

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
December 4, 2017
SPP Corporate Campus, Little Rock, AR

• M I N U T E S •

Agenda Item 1 – Call to Order/Administrative Items

Josh Martin called the meeting to order in executive session at 7:15 AM. Members in attendance included: Josh Martin (Director), Phyllis Bernard (Director), Harry Skilton (Director), Graham Edwards (Director), and Bruce Scherr (Director). SPP staff in attendance included: Michael Desselle, Carl Stelly, Barbara Stroope, Keith Collins, Barbara Sugg, Sam Ellis, Nick Brown, Erin Cullum, Lauren Krigbaum, and Greg Sorensen (Attendance List – Attachment 1). Additional Board members in attendance included Julian Brix, Mark Crisson, and Jim Eckelberger.

Graham Edwards moved and Bruce Scherr seconded adoption of the October 6, 2017 Oversight Committee meeting minutes, which were unanimously accepted (Minutes 10/06/2017 – Attachment 2).

Agenda Item 2 – Action Items Report

Michael Desselle reviewed the Pending Action Items status. Michael shared Carl Monroe's MWTG timeline update. He noted that Carl reports that we are still working towards an October 2019 implementation date, contingent upon current stakeholder work underway to review and seek approval for the MWTG proposals. Additionally, staff is working with the MMU to obtain the data they believe necessary to assess the impacts of MWTG integration. Michael provided an update on the RE transition. Lauren Krigbaum reported that the MMU agreed with Internal Audit's process for reviews of the MMU and that such reviews are now included on Internal Audit's annual audit plan. Michael was directed to formally add to the OC's charter the responsibility to annually accept/review (with the Finance Committee in attendance) SPP's independent auditor's SOC1 report. Michael will draft and circulate to the Committee for their formal acceptance prior to submittal to the Corporate Governance Committee.

Agenda Item 3 – Quarterly Activities Report

Compliance – Carl Stelly reviewed the Compliance Department quarterly activities. He reported on departmental staffing levels and changes, major activities underway and open enforcement matters.

Internal Audit – Lauren Krigbaum provided the quarterly Internal Audit department report. Lauren reported on department staffing, 2017 Audit Plan progress and changes, and additional quarterly activities unrelated to the annual audit plan. Lauren sought approval for the 2018 annual Audit. The plan was accepted unanimously on the motion of Harry Skilton seconded by Bruce Scherr.

Market Monitoring Unit – Keith Collins provided the MMU quarterly activities report. He also reported on departmental staffing. Keith noted that the new Market Participant portal was successfully launched in November eliminating the need for the Monitoring Analytics engagement. He reported on the successful collaboration between the MMU, RTO market staff and stakeholders on RR243, and the potential MMU departmental needs associated with successful replacement of RR214 with RR245.

Security – Barbara Sugg provided a post-GridEx update to the Committee. Nick Brown introduced the SPP cybersecurity corporate risk assessment topic. Sam Ellis and Barbara Sugg presented staff's work. Nick advised the Committee that staff would seek Committee acceptance in the spring with full Board acceptance in April.

Agenda Item 4 – Annual SOC1 Report from Auditors

KPMG (SPP's Independent SOC1 Auditor) advised the Committee that it had issued an unqualified opinion (with no exceptions) for the 2017 Service Organization Controls report. KPMG advised the Committee that SPP's audit was one of two audits out of 42 SOC1 audits that KPMG performs with no exceptions. Harry Skilton moved and Graham Edwards seconded acceptance of the audit report. The motion passed unanimously.

Agenda Item 5 – Looking Forward Report Engagement Discussion

The Committee discussed the merits of engaging Bates/White to perform a 2018 "Looking Forward" report. Following discussion, Bruce Scherr moved and Graham Edwards seconded, forgoing the engagement of Bates/White to perform the "Looking Forward" report this year. The motion passed unanimously. Staff was directed to inform Craig Roach. Further, staff was asked to consider reaching out to Mike Howard (EPRI) to attend the SPC retreat.

Agenda Item 6 – Oversight Committee Annual Work Plan

The OC reviewed the annual work plan (OC Annual Work Plan – Attachment 3).

Agenda Item 7 – Action Items

Action items are:

- Staff to follow-up on Scope changes; and,
- Staff to advise Bates/White on Committee action.

Agenda Item 8 – Future Meetings

The Committee discussed 2018 meeting dates.

Adjournment

Josh Martin thanked everyone for participating, adjourned the meeting and went into the MMU Executive Session.

Executive Session 2

The Committee met in Executive Session with MMU staff only and discussed MMU matters.

Respectfully Submitted,

Michael Desselle



Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
December 4, 2017
Executive Conference Room
SPP Corporate Campus, Little Rock, AR.

• A G E N D A •

7:30 a.m. – 1:00 p.m. CDT

- Executive Session 1 (Visitors Excluded) Oversight Committee and RTO Staff
- 1. Call to Order/Administrative Items Josh Martin
- 2. Action Items Report..... Michael Desselle
- 3. Quarterly Activity Reports
 - a. Compliance Carl Stelly
 - b. Internal Audit Lauren Krigbaum
 - 2017 Internal Audit Plan Approval
 - c. Market Monitoring Unit Keith Collins
 - d. Security Barbara Sugg
- 4. Annual SOC1 Report from Auditors KPMG
- 5. Looking Forward Report Engagement Discussion..... Josh Martin
- 6. Oversight Committee Annual Work Plan..... Josh Martin
- 7. Action Items..... Michael Desselle
- 8. Future Meetings Josh Martin
 - 2017
 - Monday, January 29, 2018 – Oklahoma City
 - Tuesday, March 27, 2018 – Bates/White, DC
 - Monday, June 11, 2018 – SPP Little Rock
 - Wednesday, August 1, 2018 – Omaha, NE
 - Monday, October 29, 2018 – SPP Little Rock
 - Monday, December 3, 2018 – SPP Little Rock
- 9. Executive Session 2 (OC Members & MMU only) Oversight Committee and MMU Secretary



Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
SPP Corporate Center, Little Rock, AR
December 4, 2017
• ATTENDANCE LIST •

Name	System
Michael Desselte	SPP
JULIAN BRIX	SPP DIRECTOR
Lauren Krigbaum	SPP
Erin Cullum Marausen	SPP
Carl Stally	SPP
Sam Ellis	SPP
Barbara Stroppe	SPP MMU
Harry Skilton	SPP Director
Greg Sorenson	SPP MMU
MARK CRISSON	SPP DIRECTOR
JOSH MARTIN	SPP DIRECTOR
Gregory Edwards	SPP Director
Bruce Scherr	Director
Keith Collins	SPP MMU
Barbara Sugg	SPP
Jim Eckelberger	SPP Director
Phyllis Bernard	SPP Director

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
October 6, 2017
Westin Hilton Head, S.C.

• M I N U T E S •

Agenda Item 1 – Call to Order/Administrative Items

Josh Martin called the meeting to order at 8:00 AM. Members in attendance included: Josh Martin (Director); Phyllis Bernard (Director); Harry Skilton (Director); Graham Edwards (Director); and, Bruce Scherr (Director). SPP staff in attendance included: Michael Desselle, Carl Stelly, Barbara Stroope, Keith Collins, Barbara Sugg, Sam Ellis, Ben Bright, Scott Smith, and Paul Suskie (Attendance List – Attachment 1).

Graham Edwards moved and Bruce Scherr seconded adoption of the August 1, 2017 Oversight Committee meeting minutes, which were unanimously accepted (Minutes 8/1/2017 – Attachment 2).

Josh added an additional discussion item.

Agenda Item 2 – Action Items Report

Michael Desselle reviewed the Pending Action Items status, noting that one item will remain on the Action Item report for the next meeting (Internal Audit's role in auditing the MMU).

Agenda Item 3 – Update on Current Activities

Compliance – Carl Stelly reviewed the Compliance Department report (Compliance Report – Attachment 3). He reported on staffing levels noting a vacancy in the department for which he is currently seeking applicants. Carl presented (Compliance Presentation – Attachment 4) and discussed with the Committee: staffing, the department's 2018 budget, standards developments, departmental initiatives, and upcoming events. Regarding staffing, the OC asked for regular reporting on SPP RE transition matters.

MMU – Keith Collins provided a brief update (MMU Activity Report – Attachment 5). Keith apprised the Committee on the status of the MMU portal launch date (November 9). With respect to the market design flaw previously identified, Keith reported that two Revision Requests (RR) s approved by the MWG paired in combination would address the MMU's concerns. Phyllis Bernard asked if the MMU has reviewed the DOE's grid resiliency pricing NOPR. Keith noted that the MMU has reviewed the proposed rulemaking and will be providing comments. Mike Wise noted that the issue will be an agenda item topic of discussion at the upcoming SPC meeting and encouraged Keith to participate.

Agenda Item 4 – Emergency Management/Business Continuity Report

Discussed in Executive Session.

Agenda Item 5 – Western Markets – Market Power and Market-Based Rates Authority

Keith Collins also presented to the Committee market power concerns in existing western markets (Market Power Concerns – Attachment 6). During those discussions, the OC expressed a view that the OC and the MMU needed to understand the MWTG timeline with respect to the areas of their oversight responsibilities. A view was expressed that it would be beneficial to have WECC expertise from a compliance perspective involved in the MWTG integration effort.

Agenda Item 6 – Potential 2018 Role for Bates White

Craig Roach (Bates White) led a discussion on potential topics for consideration in their proposed engagement to deliver a "Looking Forward Report" (Potential Topics for 2018 Looking Forward Report – Attachment 7). Additional topics for Bates/White consideration, included:

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

- Business case for SPP Market in energy storage?
- RTO evolution due to obsolescence; underlying features that might change the industry
- Removal of the construct that RTOs will continue to exist; insight into risk exposure
- Beneficial electrification

Craig characterized these additional topics as “Second battle of the currents” and in response to a concern expressed about the public nature of such a report, he noted that the report is not a place to opine on the inevitability of such occurrences, but of the potential for such.

Agenda Item 7 – OC 2017 Self-Assessment

Josh led a discussion on the major accomplishments and pending issues of the Committee. Staff revised to assessment to reflect that feedback (OC Self-Assessment – Attachment 8).

Additional Agenda Item – Finance Committee request

Michael Desselle reported that the Finance Committee chair has requested that the OC take responsibility to receive and review the SOC-1 audit report and to oversee mitigation of any exceptions or qualifications associated with the SOC-1 audit report. He noted that the Finance Committee would retain responsibility for engaging firms auditing SPP’s controls. The Committee was agreeable to the requested change and staff will work to reflect the scope change in the OC charter.

Agenda Item 8 – Action Items

Action items are:

- Staff to update OC on MWTG timelines and any MMU impacts;
- Staff to provide RE transition updates;
- Staff to provide update on Internal audit process for Internal audits of the MMU;
- Staff to submit modified self-assessment; and,
- Staff to propose OC scope change related to Finance Committee request regarding SOC-1 audit.

Agenda Item 9 – Future Meetings

There was no discussion of future meetings.

Adjournment

Josh Martin thanked everyone for participating, adjourned the meeting and went into Executive Session.

Executive Session 1

The Committee met in Executive Session with RTO and MMU staff to discuss security reports, staff’s recommendation for the pool of 2018 IEP panelists, and other MMU matters. The OC also directed staff regarding engagement of Bates White.

Executive Session 2

The Committee met in Executive Session with MMU staff only and discussed MMU matters.

Respectfully Submitted,

Michael Desselle

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
2018 Annual Work Plan

Schedule
<p>Monday, January 29, 2018 – Oklahoma City</p> <p>Agenda Items:</p> <ul style="list-style-type: none">• Compliance Quarterly Activity Report• Security Activity Report• Review Annual Self-Assessment• MMU Executive Session<ul style="list-style-type: none">○ Review MMU performance for previous year○ Review MMU Executive Director’s performance and compensation○ Review and approve MMU merit increases and performance compensation• Ad Hoc (**)
<p>Tuesday, March 27, 2018 – Bates/White Office, Washington, D.C.</p> <p>Agenda Items:</p> <ul style="list-style-type: none">• IA Quarterly Activity Report• Security Activity Report• MMU Quarterly Activity Report• Business Continuity Plans/Assessment Report• MMU Executive Session• Ad Hoc (**)
<p>Monday, June 11, 2018 – SPP Little Rock</p> <p>Agenda Items:</p> <ul style="list-style-type: none">• Compliance Quarterly Activity Report• IA Quarterly Activity Report• Security Activity Report• Review mid-year MMU/Compliance/Internal Audit Departmental Budget Forecasts• Review Draft MMU Annual State of the Market Report• MMU Executive Session• Ad Hoc (**)
<p>Wednesday, August 1, 2018 – Omaha, NE</p> <p>Agenda Items:</p> <ul style="list-style-type: none">• IA Quarterly Activity Report• Tentatively create IEP Panels to review RFP responses (late Aug. Conf. Call)• Security Activity Report• MMU Quarterly Activity Report• Review Draft Internal Audit Annual Plan• Review Annual MMU/IA Departmental Budget Plans• Review fixed-cost reimbursement for Off-We-Go• MMU Executive Session• Ad Hoc (**)

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
2018 Annual Work Plan

Monday, October 29, 2018 – SPP Little Rock

Agenda Items:

- Compliance Quarterly Activity Report
- Review Annual MMU/IA Departmental Budget Plans
- Security Activity Report
- MMU Quarterly Activity Report
- Recommend to Board Independent Expert Panel (IEP) pool candidates
- Perform Annual Organizational Group Self-Assessment
- MMU Executive Session
- Ad Hoc (**)

Monday, December 3, 2018 – SPP Little Rock

Agenda Items:

- Compliance Quarterly Activity Report
- IA Quarterly Activity Report
- Security Activity Report
- MMU Quarterly Activity Report
- Approve Annual Internal Audit Plan
- Receive Annual SOC-1 Independent Auditors Report
- Review/Approve Internal Compliance Program
- Approve Annual Compliance Audit Plan
- MMU Executive Session
 - Review MMU goals for upcoming year
- Ad Hoc (**)

**:
Guidelines/Policies on Corporate Risk Assessment/Management
Member Appeals on penalty assessment or fine distribution
Market Design Flaws
Criteria changes necessary for mandatory compliance enforcement
Other Board assigned Responsibilities
(Engage Independent MM to perform Looking Forward Report)