

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, DECEMBER 7, 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 December 7, 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 October 19, 2022 was moved for approval by Cory Sheehy and seconded by Larry Taylor. 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

Update on Solar Projects - Shadi Ahanchi reported that all major issues have been resolved with Sol Customer Solutions (SCS) for the photovoltaic projects at Marshall, Oglesby and Princeton and IMEA staff expects final corporate signoff soon. She stated that the 30% Engineering Design is underway along with permitting for all three sites. The Siting Agreements for Princeton and Oglesby are close to being finalized and the Marshall Agreement has been completed. She stated that individual host city meetings continue bi-weekly with IMEA staff.

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

- Rush Island System Support Resource (SSR) Cases
 - MISO System Support Resource (SSR) Agreement and Cost Allocation Filings (Docket Nos. ER22-2691 & ER22-2692) – MISO declared that Ameren Missouri's Rush Island power plant in Festus, Missouri has to keep running and cannot retire due to voltage support issues. Load serving entities in the Ameren portion of Missouri along with affected Elemental Pricing Nodes in Illinois will be paying the costs of continuing to run this generator which includes IMEA. IMEA and Wabash Valley filed protests challenging the

need for both Rush Island units as SSR and the allocation of costs to Illinois customers based on the 2nd unit. Staff has also responded to MISO Answers.

- Ameren Missouri SSR Revenue Requirement/Rate Filing (Docket No. ER22-2721) – IMEA and Wabash Valley have filed rate case protests challenging cost of service elements along with the recovery by Ameren Missouri of return on rate base, depreciation and income tax dollars associated with the 2nd unit designation.
- FERC entered Orders approving the SSR designation and allocation filings for both Rush Island units, but set the Revenue Requirement case for settlement negotiations. IMEA and Wabash Valley decided not to request rehearing on the 2nd unit vs. one unit designation. The FERC settlement process on the Revenue Requirement case starts December 16, 2022.
- 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 intends to intervene and monitor with a deadline of December 21, 2022.
- Pending FERC Matters – Fodor had previously provided information on several Notices of Proposed Rulemaking (NOPRs) and those comment/reply processes continue with no final FERC Orders yet. There was a new NOPR filed on November 17, 2022 proposing to direct NERC to develop new or modified Reliability Standards to address inverter-based resources (Docket No. RM22-12-000). There is also an Order directing NERC to develop a work plan for registration of inverter-based resources (Docket No. RD22-4-000).
- MISO 2015/16 Capacity Auction Remand (Docket Nos. EL15-70; EL15-71 & EL15-72) – The Appellate Court remanded the FERC Order saying there was no market manipulation by Dynegy in MISO's Illinois Zone 4 2015/16 capacity auction. The FERC Office of Enforcement staff has filed a Remand Report saying that it has 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 DC Court of Appeals vacated and remanded FERC Orders approving new methodology for determining ROE and setting ROE rates in the MISO transmission owner ROE case. The possible outcome may be a small reduction in ROE and the Ameren transmission rate back to November 12, 2013. There is no FERC action on remand yet.
- Big River Solar Reactive Revenue Filing – 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 education of member representatives and attorneys about the contents of the documents. The first set of affected members includes Oglesby, Peru and Highland.

- 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 outside Engineering Report for interconnection requirements was received by Rantoul and indicates that required system improvements are relatively limited. This project is currently being considered by the customer and Rantoul and IMEA will negotiate with Prominic for a contract if the project proceeds.
- 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. Staff sent a dispute letter along with supporting documents and information and withheld final payment pending resolution of the dispute. IMEA staff received proposed settlement documents recently and sent proposed revisions back to Vistra.
- Build America Bonds Payment Sequestration – All Appellate Court briefs have been filed. An oral argument date has not been set. After oral argument, IMEA staff will be awaiting a ruling by the Appellate Court.
- 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. Chatham management is pursuing a path where they would register directly with SERC as a Transmission Owner and attempt to receive transmission revenues for Chatham's 138 kV assets from CWLP network transmission rates. Chatham sent out Requests for Proposals (RFP) for a consultant on the registration and compliance issue. Chatham has hired Brian Evans-Mongeon of Utility Services as the consultant and the drafting of required SERC compliance policies and plans are underway.

NEW BUSINESS

Renewable Energy Credit (REC) Program – Rakesh Kothakapu gave an overview of the REC markets and presented a graph showing prices for current market conditions from January 2018 to October 2022. Kothakapu gave an update on the IMEA REC Program (Green Power Choices Program) stating that there had been a significant number of commercial customer inquiries, however, there was not a significant offtake due to the inflationary environment. He stated that entities want cheaper options and flexibility on cost and volume. IMEA staff will continue to work with Members on customizations to meet Member needs and reported that IMEA will retire 1,000 RECs under this program on behalf of the Members or participating customers.

Kothakapu explained that IMEA Resolution #20-06-851 was approved by the IMEA Board on June 18, 2020 and that the IMEA REC policy for resources in its portfolio was cited in that Resolution. He reported that during REC Planning Year 2021 (June 1, 2021 through May 1, 2022), IMEA had produced a total of 386,575 RECs from Lee DeKalb Wind, Green River Wind, St. Charles Solar, Rantoul Solar, Altamont Solar, Rock Falls Solar, Naperville Solar and the IMEA building solar facility. Consistent with this policy, IMEA retired 294,727 RECs for Planning Year 2022 from Illinois and/or neighboring states and 91,848 RECs from states in neighboring RTOs. Kothakapu explained

that in Illinois, RECs generated in ComEd are PJM qualified and currently trade at higher prices. RECs generated in Ameren trade at MISO and National REC prices which are currently lower prices. This creates an opportunity for IMEA to sell PJM qualified RECs and replace them with MISO and National RECs. This process has saved IMEA \$6.25 million dollars for Planning Year 21/22. He reported that IMEA retired a total of 387,575 RECs on behalf of IMEA and its Members under various programs, including 1,000 RECs under the Green Power Choices (GPC) Program. He also explained that the RECs retired under the GPC Program are separate from IMEA's retirements and are acquired by the Member or customers participating in the program at their own separate cost. IMEA staff will continue to monitor the markets and update the IMEA Board every December.

Annual Demand Response and Load Management Initiative Offer Prices - Sean McCarthy stated that the Board had previously approved a new Demand Response Program beginning in 2019 which provided the opportunity for commercial, industrial or governmental end-use customers of Members to participate (through IMEA) in PJM or MISO capacity markets. He reviewed the default compensation rates that the Board approved which are incorporated each year unless the Board approves different rates. In the alternative, for any auction, if an end-use customer wants to share the capacity pricing and the policy risk, the IMEA Demand Response (DR) Program allows for a percentage share of the revenue received from the RTO to be split, up to 75% to the Member/Customer with the remainder to IMEA to operate the program. McCarthy explained that the DR Program was divided into two parts: direct participation in the MISO/PJM Capacity Auction and the IMEA Load Management initiative. The incentive price for direct participation in the MISO/PJM Capacity Auction is established by the auction clearing price. Members are compensated whether or not they are called upon by the RTO to reduce load, however, there are penalties from the RTO for customer non-performance.

McCarthy stated that the Board had previously approved the pilot Load Management Initiative under the PJM Demand Response Program for Delivery Years 2020/2021, 2021/2022 and renewed the program for 2022/2023. This program allows IMEA to call on the committed resource to reduce load at high usage times to reduce future capacity costs to IMEA. The incentive price is typically based on the 75% customer/25% agency split of expected agency capacity savings in the next RTO capacity auction. There is not a penalty from the RTO for non-performance, however there is no compensation if the customer does not perform. He reported that IMEA Operations called on participants to reduce load on five occasions throughout the summer and those participants who performed will be credited for their participation on the May 2023 IMEA invoice.

With respect to upcoming auctions and delivery periods, McCarthy reported that this coming month, MISO for the first time will hold an annual capacity auction with separate seasonal clearing prices. Therefore, Demand Response participants can choose which seasons to participate in. He explained that similar to PJM, prices are based upon modeling for the expected auction clearing prices that still realizes savings for the Members if the auction clears lower than expected.

McCarthy stated that IMEA staff is proposing the following compensation under the DR Program including Load Management Initiative pricing and Rock Falls non-dedicated generation: Fixed price offers up to \$1.52/kW-month for PJM 2023/2024 Planning Year. Regarding the PJM 2024/2025, 2025/2026 and 2026/2027 Base Residual Auctions, staff is recommending a revenue split of up to 75%/25% of revenues received from PJM subject to the DR resource actually clearing the auction at or above the MOPR floor price, with the Member/Customer receiving up to 75% and IMEA retaining the remaining percentage and the DR customer taking all the penalty risk for these Delivery Years. In MISO, IMEA staff proposes fixed price offers for each capacity season: Summer offers up to \$2.74/kW-month; Winter offers up to \$3.04/kW-month and Spring/Fall offers up to \$1.06/kW-month

for the 2023/2024 Planning Year. Regarding the MISO default revenue share option for 2023/2024, staff is recommending up to 75%/25% split received from MISO with the Member/Customer receiving up to 75% and IMEA retaining the remaining percentage and the DR customer taking all the penalty risk. Bob Coble moved to approve the fixed price and revenue share offers for the Load Management Initiative and Demand Response Program based on IMEA staff's recommendations. Dale Detmer seconded this motion and the motion carried by unanimous roll call vote.

Resolution #22-12-879 – Approving Accounting Treatment for Excess Transmission Credits Related to MISO ARR/FTRs and Repayment of Regulatory Asset Previously Established Related to PJM Capacity Costs and ICTRs – CEO Kevin Gaden reported that IMEA will have excess transmission credits of approximately \$12.3 million from MISO credits received in connection with IMEA's ARR and FTRs. IMEA staff recommends that a portion of those credits be used to repay and retire the previously established ICTR Regulatory Asset and that the remainder be used to establish a regulatory credit. He explained that this would allow foregoing an otherwise needed Delivery Service rate increase in FY2024 and recommended approval of Resolution #22-12-879. Larry Taylor moved to approve this Resolution, seconded by John Tolan. The Resolution was approved by unanimous roll call vote.


Energy Efficiency & Conservation Program and Electric Vehicle & Electric Vehicle Charging Station Program – Rodd Whelpley reported that the Energy Efficiency and Conservation Committee (E2C2) met on September 28, 2022 and recommended small incentive increases for a measure in the Electric Efficiency Program and a measure in the Electric Vehicle Charging Station & Electric Vehicle Program. He gave an overview of the results of both of these programs and reminded members of incentivized measures which could be used for these programs. Whelpley explained that the E2C2 recommended that on January 1, 2023, the IMEA Electric Efficiency Program base-line eligible incentive for LED lighting projects be increased from \$0.55 per watt reduced to match the greater of the Ameren or ComEd standard business incentive for interior LED lighting projects. The E2C2 also recommended that on January 1, 2023, the allowable incentive for commercial or residential customers that install a qualified EV charger for private use increase from \$200 to \$500. IMEA staff plans to move forward with these recommendations as presented.

CEO Gaden discussed the recent shooting incident of transformers in North Carolina along with emails received from the Electricity Information Sharing and Analysis Center (E-ISAC) regarding several threats to generation fleets throughout the United States.

CEO Gaden wished Rick Abell well in his upcoming retirement and thanked him for his 19 years of service on the IMEA Board. He also wished the IMEA Members a very Merry Christmas and Happy New Year.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Bob Coble, seconded by Rick Abell and carried unanimously by voice vote. The meeting was adjourned at 3:17 p.m.

Respectfully submitted,


Assistant Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, DECEMBER 7, 2022**

MEMBERS PRESENT (or listening via webinar)

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

MEMBERS ABSENT

Chatham	Shane Hill
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OTHERS PRESENT (or listening via webinar)

Carmi	David Coston (via webinar)
Naperville	Brian Groth (via webinar)
Rantoul	Jake McCoy (via webinar)
Red Bud	Josh Eckart (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	Rakesh Kothakapu
IMEA	Cindy Evans (webinar)
Guest	Greg Hubert, Naperville (webinar)