



IMEA POWER SALES CONTRACT & CAPACITY PURCHASE AGREEMENT

May 14, 2024



Introduction

- Illinois Municipal Electric Agency (IMEA) is the Village's supplier of wholesale power
- IMEA formed in the Spring 1984
 - Winnetka was one of the twenty-three charter members
- Village entered into a full requirements contract in June 1990.
 - IMEA acquires power on the Village's behalf
 - Wholesale power cost for the entire Village in 2023: \$8.8 million



Introduction (cont.'d)

- Power Sales Contract and Capacity Purchase Agreement are set to expire on September 30, 2035
- IMEA Requesting the Village's Consideration of a Contract Extension
 - October 1, 2035 through May 31, 2055
 - Ensure generation resources are in place
 - Planning horizon to transition the portfolio to Net Zero by 2050
 - Consideration period through May 31, 2025
- IMEA Presenters
 - Ms. Staci Wilson, Director of Government Affairs
 - Mr. Rakesh Kothakapu, Vice President of Engineering & Energy Markets
 - Mr. Troy Fodor, Vice President & General Counsel

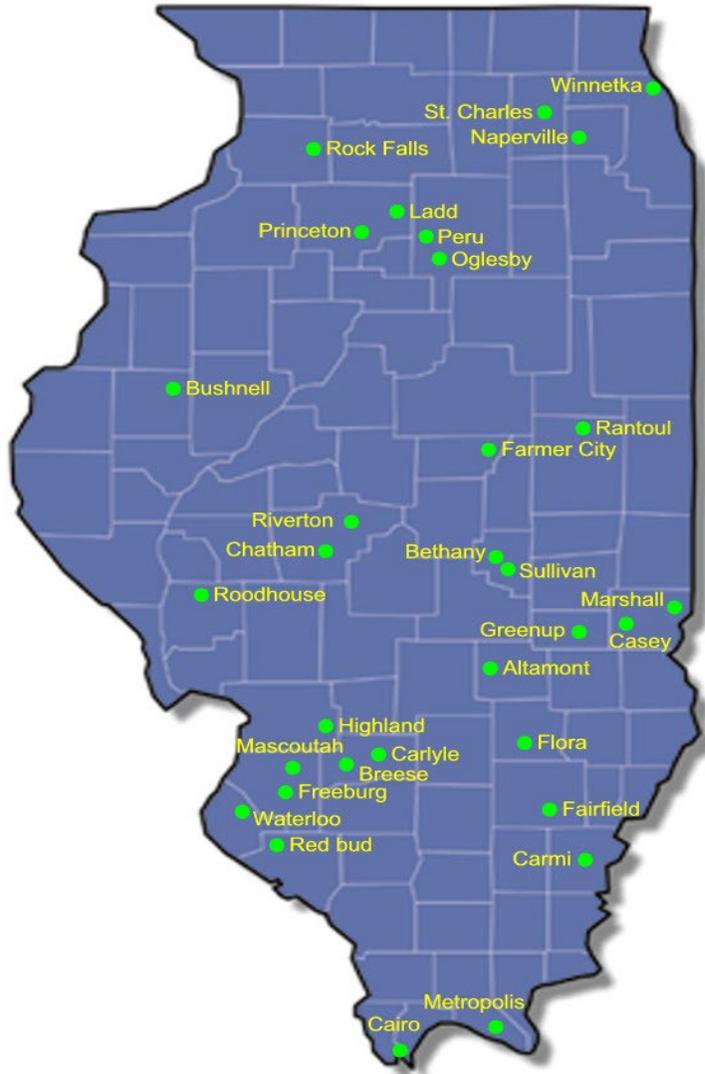




Illinois Municipal Electric Agency



Illinois Municipal Electric Agency and Winnetka



Forty Years of Success!

- The Agency is you! IMEA is a nonprofit Municipal Joint Action Agency formed by and run by its members.
 - ✓ Our purpose is to secure affordable and reliable long-term power supply for your community
- Winnetka was an initial founding member in 1984 when IMEA began planning to provide full requirements power
 - ✓ Gary Zimmerman of Winnetka elected the very first President of IMEA Board of Directors
- Winnetka first began taking power from IMEA in 1991
 - ✓ Village leaders recognized the value of resource and rate stability
 - ✓ IMEA has reliably served Winnetka's wholesale electric needs ever since
- Winnetka's Partnership with IMEA empowers your electric utility to safely and affordably keep the lights on for your community

IMEA & Winnetka Partnership

Winnetka has a direct voice in power supply through its IMEA Board seat

- ✓ Village President appoints IMEA Board member, with Village Council approval
- ✓ Winnetka IMEA Board Member updates Village President & Village Council on IMEA Board Meetings and key items

IMEA governed by 32 Member Board of Directors – we ARE our member communities

- ✓ All IMEA villages/municipalities have a seat on the IMEA Board
- ✓ Executive Board composed of nine IMEA Board members that are selected by their peers to more deeply review IMEA agency decisions – makes recommendations to full board
 - Winnetka recently had one of the nine Executive Board seats
 - Winnetka serves on IMEA E2C2 (Energy Efficiency) Committee
- ✓ IMEA Board Meetings provide in-depth financial, legal and operational reports
 - Detailed minutes posted on website
- ✓ IMEA is subject to Open Meetings Act & Freedom of Information Act



IMEA Serves your Municipality – Joint Action Advantage

Village of Winnetka & IMEA

IMEA is “always on call” for your community and at your service

IMEA only works for Illinois, nonprofit, locally owned and controlled public power systems

Through shared services, IMEA provides predictable power at predictable rates

Power in Numbers

Winnetka instrumental in formation of the IMEA

Seat at the Table

Protects Against Market Volatility: Long-term Electric Needs

Joint Action Advantage: Shared Costs

Members govern our organization, and your community helps drive all major decisions



IMEA provides more than just your power supply. At your direction, we provide value-added, tailor-made services at no additional cost.



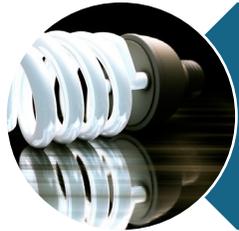
NERC cyber compliance



Power Supply Scheduling



Representation in Regional Transmission Organizations



Electric Efficiency Incentives



Negotiate Transmission and Sub-transmission contracts



Green Power Choices REC purchasing program



Electric Vehicle and Infrastructure Incentives



State and Federal Legislative Advocacy



Legal & Regulatory Defense of Assets



Grid Management services – Demand Response



24 Hour Member System Support for Outages and Emergencies



Capacity & Fuel Payments for Local Generation

Current IMEA Contract

IMEA currently serves our members through September 30, 2035.

Beyond that date, IMEA has the most stable, certain and sure power supply path towards an affordable, reliable and sustainable future.

- Municipals and Cooperatives did not deregulate in 1997 like investor-owned utilities
 - ✓ Long-term obligation to serve load
 - ✓ Power marketers have no long-term service obligations
- IMEA is planning for the long-term. We will be here to provide the needed power supply, transmission arrangements and value-added services well beyond our existing contract
- Members of IMEA decide what resources we use to serve our communities
 - ✓ We are directly Member driven, every Member has a vote
- IMEA's long term debt will be paid off in 2035. Winnetka will have a direct voice in deciding our path forward to diversify our portfolio while ensuring steady rates, steady supply and a steady transition to the future

Rates are projected to significantly decrease by roughly 25% when bonds are paid in 2035!



IMEA Contract Advantages

- IMEA has never been in better shape financially in its 40 years of existence
 - ✓ IMEA's long term energy portfolio will bring value to our members for many years
 - Long term contracted resources
 - Member owned and controlled resources
 - IMEA offers affordable professional management of complex industry and customer services
 - IMEA is the highest financially rated power supplier in Illinois (A+/AA-)
- IMEA will continue to create strong value to our membership
- Our Agency is yours. You built it to where we are today. You will build its future.
 - ✓ Extending new IMEA Power Supply Contracts ensures stability and an active role for your utility for the next generation of your community
 - ✓ IMEA provides the experts to optimize, as well as evaluate and retire resources to meet energy and environmental opportunities in the future



Affordability.
Reliability.
Sustainability.



Affordability. Reliability. Sustainability.



Affordable

- Nonprofit results in lower rates for your community
- IMEA Power Supply Costs are lower today than 10 years ago
- Moneys “earned” are returned to lower power costs to your residents

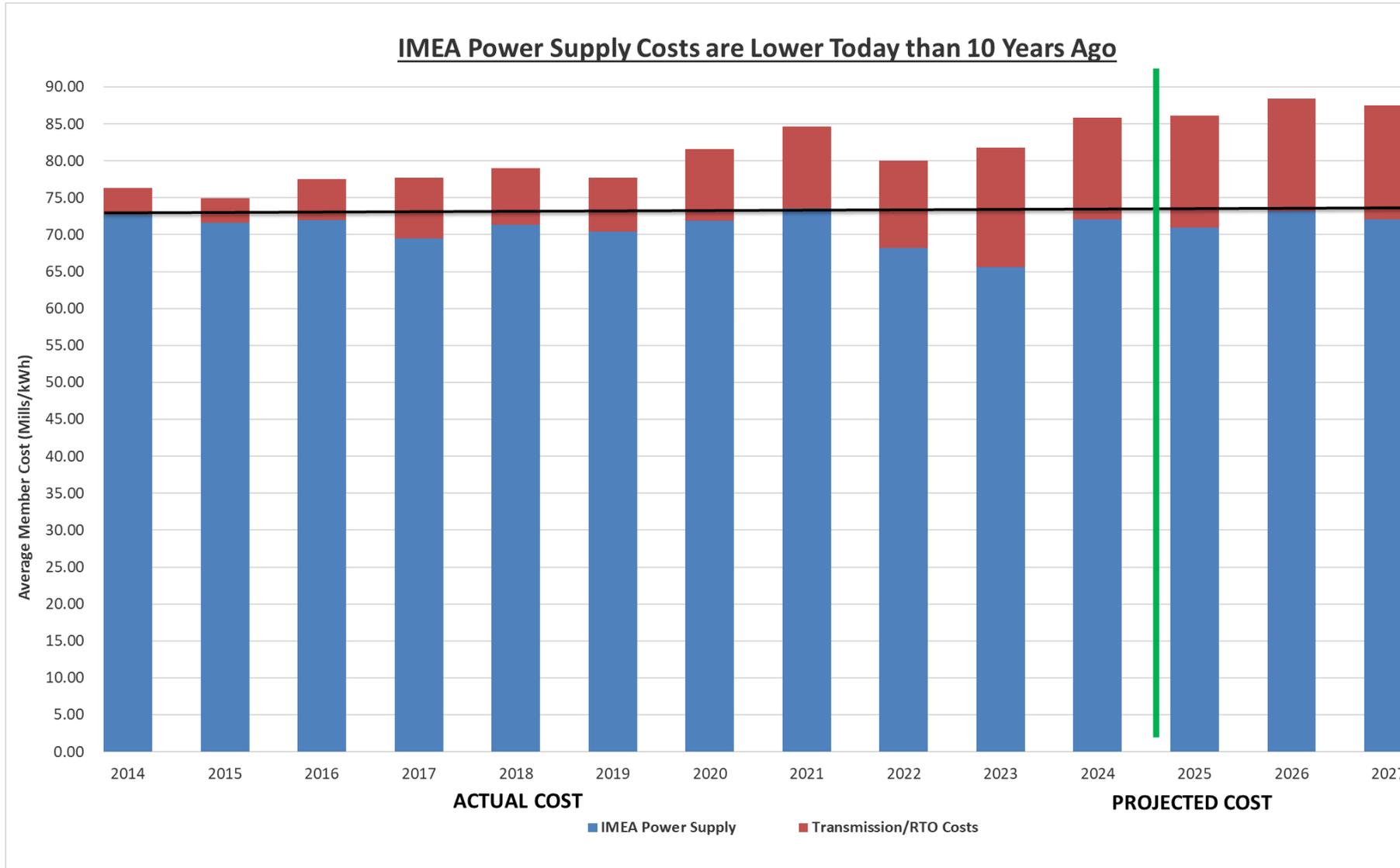
Reliable & Predictable

- Job #1 is keeping the power flowing around-the-clock
- 24x7 Operations Center provides support to local crews providing prompt and quick services for outages
- IMEA average cost of power to members has been under budget for 9 of the last 10 years (Covid).

Sustainable

- Responsible transition as we affordably and reliably convert from traditional generation resources to carbon-free resources
- IMEA’s fiscal responsibility provides the wherewithal to serve our municipalities for generations to come
- Residents have a direct voice in decision making via board representative

Affordability. Reliability. Sustainability.



IMEA rates to Winnetka remain flat over the previous 10-year period, and are projected to continue to remain flat, thanks to agency-owned resources and long-term contracts



IMEA's long-term ownership model insulates Winnetka from significant rate swings due to market volatility

Markets have been in flux, but IMEA power costs remain predictable and reliable



Jacksonville's Municipal Electricity Aggregation Program Victim of Rising Supply Costs

By Benjamin Cox on October 12, 2022 at 5:46pm



Central Illinois grocery store to close after more than \$10,000 in electric bills mount

by: Brandon Merano
Posted: Feb 3, 2023 / 04:25 PM CST
Updated: Feb 3, 2023 / 04:26 PM CST



Crain's Chicago Business

<https://www.chicagobusiness.com> › Utilities

ComEd rates for households 14% higher this summer

May 31, 2023 — Commonwealth Edison's rates will be 13.1 cents per kilowatt-hour compared with 11.5 cents in summer 2023, the utility said.

Ameren Illinois asks state utility regulatory commission for rate increases



ComEd electric rate hike request worries consumers whose utilities costs are already rising



By [Jason Knowles](#)

Wednesday, February 1, 2023



Power Supply Resources – Diverse portfolio to protect against market volatility

Solar: Large and small scale

- Big River Solar Farm 25 MW (Online next year)
- 6 solar systems online in member communities, currently in process of adding several more

Wind: 2 major wind projects total 120 MW

- Green River
- Lee DeKalb Wind Energy Center

Coal

- Prairie State Generating Company
- Trimble County

Hydro Power

- Peru and Rock Falls run-of-river plants

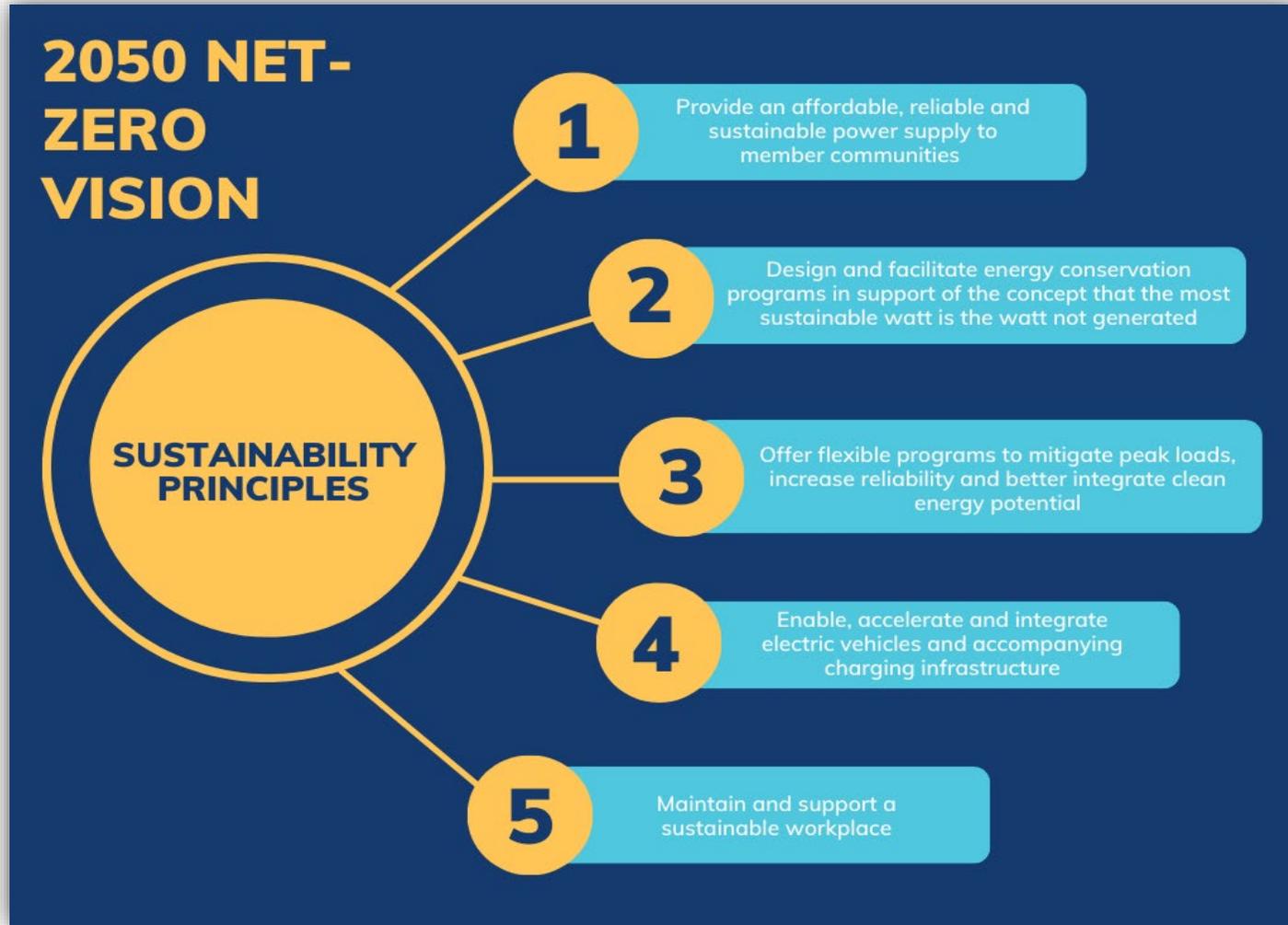
Contracted Capacity & Energy Purchases (hedges)

- Capacity with nuclear owner and solar farms
- Energy purchases from regional markets (i.e., grid)

Member Generation Capacity



Sustainability: Transitioning to Our Energy Future



Roadmap Forward:

- Target reductions in greenhouse gases
- Increase our renewable generation resources to replace current resources
- Allow the flexibility needed to embrace changes in technology, such as battery storage
- Continue and expand energy efficiency program incentives to our communities and their residents
- Reduce resource capacity needs by accelerating our demand response options
- Advance electric vehicles and EV infrastructure

Sustainability: Transitioning to our Energy Future

IMEA is committed to a carbon-free portfolio

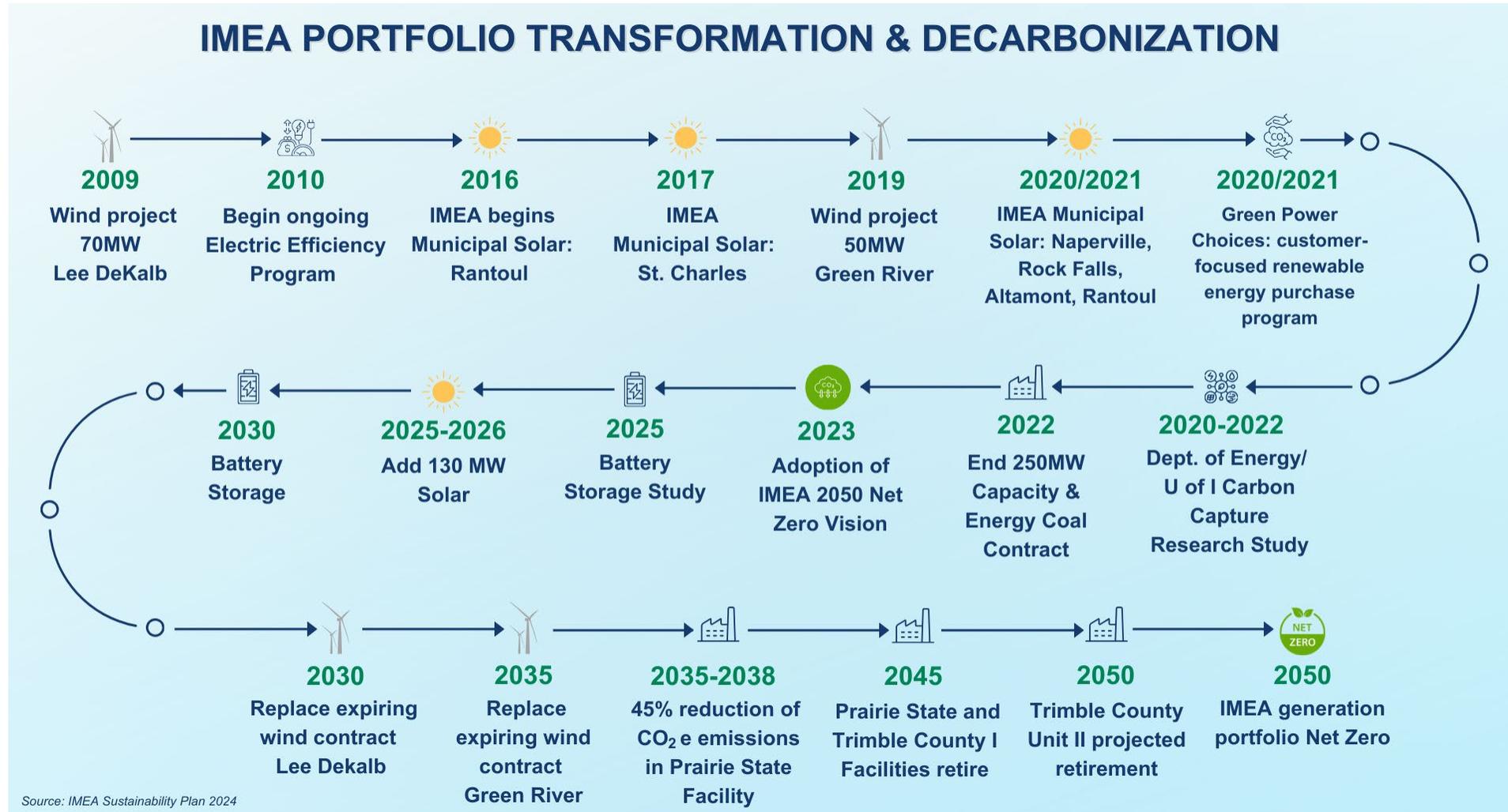
- Climate change is a critical issue for customers, member communities and the nation
- Our Plan was created and approved by our Board
- Details action IMEA plans to take in the future
- IMEA will review the plan annually, reporting back to the Board on progress toward goals
- Plan will be updated on a three-year review cycle, ensuring that goals remain current to membership
- Utilize a member governing body stakeholder process to update the plan

IMEA is committed to efforts to combat climate change and create a sustainable energy future by providing stable-priced, reliable and cleaner power that ensures our members and their residents a higher quality of life for future generations.



IMEA Contract – Resource Transition Is Underway!

Key Dates for the Agency and Members' Power Supply Needs



**Why do we need a new IMEA
Contract now?**



New IMEA Contract – Why Now?

Resource Transitioning Has Started!

- IMEA needs to work NOW to transition and replace resources that are going offline between now and 2035, with a goal of net-zero energy production by 2050
- Without extensions, IMEA can't make agreements to procure power for members beyond 2035
- Some IMEA resource agreements are near expiration, and we must act to replace that power supply soon
- Maintaining our reliable, affordable position requires locking in new resources now for the long-term
 - ✓ Long-term deals are lower-priced
- IMEA needs to know how much new power to acquire to serve long term member needs beyond 2035, so the agency needs to know who those members will be

Impossible to plan if we do not know how much power to buy!



New IMEA Contract - Why Now?

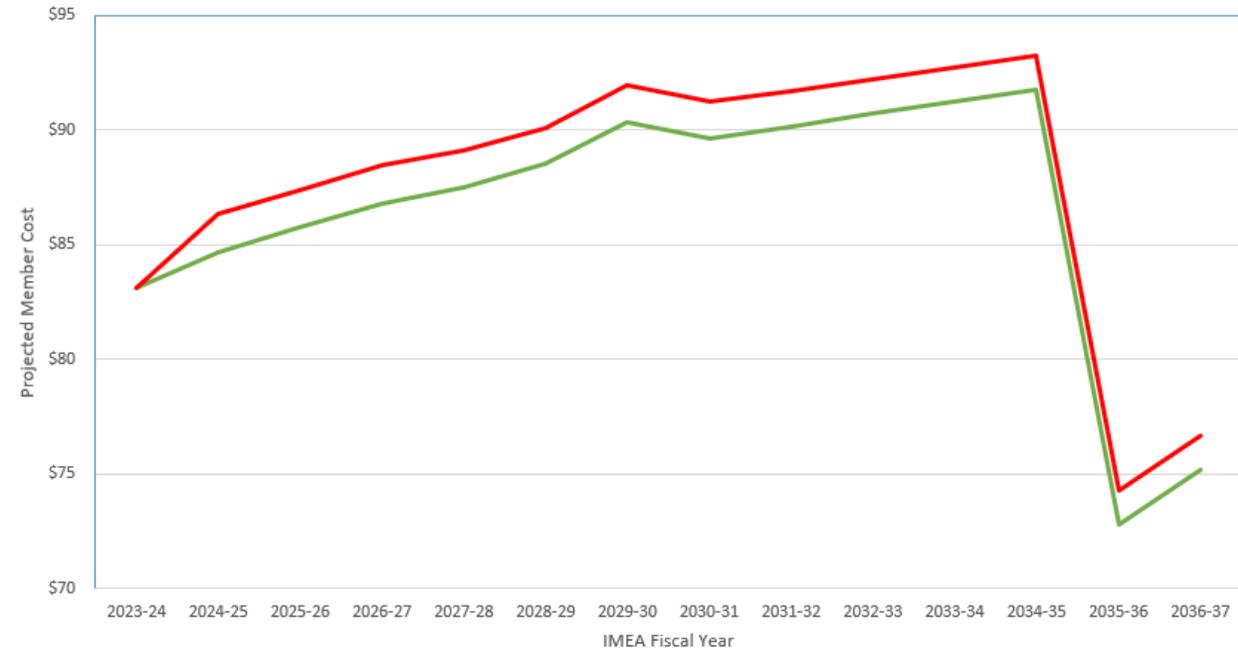
Longer term resource agreements are better deals

- **The current contract's expiration date of 2035 prevents securing power resource agreements beyond its expiration date**
 - ✓ Resource decisions must be made in near future
 - Two wind farms and one large solar farm will need to be replaced before 2035 member contract ends (total 145 MW)
 - IMEA Sustainability Plan has a goal to add 130 MW new solar to be energized before 2026
 - Need to replace one unit of Prairie State by 2035/2038 which essentially coincides with the end of our Member contract
- **By extending the Member contracts, IMEA will be able to secure favorably priced new resources**
 - ✓ Typical renewable energy power purchase agreements are 20 years
 - This allows project developers to finance their debt and offer the most attractive economic price
 - Shorter term power purchase agreements (PPAs) are almost always more expensive
 - With only 11 years left on the member contracts, IMEA cannot enter 20-year deals at this time



IMEA Model Rate Projection Adding Solar (20-year v. 10-year PPA)

- Based on long-term planning and forecasting options, IMEA recommends adding 130 MW of solar to our portfolio
 - ✓ Recommendation reflected in Sustainability Plan Goals
- Under current IMEA member contracts that end in year 2035, IMEA would be limited to a 10-year PPA
- Average cost estimates of a 20-year PPA at \$65/MWh vs. a 10-year (or less) PPA at \$95/MWh
- Results in a difference of nearly \$64 million costs
 - ✓ Almost \$6.4 million higher cost to IMEA members each year over the 10 years time span



Add 100MW Solar, 10-year PPA ~ \$95
Add 100MW Solar, 20-year PPA ~ \$65



Contract Details



IMEA Contract – Working together

- The contract was developed throughout a year-long process and discussions with the Board
 - ✓ Member Contract Working Group
 - ✓ Reviewed concepts and options to formulate contract
 - ✓ Presentation to the Board with Feedback Sought and Incorporated into final product
 - ✓ Unanimous Vote by the Board on the Final Contract
- Our Agency is Yours. You Built it to where we are today.
- We want to see that success continue.



New IMEA Member Contract

Extended Contract is Much Like the Current Contract

- **Contract Form**: Similar format as existing contract, with dates changed to reflect forward timelines. Existing structure and principles have worked well for 40 years
- **Rates and Charges**: Calculated in same manner as existing contract. All rates are cost-based, set by the IMEA Board of directors
 - ✓ Members generally pay same rates and charges based on load ratio portion of entire agency costs
 - ✓ Once IMEA's current long-term debt is paid in 2035, rates are projected to decrease by roughly 25%
 - ✓ Rates include more than just wholesale power. The village benefits from multiple value-added services and staff assistance. IMEA Board reviews and decides which programs to add, remove, or change as they deem necessary and relevant

IMEA has performed 5-7% below budget over the last several years, saving money for both our members and your customers!



New IMEA Contract Details

- **Contract Length:** 20-Year Agreement with the term beginning at the expiration of the current contract
 - ✓ New contract term is October 1, 2035 (end of current contract) – May 31, 2055
 - ✓ A new member contract with a 20-year term provides the ability to negotiate and procure lower priced resources for the needs of members
 - ✓ This ensures your community has a predictable and affordable power supply that is less susceptible to dramatic price swings

New IMEA Contract Details

- **New Opportunity to have Locally Driven Renewable Resources**

Member Directed Resource (MDR)

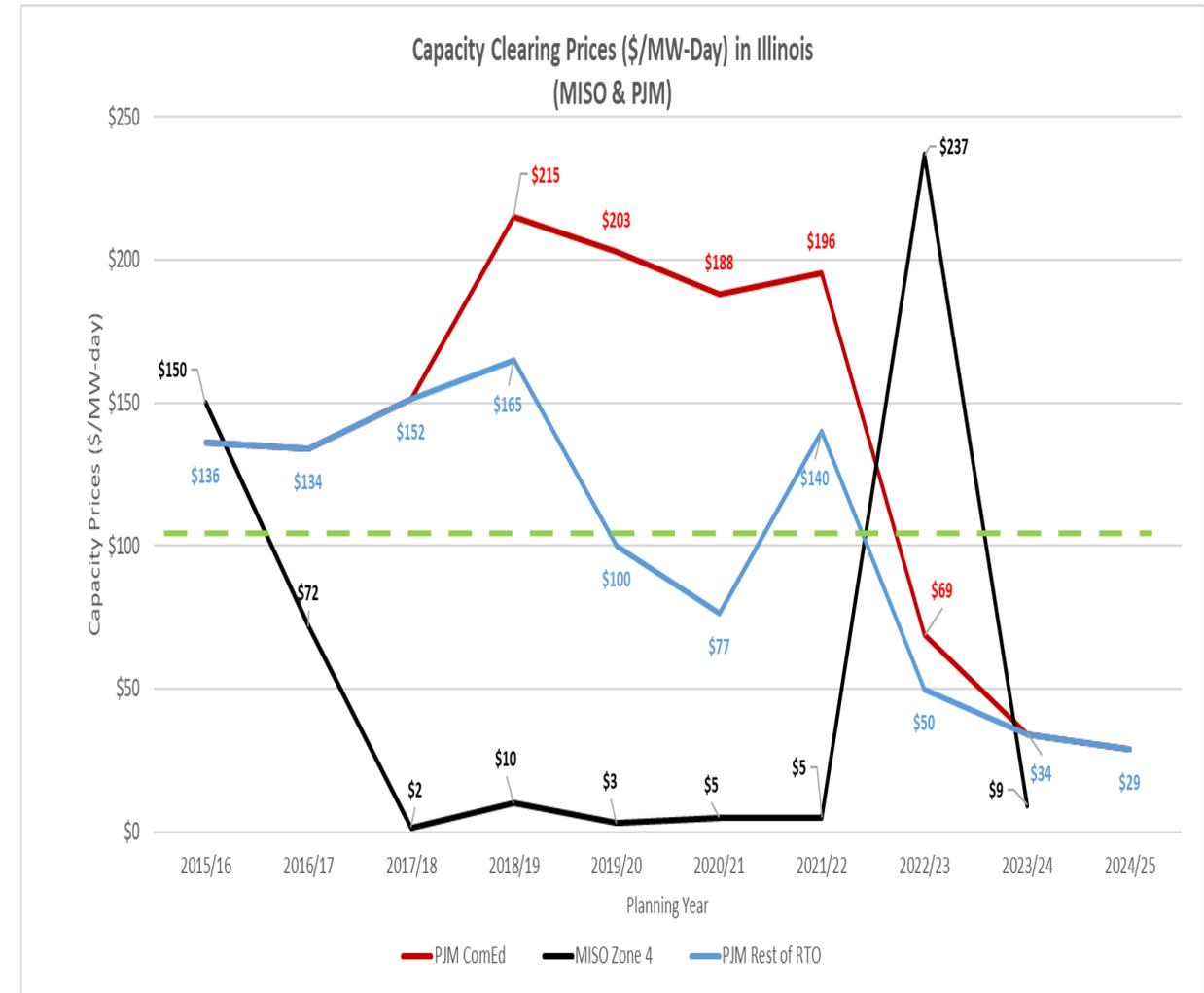
- ✓ With IMEA Board approval, village can locally subscribe up to 10% of peak demand in qualified Member Directed Resources (e.g. wind, solar, biomass).
- ✓ Opportunity for an even higher percentage, if IMEA Board approved.
- ✓ Process can begin as soon as village extends contract – no need to wait until 2035!
- ✓ Resource does not need to be in the Village. However, it must be in Illinois.
 - Village will get full credit that the PJM capacity and energy market will pay for such a resource
 - Energy produced will be valued at MDR locational marginal price as determined by the regional market organization
- ✓ IMEA will manage the resource on the Village's behalf for its regional grid operator (PJM) requirements
- ✓ MDR option is designed to allow local renewable development and hold all other members harmless from costs and risks



IMEA Member Generator Capacity Credits

Providing Members with revenue surety while balancing benefits to non-generators is key

- The value of capacity in Illinois is extremely volatile
 - ✓ IMEA members seek cost recovery stability
- Starting with the new contract, all existing members get \$3.20/kilowatt-month
 - ✓ New contract sets only the capacity value **floor** for those that own and operate these units
- Gives the ability to amend the generation capacity payments to all current IMEA members for all members before 2035 (as determined by IMEA Board)
 - ✓ If there is a consensus of the Board, IMEA can increase capacity and energy compensation at any time
 - ✓ The Board will evaluate and decide on capacity payments on a regular basis rather than speculate on what the capacity market will do in the future by setting exact prices in a contract body
- **Winnetka currently receives almost \$1.0 million in capacity credits each year for agency dedicated generation**



Why IMEA?

Powering with Purpose.

- We supply low-cost, reliable and sustainable power
- We offer value-added services tailor-made for municipal electric systems
- You have a direct voice in decision making
- We share your long-term obligation to serve
- We are nonprofit, focused on serving **YOU** - not Wall Street
- Let's extend into the future the good results we have achieved together!



Questions? Thank you!

