

**ILLINOIS PUBLIC ENERGY AGENCY  
SPECIAL BOARD OF DIRECTORS MEETING  
MARCH 2, 2021**

A special meeting of the Board of Directors of the Illinois Public Energy Agency was held pursuant to proper notice at the IMEA/IPEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on March 2, 2021. Chairman Cory Sheehy called the meeting to order at 2:00 p.m. Roll call was taken and a quorum was present via telephonic conference call as allowed for under Public Act 101-0640 during the COVID-19 pandemic.

Mike Lebshier made a motion to approve the minutes of October 21, 2020, seconded by Terry Gard. The roll call vote showed all in favor.

Tia King reviewed the Treasurer's Report for December stating that gas revenue had increased by 3% from the previous year and Dth sales had decreased by 5% from the previous year. She reported that the price per Dth average had increased by \$.28 from the previous year. With there being no questions, Bob Coble made a motion to approve the Treasurer's Report, seconded by Greg Hazel. 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 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.

Update on Gas Markets: Brian Habacivch from Constellation gave an overview of short-term weather and presented U.S. maps reflecting average temperatures for the end of winter and March expectations. He stated that storage inventories had fallen below the five-year average the week of February 19. The Energy Information Administration (EIA) reported a storage withdrawal of 338Bcf nearing the all-time record. February's cold weather significantly affected gas production due to wellhead freeze-offs and daily output fell as low as 72.9 bcf/d on February 17, the least since August of 2017. Habacivch presented a map of the Midwest showing spot gas at record highs. He explained that LNG exports are forecasted to exceed natural gas exports that occur via pipeline in 2022 and the completion of the pipelines in Mexico are expected to further increase U.S. pipeline exports to Mexico. Regarding power price trends, he stated that prompt month natural gas prices have continued to ease back below \$3.00/MMBtu amid rising production and falling demand. He presented a graph showing the NYMEX 12-month rolling strip and reported that March natural gas is down to \$2.89/MMBtu this week.

John Jambois from Constellation gave pricing updates on specific pipelines such as PEPL, MGT, Trunk and NGPL and presented a map of the U.S. indicating major pipeline suppliers to the Chicago area. Paula Montgomery from Constellation defined Operational Flow Orders (OFO) and described how Constellation handles notifications of OFO's. Constellation makes nomination decisions based on historical usage on similar weather days and emphasized the importance of communication with the Members so they can

make adjustments to their current plan while maintaining the integrity of the pipe. Discussion ensued about the importance of hedging to mitigate costs, alternative fuel capabilities such as switching to propane for a determined period of time, the need for more pipeline to deliver gas and the long-term goal of winterization in the southerly markets.

Hedging Programs: Mike Genin explained that hedging goals are not necessarily meant to get the lowest price; but to reduce risk exposure, reduce market fluctuations and help give price certainty to customers. He discussed hedging concepts and the importance of communicating with key accounts and elected officials to determine pricing comfort levels in advance so when a decision is required quickly, there is a strategy in place. Genin stated that fixed price hedging is locking in a fixed price for up to only 75% of expected volume due to the risk of selling back in mild weather. He discussed the concept of Discount-to-Index which is based on the NYMEX index. Constellation will pay for locking in from the basis differential wherein the price will never go below or above a pre-determined range so that price is paid when it trades in that range. Genin also explained that storage can be an asset when buying low in the summer, paying for it a month later and invoicing that amount the following winter. Another program offered by Constellation is the Minimize Volatile Pricing Program (MVP) which is administered by Constellation after an agreed upon level (conservative-aggressive) which protects against market volatility.

Legislative Update: Staci Wilson reported that the Illinois Emergency Management Agency (IEMA) declared the polar vortex weather event a disaster which would provide an opportunity for the possibility of some form of emergency aid from the federal government. She stated that the Illinois Governor's office had passed a resolution authorizing the creation of a program to help municipalities manage record-high natural gas costs in the aftermath of recent winter storm. The Illinois Finance Authority (IFA) program is offering \$15 million availability over a three-year period with 1% interest to those municipals affected. Wilson reviewed questions being asked of the IFA with regard to loan documents related to this program. She explained that the method being used to finance these loans requires municipalities to issue a debt certificate incurred under a purchase agreement for property. The IFA understands that the final verification of costs may not be currently available, but asks that municipals provide the estimated request for financing at this time and then follow up with final invoices prior to the time of closing of the loan. Wilson will be forwarding this informational paperwork to IPEA Members today.

Wilson reported that IPEA staff had discussed this situation with the Attorney General's Office informing them of the facts as they had occurred, how the system works and the practices of municipalities. State legislators have made inquiries and there is a possibility of a state legislative hearing in the House of Representatives to investigate this situation and what can be done to prevent this from happening in the future. She also reported that there is continued federal advocacy requesting Congress pass emergency funding for this program. Wilson informed Members that municipal ordinances must be adopted by mid-March for the IFA program with closing prior to March 18, 2021.

Methods to Cash Flow Billing Impacts - Sean McCarthy discussed several methods to cash flow the billing impacts from this event. He stated that municipals likely need to spread out payments to avoid “rate shock” to their customers. Some municipals could use their Rate Stabilization or reserve funds and the benefit to that would be no interest fees, although it leaves them with less cash on hand for other projects or emergencies that come up. Other considerations could be LIHEAP assistance for eligible customers which is only one payment per year or the municipality could take out short term loans from local banks. Constellation has offered options for extending time for bill payment to include three months with no interest or penalties; four months to a year with a payment plan with interest and two-year contract extension or a longer term with a more formal arrangement and a two-year extension with Constellation pending a credit review. McCarthy discussed the State and Federal Programs available which is the IFA funding which includes 1% simple interest over a three-year period, possible Federal disaster grants and COVID relief for individuals.

Strategic Planning – Kevin Gaden gave an overview of what IPEA staff could do to assist municipals during this crucial time and in the future. Staff can continue to educate and inform elected officials, provide options and follow up. If any Member is interested in staff making a presentation at a City Council meeting either in person or by Zoom, please let us know. He discussed options to consider which included storage terms and conditions as well as storage optimization and to review and process steps on pipeline transport rights regarding Maximum Daily Quantities (MDQ). Other options include fixed price hedging, Discount to Index and the MVP Program from Constellation. CEO Gaden reported that IPEA staff will be hosting educational workshops for Members in late spring and/or early summer. The topics included in these workshops will be a gas markets overview, pipeline tariffs and rates, storage requirements, scheduling provisions/limits and long-term changes evolving such as the power markets and State/Federal Energy policy. These workshops will be important to a number of people in your community such as the Gas Department Lead, City Treasurer, City Clerk, City Administrator and others with a working knowledge at a local level. IPEA staff will be following up with dates of these training sessions and most likely, the first couple of workshops will be conducted by webinar. Chairman Sheehy thanked the IPEA staff for all their hard work these past couple of weeks.

There being no further business, the meeting was adjourned at approximately 3:35 p.m. by a motion from Cory Sheehy. Mike Lebshier seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted:



A:5:54:04  
Secretary/Treasurer

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MARCH 2, 2021**

**MEMBERS PRESENT via TELECONFERENCE**

Bethany	Shannon Risley
Casey	Shelby Biggs
Edinburg	Mike Lebshier
Flora	Bob Coble
Greenup	Mike Ryder
Martinsville	Terry Gard
Roodhouse	Mayor Tom Martin
Marshall	Cory Sheehy
Rantoul	Greg Hazel
Sullivan	Mayor Richard Glazebrook

**MEMBERS ABSENT**

Bushnell	Vacant
Fairfield	Tyler Lampley

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

Rantoul	Jake McCoy
Constellation	Brian Habacivch
Constellation	John Jambois
Constellation	Paula Montgomery
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Tia King
IPEA	Chris Wise
IPEA	Sean McCarthy
IPEA	Tammy Hall
IPEA	Rodd Whelpley
IPEA	Rakesh Kothakapu