

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, AUGUST 22, 2018

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on August 22, 2018.

Chairman Greg Hazel called the meeting to order at 2:00 p.m. Roll call was taken which showed a quorum was present. The Report of July 18, 2018 was moved for approval by Rick Abell, seconded by Tim Birk. The motion was carried by unanimous voice vote.

Opportunity for Public Comment: Chairman Greg Hazel stated that pursuant to the Open Meetings Act, any person in attendance at a meeting shall be permitted an opportunity to comment. He then asked if anyone would like to make a comment and hearing none, the meeting continued. CEO Kevin Gaden recognized Lucy Podlesny and Brian Groth from Naperville along with Dave Miller from Carlyle.

OLD BUSINESS

RTO Pseudo-Tie Issues – General Counsel Troy Fodor reported that Trimble County 1 pseudo-tie is scheduled for June 1, 2019 to allow for upgrades to LG&E metering, however; a scheduled outage has been planned for installation of the new metering. Regarding Trimble County 2, he stated that the target date for the pseudo-tie is August 27, 2018 at 8:00 am CST. Fodor reported that all deliberations with LG&E and PJM had been resolved and reviewed all the documents which had been executed by all parties. He also stated that MISO filed a second Pro Forma Pseudo-Tie Agreement with FERC requesting existing pseudo-ties like IMEA's be exempt. FERC has not yet ruled.

Engagement of Employment Recruiter – CEO Kevin Gaden stated that ads had been placed with APPA, GFAO (national and regional) along with NRECA for the past 60 days and 16 resumes have been received. Staff decided not to engage an employment recruiter to assist in the search for the CFO position and the recruiter has been notified. Staff has conducted 3 initial interviews and following background checks, will conduct second interviews in early September. By mid-September, staff will determine the new CFO and make arrangements for them to be on site in November/December depending on the candidate's schedule.

Future Energy Jobs Act (FEJA) Update – Staci Wilson reported that ComEd had filed an appeal on FEJA solar incentives allowed in municipal and cooperative territories. The current status is that municipal customers are allowed to access those incentives at this time. There are no statutory time limitations on the court although a final decision is likely sometime in 2019. Beginning November 1, 2018, the IPA will be accepting approved vendor applications and will open project applications on January 15, 2019.

Wilson reported on a teleconference with the IPA which indicated that the REC's from individual solar projects would count towards the statewide plan. She reported on a meeting with ComEd in Chicago and a phone conference with the Environmental Law & Policy Center (ELPC). Wilson pointed out the regulatory risks that could potentially impact IMEA. Regarding net metering, Wilson reviewed policy actions from a national level citing three cases involving municipalities. She discussed the importance of performing a cost of service study when implementing net metering. Wilson also discussed rate implications and scenarios if IMEA members would be required to collect the FEJA solar assessments.

Member Solar Sites – Kevin Wagner reported that at the end of May, staff issued a Request for Proposals to the members for “behind the meter” sites for future ground-mounted IMEA photovoltaic solar projects large enough to accommodate ½ to 2 MW of panel capacity. Site proposals were submitted by the July 31 deadline by five members – Altamont, Oglesby, Rock Falls, Naperville and Rantoul. Altamont, Rantoul and Naperville offered multiple sites. Staff visited the proposed sites and evaluated the proposals using the criteria and point system specified in the RFP. That criteria was broken down into six general categories: physical location, environmental factors, ownership, interconnection, member support and market attributes. Wagner presented a chart which summarized the scoring of these factors for the various member sites. Altamont and Rock Falls were tied at 1st place, Oglesby in 2nd place and Naperville and Rantoul were tied at 3rd place.

Rock Falls offered over 12 acres of very accessible, prime industrial park property located near the city's utility office/service center/power plant. Staff is recommending a 1 MW solar installation based on the differential between Rock Falls' existing diesel/hydro generation and its peak load. The city is proposing a direct connection of the solar to its 34.5 kV distribution system to maximize internal use.

Altamont offered two level, open sites – one consisting of just under 5 acres next to its power plant and a larger site of over 12 acres near its wastewater treatment plant. Weighing the city's existing diesel generation and its peak load, staff recommends no more than a ½ MW solar installation for which the proposed site adjacent to the power plant is ideal.

Oglesby's proposed 4-acre site is located to the east of its fire station and main distribution substation. This level and open acreage can easily accommodate a ½ MW solar installation. Oglesby has about 10 MW peak load and no existing BTM generation, so limitations on the PV capacity is not an issue.

Naperville offered 6 different tracts of land on its waste water treatment property totaling about 29 acres. Unfortunately many of these acres may be either in flood zones or poorly sloped for solar. Staff has identified a combination of three tracts proposed on the east side of the property that would accommodate at least 1 MW of solar all of which would normally be consumed by the water treatment plant. From the standpoint of the market attributes (e.g. avoided energy and capacity costs), Naperville is the number one choice for installation of BTM renewable resources.

Rantoul offered two sites on the former Chanute Air Base property. One is located adjacent to IMEA's existing 1 MW solar facility south of Heritage Lake Park. This site could accommodate an additional ½ MW of capacity and has the cost advantage of utilizing the existing interconnect and step up transformer. The second and larger proposed site is located on the elevated landfill area to the west of Heritage Lake Park. This could accommodate another 1 MW solar installation, however it would likely require use of ballasted racking (rather than screw anchors) since there are restrictions on disturbing the soil cap on the landfill. Staff recommends deferring consideration of the development of these potential solar sites pending final resolution of ownership transfer from the Air Force to the Village.

Staff recommends the following:

- Issue an RFP this September to qualified providers for a 20-year Power Purchase Agreement (PPA) to construct and place in service by the end of 2019 a total of 3 MW of ground-mounted, fixed-axis photovoltaic net capacity utilizing the preferred sites and capacity allocations staff has identified in Rock Falls (1 MW), Altamont (1/2 MW), Oglesby (1/2 MW) and Naperville (1 MW)
- Approve development and place in service before the end of 2019 a total of 3 MW of new solar capacity as identified above subject to successful siting agreement negotiations with the participating members, successful "fatal flaw" site review (e.g. EcoCAT, soil test, land survey, etc.) and negotiation of acceptable pricing, terms and conditions from staff's recommended PPA provider

Wagner reported that staff anticipated presenting a PPA provider recommendation at the November IMEA Board meeting. As in the past, staff will also specify in the RFP that providers identify an early facility buyout amount, and IMEA will retain rights to the RECs. Wagner presented aerial photos of the proposed solar sites. Tom Bruhl made the above-referenced motion which was read orally by Chairman Hazel, seconded by John Hodapp. The motion passed by weighted roll call vote with Rantoul and Rock Falls abstaining.

Carmi Unit #11 Repair/Replacement – Kevin Wagner reported that the City Council had recently awarded a contract to IDS to tear down the engine and prepare a cost estimate for Unit 11 repair. The City intends to approve this repair work once the cost estimate is known and determined to be economically feasible. Since the City experienced delays in getting vendor responses on this repair work and on insurance coverage, they did not meet the IMEA Board's July 20, 2018 deadline to provide a "bona fide financial commitment" to repair or replace Unit 11. The City is confident that Unit 11 can be repaired or replaced and returned to service by July 20, 2019.

John Hodapp made a motion to maintain the 12-month waiver allowing the Unit (or its replacements) to requalify for Dedicated Capacity Payment if returned to service by July 20, 2019 and to allow the Unit (or its replacement) to return to service dependent on a cost estimate for Unit repair issued by IDS no later than November 30, 2018 and a contract executed by the City of Carmi by January 31, 2019 to repair/replace the Unit. Dan Cook seconded the motion which passed by unanimous weighted roll call vote. David Coston discussed the circumstances which had contributed to the delays and thanked the Board for their consideration of the above-referenced extensions.

Ameren Wholesale Distribution Service (WDS) Rate Action Notice – CFO Bob Childers reported that Ameren notified IMEA that they plan to update IMEA’s Wholesale Distribution Service (WDS) rates on June 1, 2019. Staff has contacted the Coop group who have previously worked together in 2011 to set up a meeting. IMEA worked closely with other WDS customers to push down a proposed 140% rate increase in 2011, which culminated in a 2012 FERC trial. The outcome of that trial was FERC reducing IMEA’s Ameren WDS rate by 37% from the proposed rate, which resulted in a multi-million dollar refund and a 3-year rate change moratorium which ended in February of 2018.

Ordinance 08-18-815 – Mike Genin explained that a recent development in Illinois is the establishment of data centers, computer farms and the expansion of chemical facilities. These are large demand, high load factor customers which remain on 24 hours a day, seven days a week. These customers are extremely valuable in that they use a large amount of off-peak power when power plants are typically selling electricity at low rates to the grid. Inquiries were made from Highland, Naperville, Peru and Rantoul to request consideration of development of a new special electric rate for these types of customers. This B7 rate would model the B6 rate except providing an additional demand cost reduction. Genin stated this would be an incentive rate for “new or expanding customers who have an increased electric demand of 3-50mW and an 80% or greater monthly load factor.” Board approval would be necessary if over 50mW. Tom Bruhl made a motion approving the IMEA Economic Development Rate B7 with an effective date of January 1, 2019. Rick Abell seconded the motion which passed by a unanimous weighted roll call vote.

Chairman Greg Hazel asked for a motion to adjourn the meeting. The motion was made by Dick Simon, seconded by Tom Bruhl and carried unanimously. The meeting was adjourned at 3:14 p.m.

Respectfully submitted,



Secretary/Treasurer

ILLINOIS MUNICIPAL ELECTRIC AGENCY

**EXECUTIVE BOARD MEETING
WEDNESDAY, AUGUST 22, 2018**

MEMBERS PRESENT

Carlyle	John Hodapp
Carmi	David Coston (via teleconference)
Highland	Dan Cook
Metropolis	Rick Abell
Rantoul	Greg Hazel
Rock Falls	Dick Simon
St. Charles	Tom Bruhl
Waterloo	Tim Birk

MEMBERS ABSENT

Peru	Mayor Scott Harl
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OTHERS PRESENT

Altamont	Larry Taylor
Breese	Dale Detmer
Bushnell	Justin Griffith
Carlyle	Dave Miller
Chatham	Shane Hill
Flora	Bob Coble (via teleconference)
Freeburg	John Tolan (via teleconference)
Greenup	Mike Ryder
Marshall	Cory Sheehy
Naperville	Lucy Podlesny & Brian Groth
Princeton	Jeff Mangrich (via teleconference)
Red Bud	Josh Eckart (via teleconference)
Sullivan	Mayor Ann Short
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Kevin Wagner
IMEA	Shadi Ahanchi
IMEA	Rakesh Kothakapu
IMEA	Rodd Whelpley
IMEA	Glenn Cunningham
IMEA	Cindy Evans
IMEA	Chris Jewell
IMEA	Staci Wilson
IMEA	Ed Cobau
IMEA	Tammy Hall