MANAGER'S MEMORANDUM

Prepared for: **Naperville City Council**
By: City Manager's office
10/30/2025

A. MANAGER'S MEMORANDUM

Source:	Subject:	Action:
1. Brian Groth, Director of Public Utilities - Electric	IMEA October 2025 Executive Board and Full Board Meeting Summary	FYI
2. Marcie Schatz, Assistant to the City Manager	Legislative positions – Week of October 27, 2025	FYI

CITY OF NAPERVILLE
MEMORANDUM

DATE: October 30, 2025

TO: Doug Krieger, City Manager

FROM: Brian Groth, Director – Electric Utility

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

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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 October 22nd and 23rd, respectively.

Discussion:
IMEA Treasurer's Report:
The agency has formally completed its refinancing of Power Supply System Revenue Bonds. IMEA's bonds are not specific to an asset, and this refinancing is expected to save members approximately $33.6M over the next 10 years. The IMEA Board of Directors approved Baker Tilly as the agency's auditor for the current fiscal year which ends on April 30, 2026.

IMEA President and CEO Report:
The CEO updated the Board on the agency's Integrated Resource Planning (IRP) efforts which includes work on an RFP to for a formal IRP be released in the coming months. At this time, the IRP will include 32 members through September 2035 and 29 members from October 2035 through May 2055. The Board was informed that the Agency is still working with Naperville on its contract requests and no formal action of the IMEA Board was requested at this time.

IMEA has published its 2025 Annual Report which can be found at the following location:
https://www.imea.org/Documents/IMEA%20Annual%20Reports/2025AnnualReport.pdf

IMEA Legislative and Regulatory Report:
The IMEA Board was updated by staff on the status of Energy Omnibus Legislation which could progress in the Illinois Legislature's Veto or Spring session, respectively. Additionally, staff provided a brief description and status update of the Illinois Power Agency's Resource Adequacy Study. The goal of this study is to determine new resources needed in both PJM & MISO regions of the State of Illinois that are required to fulfill energy and capacity needs. More information on this study can be found at the following location:
https://ipa.illinois.gov/electricity-procurement/resource-adequacy.html

IMEA Operations Report:
Staff discussed a recent error discovered by MISO related to its Planning Resource Auction. This error should net the agency approximately $580k that will be returned to member communities as a credit to demand costs as they are paid out by MISO over the coming year.

An update was provided on Trimble County and Prairie State operations. Trimble County units had short unplanned outages in late August with Unit 1 experiencing two outages related to a transformer failure and Unit 2 experiencing a single outage related to a fuel issue. Trimble County staff completed Unit 1's planned outage and have planned a 5-week outage for Unit 2 to overhaul critical systems scheduled. Prairie State Unit 1 experienced one unplanned outage in late August due to a tube leak and Unit 2 did not experience any unplanned outages since the last IMEA board meeting. Prairie State staff completed Unit 1's 28 day scheduled outage and Unit 2's 10 day scheduled outage, both units are now available for full load operation. The planned outages at Prairie State, combined with higher-than-average temperatures which led to higher than anticipated market energy charges, are expected to raise power bills slightly across the agency for the month of October.

Prairie State's year-to-date Equivalent Availability Factor (EAF) is 87.5% and Trimble County's year to date EAF is 86.38%, respectively. EAF is generally defined as the portion of the year in which the generating units were available without outage or derating.

IMEA Legal Report:
Legal staff at the agency updated the board on various matters before FERC as well as those items that have been brought to resolution. Through the Agency's advocacy, IMEA has received $1.33M in a settlement with Dynegy and this will be returned to members though the typical cost adjustment procedures.

IMEA Transmission:
IMEA staff completed contract negotiations with Ameren Transmission Company of Illinois (ATXI) to become 25% owner of a transmission line that will be built between Princeton and Peru, Illinois. IMEA has long pursued transmission ownership opportunities to hedge rising transmission costs across the PJM and MISO territories. The agency will fund approximately $22.5M for the project and will have the option to either receive bill credits on its transmission bills from Ameren or to file directly with MISO to gain recovery of the investment, expenses as well as a rate of return.

This project is not expected to increase headcount at the agency and will likely decrease agency costs to members as transmission owners are able to allocate operations and maintenance costs to be shared across all members of the bulk electric system. Agency staff estimate a full payback period of 7-10 years, depending on various market assumptions, and while this project is not expected to come online until 2029 cost savings to Naperville will be realized even if the city does not renew with the agency.

Riverton Power Sales Contract Addendum:
An inconsistency was discovered in the Riverton Power Sales Contract in that the contract did not have an end date for their premium charge. The Village of Riverton Illinois began purchasing energy from IMEA around the time that Naperville and Red Bud began their energy purchases. Both Naperville and Red Bud are scheduled to end premium payments in December of 2025 but the contract with Riverton did not include this provision. The IMEA Board of Directors approved the ending of Riverton's premium consistent with Red Bud and Naperville.

IMEA Rate Schedule B (Energy Rates):
Each year the IMEA Board of Directors approves rates for the agency with the goal of providing transparency in cost allocation between transmission, energy, and capacity. Energy markets are complex as is the billing associated with the various entities involved with delivering power to the City of Naperville. At the request of Naperville citizens, PJM transmission bills are provided monthly to the City of Naperville by IMEA and shared with the Public Utility Advisory Board, and the public, in the board packet.

The rates approved by the Board of Directors include increases in transmission costs that have been proposed at FERC by both Ameren and ComEd as well as the continued collection of funds for the decommissioning of both Prairie State and Trimble County plants. A copy of the agency's past and future energy cost projects is included. The Agency's projected rates to Naperville were included in the Electric Utility's rate study completed in 2024.

Economic Development Rates:
Each year the IEMA Board of Directors approves economic development rates for the agency. These rates generally provide a reduced demand charge for businesses with large electric load and a high load factor looking to build new facilities in IMEA member communities. Due to market capacity and energy prices being higher than existing IMEA resources, a few of these rate structures have been suspended for several years. The Electric Utility works closely with NDP to determine if new or existing IMEA rate structures would be applicable for development in Naperville and then works with IMEA staff to confirm the exact incentive based on factors including market projections based on the timeline for the load to come online.

IMEA Solar Project and Resource Planning Updates:
IMEA staff updated the board on its 150MW Bee Hollow solar project which held a groundbreaking last week. The agency has contracted for energy, capacity, and RECs from this project, and it is still on track for completion at the end of 2026.

The IMEA board of directors approved two interconnection agreements for schools installing solar resources in IMEA towns. Mascoutah Illinois is installing 1.92MW of solar arrays on their middle and high schools while Rock Falls Illinois is installing 120kW of solar on East Coloma-Nelson School, respectively.

Staff outlined their objectives and proposed outcomes for an agency-wide Conservation Voltage Reduction system. Conservation Voltage Reduction is currently deployed in Naperville, which reduces electric consumption daily while allowing the utility to perform demand response events which further reduce electric consumption during times of peak grid usage. The system utilizes communicating electric meters throughout the city and software integrated with the utility's SCADA software to continually optimize voltage at the substation level. Advanced metering and controls are required to deploy this system, and the agency will be working with its members to determine if an Agency wide program can be rolled out in the coming years.

The agency also outlined its plan for demand response programs utilizing existing installed smart thermostats. It is expected that a full plan and budgetary proposal will be provided at the February 2026 board meeting with an anticipated program launch in May of 2026.

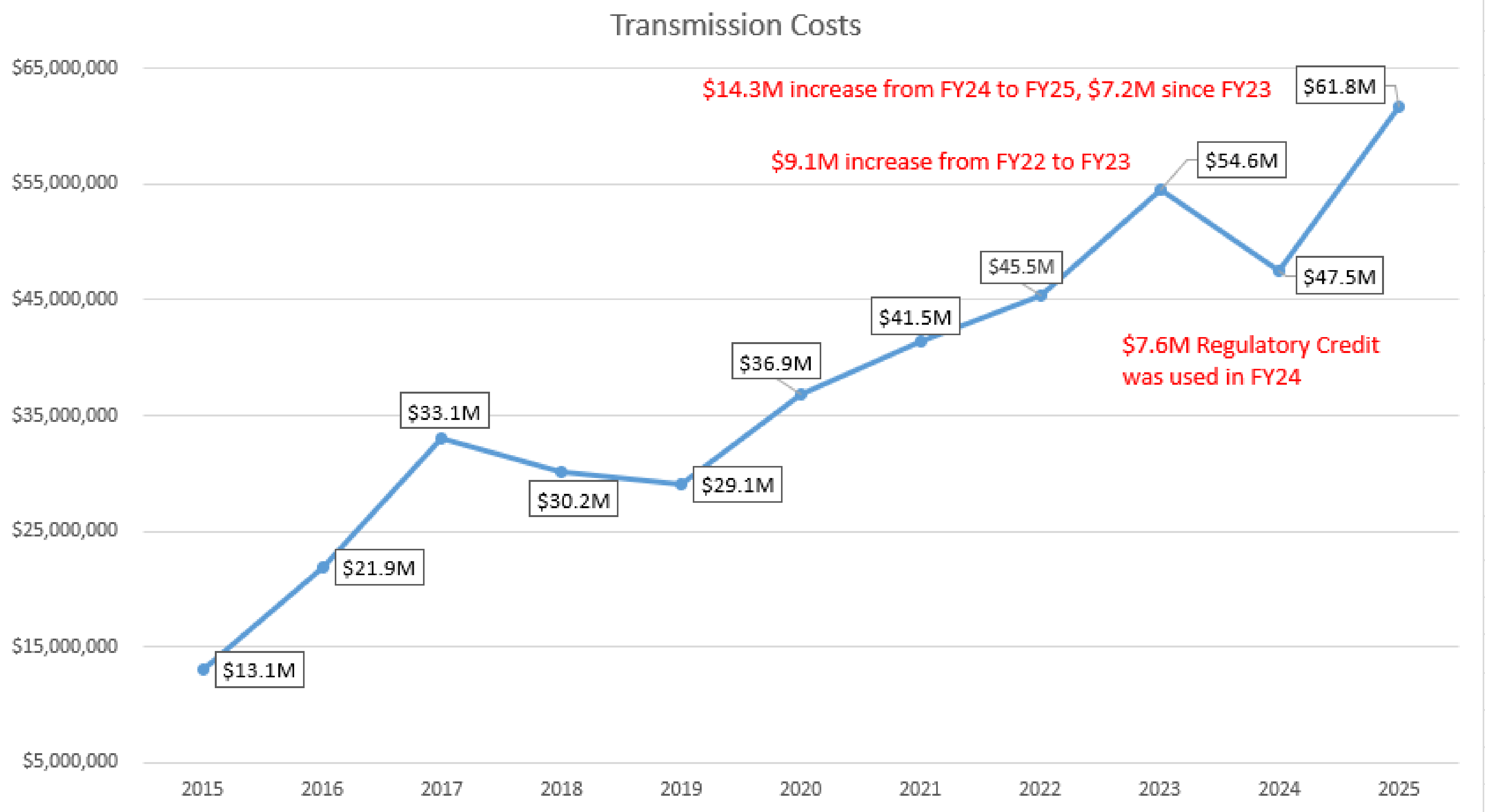
A battery storage study is underway for the Agency, and it will include items such as type of battery, location of battery for optimum financial benefit, and ownership structure. A draft of the report is expected at the end of November and will be shared with the board at its December meeting for comment.

A full update on the agency's sustainability plan will be provided by staff to the Board of Directors at the Agency's December meeting.

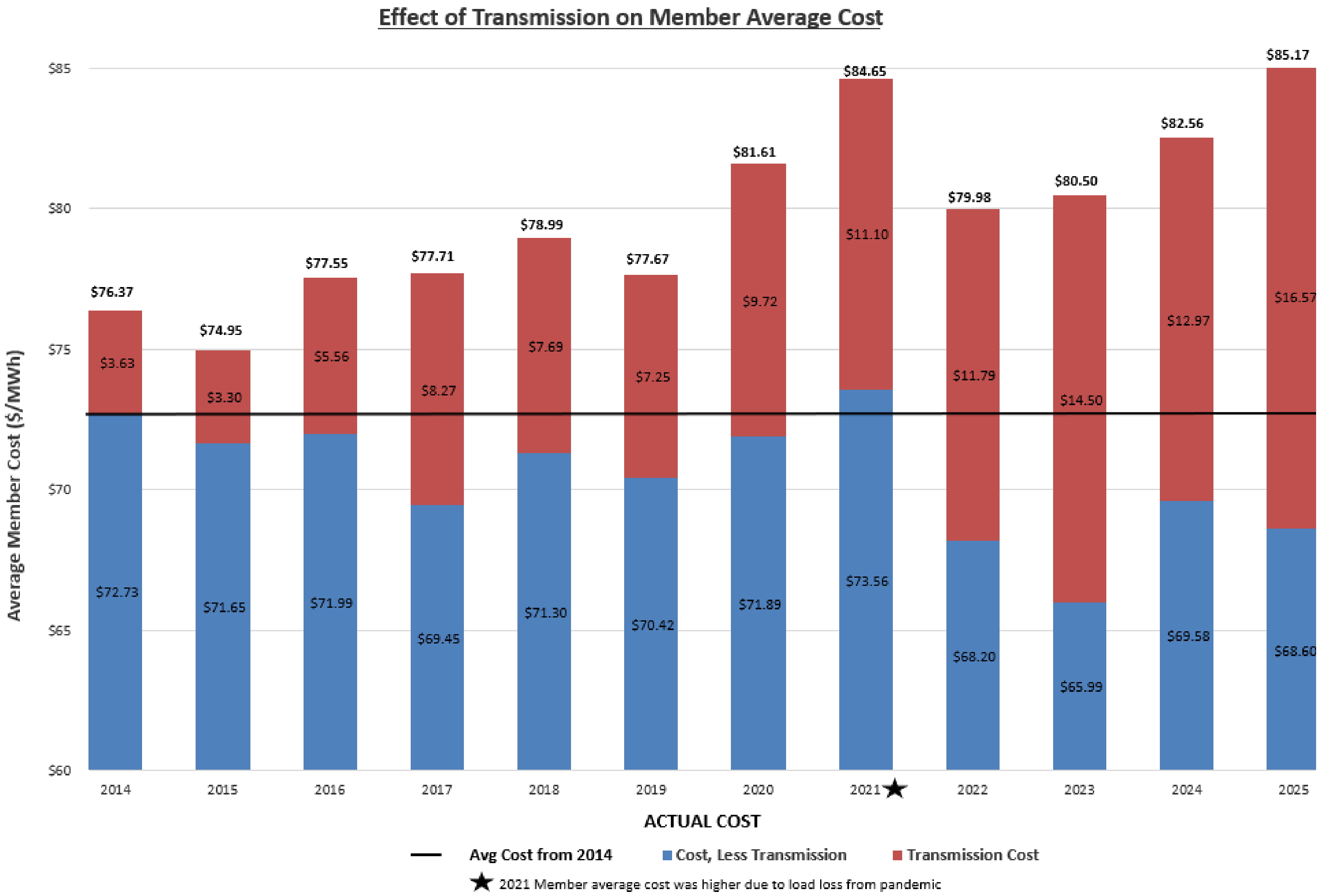
Closed Session:
The IMEA Board of Directors went into closed session, pursuant to Section 5 ILCS 120/2(c) (1) of the Open Meetings Act, to discuss personnel matters.

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

Rising Transmission Costs



Effect on Member Costs



CITY OF NAPERVILLE
MEMORANDUM

DATE: October 30, 2025

TO: Doug Krieger, City Manager

FROM: Marcie Schatz, Assistant to the City Manager

SUBJECT: Legislative positions – Week of October 27, 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 October 27, 2025
City staff filed position statements on the following bills. Additionally, the Mayor communicated the City's opposition to local legislators via email and called several legislators.

Bill No.	Title	Position	Basis
SB1937 HA 1	Pensions	Oppose	Legislative priority- Sustainable Pensions
SB193743 HA 2	Pensions	Oppose	Legislative Priority- Sustainable Pensions

BILL SUMMARY
SB1937, House Amendment 1 and 2
On May 27, House Amendment 1 to Senate Bill 1937 was introduced. On May 31, House Amendment 2 to Senate Bill 1937 was introduced. These bills would enhance Tier 2 Police, Fire and the Illinois Municipal Retirement Fund (IMRF) pensions.

The House Executive Committee recommended that House Amendment 2 be adopted and then held for further discussion in the Spring 2026 session.

ENERGY BILL PASSED IN THE HOUSE
On Wednesday, the House voted to pass the Clean and Reliable Grid Affordability Act (CRGA), SB25 HA#4 and #5, the Omnibus Energy bill debated in Springfield throughout the Spring session. The Senate is anticipated to vote on the bill today.

SB25 includes Integrated Resource Planning requirements for municipal electric utilities as well as state-wide planning requirements. The legislation shifts some policy-decision making to the Illinois Power Agency and Illinois Commerce Commission and also includes new energy storage procurement programs.

Staff would like to recognize Representative Yang Rohr and her staff, Senator Ellman and her staff, IMEA staff, NEST, and the Sierra Club for their time and efforts in openly discussing and negotiating portions of SB25, especially the Integrated Resource Planning requirements and process. Additionally, SB 25 does not include the net metering and other requirements previously opposed by Naperville.

Recommendation:
Please include in the October 30, 2025, Manager's Memorandum.