

CITY OF RED BUD, RANDOLPH COUNTY, ILLINOIS

ORDINANCE NO. 1550

**IMEA POWER SALES CONTRACT AND CAPACITY PURCHASE
AGREEMENT EXTENSIONS ORDINANCE**

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF RED BUD, ILLINOIS,
THIS 5TH DAY OF AUGUST, 2024.**

*Published in pamphlet form by authority of the City Council of the City of Red Bud,
Randolph County, Illinois, this 5th day of August, 2024.*

Posted: August 6, 2024
Removed:

By: KAC
By:

STATE OF ILLINOIS }
 } ss
COUNTY OF RANDOLPH }

CERTIFICATION

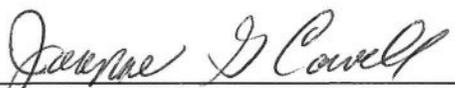
I, Joanne Cowell, certify that I am the duly appointed municipal clerk of the City of Red Bud, Randolph County, Illinois.

I further certify that on August 5, 2024 the Corporate Authorities of the above municipality passed and approved Ordinance No. 1550 entitled:

**IMEA POWER SALES CONTRACT AND CAPACITY PURCHASE AGREEMENT
EXTENSIONS ORDINANCE**

The pamphlet form of Ordinance No. 1550 including the Ordinance and a cover sheet thereof was prepared, and a copy of such Ordinance posted at the Red Bud City Hall commencing on August 5, 2024 where it will remain for at least ten (10) days thereafter. Copies of the Ordinance were also available for public inspection upon request in the office of the municipal clerk.

Dated at Red Bud, Illinois, this 6th day of August, 2024.



Joanne Cowell
City Clerk

ORDINANCE NUMBER 1550

AN ORDINANCE OF THE CITY OF RED BUD, RANDOLPH COUNTY, ILLINOIS AUTHORIZING THE EXECUTION OF A NEW POWER SALES CONTRACT AND A NEW CAPACITY PURCHASE AGREEMENT WITH THE ILLINOIS MUNICIPAL ELECTRIC AGENCY FOR THE DELIVERY PERIOD COMMENCING OCTOBER 1, 2035

WHEREAS, the Illinois Municipal Electric Agency (“IMEA” or the “Agency”) is a body politic and corporate, municipal corporation and unit of local government of the State of Illinois organized under the Illinois Joint Municipal Electric Power Act, 65 ILCS 5/11-119.1-1 et seq. (the “Act”) as a municipal power agency, and it provides electric power and energy and related services to its member municipalities that own and operate their own municipal electric utility and electric distribution systems; and

WHEREAS, the Agency was created as a means to achieve economy, adequacy and reliability in the supply of electric power and energy by planning, financing, owning and operating facilities for the generation and transmission of electric power and energy and related facilities or other facilities necessary or convenient for the planning and operation of a system for the production and transmission of electric power and energy thus making it possible for its member municipalities to achieve economies and efficiencies not possible for municipalities acting alone; and

WHEREAS, the City of Red Bud is a municipality owning and operating a municipal electric utility and electric distribution system which furnishes retail electric service to the public in its service area, and the City is a member of the Agency; and

WHEREAS, the City Council of the City of Red Bud and the Board of Directors of the Agency have previously approved, and the City and the Agency have heretofore entered into a long-term Power Sales Contract pursuant to which the Agency provides and the City purchases the full requirements of power and energy needed to meet the load obligations of the City’s municipal electric utility and electric distribution system; and

WHEREAS, the existing Power Sales Contract is set to expire on September 30, 2035; and

WHEREAS, under the Power Sales Contract, the Agency has full responsibility for planning and obtaining an adequate supply of power and energy for the City and other Agency members; and

WHEREAS, the City Council of the City of Red Bud and the Board of Directors of the Agency have previously approved, and the City and the Agency have heretofore entered into a Capacity Purchase Agreement pursuant to which the City has dedicated the behind the meter generating resources owned and operated by the City to the Agency's control and use; and

WHEREAS, the existing Capacity Purchase Agreement is tied to and matches the term of the existing Power Sales Contract through September 30, 2035; and

WHEREAS, in furtherance of its obligation under the Power Sales Contracts, the Agency plans for and takes all necessary steps to ensure a resource portfolio to meet the long- and short-term power and energy needs of the City and other members ("Participating Members"), including participation in and ownership of baseload generating resources, ownership of and Capacity Purchase Agreements with Participating Members that own behind the meter generating resources, entering into long and short term bilateral contracts with power suppliers for the purchase of capacity and energy from new and existing thermal, renewable and non-carbon generating resources, and participation in and purchases of capacity and energy from markets maintained by the Regional Transmission Organizations that control the regions where the Participating Members are located; and

WHEREAS, the electric industry in Illinois is undergoing a transition away from traditional thermal resources in favor of renewable and non-carbon generating resources; the Illinois General Assembly has passed new laws encouraging the development of renewable and non-carbon generating resources and restricting emissions from thermal resources; and traditional thermal generating resources have been retired or will be retiring due to age and emissions restrictions; and

WHEREAS, in light of this changing environment, the resource portfolio to meet the needs of the City and other Agency Participating Members will likely be primarily through contracting

for capacity and energy from new renewable and non-carbon generating resources; developers of new renewable and non-carbon generating resources require long-term commitments for the purchaser of the output from these projects in order to finance and build such resources; typical financing by developers is currently for 20 to 25 years; in the short-term if developers are willing to contract for the shorter period that the Agency has remaining on its existing Power Sales Contracts, the pricing will necessarily be higher to allow the developer to finance the project and be assured of collecting its development and operational costs over the shorter period; in the long-term, if the Agency waits to begin supplementing its resource portfolio, it is anticipated that the cost of construction of new projects will increase making even full 20 to 25 year power supply contracts more costly; and

WHEREAS, in order to plan for and ensure that resources are in place to continue to meet the long- and short-term power and energy needs of its Participating Members, including the City, and to continue providing reliable, affordable, and sustainable power now and in the future, the Agency needs to provide for the continued contractual relationships with the Participating Members beyond September 30, 2035; without a firm commitment from Participating Members beyond September 30, 2035, the Agency will not be able to continue to ensure that resources are in place at favorable prices; and

WHEREAS, the Agency must also provide for the continued availability of the existing and future behind the meter generating resources owned and operated by its Participating Members as part of its resource portfolio beyond September 30, 2035; and

WHEREAS, the Agency Staff, with the input of a working group consisting of members of its Board of Directors, has developed the form of a new Power Sales Contract and a new Capacity Purchase Agreement, commencing immediately upon the expiration of the existing agreements, the form of which are attached hereto and incorporated herein; and

WHEREAS, upon approval of this Ordinance by the City of Red Bud, the City and the Agency are agreeing to the continuation of the full requirements power supply relationship between the City and the Agency and to the form and terms and conditions of the new Power Sales

Contract and new Capacity Purchase Agreement with Illinois Municipal Electric Agency for the delivery period commencing on October 1, 2035; and

WHEREAS, based upon the foregoing facts, the City by this Ordinance hereby finds and determines to accept and approve the new Power Sales Contract and the new Capacity Purchase Agreement with Illinois Municipal Electric Agency for the delivery period commencing on October 1, 2035.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND THE CITY COUNCIL OF THE CITY OF RED BUD, RANDOLPH COUNTY, ILLINOIS, as follows:

Section 1. The findings and determinations set forth in the preambles to this Ordinance are hereby made findings and determinations of the City Council of the City of Red Bud and are incorporated into the body of this Ordinance as if set forth in full.

Section 2. The City Council of the City of Red Bud hereby accepts and approves the new Power Sales Contract with Illinois Municipal Electric Agency for the delivery period commencing on October 1, 2035, which commencement date is immediately upon expiration of the existing Power Sales Contract with Illinois Municipal Electric Agency in the form presented and agrees to be bound by the terms and conditions thereof. A copy of such new Power Sales Contract is attached hereto as Exhibit A and incorporated herein by reference.

Section 3. The City Council of the City of Red Bud hereby accepts and approves the new Capacity Purchase Agreement with Illinois Municipal Electric Agency for the delivery period commencing on October 1, 2035, which commencement date is immediately upon expiration of the existing Capacity Purchase Agreement with Illinois Municipal Electric Agency in the form presented and agrees to be bound by the terms and conditions thereof. A copy of such new Capacity Purchase Agreement is attached hereto as Exhibit B and incorporated herein by reference.

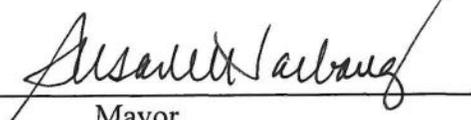
Section 4. By this Ordinance, the Mayor of the City of Red Bud is hereby authorized and directed to execute and deliver and the City Clerk is hereby authorized and directed to attest and seal a new Power Sales Contract, substantially in the form of Exhibit A, and a new Capacity Purchase Agreement, substantially in the form of Exhibit B.

Section 5. By this Ordinance, the Mayor of the City of Red Bud is hereby further authorized to take all steps and execute any and all other documents and agreements reasonably necessary or appropriate to implement and administer the new Power Sales Contract and the new Capacity Purchase Agreement approved hereby.

Section 6. All Ordinances and parts of Ordinances in conflict herewith are hereby superseded.

Section 7. This Ordinance shall be in full force and effect from and after its passage.

PRESENTED, PASSED AND ADOPTED at a regular meeting of the City Council of the City of Red Bud, Randolph County, Illinois, by an aye and nay roll call vote, with 6 voting aye, 0 voting nay, 2 absent, 0 passing, which meeting was held on the 5th day of August, 2024.



Mayor



City Clerk