



MANAGER'S MEMORANDUM

Prepared for: **Naperville City Council**

By: City Manager's office

7/3/2025

A. MANAGER'S MEMORANDUM

Source:

1. Brian Groth,
Director – Electric Utility

Subject:

IMEA June 2025
Executive Board and
Full Board Meeting Summary

Action:

FYI

CITY OF NAPERVILLE MEMORANDUM

DATE: July 3, 2025

TO: Doug Krieger, City Manager

FROM: Brian Groth, Director – Electric Utility

SUBJECT: IMEA June 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 June 25th and 26th, respectively.

Discussion:

IMEA Contract Extension:

The Board of Directors approved a contract extension for the Village of Winnetka. The agency now has 28 contract extensions out of the 32 existing members. Naperville, 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, and the full board of directors voted (20-4), to extend the open offer period for the communities that have not resigned, through August 19, 2025. This recommendation was based on the fact that communities that have not yet signed the new PSC have continued to make progress towards educating advisory boards and councils as well as general work towards putting the new power sales contract on an upcoming council meeting agenda. To continue to preserve all options available to the City of Naperville, as long as possible, Naperville supported this motion.

Members of the IMEA board that have already signed the new PSC discussed various options that the agency has after the August 19th deadline but overall expressed the hope that the agency would continue in its current form, with all participating members extending their participation in the agency by the August 19th deadline, through 2055.

IMEA Treasurer Report:

The CFO reported to the board that the agency ended its Fiscal year 2025 (IMEA budgets from May 1 – April 30) with nearly \$1.2 Billion in assets which includes unrestricted cash & investments of approximately \$127 Million. Finally, Moody's and Fitch have completed their ratings re-review of the agency since April and both have affirmed an A1 stable and AA- stable rating, respectively.

IMEA President and CEO Report:

The IMEA Board received an update on the agency's energy and resource planning efforts going forward. The CEO noted that staff has begun working on an RFP which will be released in the next 6-9 months and will provide the agency with an IRP that would comply with the proposed legislation that was being considered by the state house and senate during their spring session.

IMEA Operations Report:

Staff discussed the schedule for upcoming PJM capacity auctions which will occur in July and December of this year, respectively. These auctions will set market capacity prices through May of 2028 for PJM customers. A recent event in New Orleans where MISO issued a load-shed directive which curtailed approximately 600MW of load for about 3 hours was also reported on by staff. MISO has indicated the reason for the blackout was related to generation that was offline and power demand exceeding forecasts without dispatchable resources being available.

IMEA's demand response programs were outlined to the board. The agency has two programs available to its members; the first program has no penalty and is administered by IMEA. In the past Naperville has had as many as 4 participants in this program but participation has declined as large businesses are not able to curtail during the times needed by IMEA/PJM. The second program offers direct participation in PJM's demand response program and offers higher compensation but comes with monetary penalties for non-performance. Naperville continues to market these programs to its large customers.

An update was provided on Trimble County and Prairie State operations. Trimble County units returned to full operation in mid-May from their planned maintenance outages with Unit 1 experiencing a brief outage in mid-June for a tube leak. Prairie State Unit 1 experienced a 4-day outage in May for a tube leak while Prairie State Unit 2 was out for 2 days in early June to repair a boiler leak. Prairie State's year-to-date Equivalent Availability Factor (EAF) is 91.6% and Trimble County's year-to-date EAF is 80.06%, respectively. EAF is generally defined as the portion of the year in which the generating units were available without outage or derating.

IMEA Solar Project Resource Planning Updates:

IMEA staff informed the board that all three-member hosted solar projects at Oglesby, Marshall and Princeton are now fully operational.

IMEA's Big River Solar project has come online, the agency receives 25MW of zero-emissions energy and capacity credits from this project but does not currently own the RECs from this project. This project was contracted by the agency as part of its replacement for the Vistra coal-based contract that was terminated.

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 on these projects and the USDA has begun releasing funds, but no indication has been provided, to IMEA, by the developer of these projects whether or not they will receive grant funding.

IMEA Legal Update:

In May the Department of Energy declared Energy Emergencies in PJM and MISO regions and directed two generators scheduled to retire in May of 2025 to remain open to address resource adequacy concerns. While details of how to compensate the owners of both plants for continuing to operate by the RTOs and ultimately at FERC, it is expected that the costs for the plant in PJM will be assigned on a capacity ratio share for all load serving entities in PJM and IMEA expects the estimated financial impact to IMEA is approximately \$5,000 per month across the agency. The method of compensation and financial impact for the plant in MISO is not yet available.

ComEd has provided information related to its 2025-2026 transmission rate formula. The actual rate has gone up 19.4% and it is expected that transmission rates across the ComEd service territory will be going up that amount on top of the increase to ComEd's retail customers from the higher PJM capacity prices. These costs are paid regardless of the power provider and are to compensate transmission providers for providing wires to deliver energy. IMEA's Coincident Peak in ComEd decreased last year and this decrease directly impacts the amount the agency will pay on our behalf; the agency expects about a 15% increase in its costs from ComEd for transmission for members served by the ComEd transmission system. The impact to IMEA's delivery service rate is not fully known because IMEA socializes the costs from ComEd and Ameren across all IMEA members, and the Ameren rate increase which does not occur until June has not been announced.

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.