

ILLINOIS MUNICIPAL ELECTRIC AGENCY

REPORT OF EXECUTIVE BOARD MEETING

WEDNESDAY, OCTOBER 23, 2024

A regularly scheduled meeting of the Executive Board of the Illinois Municipal Electric Agency was held in person pursuant to proper notice at the IMEA headquarters building, 3400 Conifer Drive, Springfield, Illinois on October 23, 2024. 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 only for both members and the general public, however, as an accommodation to members that could not physically attend and the general public, a webinar broadcast of the meeting was made available live in listen-only mode.

The Report of August 28, 2024 was moved for approval by Brian Groth and seconded by Pat McCarthy. The motion carried by unanimous roll call vote.

Opportunity for Public Comment: Chairman Cory Sheehy stated that pursuant to the Open Meetings Act, any person attending this meeting shall be permitted an opportunity to comment. Questions during the rest of the meeting are reserved for Board members. He then asked if anyone from the public would like to make a comment. Hearing none, Chairman Sheehy proceeded with the meeting.

OLD BUSINESS

Update on Solar Projects – Eric Weinant reported that all of the solar panels have been installed at Marshall and Princeton. The electrical wiring is nearly done and switchgear deliveries are scheduled for November. The projects in Marshall and Princeton are on track for commercial operation by the end of 2024. He stated that installation of the racking is underway in Oglesby and the project is expected to be online by Spring of 2025.

Eric Weinant reported that IMEA is partnering with SolAmerica to take advantage of USDA PACE partially forgivable loans for behind the meter solar projects in Carmi, Highland and Metropolis; however, negotiations continue between SolAmerica and the USDA regarding funding commitments. He stated that the Board had approved moving forward with these projects at the August Board meeting, although a funding commitment from USDA is required to execute the Power Purchase Agreements. IMEA Staff is working with another member for an alternative site to the Rantoul site which was deemed unfeasible and Lease Agreement negotiations between the member and SolAmerica are underway. He explained that SolAmerica would pay for the Interconnection Study to determine the site's feasibility, and if it is, IMEA Staff would then seek the Board's approval to move forward. Weinant emphasized that these projects are dependent upon USDA funding.

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

- Sierra Club v. Prairie State Generating Company, LLC (filed March 22, 2023) – PSGC filed a Motion to Dismiss on May 23, 2023. The Court denied the Motion to Dismiss on August 9, 2024

and PSGC filed an Answer on September 23, 2024. The PSGC Legal team is proceeding with discovery in this case.

- Prairie State Generating Company LLC v. Illinois Environmental Protection Agency (PCB No. 25-11) – PSGC filed a Permit Appeal with the Illinois Pollution Control Board on August 30, 2024 based on the IEPA’s failure to take final action on Prairie State’s Clean Air Act Permit Program application. The IEPA filed an Answer on October 4, 2024. Awaiting the outcome.
- North Dakota, et al. v. EPA (Case No. 24-1119) – Several States Attorney Generals’ offices along with industry groups challenged the EPA’s April 25th greenhouse gas/hazardous air pollutant emissions rules. The DC Circuit Court rejected an emergency stay for the rules and an emergency appeal was filed with the U.S. Supreme Court. The U.S. Supreme Court denied the emergency appeal on October 4, 2024.
- West Virginia, et al. v. EPA (Case No. 24-1120) – A number of States’ Attorneys Generals’ offices, several trade associations, IOUs, co-ops, generator owners and labor unions challenged the EPA’s baseload coal plant emissions rule. An Amicus Brief by MISO, PJM, SPP and ERCOT supporting the Petitioners was filed in the DC Circuit Court on September 13, 2024. An emergency appeal for the initial Applications for Stay was denied by the Supreme Court on October 16, 2024. Litigation over the rule itself continues in the DC Circuit Court.
- Public Citizen, Inc. et al. v. Midcontinent Independent System Operator, Inc. et al. (Docket No. EL 15-70-003 et al.) – This case involved the MISO’s 2015/2016 auction results for Zone 4 and Dynegy’s alleged market manipulation. FERC found that the Zone 4 clearing price was higher than expected, but not unjust and unreasonable in 2021. The DC Circuit Court remanded FERC’s finding because FERC did not adequately explain why the clearing price was just and reasonable as it related to Dynegy’s conduct. Dynegy requested a rehearing of FERC’s 2022 Remand Report and FERC denied the request. FERC ordered settlement procedures which are currently ongoing. IMEA is closely monitoring the settlement negotiations.
- MISO Filing to Reform Resource Accreditation Requirements (Docket No. ER24-1638) – MISO proposed to change how it accredits resources due to a changing resource mix and changing load profiles in the MISO region. IMEA intervened and filed a Limited Protest against MISO’s accreditation methodology in April 2024. FERC issued a Deficiency Letter requiring MISO to respond to IMEA and others’ concerns in July 2024. MISO submitted a compliance filing answering the Deficiency Letter in August 2024. Currently awaiting FERC response/approval.
- MISO Filing Regarding Wholesale Connection Agreement (WCA) and Construction Agreement (CA) between Ameren Illinois Company, IMEA and the City of Oglesby (Docket No. ER24-3036) – MISO filed the WCA and CA on behalf of Ameren with FERC which establishes the terms and conditions for the wholesale interconnection between Ameren, IMEA and Oglesby. IMEA intervened on October 2, 2024.
- Commonwealth Edison Filing Revising its Attachment H-13 (Docket No. ER24-2890) – Filed August 28, 2024, ComEd proposes to designate co-located load as Network Load if it does not have a Point-to-Point Transmission Service arrangement. ComEd’s filing is identical to tariff changes proposed and filed across all of Exelon’s regulated utilities. The Distribution utility/Load Serving Entity will be required to install metering equipment on co-located, end-use customers to measure gross load. Several protests were filed by industrial and labor groups. IMEA intervened, but did not protest on October 2, 2024.
- PJM Filing Regarding Energy Efficiency Participating in Capacity Market (Docket No. ER24-2995) – Filed September 6, 2024, PJM proposes to remove Energy Efficiency Resources (EERs) from its capacity market. PJM’s rationale was that EERs provide no meaningful load benefit worth

being paid for by PJM customers. Several comments and protests were filed by IMM, PJM Market Participants, distributed energy providers and environmental groups. IMEA intervened, but did not protest on September 27, 2024.

- PJM Filing to Delay Capacity Auction (Docket No. ER25-118) – On October 15, 2024, PJM filed a request for waiver to delay its upcoming auctions which will affect the next 4 delivery years.
- FERC Final Rule on Compensation for Reactive Power (Docket No. RM22-2; Order No. 904) – FERC entered an Order on October 17, 2024 to eliminate charges by transmission providers and payments to generators for reactive power in the standard power factor range. MISO has already eliminated these charges. This will net positively affect IMEA costs and revenues related to reactive power in PJM.
- Ameren Illinois 2025 Transmission Rates – The Ameren Net Plant increased by over \$500 million. Ameren Total Expenses are up 23% and the Net Revenue Requirement is up 18.9%. Other transmission owners in the Ameren Pricing Zone had increases. The Net Result equates to a 20.9% increase for Ameren Pricing Zone starting January 1, 2025.
- Return on Equity (ROE) Case for MISO Transmission Owners – On October 17, 2024, FERC entered its Order on Remand from the US Court of Appeals which eliminated the Risk Premium model from its Return on Equity methodology. This reduces Ameren’s ROE from 10.02% to 9.98%. Refunds will go back to November 2013 and are to be paid by December 1, 2025.
- Chatham SERC Registration – Chatham’s Transmission Owner (TO) registration documents and IMEA’s deregistration as Distribution Provider (DP) documents were submitted to SERC. Receipt was confirmed by SERC on September 15, 2024. The first round of SERC Data Requests was received October 2, 2024 and IMEA Staff will work with Chatham and its consultant to provide the required responses.

NEW BUSINESS

Altorfer’s Request to Assign St. Charles and Rantoul #1 Solar PPA’s – General Counsel Troy Fodor reported that Altorfer Corporation is the owner/contract counterparty on the Behind the Meter (BTMG) solar projects in St. Charles and Rantoul. He stated that Altorfer had advised IMEA Staff that it would like to move the St. Charles and Rantoul #1 (the Rantoul #2 project is not yet eligible) off its books to free up capital either by IMEA exercising its option to purchase or by assigning the projects and PPAs to another counterparty. IMEA Staff analyzed the cost of the buy-out option along with anticipated maintenance and replacements costs and decided not to pursue the buy-out option at this time. Fodor explained that Altorfer proposed assigning the projects to HWS Energy Holding LLC. IMEA Staff will support this assignment if the PPAs were amended to provide for collateral posting by both Altorfer and HWS and for Altorfer to remain liable for the PPAs if Altorfer’s assignee breached. He stated that after the final details are worked out, IMEA Staff intends to amend the PPAs and then consent to the assignment.

Resolution #24-10-929 – Approving the Form of Wholesale Connection Agreement with Ameren Illinois for IMEA Members Interconnected to the Ameren Illinois System – Rakesh Kothakapu reported that the Wholesale Connection Agreement (WCA) for Oglesby was filed at FERC and work continues to get WCAs completed for all IMEA’s other members connected to Ameren. Ameren provided 10 draft WCAs for members first with members that have one delivery point. Those members are in the process of reviewing the agreements and seeking approval from their city councils. He explained that Ameren is requiring a separate WCA with each of the IMEA members whose

electric distribution system is directly connected to Ameren's wholesale distribution system. The form of Oglesby's WCA which was approved in the April 2024 IMEA Board meeting will be the same for all IMEA members connected to the Ameren wholesale distribution system except for members' individual distribution system configurations and characteristics. He explained that as a bundled power and delivery service provider, IMEA is also a signatory of these agreements. This Resolution accepts and approves the form of the WCA Agreement with Ameren that IMEA previously accepted, approved and authorized for execution with the City of Oglesby. Bob Coble moved to approve Resolution #24-10-929, seconded by John Tolan. The roll call vote showed all in favor.

Waiver of Section 4(E) of the Capacity Purchase Agreement for Rantoul Generating Units #15 and #16

– CEO Gaden explained the circumstances leading up to this waiver request which began in November 2023 and included multiple attempts by the Village to remedy the situation by fixing its transformer over the past year which is the reason its two dedicated generators have been unavailable. He explained that the Village of Rantoul is asking the IMEA Board for a waiver of the 12-month penalty provision in Section 4(E) of the Capacity Purchase Agreement to allow time to replace the transformer necessary for Units #15 and #16 to run. IMEA Staff recommends this Waiver be granted allowing the Village of Rantoul an additional 12 months starting November 15, 2024 to bring Units #15 and #16 back in service by replacing the transformer. Dan Cook made a motion to approve Rantoul's Waiver of Section 4(E) of the Capacity Purchase Agreement for Units #15 and #16. The motion was seconded by Bob Coble and carried by unanimous roll call vote.

Compensation Recommendations from IMEA Generation Committee Meeting

– Rakesh Kothakapu gave an overview regarding capacity credits for member-owned Behind the Meter Generation (BTMG). He reported on the results from the IMEA Generation Committee Meeting which was held on September 25, 2024 and the recommendations which were unanimously approved are as follows: (1) Adjusting the production component to \$2.20/kW month over time, phased in with increments of \$0.20/kW-month over 5 years for non-steam units starting in FY2026 and adjusting the production component to \$3.60/kW month over time, phased in with increments of \$0.20/kW-month over 8 years starting in FY2026 for steam units. (2) Adding the base component of \$2.00/kW-month for dedicated resources currently not receiving it over time, phased in with \$0.40/kW-month increments starting in FY 2026 over 5 years ending in 2030. (3) Allowing new/existing resources to become dedicated resources up to the Member's peak amount. (4) Create a program for additional compensation for members with Quick Start, Dual Fuel and High Efficiency fully-staffed units that would get paid an additional incentive beyond the base component due to higher dispatchability inside the marketplace. Upon approval of these recommendations, IMEA Staff will update the IMEA Member Generation Policy to include these recommendations and seek approval of an updated IMEA Member Generation Policy from the IMEA Board at an upcoming meeting and prepare to budget for these changes in the IMEA FY25/26. Dan Cook made a motion to approve these four recommendations as presented. Mike Kirk seconded the motion and the roll call vote was unanimous.

Kothakapu then discussed the differences in dispatch protocols between MISO and PJM resources primarily due to differing RTO requirements, how they are processed, what the RTOs define as capacity and why PJM units are called more often than MISO. He reported on a recent ComEd filing would require that all generation must be reported to PJM for billing purposes. In anticipation of the outcome of this filing and in order to recognize and compare the differences, IMEA Staff is considering an adjustment to the fixed production adder based on the difference in dispatch between

MISO and PJM resources. Kothakapu explained that since the number of dispatches are not known until the end of the fiscal year, the compensation would be adjusted the following fiscal year to avoid retroactive payments. He stated that IMEA Staff is only recommending this as a concept and will explore additional details regarding compensation levels based on the outcome of the ComEd filing.

Resolution #24-10-930 – Approving Baker Tilly US, LLP to Perform Audit of Fiscal Year Ending April 30, 2025 – Chris Wise stated that Baker Tilly’s engagement letter shows less than a 3% 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. Pat McCarthy 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 the need 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 and level of operating cash are sufficient, and both remain above the targeted level, although the transmission charges need to be adjusted to reflect current transmission costs. Wise recommended that the DSC in Rate Schedule B be increased to recover the transmission rate increases by Ameren and ComEd for 2025 as well as the increase necessary to account for the transmission cost increases from the previous year that were not sufficient. He presented the proposed Delivery Service Charge (DSC) changes for delivery at less than 100 kV and above along with a kW-month breakdown of the increase. Wise presented charts showing the rise in IMEA’s transmission costs over the past 10 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 #24-10-931 – 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. This will also update Rate Schedule B to add language to establish and begin the collection of a decommissioning fund. Bob Coble moved to approve this Ordinance, seconded by Dan Cook. A unanimous roll call vote showed all in favor.

Ordinance #24-10-932 – Approval of Extension of Economic Development Rate Schedules B-2, B-6 and B-7 and Continuing the Suspension of Load Retention Rate B-4 – Jon Wygant explained that IMEA’s Economic Development and Load Retention rates are reviewed by staff annually and approved by the Board each year. IMEA Staff takes into consideration the balancing of current market conditions along with the long-term value of adding new electric loads to the IMEA portfolio. IMEA Staff is recommending the 2025 economic development rate offerings remain the same as the approved 2024 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. Wygant reviewed the existing economic development rates as follows:

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-4 (when available) is 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 2025.

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. The discount rate is limited to a maximum monthly peak demand level of 25,000 kW or less for the qualifying loads. Large electric demand customers above that level might require special energy/capacity considerations in order to serve and would be subject to Board approval.


Schedule B-7 is available to new or expanding very large demand high load factor loads with a minimum monthly peak demand level of 3,000 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. A maximum monthly peak demand level of 25,000 kW or less is required. John Tolan made a motion to approve Ordinance #24-10-932 to continue offering IMEA economic development rates and the continued suspension of the load retention rate for 2025. The motion was seconded by Pete Suhr and the motion carried by unanimous roll call vote.

Resolution #24-10-933 – Authorizing Execution of Contract for Power Supply from New 150 MW Solar Project – CEO Gaden stated that the IMEA Board had unanimously approved Staff to proceed with negotiating the terms for a 20-year PPA with a solar vendor for a 150MW output agreement at its June 27, 2024 Board meeting. He reported that after very detailed and complex PPA negotiations, IMEA Staff and the vendor were able to reach an agreement on the issues and terms of this project. The vendor is recommending approval at its Board meeting this month as well. Dan Cook moved to approve Resolution #24-10-933. The motion was seconded by Brian Groth and the motion carried by unanimous roll call vote.

IMEA Resource Portfolio Planning – CEO Gaden discussed the highlights of IMEA’s resource portfolio planning. He explained that within the 2025-2030 timeframe, low-cost resources have been adequately planned for and Staff is currently procuring a certain threshold of needed load beyond the year 2035. He reported that during the early 2030’s planning timeframe, finalizing the member contract extensions is necessary to ensure that the Agency’s future resource planning matches the members’ load requirement and IMEA is not needlessly securing excess resources that may not be necessary beyond the year 2035. Gaden stated that more options will be available to adjust to changes in State and Federal policy and dynamic energy market conditions during the 2035-2050 timeframe as IMEA transitions to net-zero 2050. He reported that the RTOs impose capacity obligations which are based on peak load plus reserves determined by the RTO. RTOs do not base the value of a resource on its nameplate capacity. He displayed a chart showing the difference between the nameplate value of IMEA’s resources versus the projected accredited capacity value. In order to transition IMEA’s portfolio into the future, Gaden explained that IMEA will need to purchase a greater number of nameplate megawatts than peak load to meet capacity obligations. He then presented graphs showing nameplate capacity and accredited capacity in megawatts along with the energy mix in megawatt hours from 2015 to 2050.

Chairman Cory Sheehy asked for a motion to adjourn the meeting. The motion was made by John Tolan, seconded by Pete Suhr and carried unanimously by voice vote. The meeting was adjourned at 3:51 p.m.

Respectfully submitted,



Secretary/Treasurer

**ILLINOIS MUNICIPAL ELECTRIC AGENCY
EXECUTIVE BOARD MEETING
WEDNESDAY, OCTOBER 23, 2024**

MEMBERS PRESENT

Chatham	Pat McCarthy
Flora	Bob Coble
Freeburg	John Tolan
Highland	Dan Cook
Marshall	Cory Sheehy
Naperville	Brian Groth
St. Charles	Peter Suhr
Sullivan	Mike Kirk

MEMBERS ABSENT

Carmi	David Coston
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OTHERS PRESENT

Altamont	Larry Taylor
Breese	Jason Deering
Waterloo	Tim Birk
Winnetka	Brian Keys
IMEA	Kevin Gaden
IMEA	Troy Fodor
IMEA	Chris Wise
IMEA	Mandy Ripperda
IMEA	Staci Wilson
IMEA	Mike Genin
IMEA	Rakesh Kothakapu
IMEA	Glenn Cunningham
IMEA	Adam Baker
IMEA	Tia Horn
IMEA	Rodd Whelpley
IMEA	Eric Weinant
IMEA	Jonathon Wygant
IMEA	Tammy Hall
Guest	Raheel Arshed (Naperville)
Guest	Giovanni McLean (St. Charles)
Guest	J.R. Landeck (Waterloo)

LISTEN ONLY VIA WEBINAR

Carmi	David Coston
Princeton	Jeff Mangrich
Red Bud	Josh Eckart
Guest	Greg Hubert (Naperville)