



Board Meeting September 19, 2024

The Northern Illinois Municipal Power Agency (NIMPA) held a Board Meeting on Thursday, September 19, 2024, at 10:30 AM, at the City of Geneva Public Works facility, 1800 South Street, Geneva, IL.

1. Call to Order and Roll Call:

President Holm called the meeting to order at 10:32am

Present at the meeting:

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

Present via teleconference:

Richard Heinemann, General Counsel
Jeff Fiegenschuh, City of Rochelle
David Niles, Avant Energy
Noah Hansen, Avant Energy
Joe Fulliero, Avant Energy
Elizabeth Zrelak, Administrative Support

2. NextEra Energy Presentation

The NextEra Team joined the call:

Steven Fetzer, Senior Director, NextEra Energy
Tony DeFuria, Executive Director, NextEra Energy
Mauricio Neyra, Principal, NextEra Energy

NextEra gave an overview of a proposed multi-year transaction between NextEra and NIMPA priced on the basis between Indiana Hub in MISO and Northern Illinois Hub in PJM.

Mr. Holm clarified that if NIMPA as an agency was not interested in NextEra's proposal, the individual municipalities may still be interested and they can act on their own if so desired.

Mr. Holm indicated that he and the Avant team had a pre-meeting with NextEra a few weeks prior to educate the Avant team on NextEra's proposal so that they could best advise the Board.

No questions at this time for the NextEra team.

The NextEra Energy team exits the meeting.

- a. The NIMPA Board and Avant Energy discussed the proposed transaction and how it relates to NIMPA's obligation to provide power to each of its members. The result of the discussion was that Mr. Holm will advise NextEra Energy that NIMPA is not interested in moving forward with this transaction at this time.

3. Approval of Regular Session NIMPA Meeting Minutes from August 15, 2024

MOTION: To approve the general session NIMPA meeting minutes from August 2024
MAKER: Aaron Holton
SECOND: Jeff Fiegenschuh
AYES: 3 (Holton, Fiegenschuh, Holm)
NAYS: 0
The motion passed

4. Legislative Update

Mr. Holm reported that Attorney Lanzito is traveling and unable to provide an update at today's meeting.

Mr. Holm reported that he will be retiring from Batavia in early 2025 and has already informed the External Affairs Committee. It is NIMPA's turn in the cycle to be chair of the EAC. Rahat Bari was asked to be the next Chair and he has accepted and will serve from Fall, 2024 to Fall, 2025.

5. Financial Report – Review of July Financials 2024:

- a. Mr. Niles indicated that NIMPA's rate to members was \$6.93/MWh lower than budgeted for July due to lower than budgeted purchase power and transmission expense, and higher than budgeted interest income, partially offset by higher than budgeted production costs.
- b. At the end of July, NIMPA had a \$15M credit facility with PNC Bank, a \$2.5M letter of credit with PJM, and \$12.5M of the credit facility, which remains unused.
- c. The ECA payable to members increased by \$433,000 in July due to a combination of a budgeted ECA increase of \$323,000, lower cost than budget of \$618,000, and the return of \$508,000 of ECA funds to members. At the end of July, the ECA balance was \$12.2M.
- d. Capital Adder Fund:
NIMPA's Capital Adder Fund had a balance of approximately \$11.2M at the end of July. 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 \$83.9M of cash and investments of which \$45M is related to debt service reserves and debt service. NIMPA's operating account balance was \$15.2M at the end of July.

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

6. Preliminary 2025 NIMPA Budget Review with 2024 Budget Comparison

Mr. Holm indicated that the budget will be up for final discussion and approval at the October NIMPA Board of Director's Meeting. Mr. Niles reviewed the proposed preliminary 2025 NIMPA Budget and comparisons to NIMPA's 2024 budget, indicating good news.

- a. The proposed total average rate to members for 2025 is \$58.95/MWh, \$4.41/MWh lower than 2024 budget, a 7% decrease.

- b. Both energy and demand rates are projected to decrease. The demand rate is projected to decrease from \$31.70 kW/month to \$28.45 kW/month, a little over a 10% decrease. The energy rate is projected to decrease from \$20.05/MWh to \$19.99/MWh, 0.3% decrease.
- c. Net income is projected to be approximately \$2.89M, approximately \$107,000 lower than 2024 budget. This changes the result of updating the project adder necessary to achieve targeted closure costs.
- d. The 2025 preliminary budget utilizes an EFOR of 8%.
 - I. This is equivalent to 7.307%, which the plant is proposing in its 2025 budget.
 - II. Lower than 8.5% EFOR that Avant utilized in the 2024 NIMPA budget
 - III. Actual YTD through August is 7.1%

e. Review of Four Schedules

Schedule 1: Details changes in purchase power expense, projected to be \$5.3M lower than 2024 budget. Two main items influence this decrease.

- I. Overall decrease in projected energy price levels, which results to NIMPA's projected delivery cost to members being \$1.6M lower than the 2024 budget, partially offset by a \$300,000 decrease in revenues from the sale of Prairie State power.
- II. Substantial driver of the projected purchase power cost is a \$4.6M increase in capacity revenue from 2024. This is the result of higher PJM capacity auction prices for the
- III. 2025 – 2026 planning year, compared to 2024 – 2025.

Schedule 2: Details projected Prairie State Costs for 2025

- I. EFOR of 8%, compared to a 2024 budgeted EFOR of 8.5%
- II. Fuel costs are projected to be \$340,000 higher than 2024, a 3.2% increase, due to a higher fuel usage, assuming a lower EFOR, as well as inflation.
- III. Maintenance expenses are projected to be \$102,000, 1.3% higher than budgeted for 2024
- IV. Production Expenses are projected to be \$418,000, 5.1% higher than budgeted for 2024

Schedule 3: Details transmission expenses, which are projected to be \$267,000 lower than budgeted for 2024, primarily associated with lower FTR costs

Schedule 4: Details surrounding operating expenses are projected to be slightly higher in 2025 when compared to 2024, due to inflation, and assumed to be approximately 3%. Additionally, an anticipated large increase in the cost of Prairie State debt service expense is anticipated, from a budget of \$110,000 in 2024 to \$190,000 in 2025. While the Prairie State debt service expense is included in the 2025 preliminary budget, NIMPA has yet to determine if they will purchase. This decision will be due at the October 2024 NIMPA Board of Director's Meeting, as the policy renews November 1, 2024.

The NIMPA Board of Directors will reach out to Avant with any questions.

7. Management and Operations Reports for July 2024 and YTD Summaries

Mr. Hansen reviewed the July operations reports. For July results, NIMPA's share of Prairie State generated 87,360 MW for the month for approximately \$2.9M in revenue in PJM. Prairie State also generated 100 MW in MISO for the month for NIMPA to cover station service for a small revenue in MISO. Prairie State Unit 2 had one forced outage during the month that lasted two days at the beginning of July for a boiler tube leak. The plant also had a couple of small derates, as it continues to deal with boiler de-slag efforts, which has been ongoing.

Overall capacity factor for the plant for the month of July was approximately 95%. Total generation for the month of July, including PJM and MISO at Prairie State, was greater than, or favorable to budget, by 4,900 MWh or 5.9 % greater than budget on a volume basis.

In July, NIMPA's delivery costs to members were approximately \$2,650,000.

NIMPA's FTRs had a loss of \$135,000 for the month of July. Prairie State prices were higher than member city delivery points on average, which resulted in the FTR daily cost for the delivery path to the member cities. The average Prairie State price was approximately \$32.86/MWh of generation, compared to \$29.75/MWh for the member deliveries, resulting in the FTR loss. Mr. Hansen indicated that the FTRs functioned as designed, and the loss is offset through higher generation revenues, relative to the agency's deliveries to members.

ISO Miscellaneous Charges were \$3,2000.

RPM Auction revenues were \$105,000 for July.

Overall, NIMPA had a PJM ISO revenue of \$184,000 for the month of July, \$385,000 favorable compared to budget, which assumed a PJM ISO cost of \$200,000. This favorable variance to budget is primarily due to greater than budgeted Prairie State production, stronger Prairie State prices relative to the member deliveries, and actual, as compared to the spread that was budgeted, and overall lower energy prices, which benefit NIMPA, as delivery to members are greater than the MWh generated by Prairie State.

MISO congestion costs in July were a revenue of \$54,000, which is in line with budget.

Loss costs were at cost to NIMPA of \$72,500, which is \$62,000 favorable compared to budget.

ARRs – Revenue of \$47,000.

ISO miscellaneous costs were \$14,500.

MISO - NIMPA had an overall revenue for July of approximately \$17,400, which is approximately \$107,000 favorable to budget, primarily due to lower losses and greater ARR revenues than budgeted.

PJM and MISO – NIMPA had ISO revenue of \$201,000, a favorable variance to budget of approximately \$491,000 in total for the month of July, primarily attributable to stronger Prairie State generation, lower member delivery costs, and lower loss costs.

YTD: Mr. Hansen highlighted the first seven months for 2024 YTD. YTD NIMPA has an overall favorable variance to budget of approximately \$2.3M. NIMPA has 1,400 MWh greater than budgeted in generation volume on the PJM side, and approximately 2,100 hours greater on the MISO side, for a total generation volume of approximately 3,500 MWh greater than budget for the first seven months, which is approximately .6% greater than budget for the first seven months of 2024.

According to Prairie State, the EFOR is approximately 7.83% through July 2024, compared to the budget assumption of 8.5%. NIMPA has an unfavorable variance in generation resource revenues of

\$4.6M, 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 \$27.71/MWh of generation compared to the budgeted amount of \$36.08/MWh. Delivery costs to members are lower as a result of lower energy prices, favorable budget by \$7.2M through July, \$11.72/MWh less than budgeted MWh of delivered energy. Overall, FTRs have been unfavorable to budget by \$1.4M due to the price spread between Prairie State and the member delivery points. RPM auction revenues are aligned with budget.

Overall, PJM ISO activities have had an overall favorable variance to budget of \$1.1M, attributable primarily to strong Prairie State production and overall lower LMPs on the delivered volume, which is greater than the production volume.

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 \$285,000. ARRs are favorable to budget by \$53,000 for the year, which Mr. Hansen anticipates will continue through the remainder of 2024. Overall, MISO activities have a favorable variance to budget of approximately \$1.2M, resulting in a total favorable variance for NIMPA of approximately \$2.3M YTD through July 2024.

8. General Counsel Update

Attorney Heinemann indicated that FOIA protocols, as they relate to the Prairie State project, have been in place since 2007. Helen Gallagher from Prairie State has indicated that a planned update of Prairie State's FOIA protocols are due. Meetings will begin at the end of September 2024 so that all Illinois owners, including IMEA and the co-ops, will have an opportunity to update and ensure consistency with their respective current processes. Attorney Heinemann indicates that it makes sense to undertake this effort to update the protocols.

9. 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 @ 11:37am

MAKER: Aaron Holton

SECOND: Jeff Fiegenschuh

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

Return to Regular Session at 11:59am

10. Action Items from Executive Session: None

11. Old Business: None

12. New Business:

- a. Mr. Holm inquired if Mr. Fiegenschuh received 2025 Prairie State meeting dates. Mr. Holm will resend.
- b. NIMPA Board of Director’s elections will be held at the October 2024 meeting.
- c. Mr. Holton will not attend the special meeting of board members, which is being held on September 30, 2024.

13. Comments: None

14. Motion to adjourn:

MOTION: To adjourn the NIMPA September 2024 Board Meeting @ 12:02pm

MAKER: Gary Holm

SECOND: Aaron Holton

VOICE VOTE: All in favor, motion carried

Respectfully submitted: Elizabeth Zrelak