



REGIONAL ENTITY TRUSTEES MEETING

APRIL 25, 2016

Santa Fe, El Dorado Hotel

A G E N D A

8:00 a.m. – 3:00 p.m.

Meeting Materials

1. Call to Order/Introductions.....Dave Christiano
Dave Christiano called the meeting to order at 8:00 a.m. He welcomed NERC Board Member Jan Schori, Michael Gildea from FERC, SPP Director Larry Altenbaumer, and former SPP RE Chairman John Meyer.

2. Antitrust GuidelinesDave Christiano
Debbie Currie reviewed the guidelines with Attendees.

3. Approval of Meeting Minutes – 1/25/16 and 3/22/16Dave Christiano
A correction was noted for the March 22 meeting. The paragraph reading:

“Mr. Christiano and Mr. Burrows recently attended a teleconference with SPP CEO Nick Brown and the Corporate Governance Committee; they decided to create a sub-group for Members in the northern part of the SPP footprint who are not in the SPP RE footprint.”

has been amended to the following:

“Mr. Christiano and Mr. Burrows recently attended a teleconference with SPP CEO Nick Brown and the Corporate Governance Committee. The Corporate Governance Committee decided to create a Task Force consisting of the Corporate Governance Committee members, excluding those representing systems that are not Registered Entities in the SPP RE footprint, and including Messrs. Burrows and Christiano.”

With this correction, the Trustees approved the minutes.

4. 2016 Summer Reliability Assessment Lanny Nickell
The SPP assessment area, including the Integrated System, shows adequate reserves (28%). SPP is required to perform loss of load studies every two years to ensure the current 13.6% reserve margin is adequate. Based on the studies and the work of the Capacity Margin Task Force, a recommendation to lower the reserve margin to 12% will be made at SPP’s Board Meeting on April 26. The Trustees endorsed the Summer Reliability Assessment for submittal to NERC. NERC will no longer be publishing a report from this data.

5. SPP RE Trustee ReplacementDave Christiano

About a year ago, SPP initiated an effort to add to its Board of Directors for planning and business continuity purposes. The SPP Board changed the Bylaws to allow them to add up to two board members, and the SPP RE Trustees decided to add a fourth member. With Mr. Meyer’s resignation, the Corporate Governance Committee has hired a search firm to place two additional SPP RE Trustees in the July 2016 timeframe.

6. Preliminary 2017 SPP RE Business Plan and Budget.....Debbie Currie

The preliminary 2017 budget is \$10.9 million, an increase of \$770,000 or approximately 8%. The majority of the increase is due to the 2017 audit schedule, including four CIP audits that moved from 2016 to 2017 due to the delay in the effective date of CIP V5. Other contributors include the addition of a fourth Trustee and an increase in the use of SPP Engineering shared staff that support the Reliability Assessments.

The Trustees endorsed the 2017 Preliminary Business Plan and Budget for submittal to NERC and posting for comments through the end of May.

7. YTD Financial Update.....Debbie Currie

SPP RE is slightly below budget (\$127k) at the end of the first quarter. SPP currently has four open positions, two carried from 2015 and two due to attrition in the first quarter of 2016. We are actively seeking to fill the two positions that came open in the first quarter. Primarily due to the delay in CIP V5, SPP RE projects a budget variance of \$400k at year’s end.

8. NERC Planning Committee Report Noman Williams

The Planning Committee approved the scope of the Essential Reliability Services Working Group (ERSWG) and its associated Distributed Energy Task Force. The ERSWG will be developing measures and guidelines in 2016, with a whitepaper to be finalized in 2017.

The PC is monitoring the development of IEEE Standard 1547 on distributed resources on the power system. The standard is an equipment-based standard, and NERC believes this is an opportunity to engage IEEE to include reliability components.

FERC has issued a Notice of Inquiry on frequency response. There is concern that the models used to gauge frequency response do not show the lack of generator response that is seen in real-time. There has also been a loss in expertise on frequency response modeling and there is a steep learning curve.

9. CIP Update Kevin Perry

The Standard Drafting Team members have been selected for revisions to the CIP standards. At the time of the presentation, it was not known if a member had been selected from the SPP area. It was later reported that Jennifer Flandermeyer, KCPL, was selected as a drafting team member. An overview of the CIP team’s extensive

outreach activity was given, as well as an update on the conversion of TFEs from CIP V3 to CIP V5.

A detailed review of the recent cyber-attack on the Ukraine’s distribution system was given. While the application of the CIP Standards could have thwarted a number of activities associated with this attack, the early stages of the attack activity occurred mostly in the corporate IT systems environment that is not subject to CIP Standards. The Ukraine attackers gained access to the electric operating system via corporate systems that did not require multi-factor authentication. Obtaining legitimate operator credentials allowed the attackers to open breakers at 27 substations across three distribution companies.

10. Recent System Events / FAC UpdateAlan Wahlstrom

Six Category 1 events occurred in the first quarter, compared to four Category 1 events in the first quarter of 2015. Two involved the loss of three or more elements (Category 1a) and four of the events were related to the partial loss of monitoring and control (Category 1h).

Remediation of discrepancies found as a result of the FAC Alert are progressing well. Only two companies have remaining work; it may be complete by the end of 2016.

11. FERC/NERC/RE Joint Review of Restoration Plans ReportAlan Wahlstrom

In September 2014, FERC initiated a review of several large utilities’ restoration plans to assess their ability to recover from a widespread outage or blackout and to verify that the Reliability Standards support the restoration plans. The review concluded that, for the most part, the plans were thorough. A number of recommendations were made.

12. Enforcement Report Joe Gertsch

Enforcement processed 17 violations in the first quarter, 25 violations are expected to be processed in the second quarter, and the year-end goal is 82 based on the caseload at the start of 2016. Because the majority of incoming violations are minimal risk, there has been a shift from NOPs (Notice of Penalty) to Compliance Exceptions and FFTs (Find, Fix, Track). SPP has three high-impact violations: the mitigation plan is complete and verified for one, another is an MRRE (Multi-Region Registered Entity) violation and SPP RE is not the lead, and the mitigation plan for one of them has not been initiated.

13. General Manager’s ReportRon Ciesiel

A number of topics were reviewed, including FERC’s approval of the Regional Delegation Agreements, the election of Dave Christiano as SPP RE Trustees Chair due to John Meyer’s resignation, the search for two additional Trustees, violations, vegetation contacts, relay misoperations, and new standards.

14. YTD Staff Performance Goals and MetricsRon Ciesiel

The status of SPP RE’s fifteen metrics for 2016 were reviewed. At the end of the first quarter, a number of metrics do not have data, as the onsite auditing work does not



typically begin until the second quarter. Nevertheless, work is progressing as expected for the year.

15. Outreach Update.....Ron Ciesiel

The March Compliance Workshop was well attended. The agenda for the upcoming CIP Workshop (May 24-25 in Little Rock) was reviewed. NERC CEO Gerry Cauley will be the keynote speaker.

16. NERC COMMITTEE REPORTS – Comments or Questions

- a. Compliance and Certification Committee.....Jennifer Flandermeyer
- b. Critical Infrastructure Protection.....Eric Ervin
- c. System Protection and ControlOPEN
- d. Operating Committee..... Jim Useldinger

17. New Action Items.....Debbie Currie

No new action items were noted.

18. Future Meetings.....Dave Christiano

- June 13, 2016: Little Rock (budget meeting)
- July 25, 2016: Rapid City
- October 24, 2016: Little Rock

Chairman Christiano adjourned the meeting at 1:57 p.m.

Respectfully submitted,
Emily Pennel
SPP RE Trustees Secretary

REGIONAL ENTITY TRUSTEE MEETING

April 25, 2016

ATTENDANCE LIST

NAME

ORGANIZATION

NAME	ORGANIZATION
Beth Emery	GridLiance
Michael Dosselle	SPP
Terry Jarrett	Husch Blackwell / GridLiance
Terril Pyle	OGE
Michael Gildea	FERC
MIKE SIEDSCHLAG	HDR
John Rhee	OGE
LANNY NICKEL	SPP
Mike Wise	GSEC
Lori Spence	MISO
Jan Schori	NERC BOT
Thomas Maldonado	Xcel Energy
LARRY ALLENBAUMER	SPP Director
Jim Jacoby	AEP
Paul May	EDE
John Olsen	Westar
BARY WARREN	GRIDLIANCE/SOUTH MICH
John Meyer	Independent Consulting
Terry Jarrett	GridLiance / Husch
Bill HARRISON	Golden Spread Elec. Coop.
Noman Williams	SCMICH

BARY WARREN	South Central MCM/BSID/UNICEF
Henry Skilton	SPP Director
Ellen Watkins	Sunflower Electric
Earl Chesid	SPP RE
Alvin Cui	SPP RE
Joe Greetside	SPP RE
Alan Whittier	SPP RE
David B. Perry	SPP RE
Bruce Jelen ^{DIC}	SPP Director
Gerry Burrows ^{DIC}	SPP RE Trustee
Dore Christian ^{DIC}	SPP RE Trustee

TELECONFERENCE ATTENDEES

Emily Kennel	via	Webex
Lesza Oakes	"	"
Jennifer Flandersweye	"	"
Steven Kelle	"	"
Brent Baker	"	"
Trest Carlson	"	"
Andrea Doucette	"	"
Jim Useldinger	"	"
Jeff Knottick	"	"
Bo Jones	"	"
Chris Holey	"	"
Chris Bills	"	"
Ken Van Buren	"	"
Jeremy Withers	"	"
Joshua Lubedi	"	"