

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF BOARD OF DIRECTORS MEETING

WEDNESDAY, NOVEMBER 4, 2016

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 November 4, 2016.

Chairman Greg Hazel called the meeting to order at 1:30 p.m. and roll call was taken which showed a quorum was present.

Mayor Scott Harl moved to approve the minutes of August 18, 2016, seconded by Rick Abell. The voice vote showed all in favor. Bob Childers reviewed the financial statement for August and reported that the debt service coverage excludes the rate stabilization fund transfer in April. He presented charts showing the average monthly member cost and the monthly energy sales to members. Childers reviewed another chart outlining the monthly member power sales per kilowatt hour compared to last year. Larry Taylor moved to approve the Treasurer's Report, seconded by Dale Detmer. The voice vote showed all in favor.

Opportunity for Public Comment: CEO Kevin Gaden 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's Report: CEO Kevin Gaden welcomed Staci Wilson as the new Director of Government Affairs who will be working with Doc Mueller until his retirement in the summer of 2017. She has 19 years of experience at the State Capitol, 2 years with the Illinois Chamber of Commerce and is a Fairfield, Illinois native. Gaden reported that the Sierra Club announced that they will continue to protest all new gas fired power plants as well as natural gas plants under new construction. He presented a list of member communities (20) which he had visited since May of this year.

Gaden then reported that RECC had signed a 10+ year agreement with NextEra beginning January 1, 2018. He described building maintenance issues to include sump pit water and a terrace patio water seal that will be addressed in next year's budget. He also reminded everyone to exercise their right to vote on Tuesday, November 8<sup>th</sup>.

### OLD BUSINESS

Operations: Alice Schum reported on meetings with PJM regarding capacity import limits to continue to meet long term obligations and presented the 2020/2021 study results. She stated that PJM is seeking FERC approval of the seasonal capacity proposal despite a lack of stakeholder consensus. The base capacity product has been proposed for an additional year ending 2020/2021 planning year. The base product has lower requirements than the performance capacity with less severe penalties, pseudo tie is not required and has less mandatory reliability verification events required to maintain the capacity payments.

Regarding the MISO Regional Transmission Organization (RTO), Schum stated that the planning resource margin for 2017/2018 has posted and staff has submitted 10-year forecasts. Schum reported on a FERC filing on November 1 regarding a 3 year forward auction for MISO. She stated that the day ahead market closing changes begins this weekend.

Schum reported that the Naperville Demand Response registration for a solar and battery project at Naperville college had been approved. She also stated that she and Shadi Ahanchi had attended a PJM/Com Ed meeting in Chicago which was very informative. Discussions are ongoing with Ameren pertaining to the WDS billing with regard to behind the meter generation. She also noted a high number of outages on the Ameren system. Staff is considering changing the Electric Power Supply Agreement due to Dynegy possibly suspending units. The Operations staff met with CWLP yesterday to review procedural issues regarding telecommunications and they continue to work with AMP on the fuel policy for Prairie State.

Trimble County: Kevin Wagner reported the following:

- Safety - The plant continues with a very good safety record. It's been over a year since an OSHA recordable or lost time incident has involved an employee. No safety incidents involving a contractor have occurred since last July.
- Performance - TC1 experienced a couple brief forced outages in September due to faulty limit switches and a control issue on a coal feeder. TC2 also experienced a couple short forced outages in September, however, both units are currently on line and available for full load.
- TC1 fall maintenance outage - TC1 fall maintenance outage began three weeks earlier than planned due to an oil leak in a step-up transformer. TC1 was taken off line October 15<sup>th</sup> and returned to service on the 23<sup>rd</sup>. During the TC1 outage, the transformer serving the variable frequency drive (VFD) for one of the ID fans was replaced, the SO2 absorber was cleaned, and the boiler was inspected.
- Coal Combustion Residue Treatment & Transport (CCRT) Project/Landfill status - The project remains on schedule for completion by summer 2018. Ultimately, the ash pond will be closed and the water evaporated and the dewatered fly ash will either be transported to the new landfill or to river barges for resale. The final version of the permit for the new landfill is now expected to be issued by the end of this year.
- Startup Fuel Conversion Project - The contractor has completed the installation of the natural gas pipe line to the furnace igniters in TC1 and TC2 and control valve and wiring work is now underway. This project will replace the oil-fired system at considerable savings and improved emissions during startup. TC2 will then be the first unit converted to gas startup during next spring's maintenance outage.

Prairie State: Kevin Wagner reported the following activities:

- Safety - The plant reported no safety incidents in September or October. The mine reported 1 MSHA lost time incident, 2 recordables in September and 4 recordables in October.
- Plant Performance - September proved to be Prairie State's best performance month of 2016 so far with an Equivalent Availability Factor (EAF) for the plant of just over 97%. Unit 1 remained on line the entire month of September with only minor derates due to issues with the coal mills and a turbine control valve. Unit 1 is currently on line and available for full load. Unit 2 is currently off line for the scheduled fall maintenance outage.

- Mine Performance – The mine’s productivity has been very near the budgeted tons per man hour and there is 826K tons total inventory on the campus.
- U2 Fall Maintenance Outage – Unit 2 began a 26 day fall maintenance outage on October 18<sup>th</sup>. The critical path work during the outage will be inspection of all boiler platens and modification of at least 16 of the 18 platens as was previously done with Unit 1. Unit 2 fall outage work will include installation of redundant superheat spray control valves, repairs to the SO2 absorber ductwork, and installation of some of the retractable scaffolding beams that will help reduce outage time for repairs to the upper boiler.

Local Transmission/Generation: Kevin Wagner reported the following:

- Mascoutah/Ameren Hilgard 138 kV Project - Ameren is in the process of completing soil borings at the Hilgard switching station site and will be able to use that data to finalize the station design. Ameren along with St. Clair County determined that no property rezoning is needed for the switching station.
- Princeton/Ameren 138 kV Line Work - Ameren has commenced the replacement of the porcelain bell insulators on the radial 138 kV line (#1552B) that is the primary service for loads in the Princeton area. The City of Princeton has been coordinating with Ameren to provide local generation to cover City load during this construction work. The City experienced several outages last winter and spring primarily due to Ameren transmission line failures that this project hopes to significantly reduce.
- Gridliance Highland/Mascoutah 138 kV Proposal - IMEA and City staff met again with Gridliance in September to review and edit as needed the list of Highland 138 kV transmission assets that Gridliance anticipates including in its purchase proposal. We discussed the need to maintain a high level of reliability for the radial 138 kV line serving Highland. IMEA and the City will meet later this month with Gridliance.
- Member Power Plant Operator Training – Shadi Ahanchi reported on the operators training on operations and maintenance. Staff is in the process of coordinating a series of hands-on, on-site Power Plant Operator training at three locations starting in February. Specific manufacturers’ representatives and engineering consultants will oversee the training. IMEA staff will meet with the Generation Committee on November 16<sup>th</sup> to discuss and review the agenda. More details will be available in the next Board meeting.
- Member Generation Policy update - A number of Regional Transmission Organization (RTO) rule changes have taken place since the Member Generation Policy was last updated over three years ago. Staff will be developing a draft of proposed Generation Policy revisions in the coming weeks reflecting these changes and will be discussing those with the Generation Committee and the Board.
- Update on Member Delivery Point power factor – A graph showing the average monthly Member Delivery Point power factor using SCADA data and showing the percentage of hours each year beginning in 2014 and running through September 2016 was presented. Some member cities will need to significantly reduce the number of low power factor hours to avoid future penalties from our transmission providers. Staff encourages the use of the available energy efficiency funds to add more capacitor banks and control to member distribution systems where this could show a benefit.

Solar Demonstration Projects: Kevin Wagner reported that Convergence was unable to meet the project completion dates specified in the Power Purchase Agreement (PPA) due to the inability to secure financing. IMEA has offered to extend the project completion date to May 15, 2017 if Convergence could secure financing and a letter of credit by November 15, 2016. If this does not happen, staff will take steps to terminate the PPA and reevaluate options to move forward with a different solar PPA provider.

Regarding the solar project in Rantoul, Kevin Wagner reported that the Village and IMEA had executed the License to Use Land for Solar Generation Site. This grants exclusive rights to construct and operate the solar facility on the site and will be in effect until ownership transfer of the site occurs between the Air Force and the Village. Altorfer is working toward an in-service date of December 31, 2016 and the Village reports progress being made by the Air Force and the IEPA on the Covenant Agreement required.

Legal: General Counsel Troy Fodor reported the following:

- Batavia Rate Payer lawsuit against IMPA – The deadline for the plaintiffs to file a 2<sup>nd</sup> amended Complaint was extended to October 13. The Plaintiff did not file or request additional time to file and the time for them to appeal has passed.
- Update on MISO Capacity Construct – FERC entered an Order in the first MISO Return on Equity (ROE) Complaint case on September 28 to lower the Base ROE for MISO transmission owners from 12.38% to 10.32%. FERC approved a 50 basis point ROE incentive for participation in an RTO which was effective January 6, 2015, applicable to complaint case refunds after that date and going forward. New transmission rates going forward will be based on 10.82% ROE. Refunds will be required although a format has not yet been determined. This will impact several MISO rate schedules and MISO has requested 9 months until July 28, 2017 to give refunds.
- Congestion Charges – Rockland Capital filed a complaint against MISO at FERC for double charging congestion. IMEA is also being double charged with regard to pseudo-tied congestion between MISO and PJM and would need to file its own complaint to receive any refunds. IMEA intervened and is watching the progress on this case.
- Pancake Rates for MISO Multi Value Projects - On July 13, 2016, FERC entered an Order that MISO can charge generators located in MISO who export capacity and energy out of MISO into PJM, an allocation of MISO Multi Value Projects (MVP) costs. So far, there are no new charges to IMEA because Schedule 26A does not currently treat pseudo-tied resources as exports, but MISO intends to make a tariff filing at FERC to change the definition of exports. Staff will monitor this issue and report any actions taken at upcoming meetings.
- MISO 2016 Capacity Auction - A complaint was filed on September 8, 2016 by the coalition of MISO South transmission customers challenging the 2016/17 MISO capacity auction results in MISO North. They claim that MISO improperly limited exports from MISO South into MISO North and are seeking to have the auction results recalculated. IMEA is a net purchaser in Zone 4 of MISO, not a net seller. IMEA has intervened, but has not taken a position. All parties except the Illinois Attorney General and MISO customer groups oppose the Complaint.

**NEW BUSINESS**

Ordinance #16-09-790 – Ordinance Revoking Ordinance 95-12-376 and Adopting the Business Continuity Policy for Absence of President & CEO Regarding the Appointment of an Acting President & CEO of IMEA – CEO Kevin Gaden explained that this Ordinance would rescind a prior Ordinance and replace it with the IMEA Business Continuity Policy for Absence of President & CEO. Gaden outlined the procedure to follow if he would not be able to complete his duties due to termination, death or incapacitation. The Executive Board approved it unanimously in its November meeting. During this full IMEA Board meeting, Dale Detmer moved for recommendation of this ordinance, seconded by Brian Keys. The roll call vote showed unanimous approval.

Renewable Energy Projects – CEO Gaden reported on a meeting with Bluestem Energy Corporation regarding putting renewable energy behind the meter in Princeton and Bluestem is working on the final cost for these potential wind turbines. Staff also met with Cleanline, which has proposed building two direct current lines, (Rock Island line in northern Illinois and the Grainbelt line that runs from Kansas to Indiana) although due to the costs involved and unpredictable legal and Clean Power Plan issues, it is unclear at this time if IMEA would participate. Staff is currently evaluating a hydro thermal algae farm at one of IMEA member’s location. This farm would use algae to create a renewable fuel eligible for clean Power Plan green credits and would generate power at the site. Staff will continue to evaluate the value of these projects and report back to the Board.

There being no other new business, Chairman Greg Hazel asked for a motion to adjourn the meeting. The motion was made by Dale Detmer, seconded by Cory Sheehy and carried unanimously. The meeting was adjourned at 3:20 pm.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
BOARD OF DIRECTORS MEETING  
FRIDAY, NOVEMBER 4, 2016**

**MEMBERS PRESENT**

Altamont	Larry Taylor
Breese	Dale Detmer
Carlyle	John Hodapp
Carmi	David Coston
Flora	Bob Coble
Greenup	Mike Ryder
Highland	Dan Cook
Marshall	Cory Sheehy
Metropolis	Rick Abell
Naperville	Mark Curran
Oglesby	Dom Rivara
Peru	Mayor Scott Harl
Princeton	Jeff Mangrich
Rantoul	Greg Hazel
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
Cairo	Karl Klein
Casey	Shelby Biggs
Chatham	Shane Hill
Fairfield	Mayor Charles Griswold
Farmer City	Larry Woliung
Freeburg	John Tolan
Ladd	Pat Barry
Mascoutah	Cody Hawkins
RECC	David Stuva
Red Bud	Josh Eckart
Riverton	Russ Patrick

**OTHERS PRESENT**

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