

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, JULY 18, 2018

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 July 18, 2018.

Chairman Greg Hazel called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present.

The Report of June 13, 2018 was moved for approval by Mayor Scott Harl, seconded by Tom Bruhl. 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. CEO Kevin Gaden recognized Lucy Podlesny, the Deputy Director of Electric Utility, from Naperville.

### OLD BUSINESS

RTO Pseudo-Tie Issues – General Counsel Troy Fodor reported on the following:

- Prairie State Pseudo-Tie Agreement - The Prairie State pseudo-tie has been effective since June 1, 2016 and now PJM is requiring all new and existing pseudo-ties to sign a new Pro Forma Agreement. FERC approved the Pro Forma Agreement on February 5, 2018. IMEA staff had directed PJM to file unsigned with FERC due to the unwillingness of the PJM staff to negotiate necessary changes before the June 1, 2018 deadline. IMEA and PJM have now resolved their differences and the Pseudo-Tie Agreement was signed on July 2, 2018. MISO made a tariff filing to require a Pro Forma Pseudo-Tie Agreement, but has proposed that existing pseudo ties do not have to sign it. IMEA Staff is working on comments to support that effort.
- Trimble County Pseudo-Tie Agreement – TC1 has been delayed until June 1, 2019 for upgrades to LG&E metering. Regarding TC2, negotiations continue with LG&E wanting implementation conditions, including changes to the NERC Compliance Agreement and the Participation Agreement. LG&E and TVA have not been able to agree on congestion management issues, PJM has agreed to accept the pseudo-tie agreement signed by IMEA without LG&E and TVA as parties. PJM appears willing to give IMEA the same changes to the TC2 Pseudo-Tie Agreement as it did for Prairie State. IMEA purchased replacement capacity through August 31, 2018 and expects agreements to be completed before the deadline.
- FERC Case Involving ICTRs – Radford's Run Wind Farm filed a Complaint against PJM on June 26, 2018. Radford was required to fund an upgrade to the PJM transmission system in ComEd in order to interconnect its wind generation with PJM. Radford claims that its upgrade increased the capacity import capability into the ComEd Zone of PJM. Radford is seeking 297 MW of ICTRs and PJM has refused to award them. IMEA will intervene but not comment or protest.

- Minimum Offer Price Rule (MOPR) – FERC entered an order on June 29, 2018 initiating a Section 206 case against PJM. PJM had submitted revisions to the PJM tariff addressing the impacts of state public policies on the PJM capacity market. FERC rejected PJM’s proposal. FERC found the existing PJM capacity rules to be unjust and unreasonable because the increased amount of state subsidies and out-of-market payments harm the competitive capacity market and PJM does not have a mechanism in place to prevent that harm. FERC found that PJM would have to implement a MOPR that applies to both existing and new generation. The existing MOPR does not apply to IMEA – it only applies to new natural gas generators. The new MOPR FERC wants would require all generators that receive state or federal subsidies or other out-of-market payments to bid into the capacity market at a price equal to the Cost of New Entry (CONE) or at its unit-specific costs. FERC stated that there should be few, if any, exceptions to the MOPR although both PJM and FERC had previously accepted an exception to the existing MOPR provisions for public power self-supply. FERC also stated that generators could exclude themselves from the PJM capacity market through a new Fixed Resource Requirement (FRR) alternative that would be put into PJM’s tariff. The potential consequences of a MOPR requirement with no self-supply exception would be that IMEA would have to pay PJM for capacity with no revenue offset from sales of capacity to PJM. IMEA could mitigate by going FRR or by taking its load out of PJM into MISO, but MISO is not a good option unless the MISO capacity clearing prices improve. FERC set the matter for a paper hearing. The initial round of testimony, evidence and arguments are due August 28, 2018 with replies due September 27, 2018. The FERC target date for the Order is January 4, 2019. Staff is analyzing the FERC Order and has communicated IMEA’s issues to APPA. Staff anticipates it will submit evidence and argument during the paper hearing process.

Engagement of Employment Recruiter – CEO Kevin Gaden stated that ads had been placed with APPA, GFAO (national and regional) along with NRECA for the past 60 days and 16 resumes have been received. Staff has set initial interviews for 4 candidates and have 2 more potential candidates if necessary. Staff has decided not to engage an employment recruiter to assist in the search and interviews for the CFO position and the recruiter has been notified. The next steps would include initial interviews in August and following background checks, conduct second interviews soon after. In September, determine the new CFO and make arrangements for them to be on site in December or January or earlier if desired by the candidate.

Solar Activities – Kevin Wagner reported that staff received notice of interest and preliminary site locations from several municipalities and he’s visited those sites. The sites are accessible locations capable of supporting ½mW to 2mW ground-mounted PV modules and multiple sites are likely available from some of their members. Staff has provided the site application, the Siting/Easement Agreement and the Interconnect Agreement from the St. Charles solar project to the applicants for reference. The member site proposals are due July 31<sup>st</sup> with staff recommendations planned for the August Board meeting. Wagner also reviewed a timeline showing dates for RFP member site selection submittals, IPA acceptance for qualified vendors for REC program, developer bids and final Board approval.

Future Energy Jobs Act (FEJA) Update – Staci Wilson reported that ComEd had filed an appeal on FEJA solar incentives. Unless altered by the court, the initial stages of the appeal will take approximately 4 months and the ICC recently asked for additional 20 days to assemble the record. There are no statutory time limitations on the court although a final decision is likely sometime in 2019. She reported on a meeting with ComEd in Chicago and a phone conference with the Environmental Law & Policy Center (ELPC) which were attended by the coops as well. The ELPC’s opinion is that everyone should be able

to receive incentives whether or not they have paid anything in. Staff is currently planning a district office meeting with the Senate Energy Chairman.

Wilson pointed out the regulatory risks that could potentially impact IMEA to include imposition of a Renewable Portfolio Standard (RPS), net metering regulations, the requirement to purchase unsubscribed energy of the solar developers and the ICC oversight of rate cases.

At that time, Staci Wilson suggested the need to go into Executive Session for discussion of the purchase, sale or delivery of electricity. Tim Birk moved to go into closed session, seconded by Tom Bruhl. 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 10:44 a.m. The meeting was returned to open session at 11:09 a.m.

Carmi Unit #11 Repair/Replacement – Kevin Wagner reported that the City Council had recently awarded a contract to IDS to tear down the engine and prepare a cost estimate for Unit 11 repair. The City intends to approve this repair work once the cost estimate is known and determined to be economically feasible. Since the City is experiencing delays in getting vendor responses on this repair work and on insurance coverage, they will not be able to meet the IMEA Board's July 20, 2018 deadline to provide a "bona fide financial commitment" to repair or replace Unit 11. The City is confident that Unit 11 can be repaired or replaced and returned to service by July 20, 2019.

Staff recommends maintaining the 12-month waiver allowing the Unit to requalify for Dedicated Capacity Payment if returned to service by July 20, 2019. Wagner suggested that additional time be considered by the Board to allow the Unit to return to service by July 20, 2019 if the estimate for repair was issued by IDS no later than November 30, 2018 and the contract was executed by the City by January 31, 2019 to repair or replace the Unit. A motion for these extensions would be considered for approval at the August Board meeting. David Coston discussed the circumstances which had contributed to the delays and thanked the Board for their consideration of the above-referenced extensions.

Other Old Business - Staci Wilson stated that the Senate has created a special committee called Supplier Diversity. The ICC has taken the position that municipal entities would be required to submit diversity reports. In preparing for IMEA to best meet these requirements, staff will recall the adhoc group previously assembled and then pass this information on to Board members to move forward with this issue.

NAL B4 Request – Mike Genin stated that North American Lighting employs about 1,000 people and has sister plants in Salem & Paris, Illinois. This load retention rate would make their rate more competitive and will be reviewed on an annual basis. Staff recommended a one-year extension of the B4 rate be extended to North American Lighting in Flora to be effective October 1, 2018. David Coston moved to approve the NAL B4 Request, seconded by John Hodapp. Bob Coble expressed his appreciation for considering this rate. The roll call vote passed unanimously with the exception of one Executive Board member that was not present in the Boardroom at the time of voting.

High Load Factor Economic Development Rate – Mike Genin explained that a recent development in Illinois is the establishment of data centers, computer farms and the expansion of chemical facilities. These are large demand, high load factor customers which remain on 24 hours a day, seven days a week. These customers are extremely valuable in that they use large amount of off-peak power when power plants are typically selling electricity at low rates to the grid. Inquiries were made from Highland, Naperville, Peru and Rantoul to request consideration of development of a new special electric rate for these types of customers. This B7 rate would model the B6 rate except taking an additional demand cost

decrease of about \$2 per kw. Genin stated this would be an incentive rate for “new customers who have an electric demand of 4-50mW and an 80% or greater monthly load factor. Board approval would be necessary if over 50mW. There is no action to be taken at this time although this B7 rate will be considered for approval at the August Board meeting. Discussion ensued considering changing 4mW to 3mW or to at least have the option of considering 3mW on a case- by-case basis. The staff agreed to amend the recommendation to the full Board in August to a 3MW minimum.

Ameren Wholesale Distribution Service (WDS) Rate Action Notice – CFO Bob Childers reported that Ameren notified IMEA that they plan to update IMEA’s Wholesale Distribution Service (WDS) rates on June 1, 2019. Staff has contacted the Coop group who have previously worked together in 2011 to set up a meeting. IMEA spent \$1 million to fight 2011 Ameren WDS rate increase. The outcome of that lawsuit was FERC reducing IMEA’s Ameren WDS rate by 37% which resulted in a multi-million dollar refund and a 3 year rate change moratorium which ended in February of 2018.

Chairman Greg Hazel asked for a motion to adjourn the meeting. The motion was made by Larry Taylor, seconded by David Coston and carried unanimously. The meeting was adjourned at 12:00 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
EXECUTIVE BOARD MEETING  
WEDNESDAY, JULY 18, 2018**

**MEMBERS PRESENT**

Carlyle	John Hodapp
Carmi	David Coston
Peru	Mayor Scott Harl
Rantoul	Greg Hazel
Rock Falls	Dick Simon
St. Charles	Tom Bruhl
Waterloo	Tim Birk

**MEMBERS ABSENT**

Highland	Dan Cook
Metropolis	Rick Abell

**OTHERS PRESENT**

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