

**ILLINOIS PUBLIC ENERGY AGENCY  
BOARD OF DIRECTOR'S MEETING  
OCTOBER 18, 2017**

A regularly scheduled meeting of the Board of Directors of the IPEA was held pursuant to proper notice at the IPEA headquarters building, 3400 Conifer Drive, Springfield, Illinois, on October 18, 2017. Chairman Cory Sheehy called the meeting to order at 11:00 a.m. Roll call was taken and a quorum was not physically present.

The Treasurer's Report for August was presented by Tia King. She reported that the cash balance as of August 31<sup>st</sup> was \$352,294 which was \$24,294 higher than the previous year. King also stated that gas revenues had increased by 2% from the previous year and the price per Dth had increased by \$.27 from the previous year. Bob Childers congratulated Tia for passing the CPA exam.

Opportunity for Public Comment: Chairman Cory Sheehy 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.

President & CEO's Report: CEO Gaden reported on the recent Sabal Trail Pipeline case in the Southeast US (Florida, Georgia & Alabama) and the effects that administrative changes at the EPA have had. He explained that the Sierra Club filed an appeal on the FERC approval of the pipeline and sought to stop gas flow until all Environment Impact Statements were approved. The DC Appeals Court accepted FERC's means of estimating downstream emissions from data already available and it is expected that the Sierra Club will continue in their endeavors.

He stated that this year's hurricane season had limited impact on the natural gas business. Gas prices were much different back in 2005 when Hurricanes Katrina and Rita hit the Gulf Coast. Hurricane Harvey caused a significant coal to gas transfer for a short period of time due to wet coal. The coal could not be transported from conveyors due to 45-50 inches of rain. He also stated that the U.S. Dept. of Energy has asked FERC to consider the reliability value of solid fuel electric generators such as nukes and coal for long-term reliability. The proposal from the DOE would be the allowance of full cost recovery for units that have at least a 90-day supply of fuel on site. FERC is currently evaluating feedback on this issue. Gaden also reported on specifics of the Illinois Power Agency's Solar Credit Program and the significant incentives for homeowners. He explained the impact of tax credits regarding Mid American Energy replacing 1,000MW of existing wind turbines in Iowa.

Market Update: Steve Chambers of Constellation gave an update on the gas market stating that gas prices have been pivoting around the \$3.00 mark for several months. Gas production is rebounding back to near record levels but demand is growing at a rapid pace as well. Regarding weather, this is the warmest October on record. The short term forecast could see normal temperatures in Midwest pad storage inventories before the first withdrawal. Winter forecasters favor cold temperatures from a heating demand perspective and anticipate a blocking pattern in the atmosphere. Chambers reported that storage levels are the lowest in 3 years with 15% less gas placed into storage this year and inventories have fallen to a deficit. Currently inventories are 4%

lower than a year ago, however, there is plenty of gas at a national level. The only concern would be cold weather in early winter with significant gas being withdrawn at that time. This would affect storage deficit by spring and support gas prices into 2018.

In the supply side of the market, near record gas production is keeping prices under pressure. These record output levels are due to extensive pipeline activity and the Nexus pipeline in the Northeast got approval to begin construction. New natural gas fired generation proposed to come online with 20,000MW planned for completion in 2018. Natural gas exports have doubled with 4 BFD being used for LNG Exports and the pipeline exports to Mexico are exporting between 8 and 9% of what is being produced. That has increased 5% versus a year ago. This provides support to gas pricing although pricing still depends on the weather and the decreased amount of rig counts.

CEO Kevin Gaden reported that he and Mike Genin along with Brian Hirshberg from Constellation had visited Shane Larsen from Rock Energy on October 12. Shane has expressed his thanks for extending the gas contracts and was very complimentary to the IPEA staff.

Legislative & Regulatory: Regarding federal issues, Staci Wilson stated that the Treasury Dept. had released a report which announced a plan to withdraw the proposed regulations for a new definition of political subdivision which could have jeopardized tax exempt financing for utility projects. It is anticipated that the full tax exemption for municipal bonds will be retained, although nothing has been finalized.

Wilson also reported that APGA is working on the reinstatement of two tax credit programs; an alternative fuel tax credit and an investment tax credit for combined heat and power. The goal is to secure a short-term extension of both credit programs to allow natural gas technologies the ability to compete. APGA is also pursuing legislation addressing the manner in which the DOE promulgates efficiency standards. They have filed comments addressing a number of issues coming out of the challenges faced in recent DOE appliance efficiency rulemakings.

Wilson also stated that on October 10, the US EPA issued a Notice of Proposed Rulemaking to repeal the Clean Power Plan. The report concludes that the original proposal was outside the scope of the Clean Air Act and that the costs used to justify the rule were erroneous. There is a 60-day comment period. She reported that the DOE issued a directive to FERC to examine the electric grid resiliency. This would require RTO's to provide full cost compensation to generators that meet specific grid resilience guidelines.

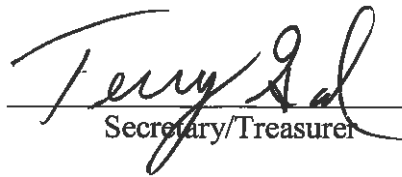
Regarding State issues, Staci Wilson reported that the veto session is approaching and it is expected that Dynegy will push a resource adequacy proposal. It is likely they will ask the State to take over pricing of capacity payments to generators for the promise to deliver during peak demand periods. She also reported that the Small Cell Wireless bill is back on the House floor and staff will continue to track its progress.

Member Contract Extensions: Mike Genin gave an update on the status of the member contract extensions. He reported that all the paperwork had been finalized by Constellation and all original Member Addendums had been received by their respective communities. All the members are now extended and completed.

Mike Genin gave an overview of the regional gas training to be held on October 24 and 25 at the Ameren gas training facility in Pawnee. This hands-on training will be conducted by Ameren along with vendors and will cover a wide variety of topics for a minimal fee which includes meals. This would provide an excellent opportunity to train new employees and refresh skills of long-term employees.

There being no further business, the meeting was adjourned at 11:50 am.

Respectfully submitted:

  
Secretary/Treasurer

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**MEMBERS PRESENT**

Flora	Bob Coble
Greenup	Mike Ryder (via teleconference)
Marshall	Cory Sheehy
Rantoul	Greg Hazel
Sullivan	Mayor Ann Short

**MEMBERS ABSENT**

Bethany	Shannon Risley
Bushnell	Justin Griffith
Casey	Shelby Biggs
Edinburg	Mike Lebshier
Fairfield	Mayor Brent Maguire
Martinsville	Terry Gard
Roodhouse	Mayor Tom Martin

**OTHERS PRESENT**

Constellation	Steve Chambers (via teleconference)
Constellation	Brian Hirshberg (via teleconference)
IPEA	Kevin Gaden
IPEA	Troy Fodor
IPEA	Mike Genin
IPEA	Staci Wilson
IPEA	Mary Ann Todd
IPEA	Tia King
IPEA	Bob Childers
IPEA	Rodd Whelpley
IPEA	Tammy Hall