



MANAGER'S MEMORANDUM

Prepared for: **Naperville City Council**

By: City Manager's office

5/1/2025

A. MANAGER'S MEMORANDUM

Source:

1. Marcie Schatz,
Assistant to the
City Manager

Subject:

Legislative positions -
Week of April 28, 2025

Action:

FYI

2. Brian Groth,
Director, Electric Utility

IMEA April 2025 Executive Board
and Full Board Meeting Summary

FYI

CITY OF NAPERVILLE MEMORANDUM

DATE: May 1, 2025

TO: Doug Krieger, City Manager

FROM: Marcie Schatz, Assistant to the City Manager

SUBJECT: Legislative positions – Week of April 28, 2025

Purpose:

At the January 21, 2025, meeting, the City Council approved the 2025 legislative priorities and the legislative review process which includes reporting on any legislative actions or positions in the Managers Memorandum.

Discussion:

Week of April 28, 2025

City staff filed position statements on the following bills. The bills are related to the approved legislative priorities, or positions previously approved by or communicated to the City Council.

Bill No.	Title	Position	Basis
HB1403	Law Enforcement Camera Grants	Support	Assists with previous unfunded mandate
SB1380	County and Municipal Utility Poles	Support	Supports public safety efficiency and resources
SB2129	IDOT Local Government Portal	Support	Increased efficiency

Week of April 28, 2025

City staff filed a witness slip with the following new bill position:

Bill No.	Title	Position	Basis
HB1699	EPA Provisional Certificate	Support	Improved workforce recruitment
SB0224	EPA – Water Main Installation	Support	Improved efficiency and consistency

BILL SUMMARY

HB1403 – LAW ENFORCEMENT CAMERA GRANTS

Provides \$80M from General Revenue to the Law Enforcement Camera Grant Fund.

HB1699 – EPA PROVISIONAL CERTIFICATE

In a provision regarding operator certification for sewage works, requires the Environmental Protection Agency to establish an operator-in-training wastewater-operator certification program by which a person who does not possess a high school diploma or its equivalent may work under the direct supervision of a certified operator. Amends the Public Water Supply Operations Act to make the same provisions for an operator-in-training program for a community water-supply operator.

SB0224 – EPA- WATER MAIN INSTALLATION

Amends the Environmental Protection Act to provide that in the case of water main installation projects, all water main and appurtenances, including, but not limited to, fire hydrants and valves that are under the ownership and control of a public water supply and located in a public right of way or utility access easement, shall be included in the Environmental Protection Agency's written approval. Provides that design review and permitting of water main and fire hydrants is the sole responsibility of the EPA and water main and fire hydrants shall be installed in accordance with the written Agency permit.

SB1380 – COUNTY AND MUNICIPAL UTILITY POLES

Provides that a county or a municipality may use a utility pole that is owned by the State or a unit of local government or a public right-of-way that is owned by the State or a unit of local government for public safety purposes, including, but not limited to, the placement of equipment associated with public safety. Provides that any fee charged by the owner of a utility pole for use by a county or municipality shall be at the lowest rate charged by the owner and shall not exceed the owner's costs.

SB2129 – IDOT LOCAL GOVERNMENT PORTAL

Provides that the Department of Transportation shall establish an online portal that allows units of local government to submit forms electronically to the Department. The online portal shall provide a tracking feature for the submission as well as a point of contact at the Department of Transportation.

Recommendation:

Please include in the May 1, 2025, Manager's Memorandum.

CITY OF NAPERVILLE MEMORANDUM

DATE: May 1, 2025

TO: Doug Krieger, City Manager

FROM: Brian Groth, Director – Electric Utility

SUBJECT: IMEA April 2025 Executive Board and Full Board Meeting Summary

Purpose:

The purpose of this memo is to provide an update on the Illinois Municipal Electric Agency Executive and Full Board Meetings that were held on April 23rd and 24th, respectively.

Discussion:

The City of Naperville entered into a contract to procure energy, capacity and ancillary services from the Illinois Municipal Electric Agency (IMEA) in 2007. IMEA is a not-for-profit agency comprised of 32 member communities across the State of Illinois. Each community has a representative on the IMEA Board of Directors, and the Board of Directors generally meets every other month at the IMEA offices in Springfield, Illinois. The Board of Directors receives reports from staff and votes on agency related matters. Meetings are open to the public and the schedule of meetings, board agendas and meeting minutes can be found on the IMEA website (www.IMEA.org).

The following is a brief summary of the IMEA executive and full board meetings that took place on April 23rd and 24th, respectively. Formal meeting minutes will be posted to the IMEA website after their review and approval by the board at the next regularly scheduled IMEA board meeting. Additional information about the City's relationship with IMEA can be found on the electric utility portion of the City's website (<https://www.naperville.il.us/services/electric-utility/your-electric-service/imea/>).

Staff have been sharing these summaries as well as approved board minutes with the Naperville Public Utilities Advisory Board (PUAB) and will continue to share these summaries with the public through the Manager's Memorandum process.

IMEA Contract Extension:

The Board of Directors approved contract extensions for the cities of Carmi and Peru as well as the Village of Ladd. The agency now has 27 contract extensions out of the 32 existing members. Naperville, Winnetka, St. Charles, Cairo, and Fairfield have not executed contract extensions. IMEA has enough members that have signed new Power Sales Contracts (PSC) to continue its existence through at least 2055.

IMEA staff recommended to the full board of directors that they should extend the open

offer period for all 32 communities until the August 21, 2025, board meeting. This recommendation was based on the fact that communities that have not yet signed the new PSC have continued to make progress toward educating advisory boards and councils as well as general work toward putting the new power sales contract on an upcoming meeting agenda.

Members of the IMEA board that have already signed the new PSC asked each municipality that has not yet signed the status of their work to date. I explained the work that Naperville has completed including issuing an RFP for future power supply options, contracting with and receiving a recommendation from this consultant, and holding discussions at Public Utilities Advisory Board.

A lengthy discussion between IMEA board members ensued.

Several member communities discussed terminating the open offer period.

Other members discussed that a progressive premium structure should be applied to any energy sales beginning in 2035 for any member that does not sign a new contract during this open period.

Additional suggestions included closing the offer and not entertaining any contract extensions in the future.

Ultimately a board member made a motion from the floor to concur with the staff recommendation of extending the offer to the August 21, 2025 board meeting. This motion had a second but then after further discussion was tabled until the June 2025 board meeting with a vote of 23-2. Naperville supported this motion in order to continue to preserve all options available as long as possible. During the discussion on this item many board members asked IMEA staff to begin preparing a resolution for the board to vote on at its June 2025 board meeting to extend the existing contract offer until the IMEA August 21, 2025 board meeting.

IMEA President and CEO Report:

The IMEA Board received an update on expected year end financials as well as progress in the transition to a renewable energy fleet. The agency expects to end their fiscal year on April 30 approximately 2.8% under budget and has continued to hold Administrative and General costs to 3%. The agency has almost completely replaced their 250MW Vistra coal-based energy and capacity contract with renewables, on a name place capacity basis, and in 2026 expects to be 20% renewable.

IMEA Operations Report:

Staff provided an update on Trimble County and Prairie State operations. Trimble County units have performed well through the first three months of the year with Unit 2 undergoing a short period of de-rating in March. Prairie State Unit 1 had intermittent deratings due to mechanical issues and testing while Unit 2 had a full outage in April. Prairie State's year to date Equivalent Availability Factor (EAF) is 90.5% and Trimble

County's year to date EAF is 96.02%, respectively. EAF is generally defined as the portion of the year in which the generating units were available without outage or derating.

Trimble County staff continue to work towards completion of scheduled maintenance prior to summer and thus the units will be offline for a period of time in the coming months. Additionally, TC staff are working on engineering for the stack refurbishment project which is scheduled for construction beginning in 2026. Proportional costs for this project were included in the IMEA 2026 budget.

Prairie State staff continue to report no progress on a Carbon Capture project at the site and IMEA staff will discontinue reporting on this topic unless and until a new developer approaches Prairie State with a proposal. In 2024 Prairie State achieved reuse of 78% of all Coal Combustion Residuals (CCRs); this includes 85% of gypsum (used as fertilizer and in wall board) created at the plant and 93% of the fly ash (used in concrete) created at the plant being sold with proceeds reducing member costs, respectively. The IMEA board discussed what is being envisioned for Prairie State as it is required, by Illinois State Law, to reduce emissions by 45% in 2038 and 100% by 2045. Staff noted that it is an ongoing discussion and options for the site include other generation such as nuclear or solar but much of this decision will lie with the Regional Transmission Organizations (RTOs) based upon their rules for capacity accreditation and need for energy.

PJM 2025-2026 capacity price increases will become effective in June and according to a Citizens Utility Board report this is expected to increase ComEd customer bills by an average of \$10.50 per month. IMEA members will not see this increase as the agency is well hedged from its owned assets and capacity contracts. This coming July PJM will hold its first, of three, capacity auctions for 2026-2027. This will be the first auction conducted under new PJM rules which impose a price floor (\$175 MW-day) and ceiling (\$325 MW-day); current capacity costs in PJM are \$28.92 MW-day. This means that capacity costs will range from 4x higher than they are today to 11x higher than they are today in 2026 and 2027.

IMEA Member Transmission and Generation:

Some IMEA members own their own generation for various reasons including local backup in the event of a transmission issue or to support water operations as required by various governing bodies. These members have the option to dedicate this capacity to IMEA which means that in exchange for monthly payments these generators must be available to the agency as well as the grid to run during times of high energy prices or emergency as determined by PJM. The board approved a revised generation policy which included an increase in payments to these generators from between \$40-100 MW-Day today, to approximately \$130 MW-Day in 2032. When asked to run due to high energy prices IMEA pays fuel costs and a production component to these member communities. Penalties are imposed if a member generator fails to run when called upon.

The board approved capacity purchase agreements with Peru and Rock Falls to bring some of their existing assets under this new policy and a third agreement with Waterloo to bring a new 7.8MW gas turbine generation project, estimated to cost ~\$12M, into the program. Members that own generation are responsible for all installation, construction, and operations costs of the units. All IMEA members share the financial benefit when energy is sold out of these generators.

IMEA Solar Project Resource Planning Updates:

IMEA staff updated the board on issues encountered at the Marshall and Princeton solar site which resulted from damage from a windstorm. These sites are awaiting a formal Commercial Operation Date (COD) but they are generally complete and have been producing energy to the grid. It is expected that the Oglesby site will be completed soon and dedication ceremonies for all three sites will be held in May and June of this year.

The Agency is working with a developer on a 15MW solar opportunity from a project currently under construction. The developer of this project has commitment for 85% of the facility from a data center operator and is looking for a counterparty to contract with for the remaining output of the facility. This would be an energy and REC PPA for IMEA. The board discussed opportunities with IMEA staff related to the procurement of nuclear energy as well as the required EFECS. Staff noted that they already have contracts for capacity from Constellation and continue to be engaged with nuclear owners for energy that is available.

Agency staff provided an update to the Board on their work to secure United States Department of Agriculture grant dollars to help fund four additional (13MW total) solar projects for the agency. Work continues to progress on these projects however IRA funding is unclear at this point.

IMEA Legal Update:

The Sierra Club lawsuit against Prairie State Generating Company for operating without a Title V clean air permit was dismissed with prejudice on April 16, 2025. This dismissal closes the lawsuit which was brought in 2023 and claimed that Prairie State was operating without a permit and should be shutdown. Prairie State continues to operate within EPA emissions limits under its Prevention of Significant Deterioration permit issued by the Illinois EPA as it waits for its Title V permit to be processed by the Illinois EPA. The Illinois Pollution Control Board recently ordered the Illinois EPA to issue a final Title V clean air permit within two years.

IMEA Bond Refinancing Opportunity:

At the February IMEA board meeting the board of directors approved the agency to potentially refinance up to \$650 million in outstanding bonds. At the April Board meeting the board approved a revised resolution providing the agency more time to complete the refinancing due to bond market volatility and to revise language so that if IMEA issues future bonds for transmission ownership opportunities it is clear what revenue source will be used to repay bonds that are issued. The reissuance of these bonds will not

extend member obligations as they will be paid off prior to 2035.

Closed Session:

Neither the IMEA Executive Board nor the Full Board went into closed session.

Recommendation:

Please include this response to the City Council request in the Manager's Memorandum.