

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, OCTOBER 25, 2023

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held pursuant to proper notice in person at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on October 25, 2023. Chairman Cory Sheehy called the meeting to order at 2:00 p.m. Roll call was taken which showed a quorum was present. Participation in this meeting was available in person for both members and the general public, however, as an accommodation to members that cannot physically attend and the general public, a webinar broadcast of the meeting was made available live in listen-only mode.

The Report of August 23, 2023 was moved for approval by Dan Cook and seconded by John Tolan. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Chairman Cory Sheehy stated that pursuant to the Open Meetings Act, anyone attending this meeting in person shall be permitted an opportunity to comment. He then asked if anyone from the public would like to make a comment and hearing none, he proceeded with the meeting.

### OLD BUSINESS

Update on Solar Projects – Regarding the Behind the Meter solar projects in Marshall, Oglesby and Princeton, Eric Weinant reported that IMEA had signed agreements with subsidiaries of Sol Customer Solutions (SCS) and not long after that SCS demanded a 30% price increase. SCS issued surety bonds only after IMEA sent a breach of contract notice. In late June, SCS sent a unilateral notice of termination for Marshall and Oglesby. Weinant stated that IMEA refuted their termination and called upon the surety bonds. The surety bond provider acknowledged that there was a legitimate dispute between SCS and IMEA; however, they denied IMEA's claim for the bonds implying that they did not want to influence the outcome of the dispute. Weinant explained that IMEA Staff is evaluating this claim denial letter and is planning to respond with deficiencies in their denial. IMEA is still committed to completing these projects and has had discussions with another vendor. If these talks with the other vendors are unsuccessful, he stated that IMEA Staff would request Board authorization to issue a new RFP at the December 2023 Board meeting. He presented an anticipated timeline of the RFP process with a proposed completion date of getting these projects online by the Fall of 2024.

Weinant reported on the potential Behind the Meter solar projects by SolAmerica in Highland, Carmi, Metropolis and Rantoul. He stated that these projects had been approved for further consideration in the PACE loan program and that significant work is underway to submit a full application regarding SolAmerica PACE loans for IMEA projects. IMEA Staff and SolAmerica visited each of the four locations and interconnection studies, PPA language, Interconnection Agreements and Siting Agreements are in progress. These forgivable PACE loans combined with the federal inflation Reduction Act Investment Tax Credits help make these projects attractive to IMEA's long-term portfolio, but success will depend on the loan approvals and finalizing negotiations with SolAmerica.

Weinant then stated that IMEA Staff continues to engage with various vendors regarding utility-scale solar projects with a goal towards having a firm price proposal without any contingencies. He explained that several issues remain such as supply chain, cost uncertainties and delays due to siting, land and mineral rights issues, and, interconnection issues as well as the issues of vendors needing a 20-25 year PPA with early termination contingencies due to the IMEA member contracts ending in 12 years. IMEA Staff will continue to update the Board.

U.S. Supreme Court Appeal of Build America Bonds Case – CEO Kevin Gaden reported that the participants in this case include IMEA, Indiana Municipal Power Agency, Missouri Public Utility Alliance, American Municipal Power, Kentucky Municipal Power Agency and Northern Illinois Municipal Power Agency. IMEA is responsible for 14% of the cost of this litigation. He stated that the Petition for Writ of Certiorari had been filed to the U.S. Supreme Court by the July 13<sup>th</sup> deadline and the Amicus Briefs have been filed by various industry entities. He explained that the federal government had sought and gained an extension to their deadline to respond. IMEA Staff expects to hear next steps from the Court in late November/early December 2023.

Update on Legal Matters – General Counsel Troy Fodor reported on the Ameren Missouri Rush Island SSR Revenue Requirement/Rate Filing (Docket No. ER22-2721). He stated that FERC issued an Order on September 29, 2023 accepting the SSR designation for Year 2 and the revenue requirement for Ameren was approved on October 5, 2023. He reviewed the settlement revenue requirement minus the revenue offsets for capacity for Year 1 and 2 and stated that IMEA Staff will monitor to see if Year 3 is needed and participate if appropriate. Fodor discussed the impact to IMEA which were between .32% and .88% of the monthly SSR charges before true-ups and revenue offsets. He explained that with the MISO auction price for PY2023/2024 coming in much lower than the previous year, the offsetting revenues that were there for the first 9 months of the first SSR year will disappear and IMEA will become a net payer. Fodor stated that as more large units are retired throughout the MISO region, this System Support Resource cost and obligation will affect other transmission costs.

Staff Attorney Daniel Chung reported on the FERC proceedings on the PJM Capacity Performance Non-Performance charges assessed against individual generators by PJM after Winter Storm Elliot and the numerous complaints filed against PJM in connection therewith. He stated that IMEA had intervened in each docket to protect its interests. FERC conducted a series of settlement conferences to resolve these complaints from June to September. Chung explained that IMEA had penalties assessed for the Trimble County Unit 1 outage, but overperformed from other IMEA resources and should be entitled to over performance payments for their other resources. Chung reported that he had attended all eight settlement conferences and IMEA's General Counsel Troy Fodor had monitored the proceedings remotely. He stated that on August 31, 2023, PJM and complainants/intervenors had reached a settlement in principle. On September 8, 2023, PJM and proceeding participants filed a joint request for a waiver of certain sections that would defer penalty payments from the date of filing the Settlement Agreement until PJM could implement the billing consequences of the Commission's approval or rejection of the Settlement. Chung discussed the terms of PJM's offer of settlement to include a 31.7% reduction to each PJM Market Participant's total non-performance charge including IMEA and noted that the outcome of the proceeding may still be subject to change if FERC does not approve the settlement.

General Counsel Troy Fodor reported on the following matters:

- Ameren Illinois Depreciation Filing (Docket Nos. EL23-2445) – Filed July 20, 2023, Ameren is changing individual line-item depreciation rates. If approved, this will result in a 9.66% increase in depreciation expense over and above other increases in new transmission facilities. A small Illinois cooperative group protested and IMEA intervened. FERC accepted the protest and set the matter for trial, but suspended the trial phase for settlement negotiations. The first settlement conference is set for mid-November to be held virtually. IMEA Staff will monitor the proceedings.
- Ameren 2024 Transmission Rates – Ameren has increased their net plant by 12% which is  $\approx$  \$500 million and they have increased their total expenses and net revenue requirement by 18%. After including the other transmission owners in the Ameren pricing zone, the net result is a 17% increase in the transmission rate for the Ameren pricing zone.
- Other FERC Matters
  - Docket No. ER23-2649 – filing date August 18, 2023 – PJM made a filing to create a mechanism for generation owners to recover cost upgrades for critical resources they are required to have. This is for Interconnection Reliability Operating Limits (IROL) which if the limit is violated, could lead to instability, uncontrolled separation or cascading outages. FERC accepted this filing on October 17, 2023.
  - Docket No. ER23-2977 – filing date September 29, 2023 – MISO proposes changes to the Resource Adequacy construct to include a reliability-based demand curve. This would be a transition from a vertical demand curve to a sloping demand curve and could affect clearing prices of capacity.
  - Docket Nos. ER24-98 & ER24-99 – filing date October 13, 2023 – PJM proposes enhancements to tariff provisions governing the Capacity Market rules such as the market seller offer cap, performance payment eligibility and forward energy and ancillary service revenues. IMEA participates annually in the PJM capacity auction and will be affected by this outcome. IMEA Staff will file an intervention.
- Chatham SERC Registration – IMEA Staff has been working with Chatham, its consultant and CWLP on reliability compliance documentation to support Chatham’s registration with SERC as a Transmission Owner. The consultant has finalized the Coordination Agreement which will be submitted to CWLP for approval. Upon finalization of that document, Chatham will file with SERC and IMEA will be deregistered except for resource planning obligations in MISO.

## NEW BUSINESS

Draft IMEA 2024 Sustainability Plan – Staci Wilson thanked the members of the Sustainability Plan Working Group for their time and efforts in preparing this draft Sustainability Plan. She explained that this Plan is an organizational vision for reducing the power supply carbon emissions delivered to member municipalities to net zero by 2050. She discussed how IMEA anticipates this transition to include targeting reductions in greenhouse gases, increasing renewable generation resources to replace current resources, allowing the flexibility needed for changes in technology, expanding energy efficiency program incentives, accelerating demand response option to reduce resource capacity needs and advancing electric vehicles and EV infrastructure. Wilson then provided details on the five sustainability principles and stated that IMEA Staff will review the plan progress annually and update the plan on a three-year cycle. The Plan will be presented for approval by the Board at the December 7, 2023 meeting.

Resolution #23-10-887 – Approving Baker Tilly US, LLP to Perform Audit of Fiscal Year Ending April 30, 2024 – Chris Wise stated that Baker Tilly’s engagement letter shows a 4.7% increase over last year’s audit fee and stated this amount continues to be very low compared to fees paid by other joint action agencies. Baker Tilly will also perform IPEA’s audit (subject to IPEA’s approval) at the same time as IMEA’s audit. Brian Keys moved to approve this Resolution, seconded by Brian Groth. The Resolution was approved by unanimous roll call vote.

Annual Review of Revenue Requirements for IMEA Rate Schedule B – CFO Chris Wise stated that IMEA reviews the Schedule B rates annually to ensure revenue sufficiency. He reviewed the steps involved in the annual review process to include reviewing Debt Service coverage obligations, operating cash needs, transmission increases and to collect transmission costs through the transmission rate and not the energy cost adjustment. Wise reported that the outcome of this review demonstrated that the Debt Service Coverage is sufficient and the agency has maintained 1.20X coverage and exceeds the targeted 120 days level, although the transmission charges need to be adjusted to reflect current transmission costs. Last year, IMEA took advantage of excess MISO credits to create the regulatory credit to offset increases in transmission cost for FY24 and did not raise the Delivery Service Charge (DSC). Wise recommended that the DSC in Rate Schedule B be increased to recover the transmission rate increases by Ameren and ComEd for 2024 as well as the increase necessary to account for the transmission cost increases from the previous year that were deferred by the creation of the regulatory credit. He presented the proposed DSC changes for delivery at less than 100 kV and above along with a kW-month breakdown. Wise presented charts showing the rise in IMEA’s transmission costs over the past 9 years, a bar chart reflecting the effect of transmission on Member average cost along with a chart detailing dollar amounts and percentages of member average cost increases.

Ordinance #23-10-888 – Chris Wise reported that the proposed Rate Schedule B reflects an increase to the Delivery Service Charge. This will adjust the rate to account for Ameren and ComEd pricing zone increases and ensures that current transmission costs are collected through the Delivery Service Charge and not the IMEA cost adjustment mechanism. Staff recommends the approval of this Ordinance. Brian Groth moved to approve this Ordinance, seconded by Brian Keys. A unanimous roll call vote showed all in favor.

Ordinance #23-10-889 – Approval of Extension of Economic Development Rate Schedules B-2, B-6 and B-7 and Suspending Load Retention Rate B-4 - Sean McCarthy explained that IMEA’s Economic Development and Load Retention rates are reviewed by staff annually and approved by the Board each year. Staff had already taken a conservative approach to the Economic Development (ED) rates offering for 2023 due to favorable market conditions for the member and as such, staff is recommending the 2024 economic development rate offerings remain the same as the approved 2023 rates. He explained that any customer already receiving an approved economic development rate will remain subject to the terms of their approved rate agreement. Each year, the new Board-approved economic development rates only apply to those new or expanding customers who are approved for an economic development rate that year. McCarthy reviewed the existing economic development rates as follows:

Schedule B-4 has in the past been available for use with existing “at risk” electric customers with demands of over 1,000 kW. Staff recommends this rate continue to remain suspended for 2024.

Schedule B-2 applies to new or expanding commercial/light industrial loads with a minimum monthly Peak Demand level of 200 kW and above and a monthly load factor of 60% or greater.

Schedule B-6 applies to new or expanding large demand medium load factor loads with a minimum monthly Peak Demand level of over 1,000 kW and a monthly load factor level of 60% or greater. Customers are required to prove the creation of a minimum of 20 new full-time equivalent jobs in the participating member community. Staff is recommending a new maximum monthly peak demand level of 25,000 kW or less due to inquiries from large electric demand customers which might require special energy/capacity considerations in order to serve. In the future, Staff may recommend a “B-8” rate designed for this size of customer.

Schedule B-7 is available to new or expanding very large demand high load factor loads with a minimum monthly peak demand level of 3000 kW or greater and a monthly load factor level of 80% or greater. Customers are required to create a minimum of 20 new full-time equivalent jobs. Staff is recommending a new maximum monthly peak demand level of 25,000 kW or less due to inquiries from large electric demand customers which might require special energy/capacity considerations in order to serve. Again, in the future, Staff may recommend a “B-8” rate designed for this size of customer. Dan Cook made a motion to approve Resolution #23-10-889, to continue offering IMEA economic development rates and the suspension of the load retention rate for 2024 with changes as presented. The motion was seconded by Brian Keys and the motion carried by unanimous roll call vote.

Resolution #23-10-890 – Revisions to IMEA Employee Policy & Procedures Manual – General Counsel Troy Fodor explained that the Governor had signed Public Act 102-1143 – Paid Leave for All Workers Act (PLAW) which goes into effect on January 1, 2024. This requires Illinois employers (including units of local government) to provide up to 5 days paid time off for any reason during a one-year period. IMEA Staff’s recommendation to implement this new law is to give IMEA employees 5 personal days instead of 3, but omit Lincoln’s Birthday and Columbus Day from the current holiday list. He stated that Staff has rewritten the appropriate sections of the IMEA Employee Policy & Procedures Manual consistent with the new law. The new language is in the Resolution. Staff also continues to monitor all legislative action regarding HR and IMEA remains compliant with current legislation. John Tolan moved to approve this Resolution, seconded by Cory Sheehy. The Resolution was approved by unanimous roll call vote.

Resolution #23-10-891 – Authorizing Extension of Contract for Management Services with IMUA – CEO Gaden explained that IMEA has provided Management Services to IMUA since November 2004. He stated that the current agreement ends on December 31, 2024, although one year notice is required for approving a new Management Contract (December 31, 2023). A new Agreement is needed to continue IMEA service to IMUA starting January 1, 2025. IMEA Staff recommends authorizing the CEO to draft a new Contract for Management Services between IMEA and IMUA. This new contract will provide IMUA with management services for ten additional years from January 1, 2025 to December 31, 2034 and there would be no significant deviation anticipated from the previous contract. This new contract would be considered for approval at a future Board meeting. Brian Keys moved to approve the drafting of a new contract, seconded by Brian Groth. The Resolution was approved by unanimous roll call vote.

Vacancy on IMEA Executive Board – CEO Kevin Gaden explained that there is a vacancy on the Executive Board due to the retirement of Dale Detmer as Past President and this position cannot be filled by previous Past Presidents due to retirements. He stated that there is a provision in the IMEA Bylaws that allows for the Chairman to appoint a member of the IMEA Board to fill a vacancy on the Executive Board subject to Board approval. Chairman Sheehy named Peter Suhr from St. Charles and Mr. Suhr indicated his willingness to accept the position as a Member-at-Large on the Executive

Board. Dan Cook moved to approve Peter Suhr to fill the vacancy on the IMEA Executive Board as Member-at-Large, seconded by Brian Keys. This Motion was approved by unanimous roll call vote.

Vacancy on IMEA Nominations & Awards Committee – CEO Kevin Gaden reported that due to the passing of Mayor Tom Martin from Roodhouse, a vacancy was created on IMEA’s Nominations & Awards Committee. He stated that there is a provision in the IMEA Bylaws that allows for the Chairman to appoint a member of the IMEA Board to fill a vacancy on IMEA committees subject to Board approval. Chairman Sheehy named Mike Kirk from Sullivan and Mr. Kirk indicated his willingness to accept a position on the IMEA Nominations & Awards Committee. Brian Keys moved to approve Mike Kirk to fill the vacancy on the IMEA Nominations & Awards Committee, seconded by Brian Groth. This Motion was approved by unanimous roll call vote.

Chairman Cory Sheehy asked for a motion to adjourn the meeting. The motion was made by John Tolan, seconded by Dan Cook and carried unanimously by voice vote. The meeting was adjourned at 3:30 p.m.

Respectfully submitted,



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Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
EXECUTIVE BOARD MEETING  
WEDNESDAY, OCTOBER 25, 2023**

**MEMBERS PRESENT**

Freeburg	John Tolan
Highland	Dan Cook
Marshall	Cory Sheehy
Naperville	Brian Groth
Winnetka	Brian Keys

**MEMBERS ABSENT/LISTEN ONLY**

Rock Falls	Dick Simon
Altamont	Larry Taylor (webinar)
Carmi	David Coston (webinar)

**OTHERS PRESENT**

IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Alice Schum
IMEA	Staci Wilson
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Mike Genin
IMEA	Sean McCarthy
IMEA	Tammy Hall
IMEA	Rodd Whelpley
IMEA	Ed Cobau
IMEA	Eric Weinant
IMEA	Danny Chung
IMEA	Jaken Hicks
Breese	Jason Deering
St. Charles	Peter Suhr
Waterloo	Tim Birk
Guest	Shane Hill (Chatham)
Guest	Raheel Arshed (Naperville)

**LISTEN ONLY VIA WEBINAR**

Flora	Bob Coble
Princeton	Jeff Mangrich
Red Bud	Josh Eckart
IMEA	Cindy Evans
IMEA	MaryAnn Todd
Guest	Greg Hubert (Naperville)