

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, JUNE 22, 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 June 22, 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 April 27, 2022 was moved for approval by Rick Abell 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 proceeded with the meeting.

### OLD BUSINESS

Update on Solar Projects - Shadi Ahanchi reported that IMEA Staff conducts a weekly call with Sol Customer Solutions (SCS) and is currently working on Purchase Agreements for all three sites. Staff is working with SCS to start the interconnection and the permitting process with a tentative project timetable starting in late June. She explained that the US had suspended tariffs on some solar panel imports for two years from four Asian nations and invoked the Defense Production Act to spur solar panel manufacturing in the U.S. SCS has up to 75% of solar panels available for the three IMEA projects in the U.S. depending on the timing of the project. Ahanchi also reported that staff continues to receive various proposals from solar vendors outside any RFP process and will report to the IMEA Board if there are any attractive outcomes. IMEA Staff also continues to track interconnection projects in the PJM and MISO queues. Regarding IMEA member generation, Ahanchi stated that capacity testing began on June 1, 2022 for IMEA member power plants and nine members will be tested for RICE NESHAP requirements. So far, only a few units have had issues during their URGE tests, however, Winnetka's 8.7 MW steam generator has an ongoing rotor-related outage problem.

Legal Matters – General Counsel Troy Fodor reported the following:

- Notice of Proposed Rulemaking (NOPR) on Transmission Planning and Cost Allocation (Docket No. RM21-17) – A Notice of Proposed Rulemaking (NOPR) on Transmission Planning and Cost Allocation was issued by FERC on April 21, 2022 which is the first part of the previously advanced NOPR. The proposed requirements would be imposed on RTOs, ISOs and other transmission providers, but will apply indirectly to public power entities, like IMEA, because it will affect transmission costs. This NOPR incorporates six primary proposals which include: (1) new long-term regional transmission planning process requirement that uses scenario planning and at least a 20-year planning horizon, (2) a requirement to seek the agreement of state officials in each region concerning the cost allocation for transmission facilities selected in the new long-term regional transmission planning process, (3) requirement for consideration of dynamic line ratings and advanced power flow control devices allowing for more flows over existing lines in lower temperatures, (4) the elimination of the availability of construction work in progress recovery as a transmission rate incentive, (5) allowing incumbent transmission providers to exercise a right of first refusal for new transmission facilities with the condition they allow joint ownership such as with IMEA or other public power entities, and (6) increased transparency and coordination requirements that would apply to the local transmission planning processes used by transmission owners.
- MISO Capacity Market Filings (Docket Nos. ER22-495 and ER22-496) - MISO has filed tariff revisions with FERC that would make changes to the MISO capacity market. The 1<sup>st</sup> filing creates a new seasonal reliability capacity requirement, replacing the current annual capacity auction with four seasonal auctions and the 2<sup>nd</sup> filing requires load-serving entities to procure 50% of their planning reserve margin requirement through ownership or bilateral contract, not from the MISO capacity auction. There was an additional round of filing by protestors/commenters and IMEA Staff is awaiting FERC action.
- Coalition of MISO Transmission Customers Complaint vs. MISO (Docket No. EL22-60) – An Ad Hoc Association of large industrial customers with facilities located throughout the MISO region seek to reduce operations this summer to avoid high capacity auction clearing prices claiming it would provide reliability benefits to MISO. They argue that the MISO tariff is unjust and unreasonable because it fails to enable MISO to address system reliability by allowing load to exit the MISO system without being charged when MISO’s capacity auction process fails to procure enough capacity. In MISO’s capacity auction for planning year starting June 1, 2022, MISO failed to procure enough capacity triggering maximum Net Cone pricing. Over a dozen parties have intervened including the ICC and Ameren.
- 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. Ameren filed its refund report on April 20, 2022. The refund calculations were reduced by an offsetting charge applied by Ameren to 2020. IMEA and an electric cooperative group filed a protest of the refund report on May 5, 2022 and Ameren filed a Motion to Dismiss the protest on May 13, 2022. IMEA and the coop group filed a response on May 31, 2022 in which Ameren filed a reply on June 13, 2022. IMEA staff is awaiting a FERC ruling to determine next steps.
- Big River Solar Reactive Revenue Filing (Docket No. ER22-1610) - Big River Solar reactive revenue filing pertains to the solar project that IMEA has a contract with Ranger Power for a solar array located west of Carmi, Illinois. This contract entitles IMEA to ≈16.78% of all attributes:

RECS, energy, capacity, ancillary services and of reactive revenue starting June 1, 2025. IMEA intervened to monitor the proceeding. FERC entered an Order on June 10, 2022 allowing the Big River reactive revenue requirement rate to go into effect, subject to refund, and set the matter for settlement negotiations/possibly trial. The rate will be effective around July 1, 2022 when the project reaches full commercial operations.

- 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 is requiring that individual IMEA Members connected to Ameren’s system be signatory parties to the agreements, even though IMEA is the transmission and WDS customer. Notable open remaining issues in the WCA is the requirement to give Ameren notice of any new generation connected to the Member’s distribution system, including customer-owned behind the retail meter solar, a potential Ameren study paid for by the Member and potential “add back” to billable peaks for transmission and WDS billing. Members with power factor issues will need to have a plan to address and complete remedies within 3 years of the time the new WCA/UCA is approved. The notable open issue in the UCA is the System Expansion or Modification Guaranty (SEMG) requirement wherein the Member has to pay a non-refundable upfront payment that is expected to increase peak demand by “1 MW or greater” or “5% of the peak demand.” IMEA Staff is reviewing responses from Ameren received on June 8, 2022 and is seeking to work towards a final resolution of the language of both template documents.
- ComEd Transmission Rate – There will be a small increase in the revenue requirement this year due to transmission facility additions in 2021, depreciation expenses and 2022 projected facility additions. There will be a small decrease to the ComEd transmission rate and to IMEA costs. Billing determinants have increased which generally causes a decrease in the transmission rate. There will be a 4.45% decrease in rate and a 4.01% decrease for IMEA costs effective June 1, 2022 through May 31, 2023. At that time, Fodor presented a chart of the ComEd Transmission Formula Rate reconciliation.
- 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. SERC has rejected IMEA’s position that these components are not Transmission Facilities – the CWLP 138 kV line is the Transmission Facility. SERC is withholding final determination to allow the parties time to work out a solution and SERC committed not to seek retroactive enforcement. IMEA staff has met with CWLP and Chatham individually to discuss possible solutions. A meeting with all the parties involved is set for July 25, 2022 as IMEA Staff continues to work towards a final resolution to address SERC’s position.
- Build America Bonds Payment Sequestration – Prairie State public power entity owners, including IMEA, filed an Appellate Brief on April 20, 2022, the U.S. Government Brief was filed on May 31, 2022 and IMEA and the other public power owners of Prairie State will file a Reply Brief on June 24, 2022. IMEA Staff is awaiting a ruling by the Appellate Court.

Ordinance #22-06-873 – An Ordinance of the Illinois Municipal Electric Agency authorizing and providing for an amendment and extension of a line of credit agreement and related Subordinated Indebtedness as evidenced by a \$50,000,000 Taxable Subordinated Indebtedness Revenue Note for

certain corporate purposes of the Agency – CFO Chris Wise stated that IMEA’s current Line of Credit through PNC Bank for \$50,000,000 expires on October 31, 2022. He reported that PNC Bank has offered to extend the current Line of Credit with the same fee on the unused balance and a lower interest rate on draws. The new term is July 1, 2022 through October 31, 2025 and this 40-month term favors IMEA with better terms for an additional 4 months. He explained that IMEA’s financial advisor, Public Financial Management, recommends IMEA accept the PNC Bank proposal and reported that IMEA’s Bond Counsel (Chapman & Cutler) did not require a new supplemental indenture. Wise stated that with Board approval, it is anticipated a PNC closing date next week. Bob Coble moved to approve Ordinance #22-06-873 to authorize and provide for an amendment and extension of a line of credit agreement and related subordinated indebtedness as evidenced by a \$50,000,000 taxable subordinated indebtedness revenue note for certain corporate purposes of the Agency. Rick Abell seconded that motion and it carried unanimously by roll call vote.

## NEW BUSINESS

Update on Capacity & Energy Procurement – COO Gary Stephenson discussed the impact of power generation shortages in the next five planning years of long-term MISO capacity reflected in a bar graph of the overall MISO footprint provided by the 2022 Organization of MISO States Survey (OMS). He reported that IMEA is transitioning away from the coal-based Vistra contract which ended on May 31, 2022, however, IMEA Staff procured one year of market capacity and energy supply from Vistra which expires in May of 2023. Stephenson stated that the MISO bilateral market had increased substantially primarily due to the auction results while the PJM bilateral market for capacity remains steady. From a procurement perspective, IMEA is seeking to cover the needs in PJM by entering into bilateral contracts, however, IMEA Staff is holding off on procuring MISO capacity until the market settles down. He explained that 2022 energy prices have skyrocketed with 2023 prices on the rise, but not as significantly. Stephenson stated that energy supply contracts will be gradually added for 2023 and longer as opportunities arise.

Authorizing CEO to Sell 2014 Honda Accord as Surplus Property – CEO Gaden stated that IMEA maintains “pool cars” for staff to use for member visits and other meetings. Since Kevin Wagner’s retirement, there is an additional pool car that still runs fine and has 100,000 miles on it. Mike Genin is currently using a 2014 Honda Accord with about 127,000 miles on it. Since IMEA does not need an extra pool car, IMEA Staff is recommending the sale of the 2014 Honda Accord as surplus property. Larry Taylor moved to authorize the CEO to sell the 2014 Honda Accord as surplus property, seconded by Rick Abell. The roll call vote showed unanimous approval.

Resolution #22-06-874 – Approving Limited Variance for City of Naperville Regarding Small Renewable Generation Resource Policy – General Counsel, Troy Fodor, discussed the IMEA Small Renewable Generation Resource Policy made effective on May 1, 2009. This allows the Member to install qualifying renewable generation up to an aggregate total of 150 kW of nameplate capability to partially offset the Member’s end-use electric consumption. Fodor stated that Naperville has installed renewable generation consisting of photovoltaic facilities that are directly connected to the City’s Public Works, Electric and Municipal Center buildings that equals the maximum 150 kW limit under the Policy. He explained that Naperville is requesting a limited variance to install up to 75 kW of additional City-owned solar generating capability on City-owned assets. IMEA Staff considered the possibility of revising the policy, however, at this time, does not feel changing the policy is warranted

given the limited nature of one request. IMEA Staff supports this request and recommends treating this additional generation as a limited variance of the maximum aggregate kilowatt limit under the Policy. Bob Coble moved to approve Resolution #22-06-874 granting Naperville a limited variance of the maximum aggregate kilowatt limit under the Small Renewable Generation Resource Policy up to a total aggregate nameplate rating of 225 kW. The motion was seconded by Rick Abell and the roll call vote showed unanimous approval.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Larry Taylor, seconded by Rick Abell and carried unanimously by voice vote. The meeting was adjourned at 3:03 p.m.

Respectfully submitted,



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Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
EXECUTIVE BOARD MEETING  
WEDNESDAY, JUNE 22, 2022**

**MEMBERS PRESENT (or listening via webinar)**

Altamont	Larry Taylor
Breese	Dale Detmer
Chatham	Shane Hill (via webinar)
Flora	Bob Coble
Marshall	Cory Sheehy (via webinar)
Metropolis	Rick Abell

**MEMBERS ABSENT**

Freeburg	John Tolan
Waterloo	Tim Birk
Winnetka	Brian Keys

**OTHERS PRESENT (or listening via webinar)**

Bethany	Shannon Risley (via webinar)
Carmi	David Coston (via webinar)
Highland	Dan Cook (via webinar)
Naperville	Brian Groth (via webinar)
Princeton	Jeff Mangrich (via webinar)
Red Bud	Josh Eckart (via webinar)
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Alice Schum
IMEA	Gary Stephenson
IMEA	Rakesh Kothakapu
IMEA	Sean McCarthy
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Staci Wilson
IMEA	Shadi Ahanchi
IMEA	Eric Weinant
IMEA	Tammy Hall
IMEA	Rodd Whelpley (via webinar)
IMEA	Ed Cobau (via webinar)
Guest	Paulo Uranga, Smartest Energy (via webinar)
Guest	Greg Hubert, Naperville (via webinar)