

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF BOARD OF DIRECTORS MEETING

THURSDAY, FEBRUARY 22, 2018

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

Chairman Greg Hazel called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present. Dan Cook, seconded by Pat Barry, moved the minutes of December 14, 2017 for approval. The motion was carried by unanimous voice vote.

Cindy Evans reviewed the financial report for December and reported that the MWh sales to members was 4.1% below budget and noted a principal payment to the bond holders had been made on February 1, 2018. Dan Cook moved to approve the Treasurer's Report, seconded by Shane Hill. The voice vote showed all in favor.

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 Report – CEO Gaden recognized Todd Ely as the new Board Member from Cairo and noted that Ely had completed his new Board Member orientation. He reviewed IMEA's goals for the upcoming year. Gaden then stated that staff is preparing for the APPA Legislative Rally next week. IMEA will co-sponsor a resolution led by New York Public Power Association supporting public power infrastructure. He discussed his plans to join a TAPS group to visit FERC Commissioners and staff regarding regulatory/RTO issues next month. IMEA continues to seek help from Illinois Congressional representatives on energy issues and Gaden recognized Congressman John Shimkus for his involvement on IMEA's behalf.

CEO Gaden then stated that the heating degree days in Springfield, Illinois were 27% lower in heating demand than the polar vortex year. He discussed volatility in the energy markets and compared winter peak and load average statistics across the US in January. He also conveyed his condolences to Flora, Illinois with the passing of Mayor Bob Tackitt and thanked everyone for their thoughts and prayers in the passing of his mother in early January.

### OLD BUSINESS

Executive Session Minutes: General Counsel Troy Fodor recommended that the Executive (closed) session minutes of March 29, 2017; April 27, 2017; June 15, 2017 and October 19, 2017 not be released as public records. He stated that the power supply matters therein are not yet complete and that the need for confidentiality still exists. Mayor Ann Short moved to hold those minutes as closed session minutes not subject to public inspection. Dale Detmer seconded the motion which carried by unanimous voice vote.

Operations: Regarding the PJM Regional Transmission Organization (RTO), Alice Schum reported that the 3<sup>rd</sup> Incremental Auction is next week and presented results from the Base Residual Auction and the 1<sup>st</sup> and 2<sup>nd</sup> Incremental Auctions. The 2021/2022 Base Residual Auction will be held from May 10-16 and results will be posted on May 23. Schum reported that PJM is discussing additional changes to allow external resources more flexibility as internal generators are allowed to do. Regarding capacity, PJM is proposing to change solar and wind capacity factors from an average to a median and restrict all summer capacity testing to July and August.

Regarding the MISO Regional Transmission Organization (RTO), Schum stated that staff will participate in the Organization of MISO States (OMS) survey. Staff is awaiting FERC permission to delay 5-minute settlements to July 1, 2018. MISO is proposing to stop Capacity Import Limits (CIL) and Capacity Export Limits (CEL) projections. She reported that the 2018/19 Planning Resource Auction will be held the end of March and she presented the last three year's clearing prices. IMEA Operations staff have also been participating in simulated RTO readiness drills.

Trimble County: Kevin Wagner reported the following:

- No accidents or injuries were reported during the month of January. The plant Equivalent Availability Factor (EAF) for the month of January was 94.1%. The plant EAF for calendar year 2017 was 76.5% primarily due to maintenance outages associated with the start-up fuel system conversion and tie-ins to the new Coal Combustion Treatment & Transport system (CCRT). Plant staff is preparing for the TC2 spring maintenance outage that will run for 9 weeks. The critical activity during this outage will be the inspection and reblading of the high pressure and intermediate pressure sections of the turbine. Contract crews continue work on the conveyor bridge over the county road for the CCRT system. The project is on schedule for a June in service date.

Prairie State: Kevin Wagner reported the following activities:

- Workers at the plant are continuing their accident free performance since November. The mine had 2 recordables in January but none so far this month. The plant Equivalent Availability Factor (EAF) for the month of January was 88.6%. The plant EAF for calendar year 2017 was 77.8% which is the second best annual EAF for the project. The plant also experienced its lowest annual Equivalent Forced Outage Rate in 2017 dropping to 9.9%. Unit 1 experienced several weather-related outages in January that primarily resulted from frozen instrument air lines and bottom ash conveyor. Unit 2 has been on line since its October maintenance outage achieving a record 120 continuous days of operation. Preparations are underway for the next 28-day planned maintenance outage scheduled for Unit 1 this spring. Staff was informed that Ameren is planning to convert the Joppa-Cahokia 230 kV Line (that runs by the Prairie State plant) to 345 kV in the next several years. Ameren has expanded the plant's 345 kV switchyard to allow terminations of this line. This will provide the plant six (instead of only four) 345 kV outlets which should relieve transmission congestion seen in the fall and spring months.

Local Transmission/Generation: Kevin Wagner reported the following:

- Mascoutah 138 kV Project /Ameren Hilgard Switching Station – Construction of the Ameren Hilgard Switching Station continues to progress. The 138 kV breakers should be arriving next month. When completed later this year, two 138 KV delivery point terminals will be ready for interconnection with the City of Mascoutah’s tie lines. Construction of the tie lines is on hold pending settlement with property owners from whom the City requires easements.
- Highland/Ameren Jarvis 345/138 kV Substation - The City of Highland, IMEA and Ameren have executed a Memorandum of Understanding on the terms for Ameren’s acquisition of the western end of Highland’s 138 kV line and for the new delivery point that will be created for the City at the proposed Ameren Jarvis Substation. The parties will be meeting next month to discuss protection system modifications needed to accommodate the interconnection at Jarvis as well as an interim interconnection at the Ameren Canteen Sub that should be in service by spring 2019. Ameren has recently provided staff with a new draft Wholesale Connection Agreement (WCA) and Umbrella Construction Agreement (UCA). The latest proposed power factor language in the WCA focuses primarily on the system peak hours now instead of *all* operating hours as was specified in our prior drafts and in other wholesale customer agreements that have been filed at FERC.
- Carlyle Unit 1 Replacement - City of Carlyle provided staff with a test report of the diesel oxidation catalyst system recently installed on its Unit #7 generator. The Unit now meets NESHAP-compliant emission standards and can qualify for Agency dispatch as Non-Dedicated generation. The City also reported that the air permit had been received for a new EMD generator that will make up the balance of capacity lost with the outage and retirement of Unit #1.
- IMEA Flora CAAPP Permit Renewal – The IMEA Flora plant received its new CAAPP Permit that will be effective in April. Staff will be reviewing its record keeping and reporting procedures to assure compliance with the new Permit language. The five Cat diesels at IMEA Flora were placed in service 18 years ago. Though the engines have been well maintained and have only run about 350 hours individually to date, most of the electronic controls and protection components in the plant’s seven switchgear cubicles are now obsolete or at the end of their life resulting in more costly and delayed repairs when failures occur. To maintain the reliability of the IMEA Flora facility for the duration of the current member power supply contracts, staff recommends moving forward with an upgrade of the plant’s controls that would include the PLC, relays, meters and engine control panels. A line item for this work is in next year’s capital budget.
- ComEd Metering Upgrade Project - In the past several months, ComEd has gotten underway with its metering upgrade project for the northern member delivery points starting with the Naperville locations. ComEd is installing two separate revenue meters on each wholesale customer tie line – one being used for SCADA and the other being used for ComEd’s AMI system. The meter separation is needed to satisfy ComEd’s cyber security requirements. ComEd initially had some meter programming issues that created billing data discrepancies at one of the Naperville locations. Staff met with ComEd to address these concerns and to help the process go smoothly for the rest of IMEA’s member metering points.

Solar Project Update: Kevin Wagner reported that the St. Charles solar facility completed January with 37 mWhr net output at 10% capacity factor. Rantoul's net production for the same period was about 69 mWhr at 9.3% capacity factor. Production was consistent with the low light levels and intermittent snow cover expected this time of year. Plans are under way with Altorfer and the City of St Charles for the ribbon cutting and Open House at the St. Charles facility on May 14<sup>th</sup>. Plans are also underway for discussion at the April Board Meeting of "lessons learned" to date with IMEA's solar projects and considerations for future solar projects.

PJM Transmission Project – General Counsel Troy Fodor reported that PJM had not responded timely to IMEA's request for changes. IMEA still had the option to file the PJM agreement unsigned at FERC with the changes, but may be restricted by auction deadlines. He stated that IMEA had signed the Upgrade Construction Services Agreement (UCSA) on February 5, 2018 and PJM had signed on February 9, 2018. ComEd has 15 business days from that date to complete the UCSA. IMEA staff has requested that PJM certify the Incremental Capacity Transfer Rights (ICTRs) in the Base Residual Auction (BRA) for 2021/22. The PJM certification is due 45 days before the auction (March 26, 2018). Staff will continue to work with consultant based on the latest models for technical screening. Fodor also reported that PJM had not submitted the System Impact Study which was due by the end of January 2018 for the backup ICTR project. IMEA can withdraw the backup project if the current project is approved and ICTRs are gained.

Fodor also discussed the recent federal income tax reform and how those should flow through the formula rates for transmission service of Ameren and ComEd. Ameren has filed with FERC to expedite rolling the tax effect into the rate formulas. The tax reforms will mitigate some of the transmission rate increases over the past several years.

Fodor explained that ComEd and Ameren are currently receiving a 50 basis point incentive adder in their rates of return in their transmission rate formulas for participating in their respective RTOs. A recent California court decision overturned a similar 50 basis point incentive adder because there was a State requirement that the utility participate in the RTO. The State of Illinois has a statute requiring transmission owners to participate in an RTO, so the ComEd and Ameren adders may be subject to challenge. Staff will continue to monitor this issue.

Fodor also reported that IMEA had requested a rehearing regarding the PJM capacity performance construct two years ago. He explained that IMEA believed it should not be subject to penalty for following PJM dispatch in accordance with the power plant's physical parameters. The final ruling upheld the penalty provisions.

Energy Efficiency and Conservation Program – Rodd Whelpley distributed a listing of net funds still available by member communities and a breakdown of payments for projects completed in prior years. The balance on May 1, 2018 will roll over to FY2018-19 although that fiscal year will be a "use it or lose it" year. He also reviewed charts reflecting the results from Commercial/Industrial and Residential measures and comparisons for past years. Whelpley reported on the recommendations from the Energy Efficiency and Conservation Committee meeting held on February 7<sup>th</sup>. The Committee reviewed the program performance which included Commercial/Industrial, the Recycle My Fridge program, the LED Bulb Giveaway and the APOGEE Home Energy Suite. He stated that the Committee discussed additional options for expanding the use of program funding for city projects only. These ideas included solar installations, electric vehicles, electric vehicle charging stations along with utility system improvements. The Committee

decided to add only wind and solar measures for municipal projects in FY2018-19 and to increase the incentive for municipal street lighting in FY2018-19.

Whelpley explained the process, rules and restrictions for these new additional options for FY2018-19. He also reviewed ongoing measures that will continue next year for both Commercial/Industrial and Residential measures with an additional purchase of LED bulbs for giveaways.

At that time, CEO Kevin Gaden then asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. John Hodapp moved to go into closed session, seconded by Dominic Rivara. Voice vote showed all in favor. The meeting was closed to the public pursuant to Section 2(c)(23) of the Open Meetings Act, 5 ILCS 120/2(c)(23) at 10:50 a.m. The meeting was returned to open session at 11:05 a.m.

Approval of Revisions to Dynegy Purchase Power Contract – Chairman Hazel asked for a motion to (1) continue the authority of the President & CEO under Resolution #04-06-605 with respect to the contract with Illinois Power Marketing Company with the addition that he is further authorized to shorten the term of the contract and fix the capacity prices thereunder in his discretion, (2) to ratify and confirm the amended and restated contract executed or to be executed by the President & CEO in February 2018, and (3) to take all steps and execute any and all agreements or other documents reasonably necessary to continue to implement said contract. Tom Bruhl moved for approval of the motion, seconded by John Hodapp. The motion carried by unanimous weighted roll call vote.

## NEW BUSINESS

Ordinance #18-02-811 – Adopting Revised Operating & Capital Budget and Appropriations Therefore for the Fiscal Year Ending April 30, 2018 for the IMEA: CFO Bob Childers reviewed the revised budget pointing out the MWh sales are projected to be 3.4% lower than the original budget and the average cost to Participating Members is projected to be the same as the originally approved budget. Childers further reviewed the operating revenues & expenses as well as the capital budget. Larry Taylor moved for approval of this ordinance, seconded by Pat Barry. The weighted roll call vote showed unanimous approval.

Ordinance #18-02-812 – Adopting Operating & Capital Budget and Appropriations Therefore for the Fiscal Year Ending April 30, 2019 for the IMEA: CFO Bob Childers gave an overview of the upcoming FY2018-19 budget to include total MWh sales projected to be 1.3% lower than the amended FY 2017/18 projection due to the expiration of the RECC contract on December 31, 2017. The average cost to participating members for FY2018/19 is projected to be approximately 2.8% higher than the FY 2017/18 amended projection. Childers further explained the budget assumptions, operating revenues & expenses along with the capital budget. Dan Cook moved for approval of this ordinance, seconded by Cory Sheehy. The weighted roll call vote showed unanimous approval.

CFO Bob Childers presented a chart outlining the Updated Financial Projections for FY2018-FY2022.

Travel Expenditures for APPA Legislative Rally Participants – Staci Wilson stated that pursuant to the Local Government Travel Expense Control Act, member expenses must be approved by a roll call vote at an open meeting of the governing board. Wilson then read the list of attendees for the APPA Legislative Rally and identified the following estimated reimbursement costs: cost of travel (estimate) \$700.00; cost of meals (estimate) \$220.00 and cost of lodging (estimate) \$1,370.00. Dale Detmer moved for approval of the travel expenditures for the APPA Legislative Rally participants, seconded by John Hodapp. The roll call vote showed unanimous approval. The list of attendees for which the estimated travel expenses were approved is attached.

Resolution #18-02-813 – Authorizing Pilot Variations to IMEA Demand Response Program – Mike Genin discussed the specifics of the updated terms of the Demand Response Program and noted that a large industrial customer from Peru was very interested. Staff will follow up throughout the year with results from this program. The Resolution was moved for approval by Pat Barry, seconded by Shane Hill. The motion carried by unanimous roll call vote.

Capacity Payment Waiver for Carmi Unit #11 – Kevin Wagner gave background information on the history and maintenance of Unit #11. He explained that IMEA Operations had placed Unit #11 officially out of service on July 20, 2017. IMEA staff acknowledged Carmi's efforts to attempt repairs and their need for assurance that a waiver would be granted in order to commit additional significant funds for the unit's repair or replacement. John Hodapp moved that a waiver of Section 4(E) of the Capacity Purchase Agreement be granted that allows the City of Carmi an additional 12 months (starting July 20, 2018) to bring Unit #11 (or its replacement) back in service. This waiver shall be dependent on the City of Carmi making a bona fide financial commitment, prior to July 20, 2018, to timely repair or replace Unit #11. Dale Detmer seconded the motion and the motion carried by a weighted roll call vote with David Coston abstaining.

Election of Executive Board for FY2018-19: Chairman Pat Barry gave a brief outline of the discussions at the Nominations and Awards Committee's recent meeting. Since all of the current Executive Board members are eligible for re-election and are willing to serve an additional one-year term and there were no other Board members that requested membership on the FY2019 Executive Board, the Committee recommends the following slate of officers for the 2018/19 fiscal year:

Greg Hazel, Rantoul as Chairman  
Tim Birk, Waterloo as Vice Chairman  
Dick Simon, Rock Falls as Secretary/Treasurer  
Rick Abell, Metropolis will be Past Chairman  
Troy Fodor as Assistant Secretary/Treasurer

Pat Barry identified the following Members as having expressed interest in participating on the Executive Board:

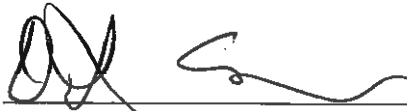
John Hodapp, Carlyle  
David Coston, Carmi  
Dan Cook, Highland  
Mayor Scott Harl, Peru  
Tom Bruhl, St. Charles

CEO Gaden asked if there were any nominations from the floor for all of the available spots on the Executive Board. There being no such nominations from the floor, Pat Barry moved to approve the recommended slate of officers and members-at-large, seconded by Dominic Rivara. The roll call vote passed with unanimous approval.

Pat Barry then discussed the issue of the vacancy on the Nominations & Awards Committee due to Karl Klein's passing. At the February 7<sup>th</sup> meeting, the Nominations & Awards Committee recommended Mike Ryder from Greenup be nominated for the vacancy. Mike Ryder has accepted this nomination. Chairman Hazel stated he would plan to name Ryder to the Committee starting with FY2019 on May 1, 2018.

With no other business to be discussed, Dale Detmer moved to adjourn the meeting at approximately 12:30 a.m. Cory Sheehy seconded the motion, which was unanimously approved by voice vote.

Respectfully submitted,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
BOARD OF DIRECTORS MEETING  
THURSDAY, FEBRUARY 22, 2018**

**MEMBERS PRESENT**

Altamont	Larry Taylor
Breese	Dale Detmer
Cairo	Todd Ely
Carlyle	John Hodapp
Carmi	David Coston
Chatham	Shane Hill
Farmer City	Sue McLaughlin (via teleconference)
Flora	Bob Coble (via teleconference)
Freeburg	John Tolan
Greenup	Mike Ryder
Highland	Dan Cook
Ladd	Pat Barry
Marshall	Cory Sheehy
Metropolis	Rick Abell (via teleconference)
Oglesby	Dominic Rivara
Princeton	Jeff Mangrich (via teleconference)
Rantoul	Greg Hazel
Red Bud	Josh Eckart
Riverton	Russ Patrick
Rock Falls	Dick Simon
Roodhouse	Mayor Tom Martin
St. Charles	Tom Bruhl
Sullivan	Mayor Ann Short
Waterloo	Tim Birk
Winnetka	Brian Keys

**MEMBERS ABSENT**

Bethany	Shannon Risley
Bushnell	Justin Griffith
Casey	Shelby Biggs
Fairfield	Mayor Brent Maguire
Mascoutah	Cody Hawkins
Naperville	Mark Curran
Peru	Mayor Scott Harl

**OTHERS PRESENT**

IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Rodd Whelpley
IMEA	Staci Wilson
IMEA	Cindy Evans
IMEA	Kevin Wagner
IMEA	Shadi Ahanchi
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Chris Jewell
IMEA	Mary Ann Todd
IMEA	Ed Cobau
IMEA	Tammy Hall