



**REGIONAL ENTITY TRUSTEES MEETING
JANUARY 26, 2015
Dallas, Texas
A G E N D A
8:00 a.m. – 3:00 p.m.**

Background Material

1. **Call to Order/Introductions** **John Meyer**
The Chairman called the meeting to order at 8:00 a.m.
2. **Antitrust Guidelines**.....**Emily Pennel**
3. **Approval of Meeting Minutes – 10/27/14**..... **John Meyer**
The Trustees approved the minutes from the October meeting.
4. **2014 Year in Review**..... **Ron Ciesiel**
In 2014, the SPP RE staff’s weighted total metrics achievement was 121.8%. We performed 56 audits and improved audit processes such as enhancing the pre-audit review. RE staff helped develop the ERO-wide Auditor Handbook and began using it to verify consistency of audit documentation and work papers. FERC observers attended five SPP RE audits and provided positive feedback.

SPP RE’s Event Analysis staff engaged with the national NERC Event Analysis program and handled 30 reportable events, including 13 events that qualified for a category of one or higher. We responded to a FERC inquiry regarding regional follow-up actions in response to recent winter storms, worked with the RTO to publish three regional reliability assessments, and coordinated Facility Ratings Alert activity for the SPP RE region.

After the new Bulk Electric System definition went into effect in July, we processed 143 self-determined notifications for 154 elements and two local networks. SPP RE added four new Registered Entities, de-activated seven, and reduced the number of registered functions for 14.

In 2014, the SPP RE Enforcement group received the lowest number of incoming violations it has received since 2009. Of the 121 incoming violations, 66 or 55% were self-identified. Due to the reduced number of incoming violations and efficiency gains in the processing of minor risk violations, the Enforcement caseload at year’s end is down to 119, from 186 in 2013. There were 99 mitigation plans submitted in 2014 as compared to 200 in 2013.

We had excellent attendance at our regional workshops and webinars. We are enhancing the webCDMS compliance management tool to keep up with the compliance program changes.

5. **Accept 2014 Goals and Metrics Performance * Action item Ron Ciesiel**
The Trustees unanimously accepted the 2014 goals and metrics performance as presented.

6. **Approve 2015 Goals and Metrics * Action item..... Ron Ciesiel**
We developed new 2015 goals and metrics to support NERC’s metrics and goals, recent process changes, our changing workload, and our more experienced staff. The Trustees asked staff to review some of the metrics to make them more challenging. The Trustees will vote on the revised metrics during an upcoming call.

7. **CIP Update..... Kevin Perry**
Several CIP V5 lessons learned have been written; they do not have the force of regulatory law like the standards do. Mr. Perry encouraged Registered Entities to review the draft lessons learned and submit comments as needed. NERC expects to post the top 15 lessons by April 1, 2015. NERC is planning a website called “CIP University” with information from all regions. SPP is holding “CIP Week” in June with the SPP RE Workshop followed by the RTO Forum. We are holding CIP break-out sessions at the Spring Workshop. Staff is also planning one-on-one assistance visits at Registered Entities. We issued a survey to determine CIP educational needs.

NERC adopted some FERC-required revisions to CIP V5 standards in November. Additional revisions are in progress to address remaining FERC Order 791 directives. The ballot body approved the revisions; the final ballot will be open through February 2, 2015.

CIP-014, Physical Security, is enforceable after October 1, 2015. The SPP RTO Engineering Department will be able to perform the third-party assessment verification. A Standard Authorization Request for CIP-014 was posted to address FERC Order 802 directives.

8. **Compliance and Certification Committee.....Jennifer Flandermeyer**
The CCC made some charter changes to reflect what the CCC has been doing to support NERC and actual activities the CCC performs. The CC is serving on the Risk-Based Compliance Monitoring and Enforcement (formerly RAI) Advisory Group to support maturation of ERO processes. The CCC has been involved in the Risk-Based Registration effort and has supported a number of outreach events.

9. **Bulk Electric System Definition Activity Update..... Greg Sorenson**
A self-determined notification is for an element that did not meet the old BES definition but meets the new one, or vice versa. An exception request is for an element does not meet the new definition but is material to reliable BES operation (inclusion), or for an element that meets the new definition but is not

material to reliable operations (exclusion). SPP RE staff processed 134 exclusions and eight inclusions in an average of 8.5 days. We have had no changes to the list of Registered Entities.

After SPP RE issues a recommendation, Registered Entities have 30 days to respond prior to the NERC decision. NERC will evaluate the regional recommendation and issue a decision within 90 days of the regional recommendation. The NERC decision completes the decision process, but is subject to appeal.

For elements that are no longer part of the BES definition, the compliance obligation ends once the region is notified via a self-determined notification. New BES elements must be compliant with all Reliability Standards by July 1, 2016.

NERC has filed proposed changes to the NERC Rules of Procedure. If approved, Purchasing-Selling Entities, Interchange Authorities, and Load Serving Entities would no longer be registered functions. The registration load threshold for Distribution Providers would increase to 75 MW. SPP RE will make registration changes after FERC approval.

10. Inherent Risk Assessment /Internal Controls EvaluationMike Hughes

RAI (now called Risk Based Compliance Monitoring and Enforcement) was to move us from zero tolerance and historical compliance to future assurance of compliance. Risk Based Compliance Monitoring and Enforcement includes:

- Auditor Handbook and Checklist
- Inherent Risk Assessment (IRA) Guide
- Internal Control Evaluation (ICE) Guide
- Bulk Electric System Exception Process
- Multi-Regional Registered Entity Audit Process
- Regional Consistency Reporting Tool
- Risk Based Registration
- Enhanced Find, Fix, Track
- Compliance Exception
- Self-Logging of Minimal Risk Issues

We no longer have the Actively Monitored List. Now, annual risk elements are identified which drive the standards and requirements selected as the base scope. Each region identifies local risk elements to add to their regional base scope. Risk assessments are based on the Pre-Audit Questionnaire, previous audits, violation history, self-certifications, periodic data submittals, and information available to the general public. We expect to complete IRAs for all three-year audits scheduled in 2015. IRAs will help drive compliance monitoring plans for all entities.

The Internal Controls Evaluation (ICE) is optional. Every Registered Entity has internal controls that relate to people, processes, systems, tools, and management practices. ICE will take time in the initial phase; efficiencies will come over time. You can use ICE for just one or two standards.

11. Summary of Recent System Events.....Alan Wahlstrom

We had 30 system events in 2014. In the fourth quarter, we had one category 1h (*partial loss of monitoring or control at a control center for 30 min*), one category 1a (*an unexpected outage, contrary to design, of three or more BPS facilities*), and one category 2a (*complete loss of SCADA, control or monitoring for 30 min*). NERC has posted several new lessons learned on Control System Network Switch Failure, Bus Differential Power Supply Failure, and Loss of Generators Due to Control Air.

On the Facility Ratings Alert, 100% of the high priority lines are complete, 72% of the medium priority lines are complete, and 75% of the low priority lines are complete. Seven companies have extensions and are making progress on remediation.

12. Enforcement Report Joe Gertsch

In response to a stakeholder question: in 2014 we invoiced \$456,000, which was spread across 100 violations. We had 121 incoming enforcement issues in 2014; 62 were through the Find, Fix, Track (FFT) process. Eventually, minimal risk violations that have been processed through FFT will become Compliance Exceptions. The end of year caseload was 119; 83 are CIP and 36 are Operations & Planning. Violations are down significantly. We processed 188 violations in 2014. In 2014, we accepted 102 mitigation plans.

13. General Manager's Report/Compliance Report Ron Ciesiel

An SPP Director noted that having SPP RE under the SPP, Inc. organization is working very well and bringing dividends to stakeholders. This is the seventh quarter with no reportable vegetation contacts. In the third quarter of 2014, the region had 91.8% correct operations. Communication failures and incorrect settings/logic/design errors continue to be the leading cause of misoperations. At our request, the System Protection and Control Working Group wrote a white paper on communications failures. We have asked them to also analyze incorrect settings/logic/design errors. PRC-005 has dropped to the 9th most violated standard; this is good news. As noted previously, violations are down significantly.

14. Electric Infrastructure Protection Discussion.....Dave Christiano

Trustee Christiano expressed his concern about the possibility of armed attacks on our facilities. How would we act in such a situation? An SPP Director noted that a chief concern needs to be our ability to deal with workplace violence and sabotage. Are there things SPP RE could do to help in this area, other than enforce the CIP standards?

15. Year-to-Date Financial Statement.....Debbie Currie

We ended the year with four open staff positions, which impacts personnel, travel, and the SPP, Inc. overhead charge. Moving forward, we are going to not going to budget for contingencies such as hearings. We have a relatively flat budget from 2014 to 2015. We expect to underrun the budget in 2015 as well. We begin the budget cycle very early – up to 18 months in advance. Any overbudgeted dollars will be ultimately be refunded to Registered Entities.

16. Outreach ActivityEmily Pennel

The 2015 workshops will be March 10-11 in Little Rock, June 2-3 in Kansas City, and Sept. 29-30 in Dallas.

17. NERC COMMITTEE REPORTS – Comments or Questions

17a. Planning CommitteeNoman Williams

Noman noted that NERC - with Regional Entities, relay vendors, and industry participants - will coordinate the development of white papers on misoperations. An industry workshop is planned for 2015 to develop, approve, and reinforce protection system best practices.

17b. Critical Infrastructure Protection..... Eric Ervin

17c. System Protection and ControlLynn Schroeder

17d. Interchange SubcommitteeJason Smith

17e. Operating Committee Report.....Jim Useldinger

18. New Action ItemsEmily Pennel

- Modify 2015 staff goals/metrics and bring them back for approval
- Recognize Robert McClanahan at the next meeting in recognition of his terms as the SPP CIPWG and NERC CIPC committee representative
- At the next relevant NERC meeting, the Trustees will discuss the timing of the NERC budget cycle

The Trustees adjourned the regular meeting at 2:31 and went into a closed session to discuss personnel and compensation issues.

19. Future Meetings..... John Meyer

April 27, 2015 - Tulsa

July 27, 2015 - Kansas City

October 26, 2015 - Little Rock

REGIONAL ENTITY TRUSTEE MEETING
JANUARY 26, 2015

ATTENDANCE LIST

NAME	ORGANIZATION
Sheila Scott	SPP RE
Emily Lane	SPP RE
Greg Sorenson	SPP RE
TOM HESIERMANN	Sunflower Electric
CHIP KOLOINI	GSEC
John Rhea	OKPE
Darrell Piatt	FERC
Trent Griesel	South Central MCA
Beth Emery	South Central MCA
Joe Gertsch	SPP RE
Debbie Currie	SPP RE
Alan Wahlstrom	SPP RE
Kevin P. Ray	SPP RE
Norman Williams	Southcentral MCA
Phyllis Bernard	SPP Director
Dave Christiano	RE Trustee
John Meyer	RE Trustee
GERRY BURROWS	RE TRUSTEE
Tim Jacoby	AEP
Mike Hughes	SPP RE

RON CASIEL	SPPRE
HARRY SKILTON	SPP Director
BRENT BAKER	EMPIRE DISTRICT ELEC
BARY WARREN	Empire District ELEC
BO JONES	Westar Energy
M. Wagner	ITC
KWALTERS	EDIE

TELECONFERENCE ATTENDEES

Terri Pyle

OGE

Jennifer Flandermeyer

ICPL

Bob Wittmeyer

Fred Meyer

EDE

John Allen

SPRM

Kim Van Brimer

SPP

Rens Losh

SPP

Alison Hayer

SPP

Jason Fix