



Southwest Power Pool
REGIONAL ENTITY TRUSTEES MEETING
APRIL 29, 2013
HILTON KANSAS CITY AIRPORT, KANSAS CITY
- A G E N D A -
8:00 am – 12:00 pm
[Meeting Materials](#)

ADMINISTRATIVE ITEMS

1. Call to Order, IntroductionsJohn Meyer
2. Antitrust GuidelinesEmily Pennel
3. Approval of Meeting Minutes – Jan. 28, 2013John Meyer

The meeting was called to order at 8:05 a.m. The Trustees approved the January meeting minutes with no discussion.

GENERAL MANAGER’S REPORT

4. General Manager’s Report Ron Ciesiel

The first step in the Reliability Assurance Initiative (RAI) is implementation of a standardized audit checklist developed through a third party assessment of RE audit practices and processes. All of the REs have agreed to implement this standardized audit process as soon as practical, realizing that audit packages through July 2013 have already been issued in most regions.

NERC and the REs continue development of the BES Exemption Process steps while waiting for final approval of the BES definition. FERC made a final ruling with an expected initiation date of July 1, 2013. RE and NERC staff recently met to finalize outstanding issues and develop a rollout strategy, which includes a training for RE staff in May and a series of webinars/workshops for registered entities in June.

The group discussed the importance of sharing Lessons Learned and asked if SPP RE staff could summarize the region’s 17 regional events from 2012. A better understanding of issues that have occurred throughout the region - even if the involved entities remain anonymous - should help everyone improve.

2013 SUMMER RELIABILITY ASSESSMENT

5. SPP RE Summer Reliability Assessment Report Debbie Currie and Jason Smith

The draft 2013 Summer Assessment report includes a 54,168 MW projected 2013 peak demand and 79,359 MW Existing Capacity resources. Our region has a lot of existing legacy generation that can be called on at peak. Approximately 175 miles of transmission have been added since the 2012 summer assessment. The SPP RE assessment area has sufficient capacity to meet forecasted demand during the 2013 summer assessment period. SPP RE and RTO staff will host a webinar May 9 to get stakeholder feedback on the draft assessment before it is sent to NERC to be finalized and published in May. Noman Williams, SPP RE representative on the NERC Planning Committee, noted that the committee will likely approve the report at the end of May; he would be glad to accept any comments.

Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable

ENFORCEMENT REPORT

6. Enforcement Report Joe Gertsch

SPP RE does not have any objectives regarding identifying violations; the staff goals only relate to processing violations. Few violations are processed via NAVAPS (Notice of Alleged Violation and Proposed Penalty or Sanction); most are processed via the settlement process or Find, Fix, and Track (FFT). The Enforcement group has a caseload of 195 violations, compared to 264 at this time last year. Violations cannot be moved to NERC until mitigation is completed. It is incumbent on the entity to mitigate violations in order for them to be expeditiously processed. The duration of a violation is of increasing significance during penalty determination.

High Impact (HI) violations are requirements that either have a high VRF or were designated by SPP RE staff as having the highest risk. The enforcement group prioritizes getting HI violations mitigated and processed as quickly as possible. A stakeholder asked staff to provide a list of HI requirements and to include HI requirements in the Top Ten Most Violated list.

The names of entities involved in CIP violations are kept confidential. The group discussed whether this confidentiality impacts entities' performance. It was noted that violation information is widely shared in the nuclear industry. Transparency can lead to "peer pressure" to correct the issues, because neighbors have a vested interest in their neighbors being compliant.

NERC REPRESENTATIVE PRESENTATION

7. Compliance and Certification Committee (CCC) Jennifer Flandermeyer

If we do the Reliability Assurance Initiative (RAI) right, it could get us to a more programmatic and sustainable approach to compliance. The goal is to work together to streamline processes rather than add more paperwork; we don't need to overcomplicate our processes. We have spent a lot of time discussing the current Compliance and Monitoring Enforcement Program's (CMEP) burdens; RAI gives us the opportunity to lessen the burdens. We need to rally around CMEP improvements we can all live with. The CCC is collaborating with NERC on the RAI; regional CCC representatives are from Oklahoma Gas & Electric, Rayburn Electric, and KCP&L.

The CCC's Risk Based Reliability Compliance Working Group is working on a white paper and FAQ, the Standards Interface Subcommittee is working on Reliability Standard Audit Worksheet improvements, the Retention Task Force is discussing reasonable record retention periods, and the Internal Controls Task Force is focusing on internal controls.

Registered Entities should address risk by having controls in place to catch small issues and improve compliance on the front-end, while we keep working to improve the "back-end" enforcement processes.

COMPLIANCE GROUP REPORT

8. Compliance Report Ron Ciesiel

NERC issued CIP Version transition guidance on 4/11/13 that allows entities to move to V4 'Bright Line Criteria' (BLC) immediately. If BLC is adopted, a Risk Based Assessment is not required. Under BLC 1.4 and 1.5, Blackstart Resources and Cranking Path stations do not have to be labeled as critical and are not included. It is important to note that control centers that control any of the assets meeting BLC criteria, including 1.4 and 1.5, are considered 'critical' and must remain in the program, recognizing that control centers will move from conditional to 'medium' or 'high' priority in CIP V5.

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*



Reliability Coordinators/Planning Authorities/Transmission Planners now have a role in identifying 'critical' assets.

NERC's guidance is now complicated by FERC's 4/18/13 announcement that they intend to issue a Notice of Public Rulemaking for CIP V5 as soon as practical. NERC has promised a revised guidance document soon

We expect to begin processing exclusions and exceptions to the new Bulk Electric System definition in July, using a NERC-hosted software application. We will likely receive numerous applications at the beginning of this process. Our first priority will be to process requests that will change an entity's registration, such as an entity with only one BES element. Next, we will focus on facilities newly identified due to the new definition; these will have a two-year phase-in program. The third priority will be to process elements that will not change the entity's registration, such as an entity that wants to except a few of its many BES elements. We will provide training as soon as we have more information. We encourage you to begin developing strategies and reviewing facilities that meet the exclusion thresholds now. Recent FERC activities indicate that sub-100 kV facilities that operate in an integrated fashion must at least be checked for BES impact.

We continue to monitor the RAI and encourage you to do the same. The RAI is expected to revamp and streamline the standards process, include risk-based monitoring, focus on more recent data, separate minor and major enforcement issues, and emphasize event reporting and sharing of lessons learned. Continuing to build your internal compliance processes, with support of upper management, will help prepare you for the RAI changes.

Regarding the Facility Ratings Alert, over 93% of High Priority discrepancies have been remediated. 12 entities in the SPP region with medium priority lines reported ~1,300 discrepancies. Entities have one year to complete discrepancy remediation. A stakeholder noted that this program is impacting budgets and that it may be a struggle to meet the timeline.

Our region had one reportable tree contact in 1Q 2013; Kip Fox with AEP suggested that entities with very tall pine trees should take another look at their vegetation management plans.

Misoperations continue to be dominated by communication failures and incorrect settings/logic/design errors, and the ten most violated standards are still dominated by CIP violations.

We have several upcoming events including the CIP Workshop, May 21-22 in Dallas or via webinar.

FINANCIAL REPORTS

- 9. Reconcile 2012 final numbers..... Ron Ciesiel
- 10. First quarter 2013 numbers..... Ron Ciesiel
- 11. 2014 preliminary business plan and budget Ron Ciesiel

SPP Inc. increased SPP RE's overhead charge from \$67.35 to \$75.38 per hour, which is impacting our 2013 and 2014 budgets. We are participating in SPP's "Lean" process improvement initiative.

The proposed 2014 budget shows an increase of 2.2% over 2013. Comments on the NERC budget (which includes regional budgets) are due to NERC May 30. The SPP RE Trustees will take action on the SPP RE budget June 18, and the NERC Trustees will take action on the overall budget package August 15.

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*

ISSUES ROUNDTABLE

- 12. Input for Trustees’ discussion with NERC Board of Trustees..... Gerry Burrows

NERC and regional Trustees are going to begin meeting annually. Trustee Burrows asked the group for input on talking points for the first group meeting, primarily on the topic of risk. It was noted that risk can be different for entities of different types and sizes and rural vs. urban areas. Individual entities may have different risks than the overall BES. We need to agree on a common “risk universe”.

YTD STAFF METRICS

- 13. Staff goals and metrics update Ron Ciesiel

We have begun creating a monthly graphical display of internal metrics to chart staff’s progress toward meeting annual goals; staff will post the document each month to SPP.org.

Written Reports

- 14. NERC Representatives Written Reports - Comments or Questions
 - a. Operating Committee ReportJim Useldinger
 - b. Interchange SubcommitteeJeremy West
 - c. Critical Infrastructure Protection Committee Report Robert McClanahan
 - d. Planning Committee Report..... Noman Williams

- 15. RE Staff Written Reports - Comments or Questions
 - a. Outreach ActivityEmily Pennel

There were no comments on the written reports.

SUMMARY OF NEW ACTION ITEMS

- 16. New Action ItemsEmily Pennel

- 1.Summarize all regional events to facilitate information sharing
- 2.Publish a list of High Impact requirements
- 3.Add High Impact to Top Ten Violations chart

FUTURE MEETINGS

- 17. Future MeetingsJohn Meyer

- June 18, 2013 - Little Rock
- July 29, 2013 - Denver
- October 28, 2013 - Little Rock

The meeting was adjourned at 12:08 p.m.

Respectfully submitted,

Emily Pennel
SPP RE Trustees Secretary

*Relationship-Based • Member-Driven • Independence Through Diversity
Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*