

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTORS MEETING
AUGUST 25, 2021**

A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on August 25, 2021. Chairman Cory Sheehy called the meeting to order at 9:00 a.m. Roll call was taken which showed a quorum was present combining both in-person attendance and teleconference participation as allowed under law during the Governor's continuing disaster declaration for the COVID-19 pandemic.

Shannon Risley made a motion to approve the minutes of April 28, 2021, seconded by Mike Lebshier. The roll call vote showed all in favor.

The Treasurer's Report for April which was the fiscal year end was presented by Tia King. She reported that the cash balance was \$639,553 compared to \$475,339 last April. King also stated that gas revenue for April had increased by 16% from the previous year and the price per Dth had increased by \$0.67 from the previous year. She reported that gas revenue had increased by 59%, Dth sales had decreased by 4% and the price per Dth average had increased by \$2.10 from FY 2020. King then reviewed the Treasurer's Report for June stating that gas revenue had increased by 33%, Dth sales had increased by 5% and price per Dth average had increased by \$.85 from the previous year. With there being no questions, Shannon Risley made a motion to approve the Treasurer's Report, seconded by Mayor Tom Martin. The roll call vote showed all in favor.

Opportunity for Public Comment: Chairman Cory Sheehy stated that pursuant to the Open Meetings Act, any person in attendance at the meeting or via telephonic conference call 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 Gaden welcomed new IPEA Board Members, Mayor Mike Dreith from Fairfield and Joe Fosdyck from Bushnell. He stated that Mayor Mike Dreith had replaced Tyler Lampley, Joe Fosdyck had replaced Justin Griffith and both had gone through the New Board Member Orientation held at the IMEA offices.

Regarding the national update, CEO Gaden reported that Commissioner Chatterjee had announced that his last day would be August 30 and that several groups were prompting the President to nominate someone who has demonstrated a pro-environment record. He stated that Commissioner Glick has led much differently than previous Chairmen, citing some positives for public power and public gas, but also mentioning concern for long-term resource flexibility and carbon counting on future energy, transmission and pipeline project proposals. Gaden also noted that Congress had stalled on reviewing the February Polar Vortex price manipulation and no action had been taken so far. APGA is working closely with APPA to draft a position paper on actions Congress could implement to prevent these types of events in the future. This joint paper is being vetted through leadership of both APPA and APGA to clarify public energy's legislative position and Kevin Gaden has been an active participant in this process.

On a State/regional level, CEO Gaden reported that the fallout of the February event had a much larger economic impact than originally thought throughout the Midwest and Mountain states – Texas' impact alone was over \$20 billion. He stated that the best means to protect against this is

to hedge using products such as a futures contract, the Constellation MVP Program or the Discount to Index Program.

CEO Gaden reported that the annual meeting had concluded the day before with a golf outing and reception including awards. All attendees were complimentary about the event and the current plan is to keep the combined concept of all three entities. He stated that most of the IMEA staff is COVID vaccinated and no staff has been out of the office due to illness, only a few brief precautionary quarantines. The IMEA office will remain open unless conditions change.

Audit Report: Jodi Dobson of Baker Tilly gave the IPEA Audit Report via teleconference for fiscal year ending April 30, 2021. Dobson reported it was a clean Audit and the financial statements received an Unmodified Opinion. Dobson thanked the Accounting staff for their preparation regarding the audit since all communication was conducted remotely. There being no questions, Bob Coble moved to approve the audit report, seconded by Jake McCoy. The roll call vote showed unanimous approval.

Market Update: Brian Habacivch from Constellation gave an update on short-term weather patterns and the weather forecast for September and October throughout the United States. He stated that dry gas production in July averaged 92.7 Bcf/d and the production forecast is flat for the balance of the year. Gas rigs dropped last week, but oil rigs saw an increase of 10 rigs and are at a 15-month high of 397. The EIA forecasts an almost 3% increase year over year for dry natural gas production.

Habacivch reported that storage injections totaled 49 Bcf a couple of weeks ago realizing stronger than market expectations of 44 Bcf. Storage stands at 2,776 Bcf/d which is 16.5% below levels a year ago and 6% below the 5-year average. He explained that LNG terminal utilization had not been impacted by the current storms and that the EIA forecasts U.S. exports of natural gas by pipeline and LNG combined will average 18.3 Bcf/d in 2021 and 119.3 Bcf/d in 2022. He then presented the NYMEX 12-month rolling strip for the past 3 years and charts representing the forward power price trends.

Legislative & Regulatory: Staci Wilson explained that State energy policy discussions continue regarding the closure of coal plants and there are interim targets for a de-carbonization schedule. The timing of the Exelon nuclear unit retirements will put pressure on negotiations with the Byron plant closing in September and the Dresden plant closing in November. She also reported that there is no funding to continue the solar incentive program after September. She also reported on other legislation of interest:

HB 414 – Creates the Water & Sewer Financial Assistance Act (similar to LIHEAP) with a voluntary decision on whether to impose a charge

HB 3523 – IEMA can consider a cyber incident as a disaster

HB 3743 – Extends the sunset date to December 31, 2024 amongst other changes with regard to the Small Wireless Facilities Deployment Act

HB 3739 – Creates the Lead Service Line Replacement and Notification Act. Requires municipalities to develop and maintain a complete inventory of lead service lines and implement a comprehensive plan for replacement according to prescribed timelines based on the number of lead service lines.

SB 265 – Changes to LIHEAP include increasing fees charged to customers and that money will be allocated to the Percentage Income Payment Plan (PIPP). A clarifying amendment has been secured.

Regarding the Federal update, Wilson announced that the U.S. Senate had passed the infrastructure bill, H.R. 3684, which provides \$1 billion in proposed funding for a Natural Gas Infrastructure Safety & Modernization Grant Program to be administered by the Pipeline & Hazardous Materials Safety Administration (\$200 million in grant funding each year for 5 years). This could include the repair, rehabilitation and replacement of leak-prone pipe and funding for purchasing equipment that reduces safety incidents and prevents economic losses. This will be exclusively available to municipality or community-owned gas utilities. Wilson also reported that other possible bills are being discussed such as measures promoting building electrification, electrification of the transportation sector and a methane fee or tax that would affect the oil and gas industry.

Interstate Transmission Pipeline Delivery Charges – Mike Genin reported that Panhandle Eastern Pipeline (PEPL) had filed for a 300-400% rate increase in late summer of 2019 that had impacted Bushnell, Edinburg and Roodhouse. Since that time, these municipals have been paying new rates, subject to refund. He stated that the Administrative Law Judge assigned to the case at FERC had rejected most of that increase, recommending approval of only about a 4% increase. The final Order by FERC has not yet been issued, and after that an appeal process could continue into 2022.

Genin reported that Midwestern Gas Transmission (MGT) had a filing for September which could impact Marshall, Martinsville and Casey. This may have little impact due to how Constellation arranges gas purchases without using MGT capacity. He also reported on Texas Eastern Transmission that does not impact any IPEA members but could potentially impact Cairo, Anna, Jonesboro, Cobden, Enfield, Norris City, Crossville, Grayville and Thebes.

Member Competitive Position – Genin discussed February gas prices as compared to IPEA Member costs. He reported that non-IPEA municipals, Auburn on the Panhandle pipeline reported \$30.82 Dkth, and Pittsfield on the Panhandle pipeline reported \$38.70 Dkth. These prices are well above what IPEA Members paid. Findlay on the NGPL pipeline reported \$.60 Dkth higher than a similar IPEA member on that same pipeline.

Genin explained that most IPEA members are hedged at well-below market prices. The winter NYMEX currently is over \$4 Dkth and IPEA Members are largely hedged around \$2.50 Dkth. He stated that the IOU's are passing through the costs from the February Polar Vortex to customers over multiple months. Examples of these cost adjustments are Nicor at \$5.30/Dkth; MidAmerican IL at \$6-\$8/Dkth and AmerenIL at \$6.60/Dkth. Genin then presented a chart detailing IPEA Member hedges for this upcoming winter.

There being no further business, the meeting was adjourned at approximately 9:57 a.m. by a motion from Bob Coble. Mike Lebshier seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted:



Assistant Secretary/Treasurer

Assistant

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BOARD OF DIRECTOR'S MEETING
AUGUST 25, 2021**

MEMBERS PRESENT (or listening via teleconference)

Bethany	Shannon Risley
Bushnell	Joe Fosdyck
Edinburg	Mike Lebshier (via teleconference)
Fairfield	Mayor Mike Dreith
Flora	Bob Coble
Marshall	Cory Sheehy
Martinsville	Terry Gard (via teleconference)
Rantoul	Jake McCoy
Roodhouse	Mayor Tom Martin
Sullivan	Mayor Richard Glazebrook

MEMBERS ABSENT

Casey	Shelby Biggs
Greenup	Mike Ryder

OTHERS PRESENT (or listening via teleconference)

Baker Tilly	Jodi Dobson (via teleconference)
Constellation	Brian Habacivch (via teleconference)
Metropolis	Rick Abell
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Tia King
IPEA	Chris Wise
IPEA	Tammy Hall
IPEA	Ed Cobau (via teleconference)
IPEA	Sean McCarthy