



## Board Meeting February 22, 2024

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, February 22, 2024, at the Batavia Government Center, 100 N. Island Avenue, First Floor, Batavia, IL.

### 1. Call to Order and Roll Call:

President Holm called the meeting to order at 10:33am

#### **NIMA Members Present at the meeting:**

Gary Holm, City of Batavia  
Aaron Holton, Superintendent, City of Geneva  
Rahat Bari, City of Batavia  
Steve Allen, City of Batavia  
Members of the Public

#### **Present via teleconference:**

Richard Heinemann, General Counsel  
Jeff Fiegenschuh, City of Rochelle  
David Niles, Avant Energy  
Joe Fulliero, Avant Energy  
Noah Hansen, Avant Energy  
Dominick Lanzito, Van Buren Consulting  
Elizabeth Zrelak  
Rich Babica, City of Geneva (Arriving at 11:22am)

### 2. Approval of Regular Session Meeting Minutes from October 26, 2023, December 14, 2023, and January 31, 2024

MOTION: To approve the regular session minutes from October 2023, December 2023, and January 2024  
MAKER: Jeff Fiegenschuh  
SECOND: Gary Holm  
AYES: 3 (Fiegenschuh, Holm, Holton)  
NAYS: 0  
The motion passed

### 3. Financial Report – November & December 2023

- a. Mr. Niles indicates that NIMPA's rate to members was \$5.64/MWh lower than budgeted for November due to lower than budgeted purchased power, and transmission expense, as well as higher than budgeted interest income, which is a favorable variance offset by higher than budgeted maintenance and fuel expense.

For December, it appears NIMPA's rate to members was \$41.49/MWh. This is due to the transfer of \$5M from the ECA into the Plant Closure Fund in December 2023 for accounting purposes. Excluding this one-time transaction, NIMPA's rate was \$14.52/MWh lower than budgeted for December due to lower than budgeted purchase power and transmission expense as well as higher than budgeted interest income, partially offset than higher than budgeted fuel and other operating expenses.

At the end of December, NIMPA had a \$15M credit facility with PNC Bank. Two and a half million dollars of the facility is being used for a letter of credit with PJM, which has been extended for another year, and \$12.5M of the credit facility remains unused.

The ECA payable to members increased by \$834,000 in November due to a combination of a budgeted increase of \$346,000 and lower cost than budgeted of \$487,000. At the end of November, the ECA balance was \$13.7M.

The ECA payable to members decreased by \$3.7M in December due to a combination of a budgeted ECA increase of \$29,000 and lower cost than budget of \$1.3M, offset by the transfer of the \$5M from the ECA payable to the plant closure fund. At the end of the 2023 calendar, the ECA balance was \$10.0M.

As a reminder, the board approved a return of a total of \$6M to members from the ECA fund throughout the entirety of 2024.

**b. Capital Adder Fund:**

NIMPA's Capital Adder Fund had a balance of approximately \$11.28M at the end of December. The fund balance represents more than four years of NIMPA's share of projected capital costs based on Prairie State's projected capital expenditures over the next five years.

**c. Cash Investment Report**

NIMPA has a total of \$82.5M of cash and investments of which \$45.8M is related to debt service reserves and debt service. NIMPA's operating account balance was \$13.6M at the end of December.

MOTION: To approve the monthly financials from  
November & December 2023  
MAKER: Aaron Holton  
SECOND: Jeff Fiegenschuh  
AYES: 3 (Holton Fiegenschuh, Holm)  
NAYS: 0  
The motion passed

**4. Review Closure Fund Investment Strategies**

Mr. Niles indicated that he has had several strategy sessions with PNC's treasury/management team to review options for the new plant closure fund. Two main challenges:

- a. Uncertainty when the funds will need to be expended, as the plant closure date is yet to be determined.
- b. For the short term, the treasury yield curve remains inverted. (Short term interest rates are higher than long term interest rates.)

If rates were to continue at current levels, NIMPA's \$5M investment would earn \$62,500 less per year. The current yield on NIMPA's plant closure account is 3.45% at PNC. Mr. Niles recommended that the Board consider opening an account with PNC Capital Markets. NIMPA could then invest the plant closure funds in higher yielding investments.

Avant recommends a short-term strategy to take advantage of higher short-term interest rates and that the NIMPA Board approve authorizing the NIMPA President to execute the documents necessary to open an account with PNC Capital Markets. Avant proposes to invest the plant closure fund in a government money market account, which follows NIMPA's investment policy.

Avant further proposes that they review this investment quarterly and make revisions as necessary as interest rates fluctuate.

Mr. Holm confirms that the investment into PNC Capital Markets would provide flexibility for short-term and long-term investments.

A discussion ensues regarding money market fees and Mr. Niles confirmed that this investment would not be FDIC insured. Mr. Niles explains that in a money market fund, the fund actually owns the investments, and investments would be better protected in the PNC Capital Market government money market fund than in a bank. Additionally, NIMPA's investment would be earning a higher yield. Mr. Bari indicates that the group should debate the merits of a safer investment strategy, recognizing a lower yield. Mr. Holm indicates that there is no better insurance than just holding the investment, but that the yield is very low. Short-term markets and long-term treasury bonds would comply with Illinois' Public Funds Investment Act.

Mr. Holton requests that Mr. Niles provide a summary of all three options for the NIMPA Board Meeting in March.

Mr. Heinemann will draft a resolution to present at the NIMPA Board Meeting in March.

#### **5. Management and Operations Reports for November & December 2023**

Mr. Hansen reviewed the November and December operations reports. In November, Prairie State had 76,200MWh of generation within PJM. Prairie State also generated 300 MWh to cover station service within MISO for the month. Prairie State Unit 1 had boiler tube leak outage at the beginning of November, which resulted in an approximate three-and-one-half day outage for repair. Prairie State Unit 2 also had a boiler tube leak in mid-November, which resulted in a one-and-one-half day outage. Overall capacity factor for the month of November was 85.7%. In comparison to the budget, total generation for the month was almost exactly equal to budget.

In November, NIMPA's delivery costs to members were \$2.1M.

Overall, PJM had an ISO revenue of approximately \$55,000 for November. Compared to budget, this is approximately \$404,000 favorable.

MISO had an ISO revenue for November of approximately \$180,000. The loss costs were at cost of \$79,000, which is \$66,000 favorable compared to budget.

In December, Prairie State had 90,350MWh of generation in PJM. Prairie State also generated 200 MWh to cover station service in MISO. Prairie State had strong generation throughout December experiencing only one short duration outage. Overall capacity factor for the plant in December was greater than 98%. In comparison to the budget, total generation for the month was favorable to budget by 11,500MWh or 14.5%.

In December, NIMPA's delivery costs to members were \$2.1M.

Overall, PJM had an ISO revenue of \$226,000 for the month of December. Compared to budget, this is \$782,000 favorable to budget due to two primary factors. One, lower energy costs in comparison to budget, which reduced the impact of the member energy delivery, and stronger Prairie State generation, which were substantially greater than budget.

MISO had an ISO revenue for December of \$68,000. The loss costs were at \$67,000, which is \$41,000 favorable compared to budget for the month of December.

Year-to-Date for 2023: Mr. Hansen highlighted the main numbers for 2023. NIMPA has an overall favorable variance to budget of approximately \$108M. NIMPA has 29,500 MWh greater than budget in generation volume on the PJM side and is 51,000 MWh greater generation volume when you add both the PJM and MISO generation, which is approximately 5.7% greater than the budget for 2023. The EFOR is approximately 5.6%, according to Prairie State, through December for the entire facility, compared to the budget assumption of 10%. This EFOR is one of the lowest NIMPA has seen. NIMPA has an unfavorable variance in generation resource revenues, as LMPs were substantially less than budget. Delivery costs to members are under budget by \$42.8M, which is \$40.69 less than budget.

PJM ISO activities have an overall favorable variance to budget of \$9M, attributable to strong Prairie State production and overall lower LMPs. \$1.3M received for the performance assessment bonus. MISO congestion costs are under budget for YTD of approximately had an ISO revenue for \$425,000. The loss costs were under budget and had a favorable variance of \$760,000.

Mr. Hansen provided an update on the capacity market changes. PJM had filed two proposed market reforms. The first proposal was rejected by FERC but suggestion reforms were shared. FERC approved the PJM capacity market reform aimed at mitigating grid emergencies. One element that will impact NIMPA's risk tolerance and exposure is that stop loss limits were changed for non-performance penalties. Changes include: Moved the index from being net CONE to being indexed to the capacity auctions clearing price. This will impact the stop loss to the capacity revenues that NIMPA receives.

For the 2024 – 2025 planning year, Mr. Hansen shared the new stop loss guidelines and anticipates a stop loss to NIMPA of \$1.8M. Comparatively, the stop loss for non-performance would have been approximately \$16.5M under net CONE.

Mr. Holm questions if PJM has plans to dispute the FERC findings, which is still being determined by PJM. The new performance assessment penalty index will be effective with the upcoming auction.

#### **6. General Counsel Update**

No update for open session

#### **7. Van Buren Consulting Group, LLC**

Mr. Lanzito indicated that two bills were recently introduced, one in the House and one in the Senate. These bills would touch on a couple of factors that were negotiated during CEJA. Updates to include limited activity in both chambers. Will continue to monitor, report, and advise on any potential impacts to NIMPA.

#### **8. Executive Session (Discussion of executive session minutes, semi-annual review of executive session minutes, discussion of contracts relating to the purchase, sale, or delivery of electricity from the Prairie State Project; Litigation related to the Prairie State Generating Company).**

MOTION: To move into Executive Session @ 11:22am  
MAKER: Jeff Fiegenschuh  
SECOND: Aaron Holton  
ROLL CALL: AYES: 3 (Fiegenschuh, Holton, Holm)

NAYS: 0  
The motion passed

**Let the record note, Mr. Lanzito & Mr. Fiegenschuh exited the meeting; Mr. Babica joined**

Return to Regular Session @ 12:20pm

**9. Action Items from Executive Session: None**

**10. Potential General Manager Position Discussion:**

MOTION: To table this conversation until all Board members are present at the Board of Directors Meeting on March 21, 2024.  
MAKER: Gary Holm  
SECOND: Aaron Holton  
ROLL CALL: AYES: 2 (Holm, Holton)  
NAYS: 0  
The motion passed

**11. Old Business:**

- a. Mr. Holm shared that at the January 31, 2024, meeting it was brought to the Board's attention that the NIMPA website was difficult to find using common search engines. A technical issue was found by Avant staff and it was subsequently addressed and resolved.
- b. Improvements were made to the NIMPA website to include a Transparency tab.
- c. Distribution of monthly Board Packet materials. NIMPA Board will continue to consolidate the distribution of materials for efficiency.
- d. Ms. Zrelak, administrative support partner, is participating via Zoom today. Mr. Holm stated that NIMPA will continue to move forward in this manner.
- e. Campus Tour – Discussed schedules for the next few months. Mr. Holm indicated that a spring tour was not likely. A summer or fall tour would likely work better.

**12. New Business:**

Mr. Holm indicated that he did reach out to the UFS for an updated annual Rate Comparison Study. Updated proposal to be discussed at the March Board meeting.

**13. Comments:**

- a. A Batavia resident inquired about NDA agreements between NIMPA and its member representatives. Mr. Holm indicated that there are two agreements. One is a participation agreement between NIMPA and each of the nine owners of Prairie State; the other is NIMPA's agreements with its members. Confidentiality terms in the Participation Agreement were placed into the Power Sales Agreement that NIMPA has with each of its members, which was approved by the Batavia City Council in 2005/2006.

Attorney Heinemann responded that the Power Sales Agreement was signed by all three member communities which includes an agreement by NIMPA to maintain confidentiality of

Prairie State information as an owner. If governing body officials want to have access to information, a signed confidentiality agreement must be executed.

Mr. Holm shared that in 2010, the City of Batavia began to question its participation in Prairie State. The City retained Pace Global to complete a study in 2011. Following that study Batavia explored a potential sale structure in 2012. City Council members at the time desired to obtain information from the studies, which required that a confidentiality agreement be executed.

- b. The same Batavia resident questioned transparency and the Open Meetings Act, Closed Sessions, and how the NIMPA Board conducts meetings.

Mr. Holm responded that NIMPA is a project-based agency and its sole purpose is to manage the Prairie State project and the associated sale and delivery of energy. NIMPA is obligated through the Participation Agreement to maintain confidentiality.

Resident clarifies that NIMPA participates in PJM auctions. Mr. Holm confirms.

Mr. Holm indicated that a Prairie State summary is shared with Batavia's city council members monthly, and that this public information could be shared by elected officials.

Resident requested that more transparency and documentation be shared with the public.

- c. Batavia resident questioned planning for the future of the coal plant and a conversation ensued.

Mr. Holm reiterated that NIMPA is a project-based agency. The cities of Batavia, Geneva, and Rochelle specifically did not want NIMPA to be responsible for resource planning or administration of the utilities.

Resident questioned if any plan is in place when the plant closes, including cleanup?

Mr. Holm responded that NIMPA has identified a conceptual plan at this point, which will evolve over time. NIMPA and the additional owners recognize the value of the existing transmission lines and the Ameren switch station. A discussion ensues regarding additional energy options. Mr. Holm indicated that NIMPA will plan for closure as responsible owners.

Cost and revenues that Mr. Hanson mentioned do not flow through to the municipalities. NIMPA's costs are steady to its members all year long. At the end of 2023, The ECA was valued at nearly \$10M, and NIMPA has agreed to return \$6M to its members.

A discussion between residents and Mr. Holm regarding the Plant Closure Fund ensued. Mr. Holm shared that some of the nine owners of Prairie State have transition plans that may be available online to the public.

**14. Motion to adjourn:**

MOTION: To adjourn the February NIMPA meeting @ 1:16pm  
MAKER: Gary Holm  
SECOND: Aaron Holton

Minutes of NIMPA Board Meeting  
February 22, 2024

VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak