

**ILLINOIS PUBLIC ENERGY AGENCY
BOARD OF DIRECTORS MEETING
DECEMBER 16, 2021**

A Special 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 December 16, 2021 via teleconference only. Chairman Cory Sheehy called the meeting to order at 10:00 a.m. Roll call was taken which showed a quorum was present via teleconference participation as allowed under law during the Governor's continuing disaster declaration for the COVID-19 pandemic.

Terry Gard made a motion to approve the minutes of October 20, 2021, seconded by Shannon Risley. The roll call vote showed all in favor.

The Treasurer's Report for September was presented by Tia King. She reported that the cash balance was \$502,586 compared to \$470,874 last September. King also stated that gas revenue for September had increased by 85% from the previous year and the price per Dth average had increased by \$2.03/Dth from the previous year. She also explained that Dth sales had increased by 4% from the previous year. With there being no questions, Bob Coble made a motion to approve the Treasurer's Report, seconded by Jake McCoy. The roll call vote showed all in favor.

Opportunity for Public Comment: Chairman Sheehy stated that pursuant to the Open Meetings Act, any person in attendance 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 Report – CEO Gaden reported that one IMEA staff member has tested positive and is quarantined at home. The IMEA office will remain open, member visits are ongoing and the Board meetings will remain hybrid unless conditions change. Gaden explained that IMUA had hosted five informational meetings around the State over the past several weeks. Topics for these meetings included the outcomes of recent State energy policy and its impacts on IOU's and municipal customers as well as energy market updates. He stated that natural gas prices remain high, therefore spot power prices remain high and there is still concern that a severe cold snap could raise gas prices much higher and create market instability.

Regarding the Federal update, CEO Gaden stated that Willie Phillips, Jr. was named to be the 5th FERC Commissioner on November 16, 2021. He is a 20-year regulatory attorney, Chair of the Washington DC Public Service Commission and the former Asst. General Counsel at NERC. Gaden explained that the APPA Legislative Rally was still on for February 28 through March 3 although it is undecided on whether attendees can meet in Congressional offices. There could be a limit on total attendees per office visit, therefore, APPA is considering conducting a hybrid event. If Congressional visits are limited, IMEA staff may recommend attending via Zoom meetings. He recommended Members register with Dee Dee Bunch for the Rally, but advised not to purchase airline tickets yet.

CEO Gaden discussed several changes in leadership throughout the industry to include the Transmission Access Policy Study Group (TAPS) approving a short-term consulting agreement with Brian Evans-Mongeon of the Utility Services of Vermont until at least April 2022 in NERC and other related matters. Brian will replace Bill Gallagher who recently passed away in this role.

He also stated that Hometown Connections, Inc. CEO had stepped down after 20 years to become the VP of Member Services at Missouri River Energy Services in Sioux Falls, SD. The former American Municipal Power (AMP) CEO, Marc Gerken, is now the interim CEO at Hometown Connections, Inc. until their Board decides the next steps. Gaden also reported that Indiana Municipal Power Agency (IMPA) CEO Raj Rao is retiring in April of 2022. He has been at IMPA since 1983 and has been CEO since 1986. A national search is currently underway for his replacement. Gaden stated that Terry Gard from Martinsville was retiring in early February. He reported that Terry was one of the original founding members of IPEA and had been an officer on the IPEA Board for 11 years. He also stated that Rick Barnes from Sullivan and Duane Low from Marshall would be retiring soon and wished all of them the best in their retirement.

Market Update: Brandon Fong from Constellation discussed weather trends and compared December temperatures and January forecasts from last year to this year. He stated that this December was the second warmest nationally in history and that Constellation's forecast for January 2022 is 5% colder than the 10-year average. He reported that NYMEX natural gas prices are currently around \$4.00/Dkth and that cooler temperature forecasts have brought gains back to natural gas prices. Fong explained that based on November's EIA Short Term Energy Outlook, it shows strong natural gas output vs. production averages since August coming in at 94.9 Bcf/d. Those higher monthly trends continue as November's monthly average was 95 Bcf/d and mid-December's average was at 96 Bcf/d. He explained that if storage remains steady and production increases through the winter months, storage should be at a surplus in the spring. He then presented a graph showing the natural gas annual forward curve for the next 8 years for Henry Hub and Chicago Citygate.

Legislative & Regulatory Update: Staci Wilson reported that Congressman Castro from Texas had introduced the Gas Consumer Emergency Market Protection Act to prevent natural gas price gouging during emergencies. This legislation directs the Commodity Futures Trading Commission (CFTC) to conduct a study and report to Congress on who benefitted from the dramatic price increases during Winter Storm Uri as well as recommendations to address similar future events. It also gives the CFTC the authority to regulate spot and day-ahead markets by imposing limits on trading natural gas during Federal emergencies to prevent price distortions and to establish a baseline price for trading that cannot be exceeded during an emergency. She explained that APGA supports this legislation and understands the importance of protecting customers and ensuring the continuance of providing them with affordable and reliable energy even during extreme weather conditions.

Wilson stated that a Pipeline Reliability Standards bill had been introduced by Representative Rush from Illinois. This legislation creates a new Energy Product Reliability Organization (EPRO) with the authority to establish and enforce new reliability standards for natural gas pipelines. She explained that this bill essentially establishes a NERC for the pipeline sector to ensure reliability and has a broad authority that includes distribution pipelines and utilities that own gas generation plants. The standards of this bill are subject to review and approval by FERC. EPRO would have jurisdiction over cybersecurity, physical security and coordination of delivery and availability of energy products for reliability. Wilson also discussed the new Pipeline and Hazardous Materials Administration (PHMSA) grant program that provides funding for municipal and community-owned gas systems. There is \$1 billion in funding available for a natural gas distribution infrastructure safety and modernization grant program (\$200 million each year for five years and awarded from FY22-26). This funding is available for ten years from the time the award is made and \$125 million is the maximum one system may receive. These monies can be used for the

ability to repair, rehabilitate or replace natural gas distribution pipeline systems or acquire equipment to reduce incident of fatalities and avoid economic losses. Wilson explained that the Notice of Funding Opportunity (NOFO) is expected by April or May of 2022 and the awards will begin within 270 days of the NOFO. She stated that the following considerations are the criteria for awarding this grant. They are 1) the risk profile of the existing pipeline system operated by the applicant, including the presence of pipes prone to leakage, 2) the potential of the project for creating jobs, 3) the potential for benefiting disadvantaged rural and urban communities, and 4) the economic impact or growth. IPEA Staff will keep Members updated as more information becomes available.

Regarding a State update, Staci Wilson reported that the current legislative calendar is set to finish the Spring session in April, which is a month earlier than normal. She also stated that the regulatory process of the Climate and Equitable Jobs Act (CEJA) has begun and that, as of now, there is no major energy legislation expected this Spring session.

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. FERC has not yet issued the final Order in this case.

Genin explained that the Natural Gas Pipeline (NGPL) rate settlement expires in July of 2022 which affects Bethany, Sullivan and Jo-Carroll Energy. Blue Planet Energy (FERC attorneys) are trying to assemble a municipal group to participate in talks designed to reach a new settlement. This could be a possible rate decrease with rate class modifications. There is a conference call for January 4, 2022 so Members can consider their options.

Member Competitive Position – Genin explained that most IPEA members are hedged at well-below market prices. The winter NYMEX currently is around \$4.00/Dkth and most IPEA Members are largely hedged around \$2.50-\$3.00/Dkth. He stated that the IOU's are passing through the costs from the February Winter Storm Uri costs to customers over multiple months. Examples of these cost adjustments are Nicor at \$6.80/Dkth; MidAmerican IL at \$8.20/Dkth and AmerenIL at \$6.96/Dkth. He explained that IPEA staff/Constellation will conduct a "heating season analysis" to show how much money was saved by hedging. This can be completed by comparisons with NYMEX FOM pricing and AmerenIL/Illinois market or a close competitor.

CEO Gaden discussed the supply contracts with the IPEA members and with Constellation. He discussed the timing of when the contract with Constellation ends and how to align the supply needs of the contracts with the IPEA members ending. Gaden discussed possible options to include extending the current contracts with IPEA members and with Constellation or possibly changing suppliers. He reviewed provisions in the current Constellation contract and noted that Constellation is the largest supplier in the State of Illinois. Several of the IPEA members provided feedback that indicated their preference for how to extend supply arrangements. After discussion, the Board requested IPEA Staff solicit information from other suppliers for comparison purposes. Gaden stated that the IPEA staff would contact some gas suppliers for evaluation purposes with the same terms and conditions currently available from Constellation and report back to the IPEA Board with the results.

Resolution #21-12-180 – Designating Authorized Signatories on the Accounts of the Illinois Public Energy Agency – CEO Kevin Gaden explained that this Resolution designates authorized signatories on the accounts of the IPEA. Due to the recent hiring of Gary Stephenson as IMEA’s Chief Operating Officer, this Resolution would add him as a signer. The CEO and CFO will remain as the primary signatories and at least one of their signatures will be required on each check. IMEA staff recommends approval of this Resolution. Terry Gard moved to approve the Resolution, seconded by Jake McCoy. The roll call showed all in favor.

There being no further business, the meeting was adjourned at approximately 11:08 a.m. by a motion from Cory Sheehy. Bob Coble seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted:



Assistant Secretary/Treasurer

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MEMBERS LISTENING VIA TELECONFERENCE

Bethany	Shannon Risley
Bushnell	Joe Fosdyck
Casey	Shelby Biggs
Fairfield	Mayor Mike Dreith
Flora	Bob Coble
Marshall	Cory Sheehy
Martinsville	Terry Gard
Rantoul	Jake McCoy

MEMBERS ABSENT

Edinburg	Mike Lebshier
Greenup	Mike Ryder
Roodhouse	Mayor Tom Martin
Sullivan	Mayor Richard Glazebrook

OTHERS LISTENING VIA TELECONFERENCE

Constellation	John Jambois and Brandon Fong
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Gary Stephenson
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Tia King
IPEA	Chris Wise
IPEA	Tammy Hall
IPEA	Rodd Whelpley
IPEA	Sean McCarthy