



Board Meeting August 15, 2024

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, August 15, 2024, at 10:30 AM, 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

Present at the meeting:

Gary Holm, City of Batavia
Steve Allen, City of Batavia
Rahat Bari, City of Batavia
Aaron Holton, City of Geneva

Present via teleconference:

Jared Walker-Smith (Boardman Clark), General Counsel
Jeff Fiegenschuh, City of Rochelle
Rich Babica, City of Geneva
David Niles, Avant Energy
Noah Hansen, Avant Energy
Joe Fulliero, Avant Energy
Dominick Lanzito, Van Buren Consulting
Elizabeth Zrelak, Administrative Support

2. Approval of Regular Session NIMPA Meeting Minutes from July 18, 2024

MOTION: To approve the general session NIMPA meeting minutes
from July 2024
MAKER: Aaron Holton
SECOND: Gary Holm
AYES: 2 (Holm, Holton)
NAYS: 0
The motion passed

3. Van Buren Consulting Group, LLC

Attorney Lanzito provided an update to include Representative Didech's solar legislation, which had implications of oversight. Attorney Lanzito indicated that he has had positive communication and a good exchange of information with legislators. Attorney Lanzito indicated that the information relayed during IML days impacted legislators, who understand that one size does not fit all for municipalities, as systems are vastly different in terms of who and how NIMPA serves its communities. Attorney Lanzito stated that for the next session, the solar credit will come to fruition. Stranded cost is going to be one of the challenges, as people who cannot afford solar will be more impacted, which legislators seem to understand. Attorney Lanzito is positive and will continue to work with legislators.

Van Buren Consulting Group is still attempting to schedule site visits of the utilities for leadership legislators and/or bill sponsors at Rochelle, Geneva, and Batavia, however, this is proving to be challenging, as it is election season.

Attorney Lanzito will participate in a call regarding the Transparency Bill tomorrow.

Attorney Lanzito will continue to monitor, report, and advise on any potential legislative challenges to NIMPA.

Mr. Lanzito exits the meeting.

4. Financial Report – Review of June Financials 2024:

- a. Mr. Niles indicated that NIMPA's rate to members was \$3.01/MWh, lower than budgeted for June due to lower than budgeted fuel and transmission expenses, partially offset by higher than budgeted maintenance and purchase power expenses.
- b. At the end of June, NIMPA had a \$15M credit facility with PNC Bank, a \$2.5M letter of credit with PJM supporting NIMPA FTR activities, and \$12.5M of the credit facility, which remains unused. NIMPA's credit facility was last redone in 2021. At that time, LIBOR was utilized as the reference rate at PNC. When NIMPA'S five year agreement was rewritten in 2021, the reference rate was moved from LIBOR to BSBY, which will be discontinued in November 2024. NIMPA's credit agreement expires in approximately two years. The discontinuance of BSBY would not affect NIMPA, as long as NIMPA is not looking to borrow cash under the facility, which is not expected, but not guaranteed. If NIMPA had to borrow, NIMPA would be borrowing at the default rate, as per the credit agreement, which is a prime rate, meaning a higher rate and not advantageous. Mr. Niles stated NIMPA has three options:
 - i. Amend the agreement to update the reference rate from BSBY to SOFR. PNC estimates the cost of implementation would be approximately \$25,000.
 - ii. Continue status quo and change the reference rate when the credit agreement is next up for renewal in 2026.
 - iii. Cancel the entire agreement and restart with a new five year agreement, which PNC will not agree to, as the bank would only consider renegotiating a three year agreement, which would expire in 2027.

A discussion ensued. Mr. Holm, Mr. Fiegenschuh, and Mr. Holton agreed to continue status quo, understanding that the agreement could be rewritten at any time.

Mr. Holton inquired as to what quarter of 2026 the agreement expires and how long it would take if NIMPA had to draw from the credit facility. Mr. Niles responded that he believes that there is a full two years left and that funds would be available within days.

- c. The ECA payable to members increased by \$378,000 in June due to a combination of a budgeted increase of \$610,000, lower cost than budget of \$260,000, and the return of \$492,000 of ECA funds to members. At the end of June, the ECA balance was \$11.7M.

d. Capital Adder Fund:

NIMPA's Capital Adder Fund had a balance of approximately \$11M at the end of June. The fund balance continues to represent 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.

e. Cash Investment Report

NIMPA has a total of \$86.3M of cash and investments of which \$47.7M is related to debt service reserves and debt service. NIMPA's operating account balance was \$15.2M at the end of June.

f. Closure Fund – Mr. Holm suggested adding the closure fund to the monthly reporting. Mr. Niles agreed.

At the end of the quarter, the closure fund had \$5.15M invested in the Morgan Stanley Money Market, currently earning 5.21%, and the closure fund at PNC has approximately \$150,000, for a combined total of approximately \$5.3M.

MOTION: To approve the monthly financials from June 2024
MAKER: Gary Holm
SECOND: Aaron Holton
AYES: 3 (Holm, Holton, Fiegenschuh)
NAYS: 0
The motion passed

5. Management and Operations Reports for June 2024

Mr. Hansen reviewed the June operations reports. For June results, NIMPA's share of Prairie State generated 69,550 MWh for the month for approximately \$1.9M in revenue in PJM. Prairie State also generated 9 MWh in MISO for the month for NIMPA to cover station service for a small cost at MISO. Station service costs were a little higher than MISO this month due to Prairie State Unit 1 having three forced outages and several small duration derates. One outage was due to a hot reheat piping leak, continuing from the previous month, one outage was due to a boiler tube leak, and the third outage was due to a boiler combustion or slagging issues. Overall Unit 1 was offline for approximately nine and one half days for the month of June.

Overall capacity factor for the plant for the month of June was 78.5%. Total generation for the month of June, including PJM and MISO at Prairie State, was less than, or unfavorable to budget, by 9,650 MWh or 12.1% less than budget on a volume basis.

In June, NIMPA's delivery costs to members were approximately \$1,944,000.

NIMPA's FTRs had a loss of \$200,000 for the month of June. Prairie State prices were higher than member city delivery points on average, which resulted in the FTR daily cost for the delivery path. The average Prairie State price was approximately \$26.99/MWh of generation, compared to \$22.50/MWh for the member deliveries. Mr. Hansen indicated that although the FTRs functioned as designed and had a daily cost for member deliveries, these costs were offset by higher generation revenues at the higher LMPs at Prairie State; however, the increased revenues were slightly decreased this month due to lower generation compared to budget.

ISO Miscellaneous Charges in PJM were less than \$2,000.

RPM Auction revenues for capacity were \$102,000 for June. This reflects the new planning year capacity prices of \$28.92/MWd, as compared to \$34.13/MWd for the prior planning year. Capacity pricing of \$28.92 will be in effect from June 2024 through May 2025.

Overall, NIMPA had a PJM ISO cost of \$171,000 for the month of June, \$46,000 unfavorable compared to budget, which assumed a PJM ISO cost of \$125,000. This unfavorable variance to budget is primarily due to the lower than budgeted Prairie State production, which is offset somewhat by Prairie State prices being higher relative to the member deliveries, but the lower production had a sizeable impact on the overall position in PJM.

MISO congestion costs in June were a revenue of \$23,400, which was approximately \$76,000 unfavorable compared to budget. The loss costs were at cost to NIMPA of \$47,700, which is \$57,300 favorable compared to budget. Loss costs came in less than budget due to lower marginal loss price and due to Prairie State's lower generation of MWh than budgeted due to forced outages.

ARRs – Revenue of \$48,000. Representing the new value for the summer period. ISO miscellaneous costs were \$11,100.

MISO - NIMPA had an overall revenue for June of approximately \$10,600, which is approximately \$21,000 favorable to budget.

PJM and MISO – NIMPA had ISO costs of \$161,000, an unfavorable variance to budget of approximately \$25,000 in total for the month of June, primarily attributable to lower Prairie State generation, as compared to budget.

YTD: Mr. Hansen highlighted the first two quarters for 2024 YTD. NIMPA has an overall favorable variance to budget of approximately \$1.8M, relatively unchanged from the previous month. NIMPA has 3,000 MWh less than budgeted in generation volume on the PJM side, which is a change from last month, where production was above budget through May 2024.

NIMPA is 1,900 MWh greater on the MISO side, for a total generation volume of approximately 1,200 MWh less than budget, which is approximately .2% less than budget for 2024 YTD through the first six months. Generation at Prairie State is right in line with expectations for the first six months of 2024.

According to Prairie State, the EFOR is approximately 8.64% through June 2024, compared to the budget assumption of 8.5%. NIMPA has an unfavorable variance in generation resource revenues of \$3.9M, as LMPs were less than budget, given the mild winter conditions and lower natural gas and energy prices. Overall YTD prices at Prairie State are averaging \$26.75/MWh of generation compared to the budgeted amount of \$35.00/MWh. Due to the lower LMPs, delivery costs to members are favorable budget by \$6M through June. Overall, FTRs have been unfavorable to budget by \$1.2M over the first two quarters of 2024. RPM auction revenues are aligned with budget.

Overall, PJM ISO activities have had an overall favorable variance to budget of \$709,000, attributable primarily to lower LMPs on the delivered volume, which is greater than the Prairie State production.

MISO congestion costs are coming in under budget YTD by approximately \$785,000. Loss costs are coming in under budget and have a favorable variance of \$222,000. ARR are in line with budget.

Overall, MISO activities have a favorable variance to budget of approximately \$1,080,000, resulting in a total favorable variance for NIMPA of approximately \$1.8M YTD through June 2024.

6. Renewal of Directors and Officers Insurance

Mr. Holm indicated an insurance premium decrease of approximately 5% from AXA. This insurance essentially covers errors and omissions and protects the NIMPA Board of Directors.

MOTION: To authorize President Holm to renew the AXA policy.
MAKER: Jeff Fiegenschuh
SECOND: Aaron Holton
ROLL CALL: AYES: 3 (Fiegenschuh, Holton, Holm)
NAYS: 0
The motion passed

7. NextEra Energy Inquiry

NextEra Energy approached Mr. Holm at the APPA National Conference in June about the possibility of Batavia entering into potential financial transactions within the market to capitalize on available margins. Mr. Holm indicated that the City of Batavia has always avoided speculative, purely financial ventures and emphasized that the primary mission of Batavia is to serve its customers. So any market transactions must be aligned with this goal, rather than solely focused on speculative financial gains or losses.

Mr. Holton and Mr. Fiegenschuh both stated that they have also been in contact with NextEra Energy through their municipalities directly and that both Rochelle and Geneva purchase energy currently through NextEra Energy.

After conferring with Attorney Heinemann on August 14, 2024, Mr. Holm agreed that it might make sense for NIMPA to provide a platform to hear more information about NextEra's proposal to better assess whether there is an opportunity to benefit members and their customers at the next Board of Director's meeting.

Mr. Fiegenschuh agreed that Rochelle and NIMPA are in the service business and shared his understanding of the NextEra Energy program and profits.

Mr. Niles stated that he would be agreeable to a pre-meeting to understand the plan from NextEra but would want to confer with general counsel.

A determination was made to invite NextEra to present at the September NIMPA General Session Board Meeting.

8. General Counsel Update

Attorney Walker-Smith indicated that he had no legal updates for open session.

9. Revision of the Official NIMPA Meeting Calendar

The September 19, 2024, Board of Director's Meeting location will be changed to Geneva.

The October 17, 2024, Board of Director's Meeting location will be changed to Rochelle.

MOTION: To revise the location of NIMPA's 2024 September and October Board Meetings.
MAKER: Jeff Fiegenschuh

SECOND: Aaron Holton
ROLL CALL: AYES: 3 (Fiegenschuh, Holton, Holm)
NAYS: 0
The motion passed

10. NIMPA Succession Planning Resolutions

- a. Resolution 24-02 Adopting Revisions to Bylaws of the Northern Illinois Municipal Power Agency. Attorney Walker-Smith reviewed the resolution, which is straightforward and addresses the terms of the Officers. It provides for a one year term for the President, the Secretary -Treasurer, and the Vice President. Each member representative would have a rotating role in each officer position, removing the burden off of any one member and distributing the opportunity to all three.

MOTION: To approve Resolution 24-02, Adoption of revision to the NIMPA Bylaws.
MAKER: Gary Holm
SECOND: Jeff Fiegenschuh
ROLL CALL: AYES: 3 (Holton, Fiegenschuh, Holm)
NAYS: 0
The motion passed

- b. Resolution 24-03 Adopting Avant Service Schedule F – New Schedule of Administrative Services Mr. Niles reviewed the resolution, which approves Service Schedule F, an Avant proposal to provide additional administrative services. The Service Schedule was reviewed by Attorney Heinemann.

Mr. Holton questioned the fee structure. Mr. Niles responded that Avant provided a cost buildup based on Avant’s understanding of the workload involved.

MOTION: To approve Resolution 24-03, Adoption of Avant’s Service Schedule F
MAKER: Aaron Holton
SECOND: Jeff Fiegenschuh
ROLL CALL: AYES: 3 (Holton, Fiegenschuh, Holm)
NAYS: 0
The motion passed

11. Executive Session

MOTION: To move into Executive Session for the purpose of 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 @ 11:20am

MAKER: Gary Holm

SECOND: Aaron Holton

ROLL CALL: AYES: 3 (Holm, Holton, Fiegenschuh)
NAYS: 0
The motion passed

Return to Regular Session @ 11:55

12. Action Items from Executive Session: None

13. Old Business: The Prairie State Campus Tour has been delayed until 2025. Rochelle City Council and staff members still plan to attend in August 2024.

14. New Business: Mr. Hansen mentioned an email addressed to the board acknowledging capacity clearing prices for the BRA for the 2025-2026 delivery year, clearing at \$269.92/MWd, which is up substantially from the 2024-2025 planning year auction price.

15. Comments: None

16. Motion to adjourn:

MOTION: To adjourn the NIMPA August 2024 Board Meeting @ 11:59am

MAKER: Jeff Fiegenschuh

SECOND: Aaron Holton

VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak