

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, JANUARY 20, 2021

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held pursuant to proper notice by webinar broadcast from the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on January 20, 2021. Chairman Dale Detmer called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present via webinar as allowed for during the COVID-19 pandemic under Public Act 101-0640.

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.

The Report of December 2, 2020 was moved for approval by Larry Taylor and seconded by Cory Sheehy. 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 none, Chairman Detmer proceeded with the meeting.

OLD BUSINESS

President & CEO Report – CEO Gaden reported that the FERC Commission is now at a full five Commissioners. Allison Clement was sworn in during December and Mark Christie was sworn in during early January. James Danly is currently the Chair with a three Republican and two Democratic balance, but stated it was likely Danly would be replaced by one of the Democrat appointees when President Biden takes office. CEO Gaden reminded Members to register for the APPA Legislative Rally this year which will be held virtually. He also discussed APPA's Climate Change Task Force efforts which are starting to review possible Federal legislative proposals. Regarding a regional update, CEO Gaden explained that staff and Board Members need to redouble their efforts on the value of local ownership and local control. IMEA Member Services staff will be working on those items in the coming year.

CEO Gaden reported that a total of four IMEA employees had tested positive for COVID-19 over time and that all of them had recovered. So far, about half of the employees have worked from home at times for various contact tracing needs. IMEA staff is still on the "staggered" office/work from home plan and that will likely continue through the end of February. Staff travel is still limited, but if a need arises from a community member, staff will accommodate that request and travel to the Member location.

Staff is not planning to have any in-person Board or Committee meetings until after the first quarter of 2021 or later. Budget approval and Board elections will be held remotely at the February Board meeting and, as a result, the IT Department is working on a remote voting system. The IMEA/IMUA/IPEA Annual Meeting will either be held in person or virtually on May 20 and 21 to be determined by any restrictions in the Governor's Executive Orders.

Staci Wilson gave an overview of the results of the Lame Duck Session of the Illinois General Assembly held earlier this month reporting that nothing directly related to public power had passed. There was legislation related to the solar incentives for the Adjustable Block Program. If not addressed by May 31st, those monies already collected from customers for use to pay solar incentives that have not been expended will no longer be available for incentives, but will be rebated to the IOU customers that had previously paid the funds into those accounts. That bill did not pass, but is likely to be addressed in the spring session.

Wilson reported that Representative Emanuel "Chris" Welch from a West Chicago suburb had been chosen to be the new Speaker of the Illinois House of Representatives replacing Mike Madigan and State Senator Dan McConchie (R-Hawthorn Woods) was confirmed as the Illinois Senate Republican Leader following the inauguration of the 102nd General Assembly.

Regarding Federal issues, Wilson stated that President Biden had already created a COVID-19 Response Coordinator. That person will be responsible for PPE, vaccines and tests. This will be a different approach from the previous administration which left much of the delegation of those aspects of COVID-19 to State, County and local governments. Biden has also put a freeze on any new regulations, reserving the opportunity to review any new regulation before it goes into effect. Biden has also made a nationwide appeal to Americans to "mask up", indicated he will be rejoining the Paris Agreement and is reviewing previous actions which he deems to be harmful to public health or the environment and intergovernmental actions which assist in cutting pollution.

Wilson reported on the results of the U.S. Senate election runoff in Georgia, stating that the Democrats now have control of the U.S. Senate. She also gave details regarding the APPA Legislative Rally to be held virtually March 1-4. There are only 10 Rally attendees registered at this time, so please reach out to Dee Dee Bunch for more information.

OLD BUSINESS

Operations – Alice Schum gave an update on the PJM Regional Transmission Organization reporting that the Base Residual Auction (BRA) for 2022/2023 Planning Year will be held on May 19-25, 2021. That auction was originally scheduled for May 2018, but was delayed pending FERC's action on the Minimum Offer Price Rule (MOPR). She stated that Winter Capacity Interconnection Rights (CIR) are granted for intermittent resources and that IMEA will be given additional wind Capacity Injection Rights for the winter period. The Equivalent Forced Outage Rate (EFORd) rates, which are applied by the RTOs on the probability that the generating unit will not be available due to forced outage rates, have been established for the 2022/2023 Planning Year. She explained that the 3rd Incremental Auction will be held in February, and the Planning Year begins June 1, 2021.

Regarding the MISO Regional Transmission Organization, Schum reported that the auction for Planning Year 2021/2022 will be held the last three business days of March 2021 with the Planning

Year beginning on June 1, 2021. IMEA purchases capacity to meet load obligations and sells owned and contracted resources for capacity payments from MISO. The auction for Planning Year 2022/2023 will be held the last three business days in March 2022. Schum reported that IMEA procured carbon free capacity to fulfill some necessary capacity obligations for future MISO planning years. IMEA purchased UCAP, which is usable capacity, from Prairie Wolf Solar and Exelon Generation Company. She explained that discussions are ongoing regarding accreditation values assigned to renewables and the UCAP posting for generation will be on February 1st. The UCAP is equal to the amount of capacity IMEA gets credit for.

Regarding Operations, Schum reported that the dispatch and curtailment disputes of the Lee DeKalb Wind Farm had evolved into a favorable 1st Amendment to the Power Purchase Agreement. She explained that contract scheduling issues arise when wind units are available, but the RTO restricts output due to transmission limits or regional power prices. The contract calls for IMEA's partial payment of Deemed Energy. The Deemed Energy charges to IMEA for curtailments during past periods were waived and IMEA will receive an annual credit against future Deemed Energy charges starting at \$75,000 per Planning Year with an annual 2% escalation. IMEA will also receive credit from Lee DeKalb for deviation charges due to changed schedules. The Operations staff has set up mechanisms to monitor curtailments and Deemed Energy to assure credits to IMEA are managed and tracked properly.

Regarding the Geronimo/Green River project, Schum reported that staff is working through curtailment data from ComEd along with ComEd metering true-ups (still awaiting invoice). The ComEd meter equipment has not been correct since the startup of the project in November 2019, although IMEA and Geronimo continue to manage this issue together. Regarding Behind the Meter Generation, she stated that the winter peak period started January 2nd and the MISO Summer Capacity Verification test is being scheduled for the summer of 2021. She reminded Members to be prepared for this test with adequate fuel for a potential four consecutive hour run and available personnel.

Trimble County: Kevin Wagner reported the following:

- The plant has reported no employee injuries since last October. For all of 2020, there were four employee injuries and three who reported some job-related hearing loss. There were no contractor injuries at the plant for last year. Five plant employees are currently out due to COVID-19 making a total of 19 employees to date who have tested positive. All the affected plant employees have recovered thus far. About a third of the plant employees have been designated as 'essential workers' and will have a high priority for receiving the vaccine. Despite the pandemic, the Trimble County steam plant had an outstanding year with regard to performance. The plant's Equivalent Availability Factor for 2020 was 87% which is the highest overall annual plant EAF since TC2 went on line 10 years ago. The plant also reports that its O&M expenses for the past year came in under budget. Operationally, TC1 remained on line from late August through December 31st at which point the unit was taken off line for several days to repair reheater tube leaks. The unit was also taken out of service in early December for a 3-day maintenance outage for an air heater wash. TC2 has remained on line since its return to service on November 8th following the unit's fall maintenance outage. Planning is underway for a more extensive maintenance outage for TC1 that will begin in early March. That outage will last at least 2 weeks but may be extended to a third week if boiler

inspections reveal greater need. With regard to the Coal Combustion Residue Treatment facilities, not much has changed since the report in December. LGE continues to work through the permitting process for dewatering and closing the bottom ash pond. Landfill work has slowed down with the winter weather, but remains on track for operation by the 4th Quarter of 2021. Bids related to the operation and maintenance of the new facilities required to comply with the Effluent Limitation Guidelines are currently under review. The plant also recently reported the successful completion of contract negotiations with its labor union.

Prairie State: Kevin Wagner reported the following activities:

- The plant completed 2020 with zero recordable safety incidents and has officially received the OSHA Voluntary Protection Program (VPP) certification that recognizes the exemplary workplace safety and health practices of the plant employees. This represents the culmination of a tremendous effort on the part of the management and employees over the past several years to develop and implement a successful culture of safety. The IMEA staff congratulates the Prairie State plant staff on this outstanding accomplishment. On the mine side, 2020 has been a challenging year from the perspective of health and safety. A total of 18 recordables were experienced although the mine remained accident free for the month of December. The mine experienced over a dozen employee COVID-19 cases last month which resulted in a need to shut down underground operations for about 5 days just as the year ended to get the outbreak under control. The plant's Equivalent Availability Factor (EAF) for 2020 was 81.6% which is the 3rd highest in the eight years since both units have been in service. EAF's in the 90% range for the month of December (and so far in January) reflect the recent improvements made by the plant to address the root cause of many of the tube failures. Major accomplishments during 2020 for both the plant and the mine include 1) The completion of the permanent installation of the X-ray sorter that has made a positive difference in the quality of the coal being burned which means less boiler ash erosion, 2) completion of the rail "load out" facilities that significantly increases the amount of fly ash and gypsum the plant can provide to the agriculture and construction industries which subsequently reduces our operating costs, 3) despite the recent COVID-19 cases, the mine experienced its highest productivity rate and lowest number of safety citations while producing the 2nd highest coal quality during 2020, and 4) the plant completed a major unit maintenance outage this past year that involved over 1000 contractor employees working on site amazingly with no COVID-19 cases occurring among the contract crews during that time. Operationally, Unit 1 and Unit 2 both experienced 1-day forced outages during the month of December. For Unit 1, the outage resulted from a large slag fall. For Unit 2, the outage resulted from a failed capacitor on a forced draft fan motor. The 35-day Unit 1 planned outage for 2021 has been moved up from the fall to the spring which will shift the share of the maintenance cost from the Fiscal 21/22 Budget Year to the current Fiscal Year Budget for 20/21.

Local Transmission and Generation - Kevin Wagner reported on the following:

- Highland - ATXI Transmission Project - Ameren transmission affiliate ATXI is concluding its due diligence review of the City's 138 kV transmission line that is being offered as part of the proposed transmission loop between the Collinsville and Aviston areas. Staff anticipates Ameren will be in a position shortly to firm up its offer for the city-owned 138 kV line.

- Fairfield – 69 kV Emergency Backup Agreement - Staff is continuing to work with Ameren and Wayne White Coop's transmission owner, Hoosier Energy, to develop acceptable terms for a limited capacity emergency backup agreement as requested by the City of Fairfield. That would utilize the normally open 69 kV interconnection with Wayne White located on the north side of town. Staff will be meeting with Ameren next week to follow up on the latest edits to the draft agreement.
- Oglesby/Peru – Joint Study for 34.5 kV Delivery Point Request – Staff has finalized the joint study agreement with Ameren to determine costs and any interconnection issues associated with providing a 34.5 kV delivery point at the Mallick Road Substation for Oglesby and new taps on the Ameren 34.5 kV lines running parallel to the Illinois River to serve Peru's proposed Center Street Substation that will replace the flood-prone Water Street Substation. Staff is also working with the Cities' engineer to define the scope of an additional joint study agreement focused on developing a 138 kV delivery point at some future date to serve Peru and Oglesby from the Ameren Corbin Station.
- Mascoutah – Staff is working with Ameren, at Mascoutah's request, to allow the city's "normally open" backup 34.5 kV delivery point to be operated "normally closed" to support new customer load growth on the north side of town. Ameren has verbally agreed to this change in operation of the 34.5 kV delivery point provided the continuous capacity is limited and assuming the arrangement is temporary pending the city's completion of its two 138 kV tie lines to the Ameren Hilgard Station.

Update on Solar Projects: Chris Jewell reported the following:

- Naperville – All equipment has been delivered and the racking installation has commenced. February 15, 2021 is the expected Mechanical Completion with a Commercial Operation date by March 1, 2021.
- Rantoul Phase 2 – The Easement Agreements were approved by the Village and the posts are currently being set for rack installation.

Illinois Power Agency (IPA) Update - Jewell reported that the IPA announced on December 3rd and December 15th that Group A (Ameren) and Group B (ComEd) Adjustable Blocks were now closed. On December 28th, the IPA released its annual funding and budget update. The IPA notes that significant unforeseen project delays with both utility scale and large distributed generation systems caused few projects to come online in 2020. Jewell explained that due to the structure of the program, there is now a funding gap with current and future projects which will cause a budget shortfall starting in 2022/2023 if there is not a legislative fix. According to the IPA report, they will complete 2020/2021 Delivery Year with 3,352,949 RECs, well short of the Renewable Portfolio Standard (RPS) target of 21,149,182 RECs. Jewell stated that without a mandate, IMEA has generated roughly 360,000 RECs for the year from its resources which is 10.7% of the IPA RECs even though IMEA is only 3% of the overall State load. On a percentage basis, he reported that the IPA has RECs to cover 2.8% of the state's expected 2020/2021 load, compared to an RPS target of 17.5%. He reported that IMEA currently generates about 10% of its energy with renewable resources and creates RECs for each one of those.

Legal Matters – General Counsel Troy Fodor reported the following:

- Mascoutah ICC Case – The City of Mascoutah has filed its appeal for the right to condemn property for a 2nd interconnection tie-line. The 5th District Appellate Court will decide the substantive issues.
- Wholesale Connection Agreement (WCA) – Staff is still waiting while Ameren generates 3-party agreements with each Member due to Ameren’s insistence that individual IMEA Members connected to Ameren’s system must be signatory parties to the agreements. Staff is still planning 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. The workshop would be called as a Special Meeting of the Board of Directors.
- Ameren Wholesale Distribution Service (WDS) Future Formula Rate – Negotiations on Ameren’s proposed formula rate for WDS are ongoing, although there has been no activity since the prior report in December.
- Build America Bonds (BABs) Sequestration – Three of the Prairie State partners (Missouri, Indiana & Northern Illinois) filed their Complaint with the Federal Court of Claims on December 30, 2020 seeking to recover the sequestered portion of their BABs payments. IMEA, AMP and KMPA plan to join in the filing later this month.
- Incremental Capacity Transfer Rights (ICTRs) – Changes in the PJM planning parameters, including COVID-19 related load reduction in ComEd, and auction activities looked to potentially reduce the value of IMEA’s ICTRs for next year. The attempts to resolve this issue through talks with PJM have not resulted in relief for IMEA. IMEA intends to file a Complaint at FERC to protect its interests. Staff is currently assembling evidence and drafting the Complaint.

FERC Matters – General Counsel Troy Fodor reported the following:

- PJM Minimum Offer Price Rule (MOPR) – There has been no new activity by FERC since the last report. The Rehearing Requests on the October 15, 2020 Order were denied by operation of law and the appeal in the Chicago Federal Court of Appeals is still pending. The IMEA Operations staff is working with PJM on all necessary implementation issues, including making sure IMEA received the benefit of the MOPR self-supply exemptions for Load Serving Entities with existing resources.
- ICTRs of Other Entities (Radford Run) – On December 2, 2020, FERC entered an Order setting aside its prior Order requiring PJM to pay Radford Run for ICTRs for the 2019/2020 Delivery Year. After questions were posed to PJM, they responded that Radford Run was not entitled to ICTRs in the 2019/2020 Delivery Year and that FERC should revoke their earlier instruction for PJM to pay Radford Run and rebill any affected entities. A possible effect on IMEA would be a small refund if FERC reverses its prior Order with respect to Deliver Year 2019/2020.
- Voltus Complaint – Voltus filed its Complaint in October 2020 challenging the Demand Response Opt-Out in MISO. 51 entities have intervened including APPA, NRECA, Midwest TDUs, EEI, Kentucky Power Coop, MISO Transmission Owners and MISO South Regulators who all oppose the Complaint. Two entities (Association of Business Advocating Tariff Equity and NRG Curtailment Solutions) have intervened and filed comments in support of Voltus.

NEW BUSINESS

Extension of Schedule B-4 Load Retention Rate in Flora – Mike Genin explained that the IMEA Executive Board had reviewed this request in August and had granted Schedule B-4 rate incentives through January 2021 usage. Once that rate expired, the Executive Board discussed revisiting this topic once the new Schedule B-4 rate incentive was approved at the IMEA December Board meeting.

Genin reported that Flora has requested an extension of their current B-4 economic development load retention incentive for North American Lighting (NAL). NAL employs about 1,000 people in Flora and has sister plants in Salem and Paris, Illinois. Staff recommended a one-year extension of the Schedule B-4 load retention rate to begin with March 2021 usage. Shane Hill moved to approve the extension of the Schedule B-4 load retention rate in Flora, seconded by Rick Abell. The roll call vote passed unanimously with the exception of Bob Coble from Flora abstaining. Bob Coble expressed his appreciation for considering this rate.

City of Sullivan Waiver Request – General Counsel Troy Fodor 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 IEPA to cease operation. Permit renewal is currently pending before the IEPA. 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 starting in January, and (ii) due to the failure to exercise generation for the months of December and January.

At that time, Dan Flannell presented background information regarding the issues with the City of Sullivan’s permit renewal application. He discussed specifics of this situation admitting that the administrative staff did not possess proof of mail and/or delivery to the IEPA. When notified of the expiration of the current permit, Sullivan immediately filed for a renewal of the permit which is currently pending. Flannell requested a waiver of capacity credit payment loss along with the penalty per unit for failure to exercise generation.

Fodor explained that the Generation Policy states that waiver provisions 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 present. Fodor 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 the City of Sullivan managed the permit application process correctly and the IEPA lost the permit renewal application. Fodor stated that the harm to IMEA and the membership is the payment of capacity credit for non-available generation and the replacement of that non-available generation, although the generation was not called upon. He then reported that staff could support a waiver of the failure to exercise penalties, but that staff has no recommendation on the capacity credit withholding penalties. Fodor explained that the vote from the Executive Board today was only a recommendation to the full IMEA Board for consideration at the IMEA Board of Directors meeting on February 25, 2021.

Shane Hill moved to approve a waiver of the penalties for not exercising the three Sullivan CAT units, seconded by Greg Hazel. The roll call vote for waiver of the penalties for not exercising the three Sullivan CAT units failed by a 5-3 vote with Breese, Carmi, Flora, Marshall and Metropolis voting "No" and Altamont, Chatham and Rantoul voting "Yes."

Greg Hazel moved to approve a waiver of the capacity payment loss which was seconded by Larry Taylor. The waiver request of the capacity payment loss failed by unanimous roll call vote.

At that time, CEO Kevin Gaden then asked for a motion to go into Executive Session for the discussion of the purchase, sale or delivery of electricity and the discussion of personnel matters. Cory Sheehy moved to go into closed session, seconded by Bob Coble. Roll call 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), for discussion of the purchase, sale or delivery of electricity, and pursuant to Section 2(c)(1) of the Act, 5 ILCS 120/2(c)(1), for personnel matters at 11:40 a.m. The meeting was returned to Open Session at 1:15 p.m. by a motion from Shane Hill. The motion was seconded by Greg Hazel and the roll call vote was unanimous.

Bob Coble made a motion to approve the following:

1. An increase to the base salary pool for all employees (except CEO) a total of 1.50% effective May 1, 2021;
2. An increase to the base salary pool for all employees (except CEO) a total of 1.50% effective May 1, 2021, to be distributed to employees based on merit and salary comparability, at the CEO's discretion;
3. The approval of an annual pool of \$25,000 to be placed in the salary budget to provide for the Employee Incentive Plan payments that would begin on May 1, 2021 for that fiscal year (CEO is ineligible for these funds); and
4. To increase the CEO salary by 3% effective May 1, 2021.

The motions were seconded by Shane Hill and the roll call vote showed unanimous approval.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Cory Sheehy, seconded by Larry Taylor and carried unanimously. The meeting was adjourned at 1:25 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, JANUARY 20, 2021**

MEMBERS PRESENT VIA WEBINAR

Altamont	Larry Taylor
Breese	Dale Detmer
Carmi	David Coston
Chatham	Shane Hill
Flora	Bob Coble
Marshall	Cory Sheehy
Metropolis	Rick Abell
Rantoul	Greg Hazel

MEMBERS ABSENT

OTHERS PRESENT (or listening via webinar)

Bethany	Shannon Risley
Bushnell	Justin Griffith
Freeburg	John Tolan
Highland	Dan Cook & Jeannie Korte
Naperville	Brian Groth
Princeton	Jeff Mangrich
Rantoul	Jake McCoy
Red Bud	Josh Eckart
Sullivan	Mayor Richard Glazebrook & Dan Flannell
Waterloo	Tim Birk
Winnetka	Brian Keys
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Alice Schum
IMEA	Kevin Wagner
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Chris Jewell
IMEA	Staci Wilson
IMEA	Rodd Whelpley
IMEA	Cindy Evans
IMEA	Shadi Ahanchi
IMEA	Mandy Ripperda
IMEA	Tammy Hall