

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF BOARD OF DIRECTORS MEETING

THURSDAY, NOVEMBER 29, 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 November 29, 2018.

Chairman Greg Hazel called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present. Rick Abell, seconded by Dominic Rivara, moved the minutes of October 18, 2018 for approval. The motion was carried by unanimous voice vote.

Treasurer's Report – Bob Childers reviewed the financial report for September and stated that the MWh sales to members for the first five months of the fiscal year was 2.4% above budget. Childers also noted that due to the weather this year, the member demand usage has not fluctuated much by RECC leaving 11 months ago. Mayor Ann Short moved to approve the Treasurer's Report, seconded by Tom Bruhl. 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.

CEO Kevin Gaden welcomed Dave Miller from Carlyle, Dan Flannel from Sullivan and Lucy Podlesny from Naperville.

President & CEO Report – CEO Gaden gave an update on midterm elections reporting that Democrats have House majority and a carbon tax bill was filed. He also reviewed the results of November ballot initiatives in Washington, Colorado, Florida and Missouri. Regarding the FERC, Chair McIntyre stepped down as Chair due to health issues, but remains a Commissioner. Commissioner Chatterjee is the new Chair of FERC and Bernard McNamee is the new nominee to replace Powelson. With regard to the Ameren Wholesale Distribution Service (WDS), Ameren has agreed to move all rate adjustments to June 1, 2019 and staff expects rate projections soon. Ameren is supposed to host a joint meeting with IMEA and other interested wholesale customers to review the new terms, logic of change and the outcome.

CEO Gaden reported that staff had attended a MISO/APPA CEO meeting on November 1 and stated that the new generation planning/modeling queues are backlogged in all RTOs, specifically, the MISO Planning Queue is backlogged by 90,300MW. He then presented graphs reflecting the location of projects planned in MISO, PJM and SPP, specifics of those projects in the MISO queue and the length of time to complete them. Gaden then advised members to be cognizant of the RTO project queue numbers when communicating with solar developers.

CEO Gaden then reported that Earth Justice, Prairie Rivers Network, Environmental Integrity Project and the Sierra Club had issued a 45-page report and issued a press release dated yesterday entitled “*Cap and Run: Toxic Coal Ash Left Behind by Big Polluters Threatens Illinois Waters.*” He noted that Prairie State was mentioned in the report.

### OLD BUSINESS

Operations – Regarding the PJM Regional Transmission Organization, Alice Schum reported that FERC had expressed concerns regarding fuel security, fuel on hand and how quickly plants have access to fuel. They have found no imminent threat of system deficiencies. The Day Ahead market closing will be changed from 9:30 to 10:00 if approved. She discussed specifics about the transmission/capacity savings program with Winnetka and Rock Falls behind the meter generation and final values will be posted in December.

Regarding the MISO Regional Transmission Organization, Schum reported that since Demand Response is increasing, behind the meter generation would be called before emergency units are called. She stated that long-term planning needs to reflect changing load characteristics and increased renewable penetration which makes forecasting hard for intermittent resources. Schum presented graphs reflecting forecasted capacity balance for 2019 is near the target reserve margin, the projected regional resource capacity (reserves) and how generation has shifted toward renewables along with projected future scenarios.

Regarding winter readiness, Schum also reported that Operations staff contacted generating members to check on availability of fuel, staffing for upcoming season and to update contacts. She then stated that the Regional Transmission Organization recently had tools upgraded due to increased cyber security issues.

Trimble County: Kevin Wagner reported the following:

- The plant saw its first fatality since Unit 2 was in operation. A contractor died in a construction accident during the recent Unit 2 outage. The accident is under investigation by OSHA. With regard to the plant employees, no safety incidents have occurred since last June. Year to date plant Equivalent Availability Factor (EAF) stands at 78% with Unit 1 at 94% and Unit 2 at 67%. The Equivalent Forced Outage Rate (EFOR) for the plant is currently 1.9%. Unit 1 tripped off line for a few hours in early October as a result of a relay testing error that took out the main auxiliary power bus for the plant. Unit 2 experienced a similar forced outage in early November during an upgrade of the 345 kV bus protection system. Currently, the plant is trying to avoid a shutdown/startup of Unit 2 since one of the reserve auxiliary transformers needed in the startup process has been rendered unavailable due to hard to find parts needed to repair a faulted 138 kV cable terminal. This will likely delay Unit 2's one week planned outage until next spring. Unit 1's fall maintenance outage went well and wrapped up in less than two weeks. The outage provided an opportunity to complete the 345 kV meter upgrade needed to allow IMEA's portion of Unit 1 to be pseudo-tied next spring to PJM. LGE/KU Operations report receiving good meter data from the new meter installation. During the maintenance outage, the plant also reinforced lower slope boiler tubes, replaced boiler O<sub>2</sub> probes, reinforced the submerged flight conveyor, washed the scrubber and resolved some switchgear issues.

With regard to the Coal Combustion Residue Treatment and Treatment Project, the contractor AMEC is running a few months behind schedule on the commissioning of the dewatering system, although several barge loads of dewatered gypsum have been produced so far. The mechanical completion date for the process water system will likely be delayed a couple months. The 90-day pilot evaporation program for the bottom ash pond recently concluded and plant management is evaluating a full scale deployment. Landfill work is proceeding as scheduled. Staff had an opportunity to visit the plant on November 9<sup>th</sup> and observe installation of the Unit 1 metering equipment in the switchyard as well as see the RTU and metering equipment currently used in the pseudo-tie of Unit 2. Wagner presented pictures showing the new B-phase CCVT (voltage measuring device) and the new Unit 1 breaker that supports the bushing CTs (current measuring devices) for the metering. The only pseudo-tie operational issue to date reported by the plant appears to be the result of a rodent-damaged fiber optic cable.

Prairie State: Kevin Wagner reported the following activities:

- The plant and mine both had one recordable safety incident in October. The incident at the plant involved an elbow injury that occurred while opening a valve. PSGC staff continues to see good results from its Behavior Based Safety program that is credited with helping keep the plant incidents trending below industry averages for the past couple years. Year to date plant Equivalent Availability Factor (EAF) stands at 82%. Unit 1 EAF is at 83% and Unit 2 EAF is at 81%. The year to date forced outage rate for the plant is 7.3%. Unit 1 has been doing very well and set a record for the amount of generation in October. Unit 2 has been out of service from September 22<sup>nd</sup> to November 2<sup>nd</sup> for its fall planned maintenance outage. PSGC staff was pleased to report that they were able to shave 14 days off the original Unit 2 outage schedule. The critical path during the outage was the turbine generator overhaul. Lessons learned from the Unit 1 T/G overhaul helped the plant better anticipate and plan for likely repairs needed in Unit 2. Other major activities during the maintenance outage included boiler reinforcement, fan hub overhauls, catalyst replacement, submerged flight conveyor upgrades and scrubber repairs. The unit tripped off line earlier this week due to a failed ID fan blade control linkage arm. The unit was returned to service the following day. The plant reports completion of the reclamation work required at the Jordan Grove disposal site and environmental monitoring of well water around the site will continue for the next several years. The initial phase of the chloride disposal deep well injection project was completed last month. The remainder of the project involving installation of surface facilities should wrap up by this time next year.

Local Transmission/Generation: Kevin Wagner reported the following:

- Ameren Hilgard/Mascoutah - City filed a petition on Oct 16<sup>th</sup> for authority to exercise the right of eminent domain for property needed to extend its existing 138 kV tie line to the new Ameren Hilgard Switching Station. Staff has subsequently assisted with responses to questions from the ICC staff about the petition. Property owners are intervening in the petition and this will likely delay completion of the initial interconnection until next fall. However, condemnation is underway on properties within the city limits (which do not need ICC approval). These properties are needed for construction of the city's new backup 138 KV tie line to Hilgard. The

City and Ameren continue to work out details of the required easement on the Hilgard property and the ROW encroachment agreements in the Ameren transmission corridors.

- Ameren Jarvis/Highland - Staff is working with bond counsel to certify the City's ability to sell to Ameren a portion of the Highland 138 kV line that Ameren needs to interconnect its Jarvis 345/138 kV Substation. The certification is required because the Highland 138 kV Line was originally financed with tax exempt bonds. Ameren says substation work at Jarvis will continue through the winter. The Substation is progressing ahead of the original schedule which should allow Highland to be connected this spring.
- BTM repairs – The City of Carlyle reports completion of its EMD Unit 11 that will replace the rest of the dedicated capacity of Unit 1 that failed in August 2017, however, a turbo failed on the new unit during a test run. Once repairs are made, the commissioning process will continue and URGE testing should be able to take place shortly. Carlyle Unit 11 will be officially available as dedicated capacity well in advance of the June 2019 in-service date originally contemplated a year ago when the Board granted waiver of the 12 month requirement for replacing continuously unavailable dedicated capacity.

The tear down and preparation of the repair estimate of Carmi Unit 11 is expected to commence soon now that IDS, the contractor, is about to wrap up its commissioning work at Carlyle. Unfortunately, it appears unlikely that this report from IDS will be issued by the end of this month, which was a milestone the Board specified for allowing Carmi to go beyond the July 20, 2019 in-service date for the repair or replacement of its Unit 11.

- East Frankfort-University Park North 345 kV Line - Last week ComEd line crews completed the splice and deadend work on Line 6608 that will provide IMEA with PJM Incremental Capacity Transfer Rights. ComEd transmission planners are now in the process of updating the line ratings to reflect that work.
- Green River Wind - The Contractor for the project reports approximately 50 turbine foundations have now been poured. Half of the collector system cabling is installed and all access roads are now complete. Construction will likely stop soon for the season due to the arrival of winter.

Winnetka Steam Generation Energy Audit – CEO Gaden reported that Winnetka and Rock Falls generation had been used the last few years to optimize IMEA's cost in PJM through the Demand Response Program allowing for capacity and transmission peak savings. Based on Winnetka's annual natural gas usage, the Winnetka supplier (North Shore Gas) has upgraded them to a higher volume gas rate. Since North Shore Gas has State mandated efficiency goals, they are offering to conduct a free energy usage evaluation to assist Winnetka and IMEA in determining a cost benefit analysis to help reduce fuel consumption of the plant. Winnetka would be responsible for the building, heating, windows, doors, etc. and IMEA would cover any generation fuel savings improvements that have up to a \$10,000 investment with a payback of 18 months or less.

CEO Gaden stated that IMEA would gain the reduced fuel cost and, in turn, pass on savings during the 17 years remaining on Winnetka's contract to all IMEA members. Staff will review and report on the findings of the study and make cost-beneficial investments that can be recovered up to 18 months or

less. Staff will seek Board approval for any investment exceeding \$15,000 although will be obligated to invest up to \$10,000 as a condition of the study.

Solar Activities – Kevin Wagner reported that the St. Charles and the Rantoul solar sites are both operating as expected with a drop off in production because of the time of year. Last summer’s storm damage at the Rantoul site has been fully repaired and ground grid testing at the St. Charles site was recently completed by the City with satisfactory results.

Staff is working with local engineering firms recommended by the four Member cities to complete topographic surveys and geotechnical studies of the sites and responding to questions from prospective bidders about the 20-year power purchase agreement RFP issued in September.

Future Energy Jobs Act (FEJA) Update – Staci Wilson reported that the distributed generation marketing guidelines are finalized and the disclosure forms will be available in December. The disclosure forms did not contain language that included municipals and coops, therefore, IMEA submitted comments which should result in a clarification on the form. She stated that on January 15, 2019, applications will begin to be accepted for distributed generation and community solar projects from approved vendors. The IPA will have 14 days to review the application and then 14 days for developers to correct any defects. The ComEd appeal regarding the concept of whether municipal and coop territories should be in the program is still ongoing and there is an expectation of early February for oral arguments.

Legal Matters– General Counsel Troy Fodor reported that IMEA had made a filing with the EPA in support of the Affordable Clean Energy (ACE) Plan. Regarding the PJM proceeding at FERC involving the Minimum Offer Price Rule (MOPR), staff filed comments supporting PJM and opposing a number of other market participants. Fodor also reported staff is still waiting on the FERC ruling on the MISO Pro Forma Pseudo-Tie Agreements filing.

Fodor reported that FERC had granted Radford Run’s Complaint vs. PJM in part. Radford Run is a wind farm that claimed PJM should give them ICTR’s since they upgraded their system. FERC ruled PJM violated its tariff and if it is found that Radford Run’s project was the one that caused the benefit to the import capability, Radford will get ICTR’s. The impact could be a reduction in long-term value of some of IMEA’s ICTRs.

Fodor then reported that FERC entered an Order reopening and setting a paper hearing on two Return on Equity (ROE) cases regarding MISO transmission owners. This Order is based on FERC announcing a new methodology. Staff is researching potential exposure on the Ameren rates and briefs and reply briefs are scheduled for 60 and 90 days.

2018 Pilot Demand Response Program – Mike Genin reported that even though IMEA sought to obtain two PJM and two MISO customers as pilot tests, no one participated in PJM due to PJM requirements of short call notice, unlimited calls and high penalties. James Hardie Building Products from Peru signed up for 3MW in MISO and successfully shed load in August. Genin stated that the lessons learned from this pilot test included having agreements finalized well in advance, city councils needing time to pass ordinances, communications with customers have to be very interactive, the customer needs to avoid shedding load early and to verify metering arrangements with MISO and PJM. Staff

recommends maintaining current pricing from the 2018 pilot, finalizing contracts by end of February and developing a standard data template for members to send meter data to IMEA. The option for development of a separate IMEA load management initiative under this program would allow IMEA to use behind the meter resources or load reduction to reduce peaks. This option avoids RTO penalties, call notice provisions and call frequency requirements. The customer can potentially reduce costs to IMEA (capacity transmission, WDS, etc.) and IMEA can predict peaks. Genin also stated that member water and sewer pumping as well as other controllable loads are also eligible.

General Counsel Troy Fodor reported on the changes to the new Demand Response Program to include a fixed price option and a percentage revenue share option; prices fixed annually by the Board with the option to have IMEA take the penalty risk. The resolution also adjusts the threshold of eligible units owned by the members. Fodor also explained that other changes in clarifications referred to language, certain limitations on availability and capacity markets.

Resolution #18-11-819 – Approving 2019 Demand Response Program – Staff recommends adopting the IMEA Demand Response Program to allow members the opportunity to offer demand response participation and related benefits through IMEA. This resolution also authorizes the President and CEO to administer the program and execute forms, documents and agreements to facilitate the program. It also authorizes the execution of contracts (customer, member and IMEA) to utilize demand response assets. Tom Bruhl moved to approve this resolution, seconded by John Hodapp. The roll call vote passed unanimously.

## NEW BUSINESS

Long Term Supply Opportunity for Solar Output – Chris Jewell, Resource Planner, reviewed the criteria, per the 2016 Strategic Planning Review, used to examine low or no carbon resources as potential opportunities. He stated that IMEA needs to replace 250 MW of Vistra resources no later than 2026. He reported that IMEA received a proposal from Ranger Power for two projects: Big River located in White County and Dressor Plains located in Fayette County. Ranger Power, based in New York, has cleared two solar projects in the IPA's initial forward procurement auction that was held through the FEJA Program for utility scale projects and the State has purchased the RECs for these two projects for a 15-year term. Ranger Power has approximately 585MW of solar under development in Illinois. The Big River/Dressor Plains projects combined have a total project capacity of 248MW with total production of 543,000 total MWh/year amounting to a 25% capacity factor. Both projects are estimated to be commercially operable by January of 2021, although IMEA's contract would not begin until 2025 (10-year term before IMEA contracts expire in 2035).

Jewell explained that the project proposal is for 25-50MW total output. This is a zero carbon resource located in Illinois in the MISO RTO. The suggested Power Purchase Agreement (PPA) length is for 25 years (10 year initial with an extension trigger if IMEA extends a significant portion of the member contracts). The PPA cost with no rate escalator for all 25 years is confidential and proprietary and will be discussed in closed session. There would be an opportunity to purchase the RECs after the 15-year period for the last ten years of the PPA. Jewell also reviewed Ranger Power's economic and market considerations and noted these projects are already in the MISO queue.

At that time, Chairman Greg Hazel asked for a motion to go into Executive Session for discussion of the purchase, sale or delivery of electricity. Brian Keys moved to go into closed session, seconded by Larry Taylor. 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 11:36 a.m.

The meeting was returned to Open Session at 11:53 p.m. At that time, Tom Bruhl moved to approve the efforts to finalize power supply terms and conditions from the Big River/Dressor Plains solar project and authorize the President & CEO to finalize all steps necessary to negotiate a power supply contract with the owner. Tim Birk seconded that motion and it carried unanimously by weighted roll call vote.

Ordinance #18-11-820 – Approval of Extension of Economic Development Rate Schedules B-2, B-6 and Load Retention Rate B-4 – Mike Genin reported that this ordinance extends the rate schedules through December 31, 2019. There are currently three customers using the B-2 rate, three customers using the B-6 rate and two customers using the B-4 rate. Schedule B-7 rate was approved on August 23, 2018. Tom Bruhl motioned to approve extending the Rate Schedules through 2019, seconded by John Hodapp. The weighted roll call vote carried unanimously.

Solar Generation Projects - CEO Kevin Gaden reported that consistent with direction given by the Executive Board at yesterday's meeting, staff is withdrawing, at this time, proposed Resolution 18-11-821, and recommends the Board direct staff to proceed with its due diligence in determining the least cost, responsive bidder for approval at the February 2019 IMEA Board Meeting, and negotiate the terms and conditions for the power purchase agreement and member siting agreements. No action is needed at this time. Staff will continue to review the analysis and give an update at the February 2019 Board meeting. Staff will also seek final approval of the bidder and the terms and conditions of the PPA and Siting Agreements.

Kevin Wagner reported that on September 14, staff had issued a Request for Proposals (RFP) to over a dozen qualified providers for 20-year Power Purchase Agreements (PPA) totaling 3MW of new ground-mounted photovoltaic solar capacity at Altamont, Naperville, Oglesby and Rock Falls. Staff's evaluation focused on the top 4 bidders with the most competitive pricing for individual and comprehensive site proposals and labelled them Bidder A, C, E and F. Wagner presented a series of graphs and charts described below that were used to evaluate the bids received:

\*Compared the year 1 contract prices in dollars/MWhr for all 9 proposals offered representing both the comprehensive proposals and individual proposals for the 4 sites

\*Represented the 20-year present value, energy only cost and ignores the buyout value at year 20, per dollars/MWhr of all 9 proposals

\*Compared the 20-year present value of expected payments for the full PPA term (20 years) including the quoted buyout at year 20 of the top bidders for the 4 sites

\*Compared 20-year present value of expected payments assuming the early buyout is exercised after year 6 and includes the buyout amount at the end of that time

\*Compared the 20-year present value of top 4 bidders of the summation of expected payments of the full PPA term if awarded as individual sites vs. payment for comprehensive award

\*Comparison of contract prices for years 1-20 for the comprehensive offers of the 4 bidders

\*Compared the year 1 expected invoices from the top 4 bidders and the net energy/MW hr (both comprehensive)

\*Compared comprehensive costs of installation of panel types for all 4 bidders

\*Summarized the present value comparison of the top 4 bidders based on comprehensive project bid award both full PPA term. Early buyout scenarios are considered as well the energy cost for the full term that avoids the uncertainties of the buyout amounts.

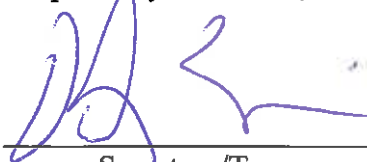
Staff will continue to review the analysis and give an update at the February 2019 Board meeting. Staff will also seek final approval of the bidder and the terms and conditions of the PPA and Siting Agreements at that February 2019 Board meeting. No formal action is necessary at this time.

Resolution #18-11-822 – Approving Extension of Line of Credit with PNC Bank – Bob Childers reported that IMEA’s current line of credit expires on October 29, 2019. IMEA is using this line of credit to help fund capital projects at Trimble County and to fund collateral requirements at PJM and MISO as needed. PNC Bank offered to extend the current line of credit with the same commitment fee and a lower interest rate associated with draws. IMEA’s relationship with PNC has been very good and the interest rates earned on the operating accounts have been favorable. Staff recommends this resolution giving the President & CEO authority to extend the current line of credit with PNC Bank through October 31, 2022. John Hodapp moved to approve this resolution, seconded by Dale Detmer. The weighted roll call vote carried unanimously.

CEO Gaden then reported that Earth Justice, Prairie Rivers Network, Environmental Integrity Project and the Sierra Club had issued a 45-page report and issued a press release dated today entitled “*Cap and Run: Toxic Coal Ash Left Behind by Big Polluters Threaten Illinois Waters.*” He noted that Prairie State had been mentioned in the report. Gaden also congratulated John Hodapp on his retirement on December 18, 2018, although he will remain as the IMEA Board member representing Carlyle. He then wished everyone a Merry Christmas and a Happy New Year.

With no other business to be discussed, Pat Barry moved to adjourn the meeting at approximately 12:31 p.m. Dale Detmer seconded the motion, which was unanimously approved by voice vote.

Respectfully submitted,



Secretary/Treasurer



**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
BOARD OF DIRECTORS MEETING  
THURSDAY, NOVEMBER 29, 2018**

**MEMBERS PRESENT**

Altamont	Larry Taylor
Bethany	Shannon Risley
Breese	Dale Detmer
Carlyle	John Hodapp
Carmi	David Coston
Fairfield	Mayor Brent Maguire
Freeburg	John Tolan
Highland	Dan Cook
Ladd	Pat Barry
Mascoutah	Jesse Carlton
Metropolis	Rick Abell
Naperville	Mark Curran
Oglesby	Dominic Rivara
Princeton	Jeff Mangrich
Rantoul	Greg Hazel
Red Bud	Josh Eckart
Roodhouse	Mayor Tom Martin
St. Charles	Tom Bruhl
Sullivan	Mayor Ann Short
Waterloo	Tim Birk
Winnetka	Brian Keys

**MEMBERS ABSENT**

Bushnell	Justin Griffith
Cairo	Todd Ely (via teleconference)
Casey	Shelby Biggs (via teleconference)
Chatham	Shane Hill
Farmer City	Sue McLaughlin (via teleconference)
Flora	Bob Coble (via teleconference)
Greenup	Mike Ryder
Marshall	Cory Sheehy
Peru	Mayor Scott Harl
Riverton	Russ Patrick
Rock Falls	Dick Simon

**OTHERS PRESENT**

Carlyle	Dave Miller
Naperville	Lucy Podlesny
Sullivan	Dan Flannel
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Bob Childers
IMEA	Chris Wise
IMEA	Alice Schum
IMEA	Mike Genin
IMEA	Kevin Wagner
IMEA	Staci Wilson
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Cindy Evans
IMEA	Chris Jewell
IMEA	Maryann Todd
IMEA	Adam Baker
IMEA	Rodd Whelpley
IMEA	Ed Cobau
IMEA	Tammy Hall