

**ILLINOIS PUBLIC ENERGY AGENCY  
BOARD OF DIRECTORS MEETING  
OCTOBER 19, 2022**

A 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 October 19, 2022. Chairman Bob Coble called the meeting to order at 12:00 p.m. Roll call was taken which showed a quorum was present by combining both in-person attendance and teleconference participation as allowed under law during the Governor's continuing disaster declaration for the COVID-19 pandemic.

Mike Lebshier made a motion to approve the minutes of August 24, 2022, seconded by Shannon Risley. The roll call vote showed all in favor.

Treasurer's Report - The Treasurer's Report for August 2022 was presented by Tia King. She reported that the cash balance was \$527,001 compared to \$504,034 last August. She also stated that gas revenue for August had increased by 68% from the previous year and the price per Dth average had increased by \$2.66 from the previous year. She reported that gas revenue for FY 2023 had increased by 57% from FY 2022; total Dth sales had decreased by 1% and the price per Dth average had increased by \$2.41 from FY 2022. With there being no questions, Jake McCoy made a motion to approve the Treasurer's Report, seconded by Mike Lebshier. The roll call vote showed all in favor.

Opportunity for Public Comment: Chairman Coble stated that pursuant to the Open Meetings Act, any person in attendance in person 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 Report – CEO Gaden stated that the Staff Attorney position had been reposted with placement in early 2023. Gaden also reported that the number of staff members out with COVID or who have been quarantined due to an affected family member was much less than the previous quarter. He invited Board members to attend the IMUA Vendor Fair immediately following the IMEA Board meeting tomorrow and noted that over 20 IMUA Associate Members would be displaying their products and services. He also encouraged members to keep reviewing gas prices and hedging where appropriate as gas has dropped in price over the past 30-60 days.

Regarding a regional/national update, CEO Gaden discussed takeaways from a recent natural gas industry call. He stated that an outside natural gas expert remains concerned about the future fuel optionality for power generation – does not expect gas to remain at \$9.00/Dth, although does not anticipate going as low as \$3.00/Dth anytime soon. This expert explained that Oklahoma and Texas members' claim producers have been more disciplined on new drilling as gas prices go up. The LNG terminals in the northeast U.S. are quoting gas prices equivalent to international pricing to sell back to customers nearby and several new LNG terminals are in development within the coming 3 years. Exports will rise which will put pressure on prices as the U.S. competes on price for its own gas supply. The expert also discussed a lack of transparency on regional index pricing indicating that few sellers are posting sales prices at index nodes due to it being administratively burdensome. Gaden reported that IPEA continues to work with national associations to require settlement price posting to media sources.

He reminded the members to continue to expect pricing volatility and that worldwide energy policy will drive U.S. prices.

Market Update - Brandon Fong from Constellation gave an update on natural gas prices explaining that there had been buying opportunities lately compared to the last 6 months, but upside risks still exist going into the winter months. He said that market sensitivity to news data was making for uncertain markets and advised members to diversify buys with multiple layers. He reported that storage fills are showing triple digit injections and above historical averages including surpassing last year's average. This late-season inventory may create an opportune buying period ahead of winter. Fong discussed an article from the Wall Street Journal which suggested that private producers could slow drilling down due to a depletion of quality inventory along with supply-chain, financial considerations. Regarding the winter forecast, he explained that a highly variable pattern was anticipated with cold weather predicted beginning in January.

Legislative & Regulatory Update - Staci Wilson reported that on the state level, the Veto Session is scheduled for November 15-17 and November 29-December 1 and sometime during the week of January 4th-10<sup>th</sup>, there is a potential for a "lame duck" session. She discussed an Ameren IL rate relief package which has been introduced as a \$200 million rebate program to deliver an estimated total fixed rebate of \$170 to Ameren IL residential and small commercial electric customers. These funds would be issued by DCEO. Wilson presented language from an article published on October 4, 2022 from Crain's Chicago Business Journal stating that Governor Pritzker supports this rate relief approach, but has not committed to a specific proposal.

Wilson also discussed a court case involving J-Power USA Generation's Elwood Energy Plant wherein a preliminary injunction was issued on September 12 against the Illinois IEPA's (IEPA) natural gas emission rule. This temporary injunction allows the plant to operate despite CEJA emission limits. In January, the IEPA informed natural gas generators that annual emission limits will be retroactively applied to October 1 of last year (2021). In the fall of 2021, Elwood was called on by PJM to serve higher-than-normal load and reached over 80% of their 2022 limit. This retroactive application forces them to operate minimally most of 2022 to remain in compliance with CEJA emission caps. The issue in this case is the IEPA's application of the retroactive date. Wilson explained that Sangamon County Circuit Court Judge Raylene Grischow ruled that the IEPA rule is arbitrary and capricious because it demands compliance prior to the IEPA's announcement of how emission caps were to be calculated. The Attorney General's office is reviewing the order and evaluating options.

Regarding a Federal update, Wilson reported that President Biden had signed a stop-gap spending bill that includes \$1 billion additional LIHEAP funding. This spending bill keeps the federal government operating through December 16 to allow time for passage of permanent annual spending bills for the fiscal year. She stated that a permitting reform proposal is not included in this spending bill, although Senator Joe Manchin continues negotiations on energy permitting reform language that has limited potential for passage this year. Wilson also reported that a proposal recently passed the California Air Resources Board aiming to phase out the sale of natural gas space and water heaters by 2030. California also passed new energy housing codes that incentivize electric appliances and efficient heating and cooling systems. She stated that regulators also voted to ban the sale of new gas-powered vehicles by 2035 and the California Air Resources Board announced they were considering a ban on the sale of diesel commercial trucks by 2040. Wilson stated that APGA asked the Department of Energy (DOE) to

withdraw the proposed furnace rule which plans to set minimum efficiency standards for residential furnaces at a condensing-only level. APGA is concerned that this rule will have negative effects on low-income consumers primarily because condensing furnaces are not easy or affordable to swap out and due to venting incompatibilities, replacing older furnaces will require costly retrofits or fuel switching.

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 impacts Bushnell, Edinburg and Roodhouse. Since that time, these municipals have been paying new transportation rates, subject to refund. The proposed ruling by the Administrative Law Judge found that there should only be a 4% increase and would have given PEPL until May 2022 to file new rates or take other action. A final ruling by FERC is expected this week. The Natural Gas Pipeline Company of America (NGPL) negotiated settlement discussions in which Bethany and Sullivan have been engaged and concluded with them signing negotiated rate agreements to lock in savings over the standard rates into 2025. After those rates expire in 2025, they have the option to consider “reduced” standard NGPL rates which will be locked in until 2027. Genin stated that ANR Pipeline had filed for an increase which impacts Rock Energy wherein their reservation charges doubled and Northern Natural Gas (NNG) filed a 32% rate increase which impacts both Rock Energy and Jo-Carroll Energy. Settlement talks are scheduled into January of 2023.

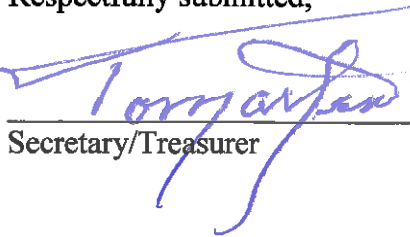
Member Competitive Position – Genin presented a chart showing NYMEX natural gas prices from 2019 to current reflective of the recent price volatility in the gas market. Genin stated that the Winter NYMEX currently is averaging \$7/Dkth through February of 2023 and that all IPEA members are hedged into the 2023-2027 time period. He stated that the IOU’s are still passing through the costs from the February 2021 Winter Storm Uri to customers over multiple months. Examples of these summer cost adjustments are Nicor at \$12.40/Dth; MidAmerican IL at \$9.60/Dth; AmerenIL at \$8.90/Dth; Illinois Gas at \$9.10/Dth; Liberty Utilities at \$10.50/Dth and Mt. Carmel Public Utility at \$13.00/Dth. IPEA/Constellation will be sending updates regularly with price quotes.

Negotiations of IPEA Supplier Contract Extension – CEO Gaden reported that IPEA staff had solicited several potential gas suppliers based on specific criteria in late 2021. Staff sought and gained the IPEA Board’s support to extend with the current supplier and contract terms are being discussed and amended as discussed with the IPEA Board in prior meetings. The topics being discussed are the Assignment Provision, transport restrictions, Change of Law provisions and the Financial Guarantee, as well as completing the member pricing addendums in some volatile pricing zones. Gaden reported that negotiations are close to completion and staff expects to be able to seek Board approval at the December Board meeting.

Resolution #22-10-184 – Approving Baker Tilly US, LLP to Perform Audit of Fiscal Year Ending April 30, 2023 – Chris Wise stated that the letter agreement has been received from Baker Tilly to provide next fiscal year’s audit for a cost of \$9,750 which is an increase of 5.4% over last year. Baker Tilly will perform the audit of IMEA at the same time as IPEA subject to the approval of both Board’s. Mike Lebshier moved to approve Baker Tilly to perform the audit of fiscal year ending April 30, 2023, seconded by Jake McCoy. The roll call vote showed all in favor.

There being no further business, the meeting was adjourned at approximately 12:55 p.m. by a motion from Shannon Risley. Mayor Tom Martin seconded the motion and it was unanimously approved by voice vote.

Respectfully submitted,



Secretary/Treasurer

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

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

**MEMBERS ABSENT**

Casey	Shelby Biggs
Fairfield	Tyler Lampley
Greenup	Mike Ryder

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

Constellation	John Jambois and Brandon Fong (via teleconference)
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
IPEA	Glenn Cunningham
IPEA	Adam Baker