

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, AUGUST 25, 2021

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held in person and also by webinar broadcast pursuant to proper notice from the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on August 25, 2021. Chairman Dale Detmer called the meeting to order at 10:05 a.m. Roll call was taken which showed a quorum was present combining both in-person attendance and webinar participants 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. He also welcomed two new IMEA Board members, Mayor Mike Dreith from Fairfield and Joe Fosbyck from Bushnell and introduced Robbin Blackert from Rock Falls, Jake McCoy from Rantoul and Mayor Kevin Timmerman, Bob Venhaus, Bob Berndsen and Terry Fields from Breese.

The Report of June 16, 2021 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 in person or by webinar broadcast 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

Executive Session Minutes: General Counsel Troy Fodor recommended that the Executive (closed) session minutes of January 20, 2021 be approved and released as public records. Cory Sheehy moved to approve and release these Executive (closed) session minutes and Larry Taylor seconded the motion which carried by unanimous roll call vote.

Update on Solar Projects: Chris Jewell reported the following:

- Rantoul Phase 2 – The ribbon cutting for the dedication of the Phase 2 project will be held on Friday, October 1. Information will be forthcoming.
- Member BTM Solar Applications – IMEA staff provided Request for Proposals (RFPs) on May 14 to Members interested in hosting a BTM solar project sized between 500kW and 2000kW. IMEA staff has received proposals from Marshall, Mascoutah, Oglesby

and Princeton. Oglesby and Princeton submitted two sites for review; Oglesby – Fire Station and Illinois Valley Community College (IVCC) and Princeton – Tech Park and Transfer Station. IMEA staff has visited the Member sites and reviewed the proposals using the selection criteria and point system identified in the RFP. All sites showed good physical location and no known environmental concerns; all sites have adequate capability to interconnect to the local distribution system and all the projects are located within the MISO/Ameren footprint and provide the same REC, transmission and capacity value. All sites except for the Oglesby IVCC location are owned by their respective cities and do not present any zoning, annexation or land-use issues. All sites except for Mascoutah and Princeton (Transfer Station) have high visibility for the public and no O&M issues were identified at any site. Another consideration for development is the Federal Investment Tax Credit (ITC) which is currently 26% for projects developed by the end of 2022. These projects can qualify for “Safe Harbor” provisions that allow construction to extend beyond 2022. Federal legislation has been proposed that would provide for grants to be awarded in lieu of tax credits for non-profit entities such as IMEA. The current supply constraints may cause prices to be higher than previous RFP’s and the utility scale vendors have noted that panel production constraints have caused manufacturers to charge a reservation fee for panel production. Staff recommended proceeding with four locations totaling approximately 3 MW.

Shane Hill moved to issue an RFP to qualified providers for a Power Purchase Agreement (PPA) or build/transfer agreement to construct and place in service approximately 3 MW of ground-mounted photovoltaic net capacity utilizing the preferred sites staff has identified in Marshall (1 MW), Mascoutah (1/2 MW), Oglesby – Fire Station (1/2 MW) and Princeton – Tech Park (1 MW) and to approve development in 2022 of approximately 3 MW of new solar capacity as identified above subject to successful siting agreement negotiation, “fatal flaw” site review (e.g. EcoCAT, soil test, land survey, etc.) and acceptable pricing, terms and conditions from the approved PPA provider. Brian Keys seconded the motion which carried by unanimous roll call vote. Jewell stated that the IMEA Board would be provided a detailed estimate of the costs and benefits of these solar facilities with a recommendation of specific vendors prior to the approval of a Resolution.

Legal Matters – General Counsel Troy Fodor reported the following:

- FERC Matters – On July 15, 2021, FERC issued an Advanced Notice of Proposed Rulemaking proposing reforms to its transmission policies and requesting comments. This process could result in significant changes to the transmission planning process, cost allocation and generator interconnection rules. FERC wants to finalize these new rules by late 2022. On July 31, 2021, PJM filed tariff revisions with its new Minimum Offer Price Rules (MOPR) which would be applicable for Delivery Year 2023/24 Base Residual Auction in December of 2021. If this tariff revision is approved, it will reduce the impact of MOPR on many entities. Public power entities, like IMEA, will no longer be identified as a subsidy in and of ourselves and the impact of this change on IMEA will be positive.
- Incremental Capacity Transfer Rights (ICTRs) – IMEA filed its FERC Complaint against PJM on May 28, 2021 citing that PJM had reduced IMEA ICTRs from 1097

MW to 516.2 MW and claiming that PJM violated the Tariff and Upgrade Construction Service Agreement; violated the Tariff in initially calculating capacity transfer rights by not basing them on imports; and that PJM's implementation was unjust and unreasonable and the reduction of ICTRs was unduly discriminatory and preferential. IMEA's requested relief is for damages through refunds plus interest and that FERC require PJM to follow the tariff in the future. The Answer from PJM and a protest from Exelon were filed on June 28. PJM's Independent Market Monitor filed a later response supporting PJM and Exelon and other ICTR holders filed in support of IMEA. The parties also filed a number of reports to each other. FERC could take final action on the Complaint and Answers or could set the matter for trial/settlement proceedings.

- Build America Bonds Payment Sequestration Lawsuit – Prairie State public power entity owners filed a Complaint against the U.S. Government with the Federal Court of Claims. The U.S. Government filed a Motion to Dismiss on May 4, 2021 and oral argument was held on June 22, 2021. The Court ruled to dismiss the case on July 23, 2021 and the public power entities filed a Motion to Reconsider on August 20, 2021.
- Ameren WCA/UCA – Ameren sent new drafts and IMEA Legal staff expects to send comments and proposed edits to Ameren this week. Upon the finalization of negotiations with Ameren, IMEA staff will plan a workshop to review the technical requirements of these agreements with those Members affected along with electric and management staff of the members and legal counsel, if they choose.
- Mascoutah – The City held off implementing a settlement with the land owner while waiting for the Appellate Court decision and is trying to get a bad precedent on the 138kV line extension overturned. The Appellate Court Opinion was issued on August 9, 2021 stating that it had no jurisdiction for a direct appeal from the ICC on this type of case. The appeal will have to be restarted in the Circuit Court. IMEA staff and the City of Mascoutah are considering possible ways to lock up the land-owner settlement, but also get a ruling on the merits of an appeal to try and avoid a bad precedent for future municipal easement rights.

## NEW BUSINESS

Hiring Consulting Firm to Assist with Chief Operating Officer (COO) Search – CEO Gaden reported that staff had held three interviews in July which had provided two suitable candidates. The first candidate declined the offer and the second candidate is interested, but is being considered for a separate CEO position and requested time to consider that opportunity. Staff is considering employing the services of a professional executive recruiter if the candidate takes another position and CEO Gaden has contacted Mycoff Fry Partners LLC, a prominent executive recruiter in public power. He explained that if the candidate takes the other position, this approval mechanism would be in place to proceed and if the candidate accepts IMEA's offer, they would start in time for the October Board meetings. Kevin Wagner, current VP of Engineering, has agreed to delay his planned retirement date a couple of months if necessary to hire and train the new COO. Larry Taylor made a motion to approve hiring a consulting firm to assist with the search for a Chief Operating Officer if necessary, seconded by Bob Coble. A unanimous roll call vote showed all in favor.

City of Sullivan Waiver Request – CEO Gaden explained that Sullivan’s Clean Air Act Permitting Program (CAAPP) permit expired on August 4, 2020 and the City’s generating facilities were ordered by the Illinois Environmental Protection Agency (IEPA) to cease operation until a valid operating permit was approved. This permit renewal required a new source application that had a federal and state public comment period. Sullivan has a Capacity Purchase Agreement (CPA) with IMEA that dedicates its generation to IMEA. Sullivan has a duty under the CPA to license and permit its generation so that it can be operated to benefit the membership. The IMEA Generation Policy allows for penalties including (i) the retention of capacity credit payments for unapproved outages or inability to operate, and (ii) due to the failure to exercise generation. Starting in January, Sullivan was unable to operate due to the order of the IEPA and it failed to perform a required exercise for certain of its units for the months of December and January. The total penalties are \$91,897.87 through the end of April when the unit tested with a satisfactory run after receiving its new permit.

CEO Gaden explained that the Generation Policy states that waiver provisions are to be denied except under extreme conditions as may be determined by the IMEA Board on a case-by-case basis. The Generation Policy cannot be overridden on appeal for any penalties assessed without a 2/3 weighted vote of the Members. He stated that the extreme conditions could be caused by the COVID-19 pandemic wherein there were possible delays of government action due to shut-downs or if the City of Sullivan managed the permit application process correctly and the IEPA lost the permit renewal application. Gaden stated that the harm to IMEA and the membership is the payment of capacity credits for non-available generation required by the RTO and the replacement of that non-available generation. IMEA lost 18.7 MW of Sullivan’s local generation during the February Polar Vortex event. He stated that staff could support a waiver of the failure to exercise penalties, but that staff has no recommendation on the capacity credit withholding penalties. Gaden explained that the vote from the Executive Board was only a recommendation to the full IMEA Board for consideration at the IMEA Board of Directors meeting on August 26, 2021.

At that time, Mayor Richard Glazebrook presented background information regarding the issues with the City of Sullivan’s permit renewal application process. He discussed specifics of this situation including his statement that the City sent the application in on time even though they did not use a manner of delivery that provided a return receipt, and that Sullivan had been billed for and paid the permit fees to IEPA. He indicated that the COVID pandemic had directly affected the outcome with so many State employees working from home, stating that this situation should be considered an Act of God due to the unusual situation brought on by the COVID pandemic. Mayor Glazebrook reported that the City of Sullivan’s generation units had always performed at a very high level and requested a waiver of capacity credit payment loss along with the penalty per unit for failure to exercise generation.

Larry Taylor made a motion not to make any recommendations at this time, but to wait until the full IMEA Board of Directors meeting tomorrow. Discussion ensued and the motion was withdrawn.

Rick Abell moved to approve a waiver of the failure to exercise penalties for the three Sullivan CAT units in the amount of \$6,000, seconded by Larry Taylor. The roll call vote for waiver of

the penalties for not exercising the three Sullivan CAT units failed by a 3-5 vote with Altamont, Freeburg and Metropolis voting "Yes" and Breese, Chatham, Flora, Marshall and Winnetka voting "No." Bob Coble moved to approve a waiver of the capacity payment loss in the amount of \$85,897.87 (\$91,897.87 - \$6,000 failure to exercise penalties) which was seconded by Rick Abell. The waiver request of the capacity payment loss failed by a 1-7 roll call vote with Altamont voting "Yes" and Breese, Chatham, Flora, Freeburg, Marshall, Metropolis and Winnetka voting "No."

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Cory Sheehy and seconded by Brian Keys. The voice vote carried unanimously and the meeting was adjourned at 11:25 a.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
EXECUTIVE BOARD MEETING  
WEDNESDAY, AUGUST 25, 2021**

**MEMBERS PRESENT**

Altamont	Larry Taylor
Breese	Dale Detmer
Chatham	Shane Hill
Flora	Bob Coble
Freeburg	John Tolan (via webinar)
Marshall	Cory Sheehy
Metropolis	Rick Abell
Winnetka	Brian Keys (via webinar)

**MEMBERS ABSENT**

Waterloo	Tim Birk
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**OTHERS PRESENT (or listening via webinar)**

Bethany	Shannon Risley
Breese	Mayor Kevin Timmermann, Bob Venhaus Bob Berndsen and Terry Fields
Bushnell	Joe Fosdyck
Carmi	David Coston
Fairfield	Mayor Mike Dreith
Naperville	Brian Groth (via webinar)
Princeton	Jeff Mangrich (via webinar)
Rantoul	Jake McCoy
Red Bud	Josh Eckart
Rock Falls	Dick Simon and Robbin Blackert
Sullivan	Mayor Richard Glazebrook
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Alice Schum
IMEA	Kevin Wagner
IMEA	Rakesh Kothakapu
IMEA	Staci Wilson
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Sean McCarthy
IMEA	Chris Jewell
IMEA	Mike Genin
IMEA	Rodd Whelpley (via webinar)
IMEA	Cindy Evans (via webinar)
IMEA	Tammy Hall
IMEA	Ed Cobau (via webinar)
IMEA	Shadi Ahanchi (via webinar)