

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, DECEMBER 13, 2017

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 December 13, 2017.

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 October 18, 2017 was moved for approval by Mayor Scott Harl, 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.

President & CEO Kevin Gaden recognized Stephen Fernands, the CEO of Customized Energy Solutions (CES) who will speak later in the meeting regarding potential changes to the Dynegy PPA.

OLD BUSINESS

Services Agreement with Geronimo Energy – CEO Kevin Gaden reported that all wind energy supply contract contingencies had been met and Geronimo is proceeding with project setup and pre-construction. The target date for completion of the completion of the storage/construction warehouse is the spring of 2018 with commercial operation completed in December of 2018. IMEA has no cost until commercial operation and the landowner disputes are being resolved. Staff is working with Geronimo to negotiate a contract to schedule power to PJM/ComEd. CEO Gaden also discussed the PJM Market Participant Services, test energy scheduling and management along with the potential opportunity for FTR Management Services. Staff anticipates PJM Market Services and Test Energy Agreements to be completed near the February 2018 Board meeting.

PJM Transmission Project – General Counsel Troy Fodor reported that staff continues to track this Incremental Capacity Transfer Rights (ICTR) project to get IMEA's long-term transmission rights back. On the legislative side, staff met with the FERC commissioners on October 24th and briefed them on the price separation issues pertaining to IMEA. As hearings continue, there has been no action by FERC or PJM. Congressman Shimkus' office has had continued involvement and he has been very supportive. Fodor stated that the system impact study for the backup ICTR project is to be completed by the end of January which is an extension of the current proposal. Staff will withdraw the backup project if the current project is approved and ICTR's are gained.

Fodor explained that PJM had completed the facility study for the primary ICTR although staff has only received a draft because the terms of the Upgrade Construction Services Agreement still have to be negotiated. The PJM Board has already approved this project back in October and staff will continue to work with PJM to complete this project and track model changes. Staff anticipates all agreements to be in place for the ICTR project by the February Board meeting.

Purchase Power Agreement with Dynegy – CEO Gaden gave background information on IMEA’s current agreement with Dynegy and stated that Dynegy is merging with Vistra based in Texas in mid-2018. Vistra and Dynegy continue to discuss long-term plans for the Southern Illinois resources. Staff has had discussions with Dynegy to change the structure of capacity delivery and Dynegy has stated that they would like to have control of the Newton and Coffeen units. The concept which is being considered is in exchange for allowing the pseudo-tie agreements to terminate early, Dynegy would agree to serve IMEA’s capacity from its resource in ComEd starting June 1, 2018. IMEA could then buy out of its Newton and Coffeen positions in PJM’s incremental capacity auction or a bilateral transaction allowing control to be returned to Dynegy. This operates completely separate from and does not harm the PJM ICTR transmission project. Gaden also discussed opportunities, risks, current analysis and the next steps going forward. At that time CEO Gaden introduced Stephen Fernands whose company assists utilities and energy marketers in energy market analysis and strategy. Customized Energy Solutions has 400 clients in this industry and have worked with IMEA staff since 2003.

Stephen Fernands gave background information on CES and their role with IMEA. He presented graphs which illustrated price comparisons between PJM and MISO due to congestion cost calculations. He explained the projected capacity factor that would be used if IMEA could dispatch the units based on the contract that IMEA has with Dynegy versus how IMEA has to utilize it based on PJM’s pseudo tie rules. CEO Gaden stated that the existing Dynegy contract was negotiated based on the pool of resources at that time. This is a unique opportunity to get PJM capacity without pseudo-tie costs. Staff plans to continue discussions with Dynegy and will report back to the Board with results.

Update on Cairo Public Utilities Company (CPUC) – CEO Gaden gave background information and a timeline from April 17 through November 2, 2017 detailing interactions with CPUC and Cairo. He stated that legal counsel has been retained to provide insight on legal issues and staff continues to work with CES on utility operations efficiency and cost containment strategies. He explained that at the October IMEA Board meeting, CPUC asked IMEA to engage an outside market consultant to conduct a study reviewing IMEA’s operations. There has been very little consensus from the IMEA Board to move forward with that request and the scope of the consultant work is unclear. The cost of a credible market consultant is very high and has not been budgeted for. Gaden used a regional utility as an example of conducting such a study along with the cost and man hours. There was no action taken by that utility to change their resources after spending over a million dollars. Staff recommended discussing any additional resource optimization with CES and allow IMEA to continue to complete projects that assist IMEA in keeping rates stable and ensuring long-term stability. It is the staff’s recommendation that if the IMEA Board is interested in hiring an independent consultant, the Chair set up a temporary Ad Hoc Working Group to review a draft scope and oversee the process. It was the consensus of the Board to not engage an outside consultant at this time.

NEW BUSINESS

Ordinance #17-12-808 – Approval of Extension of Economic Development Rate Schedules B-2, B-6 and Load Retention Rate B-4 – Mike Genin reported that this ordinance extends the rate schedules through December 31, 2018. There are currently three customers using the B-2 rate, two customers using the B-6 rate and one customer using the B-4 rate. There are three additional customers approved for the Schedule B-6 rate, but they are still ramping up to the 1MW load requirements. Dick Simon motioned to approve extending the Rate Schedules through 2018, seconded by Dan Cook. The weighted roll call vote carried unanimously.

B-4 Rate Incentive for Silgan Plastics – Mike Genin stated that Silgan Plastics is a manufacturing factory located in Flora, Illinois. They closed their Woodstock, Illinois facility in 2016 and opened a new facility in Hazelwood, Missouri. Handouts were distributed which were press releases regarding the Woodstock and Hazelwood facilities along with the factory’s monthly usage in Flora. Genin explained that Silgan Plastics has eliminated 30 jobs in the Flora area and their electric energy consumption has dropped by about 40%. Dick Simon made a motion recommending this B-4 rate incentive for Silgan Plastics in Flora, seconded by Dan Cook. The roll call vote passed unanimously.

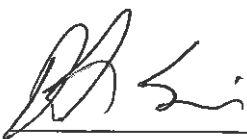
Resolution #17-12-809 - Approving Baker Tilly Virchow Krause, LLC to Perform Audit of Fiscal Year Ending April 30, 2018 – Bob Childers stated Baker Tilly’s engagement letter shows a 2.8% increase over last year’s audit fee and stated this amount continues to be very low compared to other joint action agency fees for such service. Baker Tilly will also perform IPEA’s audit at the same time as IMEA’s audit in June. John Hodapp moved to approve this resolution, seconded by Dick Simon. The roll call vote showed all in favor.

Ordinance #17-12-810 – Establishing Policy to Prohibit Sexual Harassment – Staci Wilson reported on SB 402 which was signed by the Governor on November 16. This bill required local government units to adopt an ordinance or resolution establishing a policy prohibiting sexual harassment. This policy must be adopted within 60 days (January 15, 2018) for compliance and applies to Board members as well as employees. This policy applies outside the workplace as well and is defined in the Illinois Human Rights Act. Wilson explained how an individual can report an allegation including options for a confidential report. She also reported on the prohibition of retaliation for reporting sexual harassment allegations and possible penalties. This Ordinance also directs the CEO to update the Employee Policy and Procedures Manual to reflect these changes within the next 6 months and will be brought to the Board for approval. General Counsel Troy Fodor advised municipals to use the Illinois Municipal League’s model as a sample reference. Dan Cook moved to approve this Ordinance, seconded by Dick Simon, which passed by unanimous roll call vote.

Demand Response Pilot Program – Mike Genin stated that staff works with MISO and PJM with regard to transmission ensuring that adequate capacity needs are fulfilled. IMEA staff provides MISO and PJM with estimates of loads along with proving to them that IMEA has enough generation capacity in ownership or under contract plus reserves to handle the Agency’s needs. He stated that IMEA has had a Demand Response Policy in place since 2010 although no one has participated. Staff is developing a pilot program for 2018 and Genin discussed specific offerings. Initial discussions have been conducted with Naperville and St. Charles in PJM and Peru and Riverton in MISO. If this program is successful, staff will expand the program in 2019. Work to develop the pilot will continue and staff will seek Board approval for the full pilot at the February 2018 meetings.

Chairman Greg Hazel asked for a motion to adjourn the meeting. The motion was made by Dick Simon, seconded by John Hodapp and carried unanimously. The meeting was adjourned at 4:00 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, DECEMBER 13, 2017**

MEMBERS PRESENT

Carlyle	John Hodapp
Carmi	David Coston
Highland	Dan Cook
Metropolis	Rick Abell
Peru	Mayor Scott Harl
Rantoul	Greg Hazel
Rock Falls	Dick Simon
Waterloo	Tim Birk

MEMBERS ABSENT

St. Charles	Tom Bruhl
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OTHERS PRESENT

Altamont	Larry Taylor
Breese	Dale Detmer
Bushnell	Justin Griffith
Chatham	Shane Hill
Flora	Bob Coble
Freeburg	John Tolan
Marshall	Cory Sheehy (via teleconference)
Naperville	Mark Curran
Red Bud	Josh Eckart (via teleconference)
Winnetka	Brian Keys (via teleconference)
CES	Stephen Fernands
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Staci Wilson
IMEA	Kevin Wagner
IMEA	Shadi Ahanchi
IMEA	Rakesh Kothakapu
IMEA	Cindy Evans
IMEA	Rodd Whelpley
IMEA	Glenn Cunningham
IMEA	Chris Jewell
IMEA	Ed Cobau
IMEA	Tammy Hall