

Southwest Power Pool
CONSOLIDATED BALANCING AUTHORITY STEERING COMMITTEE MEETING
October 13 and 14, 2010
Kansas City, MO

• Summary of Carryover Action Items •

1. Send out email to request EOP Task Force Volunteers by Friday Oct 15
2. requesting responses by Friday Oct 22– Shari Brown
3. Determine, Draft and announce a chairman for the EOPTF by Oct 25 – Shari Brown/Paul Johnson
4. Determine a secretary for the EOP task force by Oct 25 – SPP Staff
5. EOP task force begin meetings – first task to create a detailed outline of the SPP CBA Emergency Operating Plan due by January CBASC meeting
6. Provide a copy of their analysis of CBA JRO NERC requirements matrix to CBASC by Monday Oct 18 – David Hodges
7. Assign a compliance department representative for EOPTF – David Hodges
8. Provide a copy of the CBASC July 2008 CBA JRO NERC requirements matrix to CBASC by Monday Oct 18 – Shari Brown
9. Review JRO propositions and provide feedback to group – Paul Johnson, Shah Hossain and Bill Grant
10. Send out flowcharts (in pdf format) to CBASC Balancing Authorities – Julie Davis
11. Provide updated copy of Operating manual – Shari Brown
12. Categorize the NERC requirements for Situational Awareness section and provide list to the group for notation of additional information that should be monitored by CBA operators – Julie Davis/Shari Brown
13. Take concerns for co optimization to MWG – members

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• M I N U T E S •

Attendance

Jim Jacoby, AEP
Ron Gunderson, NPPD
Shah Hossain, Westar
Jessica Collins, XCEL
Randy Root, GRDA
Neil Robertson - SPP
Patty Denny, KCPL
Gerald Williams, SPP
Julie Davis, SPP
Bill Nolte, SECI
Paul Johnson, AEP

Bill Grant, XCEL
Rick McCord, EDE
David Hodges, SPP
Bill Thompson, AEP
Tom Saitta, KMEA
Don Hargrove, OKGE
Doug Collins, OPPD
Gina Pierson, Accenture
Denney Fales, KCPL
Brett Bitner, KCC

Agenda Item 1 – Call to Order

The meeting was called to order at 4:00 p.m. and introductions were made. Paul Johnson reviewed the agenda and Shari asked that the EOP discussion be moved up on the agenda. (Attachment 1 – CBASC Agenda 10_13 14_10r.doc)

Agenda Item 2 – Review Action Items and Approve Minutes

Minutes for the October 8 teleconference were unanimously approved.

Agenda Item 3 – Kick off for Emergency Operations Task Force

Shari provided a summary of the current Emergency Operations Plan Draft suggested content outline. The group discussed the outline and the new Emergency Operations Task Force responsibilities and deliverables. Shari and Paul agreed to request volunteers, review the list of volunteers, draft a chairman and provide a secretary for the task force by October 25th.

Agenda Item 4 – Discuss Joint Registration Organization with SPP Compliance staff

David Hodges made a presentation on the pros and cons of two different legal options for the specification of the SPP BA, TOP, GOP and LSE responsibilities after consolidation. After considerable discussion, Paul suggested a small group of members get together to review the options and come back with additional information for the group at a future meeting. (Attachment 2 – NERC Compliance Registry 10-13-10.pptx)

Agenda Item 5 – Continue Review of CBA Operations manual

As requested, Shari Brown provided responses to comments in Section 3 (Generation Control), edits were made as needed. Julie Davis discussed section 4 (Situational Awareness) and the group decided that the NERC requirements should be categorized to aide members in their research for noting additional information that should be monitored by CBA operators. The decision was made to hold any more discussion on section 5 (Integrating Resource Plans) until more decisions are made regarding how non-Balancing Authority entities such as municipals and IPP will be integrated into the CBA.

Staff provided a set of CBA process flowcharts, explained the use of the flowcharts and requested feedback.

Agenda Item 6 – Additional Items and Next Meetings

The following meetings were planned:

- 1) Teleconference - Friday October 22, 2010 from 1:00 p.m. to 4:00 p.m. CPT
- 2) Teleconference - Friday November 5, 2010 from 1:00 p.m. to 4:00 p.m. CPT
- 3) Teleconference - Friday November 19, 2010 from 1:00 p.m. to 4:00 p.m. CPT
- 4) Face to Face meeting in New Orleans - Thursday January 12, 2011 from 3:30 p.m. to 5:30 p.m. CPT and January 13, 2011 8:00 to 2:30 CPT

Agenda Item 7 – Adjournment

With no further business, the meeting was adjourned.

Respectfully submitted,

Shari Brown
Staff Secretary, CBASC



Southwest Power Pool, Inc.
CONSOLIDATED BALANCING AUTHORITY
Kansas City, MO.

October 13, 2010 – 3:30 p.m. to 5:00 p.m.

October 14, 2010 - 8:00 a.m. to 3:00 p.m.

• A G E N D A •

Revised

1. Call to Order Paul Johnson
2. Review Action Items and Approve Minutes Paul Johnson
3. Kick off for Emergency Operations Task Force Paul Johnson
4. Discuss Joint Registration Organization with SPP Compliance staff David Hodges
5. Continue Review of CBA Operations Manual Shari Brown
6. Additional Items Paul Johnson
7. Next Meetings Paul Johnson
8. Adjournment..... Paul Johnson

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



**Helping our members work together
to keep the lights on...
*today & in the future***

NERC Compliance Registry
Compliance Recommendation

David Hodges
October 13, 2010

Agenda

- Objectives
- Option 1: SPP Only Registration
- Option 2: Joint Registration Organization (JRO)
- Compliance Recommendation

NERC Compliance Registry

- **Objective for Today's Meeting**
 - **Gain alignment on SPP Registry Recommendation**

- **Registry Objective:**
 - **To become a NERC Certified Balancing Authority**
 - **Ensure each Balancing function and requirement is accomplished for the entire area of operations based on NERC Standards and NERC Functional Model**

Option 1: SPP Only Registration

- **SPP will perform all BA requirements.**
- **Existing BAs will retain no requirements, and Deregister as BA**
- **Agreements with each member will detail what each entity will perform by requirement.**
- **Registration, Certification, operations, and compliance monitoring will be SPP responsibility.**

Option 1: SPP Only Registration

- **Pros**
 - Member preferred
- **Cons**
 - Discouraged by FERC and NERC
 - Docket No. AD07-12-000
 - Increased SPP burden to comply
 - Risk of NERC Certification failure
 - Reduced member incentive to comply
 - SPP responsible for all violations

Option 2: Joint Registration Organization

- **SPP will perform majority of BA requirements.**
- **Existing BAs will retain a subset of requirements.**
- **Joint Registration will detail precisely what entity will perform each requirement.**
- **Registration, Certification, operations, and compliance monitoring will be per Joint Registration.**

Option 2: Joint Registration Organization

- **Pros**
 - FERC and NERC preferred
 - The Commission encourages RTOs and ISOs to utilize, as appropriate, the joint registration provisions of NERC's Rules of Procedure...Docket No. AD07-12-000
 - Ability for SPP to Comply
 - Member responsibility for violations
- **Cons**
 - Member concerns
 - Some members/non-members will need to register as the BA

Compliance Recommendation

- **To register as a Joint Registration Organization**
 - Compliance monitoring, and readiness assessments should be accomplished with the entity actually performing the function
 - Compliance penalties should be assessed to the entity actually performing the function

Requirement Analysis

- **Total Requirements**
- **At Risk Requirements**

Compliance Risk Areas

- **CIP**
- **Communications**
- **Emergency Operations**
(ex. Load Shed, Black Start)
- **Training**
- **Nuclear standard (NUC-001-2)**

Compliance Impact to SPP

- **In order to comply, SPP would need too...**
 - **Create Field Organization**
 - **Review Member training**

Sample Violations

- **411 Alleged Violations in SPP Region from June 18, 2007 through August 31, 2010**
- **Top 5 BA Violated Standards**
 - **CIP-001 – Sabotage Reporting**
 - **CIP-004 – Cyber Security – Personnel and Training**
 - **CIP-007 – Cyber Security – Systems Security Management**
 - **EOP-001 – Emergency Operations Planning**
 - **PER-002 – Operating Personnel Training**

Violation Impact to SPP

- **SPP responsible for all violations**
- **If approved, spread across all members Tariff filing required to pass cost to all members**
- **Burden of tariff filing (205)**
- **Fines - NERC nor the Commission may assess a penalty for the violation of a Reliability Standard against an entity which is not registered as the responsible party for complying with that Standard**

NERC Registration

- **Impact to members and non members**
 - **Entities embedded in existing BAs**



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