

# ILLINOIS MUNICIPAL ELECTRIC AGENCY

## REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, FEBRUARY 22, 2023

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held pursuant to proper notice in person and by webinar broadcast from the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on February 22, 2023. Chairman Dale Detmer called the meeting to order at 2:00 p.m. Roll call was taken which showed a quorum was present combining both in-person attendance and webinar participation as allowed under law during the Governor's continuing disaster declaration for the COVID-19 pandemic.

CEO Kevin Gaden announced the names of guests that were participating in the webinar and acknowledged the IMEA staff that was physically present in the Boardroom or on the webinar broadcast including Daniel Chung as the new Staff Attorney.

The Report of January 18, 2023 was moved for approval by Shane Hill and seconded by Larry Taylor. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Chairman Dale Detmer stated that pursuant to the Open Meetings Act, any person attending this webinar shall be permitted an opportunity to comment. Questions during the rest of the meeting are reserved for Board members. If questions arise during the meeting, they can be raised with an appropriate staff member after the meeting by calling IMEA's main number at 217-789-4632 and being directed by the operator at that time. He then asked if anyone from the public would like to make a comment. Hearing none, Chairman Detmer proceeded with the meeting.

### OLD BUSINESS

Update on Solar Projects – Shadi Ahanchi reported that the Princeton City Council met on February 6<sup>th</sup> and declined to approve the proposed location for the solar facility. The City has offered a second location which was an additional option included in their original RFP and staff is working with Princeton and the solar vendor (SCS) to evaluate the new site. She stated that Marshall's Siting Agreements and Easement have been signed and that Oglesby's are in progress. The "30% Engineering Design" was completed for the Marshall and Oglesby sites. Ahanchi reported that Marshall had completed its permitting and none was required for Oglesby. She also noted that SCS is in the process of soliciting proposals from the construction partners.

Update on Legal Matters – General Counsel Troy Fodor reported the following:

- Ameren Missouri Rush Island SSR Revenue Requirement/Rate Filing (Docket No. ER22-2721) – Settlement talks with Ameren are ongoing in this case.
- Big River Solar Reactive Revenue Filing (Docket ER22-1610) – The last settlement process discussion was held on February 17<sup>th</sup> at which the parties reached an agreement in principle. This case should be concluded in the near future.
- MISO Transmission Owner (TO) Tariff Filing on Reactive Revenue (Docket No. ER23-523) – FERC entered an Order on January 27<sup>th</sup> accepting the filing by the transmission owners retroactive

effective December 1, 2022. The result of the filing is that it eliminates monthly fixed compensation for qualified generators to provide reactive support to the grid within the standard power factor range of 95% leading or lagging. This would eliminate IMEA revenue for Prairie State and future revenue/cost offset for IMEA's portion of the Big River solar project. It also eliminates the MISO charges to IMEA for reactive payments to all other generators for reactive support.

- MISO SSR Tariff Change (FERC ER23-630) – FERC entered an Order on February 10, 2023 accepting the filing effective on February 13, 2023. It establishes quarterly study periods changing Attachment Y submission from 26 weeks before suspension/retirement to one year. IMEA intervened, but did not protest or comment.
- PJM 2024/25 Base Residual Auction Results Filings (FERC ER23-729 – Sec. 205 filing) and (EL23-19 – Sec. 206 filing) – FERC entered an Order on February 21, 2023 and the auction results will be posted on February 27, 2023. This eliminates potential effects of new planned resources in small locational deliverability areas not bidding into the auction – PJM 2024/25 auction results were delayed pending the outcome.
- Remand of MISO 2015/2016 Capacity Auction Remand (Docket Nos. EL15-70; EL15-71 & EL15-72) – The Appellate Court reversed and remanded FERC Order saying that previously found no market manipulation in MISO's Illinois Zone 4 2015/16 capacity auction. The FERC Office of Enforcement staff subsequently filed a Remand Report saying that it found that Dynegy did manipulate the market. The case is ongoing with no final action yet.
- Remand of MISO Transmission Owners Return on Equity (ROE) Cases (Docket Nos. EL14-12 and EL15-45) - On August 9, 2022, the D.C. Court of Appeals vacated and remanded the FERC Orders regarding the new methodology for determining ROE. The possible outcome may be a small reduction in ROE and the Ameren transmission rates retroactive to November 12, 2013. There has been no FERC action on remand yet.
- Ameren Audit Refund (Docket No. FA20-6) - FERC staff audited Ameren's books for the period January 1, 2016 through December 31, 2019 and their Audit Report contained findings and recommendations which required refunds. The \$1.3M refunds for all customers were reduced by Ameren to \$729,000. IMEA and an electric cooperative group filed a protest of the refund report. There has been no FERC action on remand yet.
- Notice of Proposed Rulemaking (NOPR) – The Comment/Reply Comment processes continue on the proceedings previously reported, although no final FERC Orders have been issued yet.
- PJM Revisions to the Billing of Non-Performance Charges (Docket No. ER23-1038) – This is a new filing. This would make changes to non-performance charges stemming from Performance Assessment Intervals associated with Winter Storm Elliott. Under the filing, PJM Members would be able to elect to have non-performance charges invoiced and divided in nine monthly bills subject to interest. There is a similar rule for non-performance charges for future Performance Assessment Intervals with less than six monthly bills left in PJM's fiscal year.
- Complaint of Solar Energy Industries Association (SEIA) (Docket No. EL23-28) – This is a new filing. The SEIA is challenging the MISO tariff provision that excludes inverter-based resources from ancillary services/reserve energy markets.
- Ameren Wholesale Connection Agreements/Umbrella Construction Agreements (WCA/UCA) – IMEA Staff continues to work internally on strategy to achieve the best negotiated solution with Ameren.
- Rantoul Customer – Possible Public Utility Regulatory Policies Act (PURPA) Contract – IMEA Staff is assisting Rantoul with the Interconnection Agreement to provide to Prominic. If the project proceeds, IMEA will negotiate an agreement for the excess as available energy from the solar facilities.

- Build America Bonds Payment Sequestration – An oral argument before the Appellate Court was held on January 12, 2023 and the Appellate Court upheld the lower court’s decision. It is unknown at this time whether the group will decide to move forward with a U.S. Supreme Court appeal.
- Chatham SERC Registration – IMEA Staff is working with the Village consultant to prepare for registration with SERC as a Transmission Owner. Chatham has hired Brian Evans-Mongeon of Utility Services on the registration and compliance issues. IMEA Staff is assembling all prior compliance documentation and the drafting of required SERC compliance documents are underway by Utility Services representatives. There was a positive call with SERC on February 10<sup>th</sup>.
- Notice of Intent from Sierra Club – The Sierra Club filed a Notice of Intent regarding Prairie State Generating Company (PSGC) on October 20, 2022. They stated an intent to bring a “citizen suit” against PSGC under Federal Clean Air Act, 42 U.S.C. § 7401 citing PSGC’s operation without a Title V air permit. PSGC does not have a Title V air permit, but does have a PSD permit. PSGC has applied for its Title V permit with the IEPA multiple times over the past 13 years and the IEPA has not yet issued it. No filing has been made yet by the Sierra Club, although IMEA staff has participated in calls with the PSGC partners along with outside counsel whom they have engaged to be prepared.
- Prairie Wolf Capacity Transaction – IMEA secured a 5-year contract for 50 MWs of capacity with a solar farm (Prairie Wolf) beginning in the current year (FY 2022/23). MISO’s new seasonal construct implementation is affecting the accreditation of the available capacity from Prairie Wolf. IMEA Staff is currently negotiating an amendment to this transaction to accommodate the reduction.
- FOIA Request from Batavia Citizen – The initial request was very broad and centered on possible carbon capture activities at Prairie State. Similar FOIA requests were received by NIMPA and two of its members and by the City of St. Charles. Upon request from IMEA staff, the requestor narrowed the scope of the request and the deadline was extended. The final response was issued February 22, 2023.

## NEW BUSINESS

Travel Expenditures – Staci Wilson stated that pursuant to the Local Government Travel Expense Control Act, member expenses must be approved by a roll call vote at an open meeting of the governing board. Tim Birk moved for approval of the travel expenditures for the APPA Legislative Rally participants, seconded by Bob Coble. The roll call vote showed unanimous approval. The list of attendees and the estimated travel, lodging, food and registration expenses (maximum amount of \$2,320 per person) for the APPA Legislative Rally were read aloud and are attached.

Startup, Shutdown and Malfunction (SSM) Emissions – Gary Stephenson reported that the Illinois EPA (IEPA) has proposed a rulemaking that would modify the Illinois Administrative Code (IAC) to eliminate the ability for the IEPA to issue permits that contain blanket exception provisions for SSM periods that effectively allow emitters (Member generators) to exceed their published permit limits. He explained that the primary concern is with the permitted “opacity” emissions limits with startups, shutdowns or when a unit is malfunctioning. The opacity of an emitter is tied to the plume of emissions that comes out of the stack from the unit and how hard it is to visually see through that plume of stack emissions at any time during its operation. Stephenson stated that a consultant had conducted testing on 23 units in ten Member cities in early February. Staff is in the process of analyzing the preliminary data and working with Consultants. IMEA Staff will work with each Member to develop next steps and will be determining potential action steps with permitting

consultants to determine any interaction with the IEPA on pending rulemaking. He explained that the Executive Board had approved the expenditure of no more than \$150,000 prior to the end of IMEA FY 2023/24 related to these activities in the January 2023 meeting. If the need arises to expend additional agency funds beyond those initially approved by the Executive Board, IMEA staff will seek additional authorization from the full IMEA Board at that time. Stephenson gave a summary of the budget detail of these costs to include the hiring of external testing experts to collect and analyze the data from these initial tests, consulting with environmental law experts to determine the recommended next steps for the impacted members and the cost of fuel required for the tests. IMEA Staff will seek ratification of the Executive Board's approval to engage outside consultants and expend these funds at the full IMEA Board tomorrow.

Winter Storm Elliott Capacity Performance by PJM – Rakesh Kothakapu explained that PJM has a Capacity Performance (CP) construct requiring capacity resources to perform when needed the most or pay a significant penalty for not being available. During Winter Storm Elliott, PJM declared a CP event throughout the RTO on December 23 and 24, 2022. PJM indicated that between forced outages, delayed starts and the inability to fill pumped storage, it encountered generator unavailability as high as 57 GW. PJM's estimate of non-performance charges for the event is in the \$1-\$2 billion range. There will also be bonus payments made subject to the amount of revenue collected from the payment of non-performance charges, and distributed to resources that perform above expectations. Kothakapu reported that 200 market participants are expected to be assessed a Performance Assessment Interval penalty and explained the criteria used to determine such penalties. He stated that this is the first event since the implementation of Capacity Performance to affect the entire PJM footprint. At least one entity with 2,350 MW (16 plants) of capacity in PJM has filed for Chapter 11 bankruptcy and current PJM rules do not allow an entity in default to participate in PJM energy markets. Kothakapu explained that PJM is in the process of reaching out to impacted market participants with collateral calls and has filed rule changes allowing for a 9-month payment schedule for the penalties. There are unresolved issues which include PJM tariffs allowing for bonus payments for imports during emergencies and a potential windfall for other RTOs or regions without the obligation for a penalty. He reported that there are many calls from PJM Members for reforms to allow generators to price in the CP risk into the PJM Capacity offer curve for future capacity auctions including calls to delay the upcoming 2025/26 capacity auction. Kothakapu explained that there are collateral implications for future market participation and bilateral market risk with future transactions. This issue may accelerate retirement decisions on generators which are subjected to penalties and may impact participation of Demand Response and renewables as they are also subjected to these penalties. IMEA staff will continue to track these changes and update the Board when PJM makes progress on these issues. Kothakapu also explained that PJM calculated the preliminary numbers for IMEA and this event is likely to benefit IMEA a little over \$4M, subject to PJM's ability to recover penalty revenue from all or most other market participants.

Ordinance #23-02-880 – Adopting Revised Operating & Capital Budget and Appropriations Therefore for the Fiscal Year Ending April 30, 2023 for the IMEA - CFO Chris Wise reviewed the revised budget pointing out that the MWh sales are projected to be 2.6% lower than the original budget and the average cost to Participating Members is projected to be 4.6% lower than the original budget. Wise further reviewed the operating revenues & expenses and the capital budget. Bob Coble moved for approval of this Ordinance, seconded by Shane Hill. The roll call vote showed unanimous approval.


Ordinance #23-02-881 – Adopting Operating & Capital Budget and Appropriations Therefore for the Fiscal Year Ending April 30, 2024 for the IMEA - CFO Chris Wise gave an overview of the upcoming FY2023/24 budget to include total MWh sales projected to be 1.7% higher than the amended FY2023

projection. The average cost to participating members is projected to be approximately 0.2% higher than the FY2023 original budget and 5.0% higher than the FY2023 revised budget. Wise further explained the budget assumptions, operating revenues & expenses and the capital budget. Cory Sheehy moved for approval of this Ordinance, seconded by Bob Coble. The roll call vote showed unanimous approval.

CFO Chris Wise presented a chart outlining the Updated Financial Projections for FY2021-FY2027. He also presented a graph showing the effect that transmission costs have had on member average costs specifically the actual cost from years 2014-2022 and the projected cost from years 2023-2027.

Chairman Dale Detmer asked for a motion to adjourn the meeting. The motion was made by Larry Taylor, seconded by Bob Coble and carried unanimously. The meeting was adjourned at 3:40 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY  
EXECUTIVE BOARD MEETING  
WEDNESDAY, FEBRUARY 22, 2023**

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

Altamont	Larry Taylor
Breese	Dale Detmer
Chatham	Shane Hill
Flora	Bob Coble
Freeburg	John Tolan (via webinar)
Marshall	Cory Sheehy
Waterloo	Tim Birk
Winnetka	Brian Keys (via webinar)

**MEMBERS ABSENT**

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

Highland	Dan Cook
Naperville	Brian Groth (via webinar)
Rantoul	Jake McCoy
Red Bud	Josh Eckart (via webinar)
Rock Falls	Dick Simon
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Gary Stephenson
IMEA	Chris Wise
IMEA	Mike Genin
IMEA	Alice Schum
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Staci Wilson
IMEA	Rakesh Kothakapu
IMEA	Rodd Whelpley
IMEA	Cindy Evans (via webinar)
IMEA	Shadi Ahanchi
IMEA	Sean McCarthy
IMEA	Tammy Hall
IMEA	Eric Weinant
IMEA	Mary Ann Todd
IMEA	Daniel Chung
Guest	Greg Hubert (Naperville) (via webinar)