



Southwest Power Pool
REGIONAL ENTITY TRUSTEES MEETING MINUTES

July 29, 2013

Marriott City Center

Denver, Colorado

Meeting Materials

8:00 a.m. – 12:00 p.m.

- 1. Call to Order/Introductions Emily Pennel
- 2. Antitrust Guidelines Emily Pennel
- 3. Approval of Meeting Minutes – June 18, 2013 John Meyer

The meeting was called to order at 8:01 a.m. The Trustees approved the June 18, 2013, meeting minutes with no discussion.

- 4. **CIP Transition V3-V5** (*via phone/webex*) Kevin Perry

CIP Version 5 is pending before FERC. FERC’s Notice of Proposed Rulemaking requested industry comments on several issues of concern; SPP RE and other entities have submitted comments. FERC Commissioner LaFleur has stated that FERC wants to approve V5 before 4/1/14; in that case V4 would be rescinded and entities would remain on V3 until V5 becomes effective. The latest proposed [NERC Transition Guidance Document](#), issued in July but not yet finalized, is significantly changed from NERC’s previous guidance released in April 2013. The latest guidance document is expected to be effective upon release until the V5 enforcement date and will supersede the NERC V4 guidance. The guidance document includes a plan for NERC to conduct a transition implementation study that will take six months.

During the transition period there are three proposed approaches for entities: 1) Status Quo: Continue to maintain a valid V3 Risk Based Assessment Methodology; 2) Adopt the V4 Bright-Line Criteria in its entirety, with caveats; 3) Adopt the V5 Bright-Line Criteria in its entirety. A stakeholder asked if SPP RE staff has a recommendation for which approach works best for SPP RE. We recommend entities carefully review all choices and select the approach that best meets your needs. SPP RE staff can deal with all approaches. There may be something in V4 that would be advantageous for helping your organization make the transition. Going straight to V5 may be more advantageous.

SPP RE will audit to whatever standard is in effect. If FERC doesn’t act by 4/1/14, we will have to audit V4. We can’t audit on V5 until its enforcement date, however we will accept adoption of the V5 Bright-Line Criteria in lieu of a V3-compliant Risk-Based Assessment Methodology. An entity going to V5 may come out of compliance with V3 or V4 – we recognize that condition and will not expect that an entity must be in compliance with all V3 requirements right up to the V5 enforcement date if it can demonstrate its program is consistent with the V5 parallel requirement.

There will be more information on the CIP transition at the [fall workshop](#).



5. **Discuss Recall of Regional UFLS Standard**Ron Ciesiel

SPP spent about six years developing the regional SPP Under Frequency Load Shedding (UFLS) Standard, PRC-006-SPP-1, which NERC approved in November 2012. One reason the regional standard was created was to require Generator Owners (GOs) to participate in the SPP UFLS program. The SPP RE Trustees passed the regional standard because there was no other NERC standard that would have covered the GO requirements. However, PRC-024-1 is also pending at FERC; it does require GOs to supply data to the Planning Coordinator (PC). The continent-wide PRC-024-1 and the SPP regional UFLS landed at FERC for approval at the same time. All requirements in the SPP regional standard are included in the SPP PC’s UFLS Plan.

The UFLS standard drafting team recommended that MOPC provide an advisory vote that PRC-006-SPP-1 should be withdrawn from FERC consideration since NERC PRC-024-1 is waiting on FERC approval. MOPC approved the recall. SPP RE staff supports effort to recall PRC-006-SPP-1, as all of its requirements are covered by NERC standards. For the majority of the footprint, the regional standard is already covered by the SPP PC’s UFLS Plan.

Once PRC-024-1 and PRC-006-1 go into effect, SPP RE will oversee GOs and Load Serving Entities against the SPP PC (or other PC) plan. The SPP RTO is required to create a valid UFLS Plan and SERC will oversee the SPP UFLS plan and program.

Chairman Meyer stated that he is not supportive of regional standards when they are not needed. He asked staff to provide a matrix comparing the regional and national standards on key issues. Chairman Meyer said the Trustees should consider the SPP Board’s advisory vote, to be taken the following day, before holding a public conference call in the coming week. During the call, the Trustees will vote on the recall.

6. **Long Term Reliability Assessment (LTRA)**Debbie Currie

Action Requested: SPP RE Trustees accept LTRA

The LTRA is prepared by RE and RTO staff. The 2013 LTRA is a projected 10-year long-term outlook (2014-2023). The report’s primary objectives are to provide a qualitative outlook of regional reliability and make recommendations for mitigations/actions as needed. The LTRA is created using Model Development Working Group model data submitted by Reporting Entities. Staff seeks inputs from the Transmission Working Group and Operating Reliability Working Group; the report then undergoes peer review at NERC.

The LTRA projected ~54,700 MW for 2014 Total Internal Demand and ~59,200 MW for 2023. Modest load growth is projected over next ten years. For 2014, the report indicates ~88,000 MWs Total Internal Capacity and ~91,000 MWs in 2023.

SPP members are required to maintain a 12% capacity margin, which translates to a 13.6% reserve margin. The forecasted anticipated reserve margin is ~35% in 2014, decreasing to ~28% in 2023. SPP has instituted a bi-annual study process to review environmental regulations that takes into account outage scheduling. Long-term challenges include oil/gas drilling and integration of variable generation.

The Trustees unanimously accepted the 2013 LTRA.



7. **Facility Ratings Alert Update**Debbie Currie

In the SPP RE region, nine entities have completed High Priority Line assessments; over 99% of High Priority discrepancies have been remediated. Twelve entities in the SPP region reported assessment results on Medium Priority Lines; ~ 1,900 discrepancies were found and ~13% have been remediated. Seventeen regional entities reported assessment results on Low Priority Lines; ~ 300 discrepancies were found and ~38% have been remediated. A large number of reporting entities did not provide an update for Low Priority facilities or did not complete assessment of Low Priority facilities following inspection. Ron Ciesiel recommended that entities make extension requests sooner rather than later. Compliance actions are deferred until the end of the program.

8. **Staff Reports**

8a. **General Manager’s Report**Ron Ciesiel

There has been a lot of discussion on the Reliability Assurance Initiative (RAI). As part of the RAI, NERC’s Compliance and Certification Committee recently published the [Internal Controls Working Guide](#); internal controls will have increased focus moving forward in the CMEP. A third-party recently assessed all RE audit processes, and all regions have agreed to adopt the resulting standardized audit template that should be in place by the end of the year.

All aspects of BES implementation has been deferred until 7/1/14. In the fourth quarter of this year, NERC plans to conduct outreach on the software program used to process inclusion and exclusion requests.

8b. **Enforcement Report**..... Jimmy Cline

The current caseload index is around nine months. We have a caseload of 194 active violations; 60 are 693 and 134 are CIP. There are 64 open High Impact violations. Self-reports are the leading discovery method of incoming violations. In 2013, 100 mitigation plans have been submitted.

Entities are not required to submit a mitigation plan unless we issue a Notice of Alleged Violation Proposed Penalty or Sanction. Some entities have waited for the Enforcement process to begin before working on mitigation. CIP issues are more complex to resolve. Ron Ciesiel encouraged stakeholders to proactively submit mitigation plans.

8c. **Compliance Report**Ron Ciesiel

A Standards Drafting Team is working on Phase 2 of the BES Definition to clear up open issues from Phase 1 and address issues raised in the FERC Order. The Phase 2 project only received 49% approval. Registered Entities should be compiling a list of self-nominated ‘exclusions’.

As part of the RAI, we expect more stakeholder involvement in the development of Reliability Standards Auditor Worksheets. Revisions to the Find, Fix, and Track process are underway based on FERC’s 6/20/13 Order. Self-reporting processes/requirements are also under review.

We need everyone to be committed to understanding the root causes of events. EOP-004 -2 becomes effective 1/1/14. This standard brings together the Event Analysis and mandatory reporting programs. Entities’ implementation of NERC/FERC recommendations from major events will be viewed favorably.



Our operations success rate is generally improving. Incorrect setting/logic/design errors and communication failures are most common cause of misoperations in our region. We have asked the SPCWG to investigate these causes and ask stakeholders to look at root causes. Second quarter data is due 8/31/13. Transmission Owners in the SPP RE footprint had no reportable contacts in the 2Q 2013 timeframe.

Ron Ciesiel encouraged everyone to look at the [fall workshop agenda](#) and [upcoming webinars](#).

Chair John Meyer served on a NERC panel of five independent industry experts who reviewed the 693 standards and [published a report](#) on their findings. The experts recommend retiring 147 requirements and consolidating the remaining requirements for an overall 43% reduction in requirements. They identified gaps in outage coordination, governor frequency response, situational awareness models, and clear three-part communications. The group recommended that NERC:

1. Retire 147 requirements and focus initial improvement efforts on 16 high-risk standards
2. Continue developing risk-based approaches to identify high priority reliability issues
3. Realign standards from the current 14 families into 10 families grouped by reliability functions
4. Address identified gaps
5. At an appropriate time in CIP standards' development, use a team of experts to evaluate the CIP requirements

9. NERC Operating Committee (OC) Report (via phone/webex) Jim Useldinger

At the April OC meeting there was a lot of discussion on the revised MISO reliability plan. MISO and Joint Parties executed the "Operations Reliability Coordination Agreement" that defines the terms of the operations transition period. The next step is to develop an operations coordination process. The OC approved this MISO reliability plan in June.

The Balancing Authority Reliability-based Control standard drafting team developed a Reliability Guideline on Reserve Policy; the OC approved posting it for comment. The Operating Reliability Subcommittee issued a survey to Reliability Coordinators regarding follow-up on the Southwest Outage. The OC asked the subcommittee to develop a Guideline addressing the utilization of Operational Tools.

The OC approved the Event Analysis Subcommittee's (EAS) revisions to the Event Analysis process. The EAS discovered two equipment vendor issues; a Lessons Learned has been published on the topic. The EAS researched event data and did not find enough evidence to require EMS support, transmission/generation field support, or engineering support personnel to receive the level of training or certification required of a BA, TOP, or RC.

The OC heard a report on how some companies are addressing the aging workforce by utilizing military veterans to fill industry positions. Veterans bring skill sets that translate well, including leadership, commitment, discipline, crisis management, and teamwork.

10. NERC Committee Representative Written Reports - Comments or Questions

- 10a. Planning Committee Noman Williams
- 10b. Compliance and Certification Committee Jennifer Flandermeyer
- 10c. Critical Infrastructure Protection Committee Robert McClanahan
- 10d. System Protection and Control Lynn Schroeder
- 10e. Interchange Subcommittee Jeremy West

There were no questions regarding these reports.

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



11. Staff Written Reports - Comments or Questions

- 11a. Staff Goals and MetricsRon Ciesiel
- 11b. Year-to-Date Financial Statement.....Ron Ciesiel
- 11c. Outreach Activity Emily Pennel
- 11d. Summary of Recent System EventsDebbie Currie

SPP RE staff are on track with our metrics except for the Misoperations success rate, which is just under the 90% goal. We are under-running our budget, primarily related to some open positions.

Stakeholders are encouraged to attend the Oct. 8-9 fall workshop in Little Rock or via webinar and three upcoming webinars; see the [SPP.org RE calendar page](#) for details.

We have had nine events YTD. Category 1 events are the lowest-tier of events. We have had two Category 1 events and 7 Category 0 events, which are tracked just for trending purposes. One Category 1 event was the evacuation of a control room due to fire; a [Lesson Learned](#) was posted on SPP.org. The other was a lightning strike that caused catastrophic insulator failure on a 345 KV line.

Ron Ciesiel encouraged the RTO Generation Working Group to discuss winter weatherization.

12. New Action Items Emily Pennel

Emily Pennel will schedule a public conference call for the Trustees to discuss and vote on a recall of the regional UFLS standard.

13. Future Meetings John Meyer

- [October 28, 2013](#) - Little Rock
- [January 27, 2014](#) - Austin
- [April 28, 2014](#) - Oklahoma City
- [June 17, 2014](#) - Little Rock (budget meeting)
- [July 28, 2014](#), Omaha
- [October 27, 2014](#) - Little Rock

The meeting was concluded at 12:03 p.m.

Respectfully submitted,

Emily Pennel
SPP RE Trustees Secretary

REGIONAL ENTITY TRUSTEE MEETING

JULY 29, 2013

ATTENDANCE LIST

NAME	SYSTEM
Sheila Scott	SPP RB
Emily Pennel	SPP RB
Jimmy Cline	SPP RB
MARTIN PENNING	EMPIRE DISTRICT
Stacy Duclatt	SPP
RON CIGSIEL	SPP RB
GERRY BURROWS	SPP RE TRUSTEE
John Meyer	" " "
Dave Christiano	" " "
DAVID GOULDING	NERC BOT
BRETT KRUSIE	CAL PINE
Patrick Smith	Westar
Bo Jones	Westar
TRACEY STEWART	SWPA
JULIAN BRIX	SPP DIRECTOR

NAME

SYSTEM

Sohn Rhea	CEAE
Kip Fox	AEP
Debbie Currie	SPP RE
Terri Eaton	Xcel Energy
Jamie Strickland	Xcel Energy
Lindsay Shepard	Sunflower
Noman Williams	Sunflower
BRIAN GEDRICH	NEXTERA
Philippa Narog	Xcel Energy (SPS)

Webex Attendance 7/29/13

Kevin Perry (SPP RE)	SPP RE
John Allen (SPRM)	City Utilities of Springfield
Eric Ervin	Westar
Fred Meyer	Empire
Mike Murray	City of Independence, MO
Chris Haley	SPP
Jennifer Flandermeyer	KCPL
jim useldinger	KCPL
Mahmood Safi	OPPD
Noumvi Ghomsi	MO Public Service Commission