



Southwest Power Pool
REGIONAL ENTITY TRUSTEES MEETING MINUTES

July 27, 2015

Hilton KCI

Kansas City, Missouri

8:00 a.m. – 3:00 p.m.

Download Materials

- 1. Call to Order/Introductions ... John Meyer
2. Antitrust Guidelines ... John Meyer
3. Approval of Meeting Minutes – June 15, 2015 ... John Meyer
4. Long Term Reliability Assessment (LTRA) ... Lanny Nickell

There are 60,900 MW of Existing Certain Capacity in 2015 and 56,900 MW in 2025. We are reporting 61,120 MW Anticipated Capacity in 2015 and 59,020 MW Anticipated Capacity in 2025.

About 3,000 MW of confirmed nameplate generation is expected to be retired 2015-2025. The Clean Power Plan (CPP) was not considered as a factor in these projections because there has not been a final rule on the plan.

We are managing reliability concerns regarding the exchange of energy between MISO Central/North and MISO South. Wind will continue to cause operational challenges. During off-peak periods, there may be higher wind output with not enough transmission to handle the increased output.

Approximately 4,000 miles of 100+ kV transmission is expected to be constructed over the 10-

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

year assessment period. The 2015 ITP 10 study is assessing members' renewable portfolio standards and modeling the SPP Assessment Area to account for these mandates and goals.

The final SPP LTRA report is due to NERC July 31. The SPP RE Trustees accepted the LTRA for submission to NERC, pending edits that consider the comments raised by the Trustees.

5. State of Reliability ReportMike Hughes

NERC's State of Reliability report looks back and forward, and it considers both normal conditions and how the system performs under contingencies. The Severity Risk Index (SRI) considers generation, transmission, and loss of load for a given day. Most of the 2014 top SRI days were related to winter storms. There were seven Key Findings:

- a. Weather continues to stress reliability. System design is important, but there will always be outages. Industry needs to continue focusing on best practices for preparedness and restoration.
- b. There was no load loss due to cyber or physical security events. There were reportable events caused by physical security threats and damage.
- c. We have had a decline in average transmission outage severity.
- d. There has been a significant decrease in loss of load from unplanned transmission outages. This is a success story.
- e. We have seen a stable frequency response trend. In February, NERC issued an alert asking industry to review generator governor dead bands and droop settings to improve frequency response.
- f. Protection system misoperations are trending lower. SPP RE appreciates Registered Entities' focus on reducing misoperations. The SPP System Protection and Control Working Group published one paper on regional misoperations and is working on another one.
- g. The use of Energy Emergency Alert Level 3 continues to decline. This is another success story. We appreciate everyone's participation in the Event Analysis process.

6. Standard Drafting Team Travel Reimbursement Ron Ciesiel

Last year the SPP RE Trustees approved paying travel costs for NERC Standard Drafting (SDT) team members to attend SDT meetings. We hoped this would help more stakeholders to be able to join SDTs. We did not have any new takers on this reimbursement program. This reimbursement program will continue through 2016. We will reconsider this budget item for the 2017 budget. We need to find a new SPP RE representative for the NERC System Protection and Control working group.

7. SPP Bylaws Updates. Ron Ciesiel

We want to ensure that NERC and stakeholders are confident in SPP RE's independence from the SPP RTO. We are proposing some changes to the SPP, Inc. Bylaws. We propose expanding the SPP RE Trustees from three to four members. The SPP RTO's membership elects the SPP RE Trustees and SPP, Inc. Board members. The SPP, Inc. membership has diverged from the RE footprint; there are now SPP members that are not SPP RE Registered Entities. We propose that only SPP RE Registered Entities that are members of SPP, Inc. be able to vote on the SPP RE Trustees. This issue will be further considered by the Corporate Governance Committee.

8. 2Q Events Report and Facility Ratings Alert Update Ron Ciesiel

We have had a lot of good news about reliability across the ERO. We have had six events reported so far this year; only four reached category 1 status. There was one category 1h event this quarter, *partial loss of monitoring or control at a control center for 30 minutes*. Ron reviewed several NERC Lessons Learned. As of the second quarter, under the NERC Facility Ratings Alert program, we had 7,100 discrepancies in our region. As of 7/15/15, 100% of the high priority lines are complete, 72% of medium priority lines, and 85% of the low priority lines. We will not be

processing any compliance issues related to the FAC program. We appreciate Registered Entities' work in this area.

9. NERC CIPC Report..... Eric Ervin

Eric Ervin has replaced Robert McClanahan as the SPP RE's representative on the NERC Critical Infrastructure Protection (CIP) committee. The Grid Security Conference is October 13-16 in Philadelphia, and GridEx III is November 18-19. More Registered Entities are interacting through the ES-ISAC portal. NERC is creating a physical separation between the ES-ISAC and the rest of the NERC office space. We want to continue increasing the reporting of suspicious activity via the ES-ISAC portal.

In May the NERC Board of Trustees adopted update CIP-014-2 and is seeking policy input on the future of standards development, the CIP Version 5 transition program, implementation of physical security standards, and compliance guidelines. NERC is in the early stages of developing an updated CIP Version 5 Transition Guidance.

10. CIP UpdateShon Austin

FERC issued a Notice of Proposed Rulemaking that generally proposes to approve the revised CIP Version 5 (also known as CIP Version 6) standards as filed and listed concerns that could result in additional revisions or development of a new standard. FERC noted gaps in CIP-006-6 technical controls, remote access protection, protection of Low Impact BES Cyber Systems, and the proposed definition for Low Impact External Routable Connectivity. FERC asked if CIP standards should provide security controls for supply chain management for industrial control systems associated with BES operations.

The SPP RE CIP compliance group does not anticipate physically inspecting Low Impact BES Cyber Systems if the Registered Entity can demonstrate compliance by other means. Registered Entities could provide evidence that shows compliance with the applicable requirement such as pictures and/or video tours of the facility physical controls and a Firewall Access Control List of the Low Impact BES Cyber System's Electronic Security Perimeter.

There are some open issues related to XML Listener and a revision of the SPP RE business rule for generation dispatch instructions. Jennifer Flandermeyer noted that the RTO and RE need to work together more on the details of the issue.

NERC has developed a "Way Forward" project to identify how to support long-term solutions and discuss concerns with the recent CIP V5 memoranda. On request, SPP RE is conducting outreach meetings at Registered Entity offices. The host Registered Entity has the option to invite other Registered Entities and SCADA/EMS vendors to participate.

11. Enforcement Report.....Jimmy Cline

We have had a continuing decline in violations, likely due to a maturing of compliance programs and revamped requirements. As we get away from zero tolerance, we are noting some issues as "areas of concern" in audit reports rather than bringing the issues through the enforcement process. We have had an uptick in FFTs and Compliance Exceptions. We have 84 active violations; 58 are CIP and 26 are Ops and Planning. There are seven open High Impact violations. We urge Registered Entities to voluntarily submit mitigation plans in as quickly as possible to clear them from the books. The amount of time you are out of compliance factors into the penalty determination.

12. General Manager's & Compliance Report Ron Ciesiel

Ron recently attended the CIP V5 Way Forward meeting; we expect to see revised postings soon. NERC withdrew the memos it had posted April 21. We have had our ninth consecutive quarter with no vegetation contacts. We removed 33 Interchange Authorities and Purchasing-Selling Registered Entities from the SPP RE registry. We reduced registration for 41 others. SPP RE's events, misoperations, and violations are all trending down.

**REGIONAL ENTITY TRUSTEE MEETING
JULY 27, 2015**

ATTENDANCE LIST

NAME	SYSTEM
Sheila Scott	SPP RE
Emily Fennel	SPP RE
Louis Oquidry	AEP (teleconference)
Fred Meyer	Empire (teleconference)
Paula	Empire
John	Empire
Chris Haley	SPP BTO (teleconference)
Alan Wahlstrom	SPP RE (teleconference)
Joe Gertsch	SPP RE (teleconference)
STUART LOWRY	SUNFLOWER
CHIP KOLOINI	GOLDEN SPREAD
TOM NESTERMANN	Sunflower
Robert IVANAUSKAS	FERC
ERIC ERVIN	WESTAR
Bo Jones	westar
Gerry Burrows	Trustee
Dave Christians	Trustee
John Meyer	Trustee

NAME	SYSTEM
John D. Rhee	OG&E
Jennifer Flandermeyer	KCPL
LANNY NICKELL	SPP
Michael Yesselle	SPP
JOSHUA MARTIN	SPP
HARRY SKILTON	SPP Director
RON CIESIEL	SPP RE
DARRELL PIATT	FERC
John Olsen	Westar
Scott Henry	SERC
TRENT CARLSON	SOUTH/CENTRAL MGN
BETH EMERY	"
Paul Malone	NPPD
Ted Franks	FERC
Tim Jacoby	AEP
Jimmy Cline	SPP RE
Debbie Cuni	SPP RE
SHON AUSTIN	SPP RE
Brent Baker	Inpire
BARY WARREN	Empire
Mike Hughes	SPP RE

Teleconference

Andrea Poucelet
John Allen
Jim Nail
Darryl Boggess

SBE RE
SPRM
Westar
WFEC