

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, AUGUST 24, 2022

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 August 24, 2022. Chairman Dale Detmer called the meeting to order at 2:00 p.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 were physically present in the Boardroom or on the webinar broadcast.

The Report of June 22, 2022 was moved for approval by Rick Abell 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 no requests for public comment, Chairman Detmer continued with the meeting.

OLD BUSINESS

Executive Session Minutes: General Counsel Troy Fodor recommended that the Executive (closed) session minutes of January 26, 2022 be approved and released as public records. Larry Taylor moved to approve and release these Executive (closed) session minutes and Bob Coble seconded the motion which carried by unanimous roll call vote.

Update on Solar Projects - Shadi Ahanchi reported that IMEA Staff continues to negotiate with Sol Customer Solutions (SCS) for the projects at Marshall, Oglesby and Princeton. The remaining issues include assignment flexibility for the Seller, performance assurance after an assignment to the host and details on the final language. She stated that the site survey studies for all three sites and the permitting for Princeton and Marshall are in progress. The buyout option is on a triennial basis for IMEA after the 6th year of the Agreement, rather than an annual basis, however, a buyout can be triggered by action of the Member at any time after the 6th year. The anticipated Commercial Operation date is fall of 2023. Ahanchi discussed the next steps after finalizing the Purchase Agreement to include the execution of the host cities' Utility Interconnection and Siting Agreements. IMEA Staff is working with SCS to finalize interconnection and permitting issues and commence the preliminary engineering and design. The individual host city meetings continue bi-weekly.

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

- FERC Orders

- Notice of Proposed Rulemaking (NOPR) on Duty of Candor (Docket No. RM22-20) – This Notice was issued by FERC on July 28, 2022. The proposed regulation states that all entities with the Commission and Commission approved entities must provide accurate and factual information and not submit false or misleading information, or omit material information, in any communication with the Commission or Commission approved entities and must perform due diligence to assure such. That duty of candor is being expanded to include MISO, PJM, the market monitor and likely all transmission owners and operators. This requirement of full due diligence candor raises questions and APPA and TAPS are considering providing comments. At this time, IMEA does not plan to intervene or provide comments.
 - NOPR on Accounting and Reporting Treatment of Certain Renewable Energy Assets (Docket No. RM21-11) – This Notice was issued by FERC on July 28, 2022. This proposes to add hundreds of new account numbers to the FERC Uniform System of Accounts to enable more precise recordings of the costs of wind, solar and storage production assets as well as renewable energy credits (RECs). In addition, FERC proposes the addition of new accounts for computer software and communications costs under the transmission, distribution, generation and general functions. This may change IMEA’s accounting of its renewable projects and the renewable energy credits which IMEA holds, but the final rules are yet to be determined.
 - NOPR on Credit-Related Information Sharing in Organized Wholesale Electric Markets (Docket No. RM22-13) – This Notice was issued by FERC on July 28, 2022. FERC proposes to amend its regulations to permit credit-related information sharing among the organized wholesale electric markets. The existing rules have barriers to information-sharing among RTOs that hinder the RTO’s ability to prevent or mitigate default by market participants that participate in multiple markets such as the Greenhat FTR default in PJM. Such defaults have already caused unnecessary costs to be borne by non-defaulting market participants.
 - NOPR on Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection (Docket No. RM21-17) – This Notice, which was issued by FERC on April 21, 2022, was discussed at the last Board meeting. This affects proposals for new long-term regional transmission planning processes, cost allocation and rights of first refusal with joint ownership requirements. The proposed requirements would be imposed on RTOs, ISOs and other transmission providers, but will apply indirectly to public power entities that own transmission facilities and will affect public power entities, like IMEA and its Members that are transmission customers and load serving entities. APPA and TAPS filed comments.
- MISO Capacity Market Filings (Docket Nos. ER22-495 and ER22-496) - MISO has filed tariff revisions with FERC that would make changes to the MISO capacity market. The 1st filing creates a new seasonal reliability capacity requirement, replacing the current annual capacity auction with four seasonal auctions and the 2nd filing requires load-serving entities to procure 50% of their

planning reserve margin requirement through ownership or bilateral contract, not from the MISO capacity auction. There are significant implications for solar accreditation to move from 50% down to 2-10% of nameplate for some seasons and would require Illinois alternative retail energy suppliers (ARES) to take a cleared position for >50% capacity before capacity auctions. IMEA Staff is awaiting FERC action.

- 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. Ameren filed its refund report on April 20, 2022. The refund calculations were significantly reduced by an offsetting charge applied by Ameren for its FY2020 activities. 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.
- 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. IMEA Staff has reviewed responses from Ameren and Ameren has backtracked on items previously agreed upon and not moved much on the previously reported open issues. We will be developing a strategy for final negotiations and will work towards a final resolution of the document language in the coming months.
- Ameren WDS Update – Ameren has advised that it will begin work on a Wholesale Distribution Service rate case update in the 4th quarter of 2023 with associated rate updates to take effect no sooner than mid-2024. Ameren stated they would reach out when the process starts and the parties will negotiate prior to Ameren filing the new rates.
- Ameren (MISO) Transmission Rates – On August 9, 2022, the DC Court of Appeals vacated and remanded the FERC Order approving new methodology for determining the Rate of Return on Equity (ROE) in the MISO Transmission Owner ROE case. The likely outcome will be a small reduction in ROE for Ameren along with a slight offset to the next Ameren transmission rate increase and additional possibly small refunds.
- Rush Island – MISO filed a System Support Resource (SSR) filing last Friday in which MISO has declared that Ameren Missouri's Rush Island coal plant in Festus, MO has to keep running and cannot retire due to transmission voltage support issues. The ratepayers in Missouri along with a number of nodes in Illinois will be the ones paying the costs of continuing to run this generator. There are two types of SSR cost. hourly energy costs and monthly fixed costs. The hourly energy costs will be uplift charges reviewed and billed by MISO and the market monitor will interpret if they are reasonable. The monthly fixed costs will be based on Ameren Missouri's revenue requirement for the plant, but will only be imposed if Ameren Missouri makes a separate filing at FERC which it has not yet done. If Ameren Missouri files, IMEA will have 21 days to respond. In that case, it is likely IMEA would join together with the group of affected load serving entities to intervene and may have to utilize FERC counsel. Staff will continue to monitor this filing, and will be taking action in the coming days.
- Vistra Dispute – The Power Supply Agreement with Vistra ended May 31, 2022 and the final true-up invoice was a higher energy price than expected. IMEA Staff is doing its due diligence for supporting documents and information on the increased costs underlying the higher energy price in the final month of the contract. Staff sent a dispute letter and withheld final payment pending resolution of the dispute. Staff expects to resolve this matter in the dispute resolution process.
- Build America Bonds Payment Sequestration – All Appellate Court briefs have been filed. An oral argument date has not been set. After oral argument, Staff will be awaiting a ruling by the Appellate Court.

- 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. PURPA requires utilities to interconnect renewable and cogeneration generating facilities, pay avoided cost and provide backup electric service. Rantoul has a FERC waiver that transfers the obligation to take the energy from QFs and pay avoided costs to IMEA. IMEA Staff has engaged Thompson Coburn from Washington DC for advice on PURPA issues in connection with the Prominic project and possible PURPA contract. The initial project review for interconnection requirements is under consideration by Rantoul and IMEA
- Chatham SERC Registration - SERC Reliability Corporation (SERC) believes there is a reliability compliance registration gap with respect to the 138 kV components of CWLP's Spaulding to Auburn transmission line that are located in the Chatham substations and owned by Chatham. SERC's preliminary determination is Chatham or another entity needs to register as a Transmission Owner (TO) for these 138 kV components. A meeting was held between IMEA staff, Chatham management and CWLP staff on July 25, 2022. CWLP staff is willing to take ownership of Chatham 138kV assets at nominal consideration. Chatham management is investigating a possible path where they would register directly with SERC as a Transmission Owner (TO) and attempt to receive transmission revenues for Chatham's 138 kV assets from CWLP network transmission rates. IMEA staff has prepared a draft of substantive provisions of Requests for Proposal to assist Chatham in hiring a consultant on the registration, compliance and transmission revenue issues. IMEA Staff continues to work towards a final resolution to address SERC's position in the coming months.

NEW BUSINESS

Resolution #22-08-875 – Approving Revised Schedule A Service Specifications and Diagrams for Power Sales Contracts with Members – Shadi Ahanchi described the term “Critical Electric Infrastructure Information” (CEII) as the designation that will protect and secure critical information about the nation’s electrical infrastructure. As defined by FERC, CEII is a specific engineering, vulnerability or detailed design information about critical infrastructure that (1) relates details about the production, generation, transportation, transmission or distribution of energy; (2) could be useful to a person planning an attack on critical infrastructure; (3) is exempt from mandatory disclosure under the Freedom of Information Act and (4) does not give the general location of the critical infrastructure. She explained that IMEA is not subject to FERC regulation in regards to CEII and that this is a voluntary change in IMEA’s policy based on the principle of best business practices. IMEA is a signatory of CEII covered either through the RTO or confidential terms in transmission agreements. While not all individual components of IMEA’s distribution systems are critical infrastructure, some have Transmission Owners’ system information and those details are deemed to be critical infrastructure by FERC.

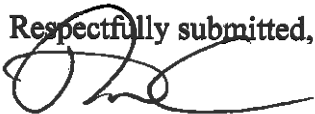
Ahanchi reported that IMEA Staff has updated a number of the Members’ Schedule A specification pages and one-line drawings that are part of the Power Sales Contracts due to changes in their system or delivery points. Along with those updates, IMEA is changing the presentation of all 32 Members’ Schedule A specification pages and one-line drawings to reflect a new process for sharing such documents to reflect CEII. The public version will have addresses and locations of substations, metering points, generation facilities redacted from the specification page and all distribution network information redacted from the one-line drawing. The operational version which only IMEA and appropriate Member employees and officials will have access to will include all information. The

operational version will have the heading “Critical Energy/Electric Infrastructure Information-Do Not Distribute.” She stated that these documents are exempt from mandatory disclosure under the Federal and Illinois Freedom of Information Act. Ahanchi encouraged Members to educate their staff about the importance of CEII documents and to take appropriate measures to safeguard these documents. She also reminded the Members that the operational version is only for operational employees with a need to know and City officials. She stated that outside engineers and other consultants should sign Non-Disclosure Agreements to be allowed to view the confidential documents. She recommended notifying the City Attorney about this change. IMEA Staff will provide both the operational and the public versions to update the Members’ files. Staff recommends the IMEA Board approve the Revised Schedule A Service Specifications and Diagrams for Power Sales Contracts with Members. Shane Hill moved to approve Resolution #22-08-875, seconded by Bob Coble. The motion carried by unanimous roll call vote except for the abstention of the representative from Marshall who exited the webinar.

IMEA Operations and Communication Systems Upgrade Methods – CEO Kevin Gaden explained that much of the IMEA operations and management software systems have been developed and maintained by the IMEA IT staff over many years - primarily Glenn Cunningham, Director of IT and Security. These databases are customized to IMEA’s overall needs and the integration is very complex. Glenn has given his intent to retire in roughly three years. Gaden discussed the following options analyzed by staff: (1) Off-the shelf software has limited programs, needs to be updated often and is very expensive with a reoccurring cost; (2) Outsourcing the task of updating and integrating new software to a local software developer would be expensive, requiring a programmer that is an employee of the local programmer but who works essentially full time at IMEA’s offices and charges IT consultant level rates, and it creates data security concerns for IMEA, or (3) Hiring a new IT Systems Analyst to assist in daily IT maintenance would allow Glenn to do the updating and integrating of new software and to train the new employee to maintain it after he retires. This would be the lowest cost option and would provide essential long-term staffing. Staff recommends hiring a new IT staff person with specific programming skills as part of the FY 23/24 IMEA budget. Gaden recommended that staff start interviewing candidates in March/April 2023 with a potential start date of May 1, 2023 possibly to coordinate with recent college graduates. Staff will seek formal Board approval in October or December.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Bob Coble, seconded by Brian Keys and carried unanimously by voice vote. The meeting was adjourned at 3:25 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, AUGUST 24, 2022**

MEMBERS PRESENT (or listening via webinar)

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

MEMBERS ABSENT

OTHERS PRESENT (or listening via webinar)

Bethany	Shannon Risley
Carmi	David Coston (via webinar)
Highland	Dan Cook
Naperville	Brian Groth (via webinar)
Rantoul	Jake McCoy (via webinar)
Rock Falls	Dick Simon
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Alice Schum
IMEA	Gary Stephenson
IMEA	Sean McCarthy
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Staci Wilson
IMEA	Shadi Ahanchi
IMEA	Tammy Hall
IMEA	Rodd Whelpley
IMEA	Ed Cobau (webinar)
IMEA	Cindy Evans (webinar)
Guest	Greg Hubert, Naperville (webinar)