



SPP REGIONAL ENTITY TRUSTEES MEETING

JANUARY 27, 2014

Omni Hotel at Southpark

Austin, Texas

A G E N D A

8:00 a.m. – 12:00 p.m.

Meeting Materials

- 1. **Call to Order/Introductions** John Meyer
John Meyer called the meeting to order at 8:10 a.m. The start time was delayed due to an executive session that ran a few minutes over.
- 2. **Antitrust Guidelines** Emily Pennel
Emily Pennel reminded the group to speak up if the discussion strays outside the antitrust guidelines.
- 3. **Approval of Meeting Minutes – Oct. 28, 2013** John Meyer
The minutes were approved with no discussion.

4. Staff Reports

4a. General Manager’s Report / 2013 End of Year Review.....Ron Ciesiel
Ron Ciesiel presented a review of SPP RE’s 2013 activities. Almost half of the violations were processed via Find, Fix, Track (FFT), and the majority are CIP violations. We have seen a distinct drop in the number of violations; many Registered Entities have now already been through audits and have improved their processes. We’ve made enhancements to our audit processes, including clearing issues during the pre-audit to save time during the audit. It’s really important for Registered Entities to mitigate issues as they are discovered; we reviewed 180 mitigation plans last year. There was one compliance hearing in 2013 which has been settled. The ERO has created an Auditor Handbook which will bring audit process consistency across regions.

We processed 22 events, an increase over 2012, but all the events were either category 0 or 1, which are the least severe categories. This speaks well to operations inside SPP. We added nine Registered Entities in 2013; when the new BES definition goes into effect in July, we expect some entities with single transmission elements will be excepted from the compliance monitoring and enforcement program (CMEP). On January 23 we sent notices to impacted Primary Compliance Contacts regarding SPP RE’s expectations of Balancing Authorities during the reversion period after the Integrated Marketplace go-live.

We had 1,218 workshop and webinar attendees last year and posted 16 new training videos. We are also increasing outreach to individual Registered Entities such as speaking at their internal compliance forums. In December the regional UFLS standard was withdrawn. The revised Regional Standards Process Manual has been approved by NERC and submitted to FERC.

4b. Enforcement Report..... Jimmy Cline
We issued 189 Notices of Possible Violation in 2013; the year end active caseload was 186 violations. Enforcement sent 86 FFTs to NERC for approval. FFTs must be mitigated before being processed. There were 41 dismissals and 61 open High Impact violations at the end of the year. 46% of the 2013 end-of-year caseload were self-reported violations.

4c. CIP Transition Update..... Kevin Perry
FERC Order 791 is effective 2/3/2014. The Order approved the technical requirements, 19 definitions, implementation plan, bypass of Version 4, and VRFs/ VSLs (with modifications). FERC directed NERC to, within one year: 1) remove language requiring entities to “identify, assess, and correct” deficiencies and address alternative approach, 2) define communication networks and develop standards that address protection of communication networks, and 3)

survey entities to gain better understanding of 15-minute impact provision of BES Cyber Asset definition.

In no specified timeframe NERC is to develop requirements that protect transient electronic devices that fall outside BES Cyber Asset definition and define minimum security controls for Low Impact BES Cyber Systems. FERC also ordered a staff-led conference within 180 days.

There are six participants in a V5 study, including Westar. These entities are accelerating their conversion to CIP V5. The study should determine compliance and enforcement expectations during the transition periods, identify technical challenges, and improve consistency and transparency of the newly approved CIP standards. A report will be issued after the study ends in March.

4d. Compliance ReportRon Ciesiel
Regarding the Reliability Assurance Initiative, work is still underway on the Auditor Handbook, pilot programs, self-reporting improvements, and enforcement enhancements. Enforcement enhancements include a new triage process that includes an earlier certainty regarding the processing track or determination and an “off-ramp” for minimal risk issues.

The ERO-wide BES database and software has been tested by RE staff and select industry participants and will be available for submittals on July 1, 2014. NERC will present workshops and webinars in 2Q 2014.

2014 audit participants will notice a new entity questionnaire that is more extensive; it helps SPP RE with final scoping/risk assessment. There will also be an increased emphasis on pre-audit evidence reviews which could result in less time on-site. We are reducing the hashing requirements for CIP participants, streamlining the TFE process, revamped the audit report format which should result in faster turnaround time, and considering the proposed introduction of an ‘compliance exception’ finding which would be noted and filed, but not sent through the enforcement process.

The relay operations success rate is declining. “Unnecessary trip during fault/other than fault” continue to be the highest misoperation categories. “Communication failures” and “incorrect setting/logic/design errors” are still the highest causes of misoperations.

Violations in the SPP region continue to mimic NERC’s most violated standards. About half of the PRC-005 issues are administrative in nature; the raw number of PRC-005 violations has dropped even though it remains in the top 10.

Regarding the Facility Ratings Alert, all evaluations were to be completed by 12-31-13 unless under an extension request. Year-end reports were due to SPP RE by 1-15-14. We are still aggregating data from the Facility Ratings Alert; preliminary results indicate ~420 high priority line discrepancies, ~1,990 medium priority, and ~3,150 low priority. Almost all high priority discrepancies have been remediated; only 34.3% medium and 27.5% low priority lines have been remediated. Remediation of ratings discrepancies to be completed within one year of discovery or end of 2014, whichever is earlier.

There were no reportable contacts in the SPP RE footprint for the 4th quarter of 2013, making this the third quarter in a row without a reportable incident.

4e. Summary of Recent System Events..... Alan Wahlstrom
We had 22 events in 2013; 13 were analyzed via NERC’s Event Analysis process. Causes of some recent events were loss of Real-Time Contingency Analysis system, breaker slow to trip, failed potential transformer event, loss of state estimator, ice storm caused loss of bus, and loss of Automatic Generation Control. After an event happens we meet with NERC, the impacted Registered Entities, and sometimes the SPP Event Analysis Working Group to cause code the event.

Of the three regional companies that declared Energy Emergency Alerts in February 2011, one company lost two units in January 2014. In February 2011, 28 units were forced out or de-rated; 16 were forced out or derated January 5-7, 2014.

Regarding the new EOP-004-2, if you have an event that triggers Department of Energy reporting, you will still need to complete the OE-417 Disturbance Report. If you complete the OE-417 report, you do not have to complete the NERC EOP form. SPP RE and NERC will accept the OE-417 in lieu of the NERC report. However, if your event does not require an OE-417, you should use the NERC EOP form included in the standard. Registered Entities should submit disturbance and event information to SPPEVENTS@spp.org (SPP region) or MISOEVENTS@spp.org (MISO region). Please contact Alan Wahlstrom with questions (501.688.1624).

5. NERC Planning Committee Update.....Noman Williams

The PC approved the *Performance of Variable Resources During and After System Disturbance–Voltage and Frequency Ride-Through Requirements* report, which highlights potential reliability issues with high penetrations of distributed variable energy resources. The PC approved the *Geomagnetic Disturbance (GMD) Planning Application Guide* and the *Geomagnetically-Induced Current (GIC) Application Guide*.

The group approved modifications to the 2014 Long Term Reliability Assessment and seasonal data requests. Enhancements include modifications to the supply category terms and the addition of three tiers for clarity in categorizing existing and planned resources. They also approved the revision of five Adequate Level of Reliability (ALR) metrics, retirement of two ALR metrics that were rolled into existing metrics, and a revision to the Severity Risk Index (SRI).

The PC passed a motion asking the Modeling Working Group (MWG) to proceed with plans to quantify the costs and benefits from converting planning models to node-breaker representation.

6. Gridex UpdateRobert McClanahan

Held in November, this was the second bi-annual, nationwide tabletop grid emergency exercise with over 200 entities. The exercise was very fast-paced to simulate the “fog of war” within the confines of a tabletop exercise. An executive tabletop followed the big event to address national policy issues. Eleven SPP members participated in the overall exercise, with five active in the CIPWG Grid Exercise Task Force (GETF) which held conference calls to discuss the exercise. The GETF noted that more “local” (to SPP) injects would make for a more valuable exercise and that the group needs to do more information-sharing. They noted we should consider a region-specific emergency conference bridge and a secure chat mechanism to share information during an emergency situation. We could possibly conduct a joint SPP members’ exercise during off-GridEx years to improve security-related communications and coordination during emergencies and normal operations, and to generally improve the security readiness in the SPP footprint.

7. Accept 2013 Goals and Metrics PerformanceRon Ciesiel

SPP RE staff met or exceeded all but three of the 16 goals for 2013. The overall metrics achievement was 104.36%. Based on the metrics, budget performance, and annual stakeholder survey results, Ron made a recommendation to the Trustees for performance compensation. The Trustees approved performance compensation of 116% of the target bonus pool. SPP RE’s

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Evolutionary vs. Revolutionary • Reliability & Economics Inseparable*

process is similar to how the SPP RTO calculates performance compensation. A stakeholder agreed with the Trustees' assessment of staff performance and noted much improvement. He suggested more one-on-one outreach between SPP RE leadership/Trustees and Registered Entity compliance officers.

8. **Approve 2014 Goals and Metrics**Ron Ciesiel
The 2014 goals support NERC's performance metrics and internal business goals, and they reflect anticipated process changes, changes in workload, more experienced staff, and staffing changes. We eliminated metrics that were no longer necessary and added metrics to support new initiatives. The Trustees feel that 16 goals may be too many, yet they feel all of the goals and metrics are important and like that they include all RE staff. The Trustees unanimously approved the 2014 goals and metrics,
9. **Discuss travel compensation for Standard Drafting Team Members**Ron Ciesiel
As discussed in previous SPP RE Trustee meetings, SPP RE encourages stakeholder participation in NERC Standard Drafting Teams (SDT). A stakeholder asked the SPP RE Trustees to consider reimbursing travel expenses for SPP RE stakeholders that volunteer for NERC SDTs, similar to SPP's long-standing policy of paying travel for stakeholders that represent SPP on NERC Committees. An attendee commented that it would be a good idea to sponsor SDT members due to entities' budget constraints. Another stated that controls would need to be in place and that we would have to ensure the SDT member was representing the regions' interests and not just his/her company. Ron Ciesiel stated that he monitors current NERC committee representatives expenses and they have always been reasonable. Ron will bring a proposal to the next meeting.
10. **NERC Committee Representative Written Reports – Comments or Questions**
There were no questions or comments on the NERC reports.
 - 10a. Compliance and Certification CommitteeJennifer Flandermeyer
 - 10b. System Protection and Control Lynn Schroeder
 - 10c. Interchange SubcommitteeJason Smith
No meetings to report
 - 10d. Operating Committee Report Jim Useldinger
 - 10e. Critical Infrastructure Protection CommitteeRobert McClanahan
11. **Staff Written Reports – Comments or Questions?**
 - 11a. **2013 Year End Financial Statement**..... Debbie Currie
We ended the year under budget. The excess is rolled over into next year's budget.
 - 11b. **Outreach Activity**Emily Pennel
12. **New Action Items**Emily Pennel
Ron will write a proposal regarding SPP RE paying SDT expenses.
13. **Future Meetings** John Meyer
April 28, 2014 – Oklahoma City
June 17, 2014 – Little Rock (budget meeting)
July 28, 2014 – Omaha
October 27, 2014 – Little Rock

A stakeholder noted that we need to consider ways to streamline meetings to ensure we have enough time to adequately discuss these important topics. The meeting was adjourned at 12:35 p.m.

REGIONAL ENTITY TRUSTEE MEETING

January 27, 2014

ATTENDANCE LIST

NAME	ORGANIZATION
<i>Ernie Rye</i>	SPP RE
<i>Kevin B. Perry</i>	SPP RE
<i>Lynn A. Reynolds</i>	SPP Director
<i>BARY WARREN</i>	EMPIRE
MARTIN PENNING	EMPIRE
JEFF KNOTTEK	SPRM
TRACEY STEWART	SWPA
JOSH MARTIN	SPP DIRECTOR
DARRELL PIATT	FERC
MICHAEL BARDEE	FERC
Sarah Lewis	Texas RE
Philip Propes	SPP
Dana Gillett	OGE
John Rhee	OGE
GERRY BURROWS	Trustee
John Meyer	Trustee
Dave Christiano	Trustee
Tim Jacoby	AEP
Noman Williams	Sunflower
TOM HESTERMAN	Sunflower

ROBERT McCLANAHAN	AEC
BRETT	CALPINE
Bryan Kauffman	Xcel Energy / SPS
Bo Jones	Westar Energy
Patrick Smith	Westar Energy
Debbie Currie	SPP RE
Alan Wahlstrom	SPP RE
Jimmy Clive	SPP RE
ROD CRESSEL	SPP RE

