



**Southwest Power Pool
REGIONAL ENTITY TRUSTEES MEETING**

June 17, 2014

**SPP Corporate Center
Little Rock, Arkansas**

A G E N D A

8:00 a.m. – 12:00 p.m.

1. **Call to Order/Introductions** John Meyer
John Meyer called the meeting to order at 8:02 a.m. and welcomed the attendees.
2. **Antitrust Guidelines** Emily Pennel
Emily Pennel reminded the group to speak up if the meeting falls outside the Antitrust guidelines.
3. **Approval of Meeting Minutes - April 28, 2014** John Meyer
The Trustees approved the minutes with no discussion.
4. **SPP RE 2015 Business Plan & Budget**Debbie Currie
The 2015 \$11.8 million operating budget reflects an approximate \$16,000 decrease or -0.1% from the 2014 budget. SPP RE's funding is provided through assessments to Load Serving Entities or designees (mandatory in the U.S.). Funding assessments increased by \$481,000 or 5%, from \$9.2 million to \$9.7 million. A partial reduction of the SPP RE cash position will be used to offset the increase in the 2015 funding assessment. We target a zero balance by the end of the year.

The net decrease in budgeted FTEs is 1.10, reflecting the elimination of a full-time enforcement case manager and a reduction in the number of SPP shared staff who help coordinate the development of regional reliability standards. Other FTE changes are primarily due to reallocation of existing staff.

Compared to the 2014 budget, the net increase in direct expenses is ~\$241,000 and the net decrease in SPP, Inc. indirect expenses is ~\$257,000. The increase in direct expenses is primarily due to travel and consultant costs, including an Engineering Data Validation tool for use in the annual NERC reliability assessments. The decrease in SPP, Inc. indirect expenses is due to a decrease in the overhead rate that SPP, Inc. charges to the RE.

SPP RE and the other REs do not project penalty revenues; penalty revenues have been running about half a million dollars for the past several years. We do not count on penalty monies to achieve our revenue.

2015-2014 Budget Comparison Overview

Resource Item	Approved 2014	Preliminary 2015	Increase / (Decrease)	% Increase / (Decrease)
SPP RE Direct FTEs	30.00	29.00	(1.0)	(3%)
SPP Shared FTEs	3.85	3.75	(0.10)	(3%)
Total FTEs	33.85	32.75	(1.15)	(3%)
Direct Expenses (millions)	\$7.0	\$7.2	\$241k	3%
SPP, Inc. Indirect Expenses (millions)	\$4.8	\$4.6	(\$257k)	(5%)
Total Expenses (millions)	\$11.8	\$11.8	(\$16k)	(0%)
Total Funding Requirement (millions)	\$9.7	\$10.1	\$418k	4%
RE Assessments (millions)	\$9.2	\$9.7	\$481k	5%

We have an 18 month budget cycle. The SPP RE Trustees approve the budget in June, and the budget runs from January 1 to Dec. 31, 2015. The budget will be submitted to NERC in July 2014 and to FERC in August.

The Trustees approved the SPP RE 2015 Business Plan & Budget, subject to adjustment for violation penalty payments received prior to July 1, 2014, plus other non-substantive changes required for filing with NERC.

5. **General Manager’s Report**Ron Ciesiel
 With the wrap-up of the Reliability Assurance Initiative (RAI) pilot programs, the Regional Entities are waiting for the final report and directions on two main issues. First is scoping an oversight engagement for individual Registered Entities. The goal of the RAI project is to close the gap between the “one-size-fits-all” program of today to a more risk-informed customized program. Second will be a formal program for the REs to assess Registered Entities’ internal control programs. This process will allow the REs to customize approaches to compliance oversight for specific Registered Entities. Many RAI details are still under consideration and will be rolled out to the REs in 2Q and 3Q 2014 for implementation in 2015.

Upgrades to webCDMS should be completed around Labor Day, which will allow SPP RE to implement the Compliance Exception category to its decision making toolkit. A Compliance Exception will be a very minor infraction that the RE does not believe merits enforcement action and will be ‘off ramped’ at the RE, catalogued, trended, and bulk uploaded to NERC on a periodic basis. The ultimate goal is for entities to be able to keep compliance exceptions in-house with regular uploads to SPP RE.

The revised BES definition effective date is July 1, 2014. The ERO-wide software tool, BESnet, is open for user registration; entities can begin submitting exceptions on July 1. NERC and SPP RE have been providing training. Registered Entities should be reviewing and preparing any self-determined lists as part of their initial submission.

In conjunction with the rollout of the revised BES definition, NERC has begun an initiative to revamp the entity registration criteria. This “risk-based registration” may include the elimination of certain registered functions, raising the threshold requirements for others, and changing performance requirements for tiered functions in the registry.

The CIP V3 to V5 pilot project is wrapped up and the results will be used to help guide SPP RE, RTO, and Registered Entities as we transition from V3 to V5. NERC is finalizing a transition guidance document that includes instructions on how to deal with issues surrounding the now defunct Version 4, oversight activities for small entities, and other issues. The expected publication date is July 1, 2014.

FERC ordered NERC to fast track a Physical Security Standard, CIP-014, for completion in 2014 and implementation in 2015. The new standard has been approved by the NERC ballot body and is being submitted to FERC for final approval. SPP RE will not act as the third-party reviewer as indicated in the standard; SPP RTO is discussing whether the RTO would be qualified and unaffiliated enough to provide the review.

The Trustees congratulated staff for some recent professional achievements and certifications.

6. **Enforcement Report**.....Joe Gertsch
Through May 31, SPP RE has had 46 incoming violations, compared to 90 at this time last year. We have processed 56 violations YTD. Of this year’s violations, 24 are in Ops/Planning and 22 are CIP; 17 were Self-Reported and 16 were Self-Certified; and 27 were Find, Fix, Track. This year’s violations are 72% self-identified.

The current caseload is 176 violations, which should take under 12 months to process. Of these, 67 are Ops/Planning and 109 are CIP; 30 are on administrative hold; 32 are High Impact; and 74 do not have a mitigation plan.

7. **Staff Goals and Metrics YTD**Ron Ciesiel
SPP RE staff is on track with the 2014 performance goals and metrics.

8. **Financial Statement YTD**.....Debbie Currie
We are underrunning the budget in most categories, primarily due to open positions.

9. **Outreach Report** Emily Pennel
Feedback from the CIP workshop was very good; it was attended by 172 stakeholders in-person and via webinar. The Fall Workshop will be Sept. 30-Oct. 1 in Oklahoma City.

10. **New Action Items** Emily Pennel
There were no new action items.

11. **Upcoming Meetings**..... John Meyer

John Meyer suggested we hold next year’s budget meeting as a net conference unless there are major budget issues that need to be addressed.

July 28, 2014, Omaha
October 27, 2014 - Little Rock

John Meyer adjourned the meeting at 10:30 am.

REGIONAL ENTITY TRUSTEE MEETING

June 17, 2014

ATTENDANCE LIST

NAME	ORGANIZATION
Emily Pennel	SPP RE
Sheila Scott	SPP RE
Joe Gertsch	SPP RE
Debbie Currie	SPP RE
Kevin Perry	SPP RE
BRETT HOLLAND	KCPL
Ellen Fairchild	KCPL
Susan Bartlett	KCPL
Alan Kloster	KCPL
CHARLES KING	KCPL
John Rhea	OG&E
Jennifer Flandermeyer	KCPL
Dan Gibson	KCPL
GERRY BURROWS	SPP RE
John Meyer	Trustee
Steven Keller	SPP RE
SHON AUSTIN	SPP RE
Andrea Doucette	SPP RE
Bo Jones	Westar (teleconference)
Barry Warren	Empire District (teleconf)

