

**REGIONAL ENTITY TRUSTEES MEETING
JANUARY 30, 2017
Dallas, TX
MINUTES
MATERIALS
8:00 a.m. – 3:00 p.m.**

- 1. Call to Order/IntroductionsDave Christiano**
Chairman Christiano called the meeting to order at 8:00 a.m.
- 2. Antitrust Guidelines..... Dave Christiano**
Attendees reviewed the guidelines.
- 3. Approval of Meeting Minutes – 10/24/2016 Dave Christiano**
The minutes were unanimously approved with no additions or corrections.
- 4. Accept 2016 Goals and Metrics Performance * Action item Ron Ciesiel**
The performance for each of the fifteen goals was reviewed. Goal Four was a total miss; this is the first time in five years that there has been a zero performance contribution for any metric. The overall performance is 104.18%.

The group discussed Goal Four. Joe Gertsch reported that the year started with 36 violations and 13 remained to be processed. The real driver for missing the metric was a particularly difficult situation for a Registered Entity. Enforcement is emphasizing processing these violations early in the year, and the group has established monthly goals for the case managers to process the 30 violations for the 2017 metric.

The 2016 performance of 104.18% was unanimously approved.

- 5. Approve 2017 Goals and Metrics * Action item..... Ron Ciesiel**
The Trustees reviewed the 13 metrics and changes that were made for metrics carried forward from 2016. The subjective measurement from the outreach goal was removed and an overall performance scaling metric (Goal 14) was created based on SPP RE's annual satisfaction survey.

The group discussed how Goal 14 would have impacted the 104.18% performance on the 2016 goals. Goal 14 establishes a 100% performance range of 3.25 to 3.75. The 2016 satisfaction survey score of 4.0 would have resulted in an extrapolated scaling of about 105% to the 2016 performance.

Discussion was held on how the metrics reflected the focus on risk-based compliance. Ron referred to the 2016 metric on completing an IRA for all of the Registered Entities. The audit method for some Registered Entities can be changed as a result of evaluating their risk to reliability, but large Registered Entities will not see much of a change. The metrics most reflective of risk-based monitoring are the audit report

metrics and the cost metric for 2017, due to the large number of on-site and off-site audits that will be conducted in 2017.

The group discussed the tie between SPP RE's metrics and NERC's goals. Not all of the SPP RE metrics directly correspond to a NERC goal, but the 2017 Goals and Metrics document overall reflects NERC goals.

Chairman Christiano asked that one or more of the metrics be adjusted as a "stretch goal." The off-site audit report metric (Goal 7) and the cost metric (Goal 11) were adjusted to stretch goals. The days to produce off-site audit reports was reduced from 45 days to 40 days, and Goal 11's 100% performance target of -5% was changed to -10%.

With these changes, the 2017 Goals and Metrics were unanimously approved.

6. Approve SPP RE Strategic Plan 2017-2020* Action Item Ron Ciesiel

Ron reviewed the history and development of SPP RE's strategic plan. The plan has been updated to align with NERC's goals, and the timeframe aligns with SPP RE's current Regional Delegation Agreement. The SPP RE Strategic Plan 2017-2020 was unanimously approved.

7. NERC Operating Committee Jim Useldinger

Jim reviewed the December 13-14 meeting of the NERC Operating Committee (OC). NERC President Gerry Cauley met with the OC and noted that technical committees should focus on aligning their work with NERC's priorities. The OC approved a number of documents, including the *Distributed Energy Resources Report* and Reliability Guidelines on *Inadvertent Interchange* and *Integrating Reporting ACE with the NERC Standards*. The Standards Committee asked the OC to form a team of technical experts to develop material for IROL issues related to how certain interconnection limits are established.

8. SPP RE Merit Pool Ron Ciesiel

Due to the long budget cycle, the 2017 merit pool for SPP RE staff was budgeted and approved at 3% last June. At the end of 2016, SPP, Inc. approved a 3% merit pool. According to SPP's recent salary survey, nine SPP RE employees were below market level. Funds from the merit pool were used to make adjustments to these salaries, leaving an overall merit pool of 2.5%. The 2018 budget will have a separate line item for market salary adjustments.

9. 2016 Annual Report Ron Ciesiel

The Trustees reviewed the 2016 annual report. Overall, SPP RE had a good year. We are seeing maturity within the Registered Entities' compliance programs, as well as with SPP RE's internal practices and procedures. Stabilization of the standards is also occurring, and over the next year there will be a significant decline in the number of new standards coming into effect.

10. CIP Update.....Kevin Perry

Kevin reviewed the CIP standards that will be effective April 1, 2017 and the upcoming CIP revisions that are moving through the NERC standards process. In our region there have been 31 self-reported violations and 9 violations found at audit since the CIP V5 standards became effective on July 1, 2016. Firewall rules seem to be the most problematic issue, as five audits have resulted in five violations in this area.

11. Trustee Meeting Policy Discussion..... Ron Ciesiel

Between the public quarterly Trustee meetings, a monthly Trustee phone call has traditionally been held to catch up on any timely issues. Votes are not taken in these meetings. A question arose as to whether these phone calls constitute a “meeting” and should be publicly noticed. After discussion, it was determined that these meetings could continue as they have in the past.

12. Quarterly System Events &h FAC Update Alan Wahlstrom

Alan reported that 6 events occurred in the fourth quarter of 2016. The majority of the events in 2016 are low category events falling into *Category 1(a) –loss of three elements* and *Category 1(h) EMS events*. SPP RE had 15 events in 2016, compared to 10 in 2015. Alan also reviewed NERC lessons learned.

13. Enforcement Report Joe Gertsch

SPP RE had 74 total violations in 2016, which is a significant increase over 2015. A large number of PRC-19, PRC-24 and MOD-25 violations came in during the third quarter. We ended the year with a caseload of 154 active violations. So far in 2017, we are already seeing higher numbers than at this time last year.

14. General Manager’s Report Ron Ciesiel

Since SPP is a leading region for windfarms, SPP RE had a large number of PRC-019, PRC-024 and MOD-025 violations. These have a relatively minor impact and will be processed through the lower-end of the enforcement actions. Misoperations continue to be a focus, and the FAC Alert is nearing completion.

15. Financial Report..... Debbie Currie

Debbie reviewed the 2016 budget performance, the 2017 budget, and the schedule for the 2018 budget preparation. The change in the SPP, Inc. overhead charge has stabilized a large expense item that contributed to previous years’ variances.

16. OutreachEmily Pennel

The Spring Workshop will be held March 28-29 in Little Rock. Registered Entities and SPP RE staff are presenting. Nine breakout sessions will be conducted, with one track for CIP and one track for attendees who are new to compliance. Due to the CIP team’s busy audit schedule, the CIP Workshop will be held for only one day on June 27. The fall workshop is Oct. 24-25 in Dallas.

17. NERC COMMITTEE REPORTS – Comments or Questions

- a. Planning.....Noman Williams
- b. Critical Infrastructure Protection.....Eric Ervin
- c. Compliance and Certification Committee Jennifer Flandermeyer

18. New Action Items Emily Pennel

- 1. Periodically add a note in the monthly newsletter to remind Registered Entities that SPP RE has funds available for travel reimbursement for participation on Standard Drafting Teams.
- 2. Put out an advisory on CIP005-R1 Part 1.3 to highlight issues that are being found in audits and to encourage Registered Entities to participate in upcoming workshops where the topic will be discussed.
- 3. Prepare a comparison of violations between SPP RE and the other regions.

19. Future Meetings Dave Christiano

The proposed date for the June budget meeting is June 28, following the CIP Workshop in Little Rock.

April 24, 2017, Tulsa
TBD June 2017- Little Rock-Budget Meeting
July 24, 2017, Denver
October 30, 2017, Little Rock

The meeting was adjourned at 2:15.

Respectfully,
Emily Pennel
SPP RE Trustees Secretary

The meeting was followed by a closed Executive Session for the SPP RE Trustees and RE General Manager.



Southwest Power Pool, Inc.

RE TRUSTEE MEETING

January 30, 2017 - 8 am - 3 pm

Doubletree Near the Galleria -- Dallas, Texas

• ATTENDANCE LIST •

Name	Company
Alan Wahlstrom	SPPRE
Monica Evans	SPPRE
Tom Hestermann	Sunflower
Bruce Scherr	SPP DIRECTOR
Debbie Currie	SPP RE
Tracy Stewart	SWPA
Fred Meyer	EDF
Joe Gutsch	SPP RE
Kevin B. Aug	SPP RE
Chris Lammey	WFEC
Mark Croson	SPP
Terril Pyle	OGE
Lori Spence	MISO
Michael Deselle	SPT
Jim Jacoby	AEP
Paul Mehlhoff	Sunflower
DARRELL PIATT	FERC
Mike Wise	GSEC



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Name	Company
ROD CROSSL	SPP RE SPP RE
MARK MAHER	SPP RE
GERRY BURROWS	SPP RE
Steve Whitley	SPP RE
Bruce Scherv	SPP DIRECTOR
MARK CRISSON	SPP DIRECTOR
Fred Meyer	The Empire Distric Electric Co,
BRETT BAKER	EMPIRE DISTRICT
TERRI RYLE	OGE
TRACLEY STEWART	SWPA
John Allen (call-in)	Springfield
Mike Murray (call-in)	Independence
Robert Pick (call-in)	NPPD
Jim Useldinger (call-in)	Grid Liance
Bo Jones (call-in)	Westar
Steven Keller (call-in)	SPP
Ted Bell (call-in)	SPP RE
Phyllis Bernard	SPP BOD Director

