meeting.

OLD BUSINESS

President & CEO Report – CEO Gaden began by noting that Rakesh Kothakapu was not present at the Board meeting due to his attendance at MISO's headquarters in Carmel, Indiana representing IMEA's interest in several meetings with regard to the seasonal capacity auctions and the latest Christmas energy markets emergency reports. Gaden then reported that construction was ongoing regarding the basement buildout targeting mid-March for completion and Staff is currently making arrangements to furnish that space. He announced that Ciara Helms had joined the IMEA staff as the newest Power Services Coordinator on January 17, 2023. She will take Roger Poole's place when he retires mid-year. Gaden also stated that Daniel Chung will join the IMEA team as the Staff Attorney on January 23, 2023. He obtained his law degree from Lincoln Memorial University in Tennessee and interned at TVA's Transmission Interconnect Planning Department. Gaden reported that after nearly 4 months of deliberation, the Vistra dispute on the final invoice was settled with a reduction of \$375,000. He thanked Chris Wise, Troy Fodor and Gary Stephenson for their efforts to complete this issue.

Regarding a National/State update, CEO Gaden reported that FERC Chair Richard Glick had stepped down from FERC in December of 2022. In early January, President Biden named Commissioner Willie Phillips as Acting FERC Chair, although Mr. Phillips has only been on the FERC since December 2021.

Regarding a Regional update, CEO Gaden gave an overview of the events which transpired during Winter Storm Elliott on December 23 and 24, 2022. He summarized how the MISO and PJM load forecast had significantly underestimated demand, causing IMEA to call upon all of IMEA's member generators during that time. IMEA members responded very well without much notice over the Christmas holiday. He also stated that IMEA had received the credit back from Brazo's bankruptcy from Winter Storm Uri (February 2021) and all funds have been credited back from MISO.

Legislative Update – Staci Wilson reported that the latest federal funding package did not include funding to address the distribution transformer production and supply chain constraints and this will now be a key issue for the upcoming Legislative Rally in Washington D.C. She stated that IMEA signed the National Energy & Affordability Coalition letter urging Congress to support FY24 funding for LIHEAP. Wilson discussed HB 4412 which creates a mechanism for potential rate relief to Ameren's residential and small commercial customers due to extremely high-rate spikes, although no funding is currently secured. This bill also includes county wind and solar development siting standards as well as changes to the hiring requirements of the Director of the Illinois Power Agency. She announced that the Carbon Capture report had been completed by the Carbon Capture Task Force at the Prairie Research Institute (part of the University of Illinois) and is now published online.

Wilson stated that the Illinois Commerce Commission along with the Illinois Finance Authority are working to apply for grants from the federal infrastructure law and have requested IMUA be a sub-grantee. IMUA will accept applications from all Illinois IMUA municipal electric utilities and will address any member costs recovery once program terms are known. These grants are targeted to small municipal and coop utilities that sell 4,000,000 megawatt hours or less per year in which all IMEA/IMUA members qualify. She explained how these 40101(d) formula grants will enhance Illinois' electric grid reliability and resilience particularly to climate-related hazards. These grants will also enhance environmental quality and public health through investment in infrastructure that increases electric grid resilience to meet Illinois' clean energy goals with a focus on disadvantaged communities and equity investment on covered populations. Wilson then reported that the DOE Grid Innovation Program seeks to improve grid reliability of the transmission and/or distribution system through innovative models, methods and technologies through formula grant 40103(b). The idea is to support small utilities adapting, integrating and optimizing electrification in preparation for electric vehicle infrastructure.

OLD BUSINESS

Operations – Alice Schum stated that PJM has delayed posting the results of the 2024/25 Base Residual Auction that was held December 7–13, 2022. PJM says that the initial results show a unique set of circumstances which caused the Delmarva *Locational Deliverability Area's* (LDA) Reliability Requirements to increase. This LDA includes Delaware, the Eastern shore of Maryland, and Virginia. The adverse result was due to committed planned generation that did not offer into the auction. Without the expected generation offering into the auction, the price was inflated. PJM filed Section 205 and 206 cases with FERC stating that the results provisions are unjust and unreasonable.

Schum reported that the PJM 2025/26 Base Residual Auction is scheduled to be held in June 2023 with results scheduled to be posted on June 27th. The 2023/24 3rd Incremental Auction is scheduled to be held in March 2023 with results posting on April 3. This is the only Incremental Auction that will be held for this upcoming planning year. She explained that the new PJM capacity verification testing rules will take effect June 1, 2023. PJM will notify Market Participants a week before they plan to schedule the tests within a 10-day window. PJM will notify IMEA the day before the scheduled test,

and then notify IMEA the day of the test to schedule the timing of the two-hour test. If the capacity doesn't meet $\geq 75\%$ of the committed capacity, PJM will schedule a follow up test. If this test doesn't meet the $\geq 75\%$ of dedicated capacity, IMEA can schedule the third test to make $\geq 75\%$ of committed capacity.

Regarding the Midcontinent Independent System Operator (MISO) RTO, Schum reported that the Planning Resource Auction (PRA) will be in a seasonal auction format beginning with the 2023/24 Planning Year. This will be the only auction for the 2023/2024 Planning Year and contains all four seasons. UCAP has been renamed and is now called Seasonal Accredited Capacity (SAC) based on what MW value is expected during dispatch calls in each of the four MISO seasons. This PRA will be held the last three business days in March and results will be posted the last week in April. She reported on scenarios being discussed by MISO regarding optimizing the PRA.

Schum identified the sequence of events of Winter Storm Elliott by MISO and PJM during December 23 and 24, 2022 by a timeline for both days. She stated that 85 IMEA Member units were online in both MISO and PJM on December 23 and 9 Member units were online starting at 5:00 am on December 24. She thanked the IMEA Member generators for responding well on short notice. Schum presented slides which were used during the last PJM stakeholder meeting to cover the most recent storm event. The first one showed a significant portion of PJM's fleet failed to perform during Storm Elliott (46,000 MW on December 24) and over 92% of these outages were reported to PJM with less than an hour's notice or no notice at all. The primary cause of these outages is being attributed to plant equipment failure. The next slide represented the December 23-25, 2022 period compared to the previous ten years showing that the 2022 Xmas Eve load during the time of day when power demand falls was 40,000 MW higher than the previous 10 years. The final slide confirms PJM Generation outages during Storm Elliott. In addition to forced outages, ~6000MW of steam generation was called but not online as expected per their time to start for the morning peak on December 24th. The vast majority of the outages were gas fired units. The high rate of generator outages also limited PJM's ability to replenish pond levels for pumped storage units. Between forced outages, derates, generators that did not start on time, and the inability to fill pumped storage ponds needed for hydro generation, PJM was dealing with 57,000 MW of generator unavailability for Saturday, December 24th. Schum presented a graph showing the percentage of energy sources IMEA provided to this emergency event identifying almost 60% of that power being reliable coal. Finally, she reported that penalties for PJM's generation outages during Storm Elliott could reach \$2 billion for the entire PJM footprint.

COO Gary Stephenson presented graphs representing how IMEA's largest energy sources performed during Storm Elliott. These charts showed minimum daily temperatures and megawatt hours of generation during the December 20-26, 2022 timeframe with regard to Prairie State, Trimble County as well as wind production.

Trimble County: Gary Stephenson reported the following:

- The plant reported one new recordable injury at the plant during November. Coal inventory is at 35 days (eastern coal) and 54 days (western coal) on the ground. Plant performance for 2022 was excellent with an EAF of $\approx 88.1\%$ YTD and an EFOR of $\approx 2.9\%$ YTD. On December 22nd, Unit #1 experienced the failure of a critical bottom ash handling component which ultimately led to a forced outage that lasted until December 27th. The initial failure was unrelated to the cold weather, but the outage restoration was complicated by the freezing temperatures and unavailability of natural gas in the regional gas pipelines.

Prairie State: Gary Stephenson reported the following activities:

- Regarding safety, the plant's total case incidence rate is well below the last three-year average and the mine's YTD reportables are consistent with the industry average, however, the plant had 3 injuries and the mine had 1 injury over the holiday season. This resulted in a "safety standdown" at both the plant and the mine to assure safe operations. Coal inventory is on target at 34 days on the ground. Regarding plant performance for 2022, the EAF was $\approx 83.2\%$ YTD and the EFOR was $\approx 10.9\%$ YTD. The plant's performance was excellent during the December cold spell. Stephenson reported that PSGC was in the process of receiving initial proposals from developers interested in building a Carbon Capture Utilization & Storage (CCUS) system. He reminded the Board that no capital investment was being contemplated by PSGC related to CCUS and that any potential developer would be responsible for funding such a project. He stated that the PSGC owners will continue to monitor the status of such proposals.

Local Transmission and Generation – Gary Stephenson reported on the following:

- Highland - Ameren ATXI Transmission Project - Proposed 138 kV Loop - This project involves a new 138 kV ring bus switching station at Highland, 16.5 miles of new 138 kV line between Highland and Aviston, reconfiguration of the 138 kV switchyard at the Aviston Substation and Ameren's acquisition of the City-owned 138 kV line between Jarvis and Highland. This month, the Highland City Council unanimously approved the sale agreement between the City and Ameren. Stephenson gave kudos to Dan Cook, Chris Conrad, the Mayor and the City Council.
- Oglesby – Proposed New Delivery Point – This project involves a new 34.5 delivery point tapping the Ameren line near the City's Mallick Road Substation to back up the City's single, radial 34.5 kV feed to support commercial/industrial growth on the west side of town. IMEA Staff anticipates focused negotiations with Ameren on the UCA and the WCA over the next few months. Ameren recently provided a draft "Attachment A" detailing project specifications and costs.
- Riverton – Considering Infrastructure Requirements – The Village of Riverton is dependent upon capacity at the Ameren-owned distribution substation. This substation may require upgrades due to recent load growth and the potential for future customer additions. The Ameren study is underway and being paid for by Riverton.

Update on Solar Projects – Shadi Ahanchi reported that on December 14, 2022 all three 20-year agreements were executed with subsidiaries of Sol Customer Solutions (SCS) for photovoltaic projects at Marshall (1 MW), Oglesby (0.5 MW) and Princeton (1 MW). She explained that issues have arisen with the proposed site for Princeton. It is located within a "Technology Park" that has protective covenants, some of which would need to be waived by the City Council. The waiver has not been granted because community opposition to the siting proposal had developed. On January 10th, the City Planning Commission voted to recommend approval to the City Council, although on January 16th, the City Council voted to table the siting proposal. This project may need to consider a different site in order to remain viable in Princeton. Ahanchi stated that the Operating & Siting Agreements (between IMEA and Member) had been signed by Marshall and Oglesby anticipated signing in January. SCS is in the process of soliciting proposals from the construction partners.

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

- Ameren Missouri Rush Island SSR Revenue Requirement/Rate Filing (Docket No. ER22-2721) – FERC entered Orders approving the SSR designation and allocation filings for both Rush Island units, but set the Revenue Requirement case for settlement negotiations. The first settlement conference with all parties on this case occurred on December 16, 2022 with settlement talks continuing.
- MISO Transmission Owner (TO) Tariff Filing on Reactive Revenue (Docket No. ER23-523) – This was filed on November 30, 2022 and if approved would eliminate monthly fixed compensation for qualified generators for the ability to provide reactive support to the grid within the standard power factor range of 95% leading or lagging. This would eliminate revenue to IMEA for Prairie State and future revenue/cost offset for IMEA's portion of the Big River solar project. If approved, it would also eliminate the MISO charges to the network and point-to-point transmission service customers for reactive support which would eliminate costs to IMEA. IMEA staff intervened, but did not protest or comment; there were numerous protests by others.
- MISO SSR Tariff Change (FERC ER23-630) – Establishes quarterly study periods changing Attachment Y submission from 26 weeks before suspension/retirement to one year. IMEA intervened, but did not protest or comment.
- PJM 24/25 Base Residual Auction Results Filings (FERC ER23-729 – Sec. 205 filing) and (EL23-19 – Sec. 206 filing) – Eliminates potential affects of new planned resources in small locational deliverability areas not bidding into the auction. IMEA intends to intervene, but not protest or comment.
- Notice of Proposed Rulemaking (NOPR) – The Comment/Reply Comment processes continue on the proceedings previously reported, although no final FERC Orders yet.
- MISO 2015/16 Capacity Auction Remand (Docket Nos. EL15-70; EL15-71 & EL15-72) – The Appellate Court reversed and remanded the FERC Order saying that there had been no market manipulation by Dynegy in MISO's Illinois Zone 4 2015/16 capacity auction. The FERC Office of Enforcement subsequently staff filed a Remand Report saying that it found that Dynegy did manipulate the market. The case is ongoing with no final action yet.
- Ameren Audit Refund (Docket No. FA20-6) - FERC staff audited Ameren's books for the period January 1, 2016 through December 31, 2019 and their Audit Report contained findings and recommendations which required refunds. The \$1.3M refunds for all customers were reduced by Ameren to \$729,000. IMEA and an electric cooperative group filed a protest of the refund report and IMEA staff is awaiting a FERC ruling to determine next steps.
- MISO Transmission Owners Return on Equity (ROE) Cases (Docket Nos. EL14-12 and EL15-45) On August 9, 2022, the D.C. Court of Appeals vacated and remanded the FERC Orders regarding the new methodology for determining ROE. The possible outcome may be a small reduction in ROE and the Ameren transmission rates going back to November 12, 2013. There is no FERC action on remand yet.
- Big River Solar Reactive Revenue Filing (Docket ER22-1610) – Pursuant to the Ranger Power contract, IMEA is entitled to ≈16.78% of reactive revenue starting on June 1, 2025. IMEA has intervened to monitor the case and the settlement process is proceeding.
- Ameren Wholesale Connection Agreements/Umbrella Construction Agreements (WCA/UCA) – The WCA will govern the interconnection points where the Member electric facilities interconnect with the Ameren electric facilities and the effects that they have on each other's systems; UCA will govern upgrades and new construction projects. Ameren says there have to be Ameren prepared versions for certain individual members which incorrectly identify the member as Ameren's customer. IMEA staff has prepared a summary of issues and explanations for each document along

with a markup of each document with proposed redlined changes. Staff will seek another round of discussions with Ameren to get final issues identified for ultimate decision by members and begin educating member representatives and attorneys about the contents of the documents. Staff is seeking to work towards a final resolution of the document language for Oglesby and possibly Peru and Highland in the coming months and then will begin work with a broader group.

- Ameren Wholesale Distribution Service (WDS) – Received Notice from Ameren stating there are no changes to the WDS rates in 2023.
- Rantoul Customer – Possible Public Utility Regulatory Policies Act (PURPA) Contract – Prominic, a web hosting company, is proposing a microgrid project, including solar generation, backup natural gas generation and battery facilities. The solar generating facilities portion of the project would likely be a Qualifying Facility (QF) under PURPA. The initial project review for interconnection requirements was studied by outside engineers which was paid for by Prominic. Rantoul has advised Prominic of upgrade costs that they will have to pay. IMEA Staff is assisting Rantoul with the Interconnection Agreement and will negotiate with Prominic for a contract if the project proceeds.
- Vistra Dispute – As CEO Kevin Gaden discussed, the final settlement document was signed, the final invoice sent and final payment was made.
- Build America Bonds Payment Sequestration – An oral argument before the Appellate Court was held on January 12, 2023. IMEA Staff awaiting the outcome.
- Chatham SERC Registration – IMEA Staff is working with the Village consultant to prepare for registration with SERC as a Transmission Owner. Chatham has hired Brian Evans-Mongee of Utility Services on the registration and compliance issues. IMEA Staff is assembling all prior compliance documentation and the drafting of required SERC compliance documents are underway.

NEW BUSINESS

Startup, Shutdown and Malfunction (SSM) Emissions – Gary Stephenson reported that the Illinois EPA (IEPA) has proposed a rulemaking that would modify the Illinois Administrative Code (IAC) to eliminate the ability for the IEPA to issue permits that contain blanket exception provisions for SSM periods that effectively allow emitters (Member generators) to exceed their published permit limits. He explained that the primary concern is with the permitted “opacity” emissions limits with startups, shutdowns or when a unit is malfunctioning. The opacity of an emitter is tied to the plume of emissions that comes out of the stack from the unit and how hard it is to visually see through that plume of stack emissions at any time during its operation. Stephenson stated that a review of the Generating Member fleet indicates that the emission profile of units manufactured by Nordberg, Worthington, Fairbanks and others, collectively the “Older Units” should be tested to ensure their capability to continue operations in full compliance with the SSM limits under the proposed new rule. IMEA Staff is recommending that these Older Units conduct opacity testing within the coming months and IMEA Staff would work with each Member to develop next steps to consider and take action in order to ensure its compliance under its IEPA permit as it may be affected by the proposed rule change. He explained that since the ability to operate Member generation is critical to the reliability and affordability of IMEA’s resources, it is appropriate for certain costs associated with these proposed tests to be borne by IMEA. These costs would include the hiring of external testing experts to collect and analyze the data from these initial tests, consulting with environmental law experts to determine the recommended next steps for the impacted members and the cost of fuel required for the tests. Stephenson also discussed that once this initial testing data is collected and the implications are known, IMEA Staff may decide to engage in stakeholder engagement efforts with the IEPA to minimize any

negative impacts to Generating Members or IMEA. IMEA Staff is seeking the Executive Board's approval to proceed with this effort and plans to then seek formal IMEA Board ratification at the February Board meeting. IMEA Staff recommends the expenditure of no more than \$150,000 prior to the end of FY 2023/24 and Stephenson identified the breakdown of specific costs. Larry Taylor moved to approve up to \$150,000 expenditure to be utilized for the purpose of identifying and trying to mitigate the impact to IMEA's Generating Units which may be affected by the IEPA's SSM emissions proposed rule change. This motion was seconded by Shane Hill and the roll call vote passed unanimously.

At that time, CEO Kevin Gaden asked for a motion to go into Executive Session for the discussion of personnel matters. Bob Coble moved to go into closed session, seconded by Shane Hill. Roll call vote showed all in favor. The meeting was closed to the public pursuant to Section 2(c)(1) of the Open Meetings Act for personnel matters at 12:02 p.m. The meeting was returned to Open Session at 1:02 p.m. by a motion from Larry Taylor. The motion was seconded by Dale Detmer and the roll call vote was unanimous.

Shane Hill made a motion to approve the following:

1. An increase to the overall employee salary pool for all employees (except CEO) of 3% for base adjustments to all salaries effective May 1, 2023;
2. An additional increase to the overall employee salary pool (except CEO) of 3% effective May 1, 2023, to be distributed to employees based on merit and salary comparability, at the CEO's discretion;
3. The approval of an annual pool of \$30,000 to be placed in the salary budget to provide for the Employee Incentive Plan payments that would begin on May 1, 2023 for that fiscal year (CEO is ineligible for these funds); and
4. To increase the CEO salary by 5% effective May 1, 2023.

The motion was seconded by Rick Abell and the roll call vote showed unanimous approval.

At that time, CEO Gaden announced that this was Rick Abell's last meeting as the representative for Metropolis and thanked him for his many years of service.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Tim Birk, seconded by Larry Taylor and carried unanimously. The meeting was adjourned at 1:06 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, JANUARY 18, 2023**

MEMBERS PRESENT (or listening via webinar)

Altamont	Larry Taylor
Breese	Dale Detmer
Chatham	Shane Hill
Flora	Bob Coble
Freeburg	John Tolan (joined meeting at 10:30 am)
Marshall	Cory Sheehy
Metropolis	Rick Abell
Waterloo	Tim Birk
Winnetka	Brian Keys (via webinar)

MEMBERS ABSENT

OTHERS PRESENT (or listening via webinar)

Altamont	Dan Milleville
Bethany	Shannon Risley
Carmi	David Coston (via webinar)
Highland	Dan Cook
Metropolis	Michael Gentry
Naperville	Brian Groth & Raheel Arshed (via webinar)
Peru	Eric Carls (via webinar)
Princeton	Jeff Mangrich (via webinar)
Red Bud	Josh Eckart (via webinar)
Rock Falls	Dick Simon
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Gary Stephenson
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Alice Schum
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Staci Wilson
IMEA	Rodd Whelpley (via webinar)
IMEA	Ed Cobau
IMEA	Cindy Evans (via webinar)
IMEA	Shadi Ahanchi
IMEA	Sean McCarthy
IMEA	Tammy Hall
Guest	Jean Korte (Highland) (via webinar)
Guest	Greg Hubert & Howard Salk (Naperville) (via webinar)