

**Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
February 22, 2018
DFW Hyatt Regency - Dallas, TX**

• M I N U T E S •

Agenda Item 1 – Call to Order and Administrative Items

Corporate Governance Committee (CGC) Chair Nick Brown called the meeting to order at 10:02 a.m. Members who participated were: Nick Brown (SPP), Jim Eckelberger (Director), Jason Atwood (NTEC), Denise Buffington (KCPL), Jason Fortik (LES) Rob Janssen (Dogwood), Brett Leopold (ITC), John McClure (NPPD), and Jody Sundsted (WAPA - UGP).

There were a total of 20 participants in person and on the phone (Attendance – Attachment 1).

There were minutes from the November 28, 2017 (CGC Minutes 11/28/17 – Attachment 2) and January 5, 2018 (CGC Minutes 1/5/18 – Attachment 3) meetings. Nick Brown asked if there were any modifications. Denise Buffington asked that there be a statement added to the minutes for the meeting on January 5.

Jody Sundsted made a motion to approve both sets of minutes with the requested modification for the minutes from January 5. Jim Eckelberger seconded the motion. The motion passed unanimously.

Paul Suskie discussed the action items (Action Items – Attachment 4) and reported that action items no.1.a, b, c, and d are still “in process” and will be until the end of the year. Carl Monroe will continue to discuss the importance of attendance at the meetings in hopes the assessment results will reflect a better understanding of this information. All other items have been completed.

Agenda Item 2 – Approval of Charter

Paul Suskie discussed the Oversight Committee (OC) Charter change (OC Charter and background information – Attachment 5). There were two minor changes. Nick Brown asked if there was any discussion. There was one change requested. In section m the wording was changed to read “Review/accept annually. . .”

Rob Janssen made a motion to approve the OC Charter with the requested modification. Jason Fortik seconded the motion. The motion passed unanimously.

Agenda Item 3 – Standards of Conduct Review - Investments

Paul Suskie explained that at the beginning of the year SPP staff distributes to SPP employees, directors, and Regional Entity (RE) trustees a list of prohibited investments; these are entities that under the SPP Standards of Conduct SPP employees, directors and RE Trustees cannot invest in. Staff recommends that the CGC review the standards of conduct, in particular the issue of prohibited investments. FERC Orders No. 888 and 2000 prohibit investments in entities that participate in the market. SPP’s standards go beyond that and prohibit investments in a member company, etc.

Two scenarios being reviewed and discussed:

One scenario is a company competing on a competitive Order No. 1000 project that is not a member. At this time, the board of directors and SPP staff would not be prohibited from owning that company’s stock. Whereas, if a member company is competitively bidding under Order No. 1000, then the purchase of stock in the member company would be prohibited. Other RTOs have added that to their prohibition.

Another scenario is *de minimis* investments. The NYISO, PJM and MISO have made filings at FERC, which were accepted, that allow a *de minimis* investment in which a financial interest is so small compared to RTO activity that FERC has approved permitting such investments.

ACTION ITEM: Provide background material and recommend modifications for the consideration of the committee.

Agenda Item 4 – Strategic Planning Committee & Members Committee Representation Discussion

Nick Brown began the committee representation discussion by providing background on the makeup of the Strategic Planning Committee (SPC) and Members Committee (MC) (Committee Metrics – Attachment 6, SPC Bylaws – Attachment 7, MC Bylaws – Attachment 8, SPC Makeup – Attachment 9 and MC Makeup – Attachment 10). The groups were put into place in the late 1990's as SPP moved to shift its governance structure in preparation of SPP becoming a Regional Transmission Organization (RTO). Transmission was the focus, with transmission owning (TO) and transmission using (TU) members. The SPC is evenly divided between TOs and TUs. Other factors are also considered in determining the composition of the MC. With the potential Mountain West Transmission Group ("MWTG") addition to SPP, the MWTG has requested additional seats on these two committees.

Many of the other independent system operators (ISO) and RTOs are sector based, similar to the structure of the CGC. The sector chooses its representative. There are different types of models. The CGC needs to decide if there is a need for a change.

The CGC discussed that as the MWTG negotiations move forward the next step would be to craft modifications to the governing documents if the committee desires to make changes.

ACTION ITEM: As the governing documents are revised the CGC can decide to add a term for the SPC representatives and leadership. The terms could be staggered. It could be up to the CGC to notify the members at the end of the term to verify continued interest and commitment. All nominations could come before the CGC for selection.

ACTION ITEM: Term limits can be redlined in for consideration. This topic would be up to the CGC to debate and propose.

Agenda Item 5 – SPP Membership and Stakeholder Participation Discussion

Paul Suskie and Rob Janssen (Dogwood) began the discussion by reviewing the material provided (Corporate Governance Committee Research – Attachment 11 and Member Withdrawal Obligations – Attachment 12). The other RTOs have similar annual fees. SPP membership participation seems to be broader than the other RTOs. Essentially any entity can join SPP, an individual cannot. Paul Suskie reviewed the voting practices, operation costs and withdrawals in comparison to SPP. The major take-away from the RTO comparison is the member's vote counts. SPP is a member-driven organization that is open and transparent.

We have data on the debt obligation of the other RTOs. What we do not have is the specificity on how they would go about allocating debt or other financial obligations to the extent someone withdraws.

ACTION ITEM: Research financial obligations for withdrawing from other RTOs.

ACTION ITEM: Research the regulatory issues related to companies that would like to participate but cannot afford to, and look at the companies that are current members but do not participate. Regulatory can research an amnesty period or provision.

ACTION ITEM: Have the Finance Committee review the cost for every year of capital investments (the cost will decrease over time) and apply this decrease to the member's withdrawal fee to lower the withdrawal fee cost commitment.

Agenda Item 6 – Board of Directors, Survey Results, Compensation

Nick Brown requested questions and comments from non-committee members concerning the Board of Directors survey (2017 Board of Directors Evaluation Results – Attachment 13). He said that the survey and other additional information will be discussed in more detail during the executive session of the meeting. There were no comments or questions.

ACTION ITEM: Correct the date in the footer of the survey and have the Communications Department double-check the calculation at the bottom of page two of the survey. The correct survey will be posted in the minutes.

Executive Session

The open portion of the meeting concluded at 12:12 p.m., and the committee went into executive session.

Agenda Item 8 – Executive Session

Agenda Item 9 – Future Meetings

August 16, 2018	Kansas City, MO
November 13, 2018	Dallas, TX

Adjournment

Nick Brown thanked everyone for participating and adjourned the executive session at 3:02 p.m.

Respectfully Submitted,

Paul Suskie, Secretary



Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE MEETING

February 22, 2018

DFW Hyatt Regency, Dallas, TX

• A G E N D A •

10:00 a.m. – 3:00 p.m.

1. Call to Order and Administrative Items.....Nick Brown
 - a. Minutes (11/28/17 and 1/5/18)
 - b. Action Item Review
2. Approval of Charter.....Paul Suskie
 - a. Oversight Committee
3. Standards of Conduct Review – Investments.....Paul Suskie
4. SPC & Members Committee Representation Discussion.....Nick Brown
 - a. SPC & MC seats per SPP Bylaws
 - b. SPC & MC current rosters
5. SPP Membership & Stakeholder Participation Discussion.....All
 - a. Annual Fees/Assessment
 - b. Other RTO Comparisons
 - c. Withdrawal Obligations.....Rob Janssen
6. Board of Directors, Survey Results, Compensation.....Nick Brown
 - a. Survey Results
 - b. Terms/Tenure
 - c. Review of Existing Compensation
 - d. ISO/RTO Directors Compensation Survey
7. Term/Age Limits for Board Members (Carry over).....Denise Buffington
8. Expiring Terms for SPP Board of Directors.....Nick Brown
 - a. Jim Eckelberger
 - b. Graham Edwards
 - c. Harry Skilton
9. Future Meetings
 - August 16, 2018 Kansas City, MO
 - November 13, 2018 Dallas, TX

SPP Corporate Governance Committee Meeting - 2/22/28

First Name	Last Name	Attending	Company
Brett	Leopold	In person	ITC Great Plains LLC
Carl	Monroe	In person	Southwest Power Pool
Denise	Buffington	Phone	Kansas City Power & Light Company
Greg	McAuley	Phone	Oklahoma Gas & Electric
Heather	Starnes	Phone	Healy Law Offices/MJMEUC
Jason	Atwood	Phone	Northeast Texas Electric Cooperative
Jason	Fortik	In person	Lincoln Electric System
Jim	Eckelberger	In person	SPP Board of Directors
Jody	Sundsted	In person	Western Area Power Administration
John	McClure	Phone	Nebraska Public Power District
Julian	Brix	Phone	SPP Board of Directors
Lanny	Nickell	In person	Southwest Power Pool
Larry	Altenbaumer	In person	SPP Board of Directors
Michael	Hall	Phone	Western Farmers Elec. Coop.
Mike	Risan	In person	Basin Electric Power Cooperative
Nick	Brown	In Person	Southwest Power Pool, Inc.
Paul	Suskie	In person	Southwest Power Pool
Robert	Janssen	In person	Dogwood Energy, LLC
Shaun	Scott	Phone	Southwest Power Pool
Susan	Polk	Phone	Southwest Power Pool, Inc.

Evaluation Only. Created with Aspose.Cells for .NET.Copy

right 2003 - 2018 Aspose Pty Ltd.

**Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
November 28, 2017
AEP Office - Dallas, TX**

• M I N U T E S •

Agenda Item 1 – Call to Order and Administrative Items

Corporate Governance Committee (CGC) Chair Nick Brown called the meeting to order at 10:01 a.m. Members who participated were: Nick Brown (SPP), Jim Eckelberger (Director), Jason Atwood (NTEC), Denise Buffington (KCPL), Jason Fortik (LES) Rob Janssen (Dogwood), Brett Leopold (ITC), John McClure (NPPD), and Jody Sundsted (WAPA - UGP).

There were a total of 38 participants in person and on the phone (Attendance and Proxy – Attachment 1).

Nick Brown introduced and welcomed the CGC's newest member, Jody Sundsted, Western Area Power Administration – Upper Great Plains Region. The CGC is different from the other committees in that it is sector-represented. Each sector chooses its own representative. Currently, in the Federal Power Marketing Agency sector there is only one representative, Western Area Power Administration – UGP.

Jason Atwood made a motion to approve the minutes from the 8/22/17 CGC meeting (CGC Minutes 8/22/17 – Attachment 2), and Jason Fortik seconded the motion. The motion passed unanimously.

Paul Suskie discussed the action items and reported that action items no. 2, 4, and 5 have been completed (Action Items – Attachment 3).

Agenda Item 2 – Vacancies

Strategic Planning Committee

There will be two vacancies on the SPC; Venita McCellon-Allen from SWEPCO is resigning and Jake Langthorn is retiring from Oklahoma Gas and Electric Company. Both of these will be effective at the end of the year. The new candidate positions will be effective January 1, 2018. The openings are for two Transmission Owning member positions. The membership was solicited for candidates. The committee reviewed the committee metrics (Committee Metrics – Attachment 4) and the nomination forms from each candidate (SPC Nomination Forms – Attachment 5). The SPC is comprised of five Transmission Owning members; five Transmission Using members; and up to four, but no less than three, Board members. Each candidate was given an opportunity to speak and then the committee went into executive session to deliberate.

When the committee resumed the meeting in open session, Nick announced John Olsen, Westar Energy, Inc. and Richard Ross, AEP (SWEPCO) as the new SPC representative nominees. These nominations will be added for approval at the Board of Directors/Members Committee meeting on December 5, 2017.

Members Committee

The Members Committee's Federal Power Marketing Agency vacancy was discussed. Jody Sundsted, WAPA-UGP is the only candidate for the position (Members Committee Nomination Form – Attachment 6).

Rob Janssen made a motion to approve Jody Sundsted, WAPA-UGP for the Federal Power Marketing Agency opening on the Members Committee, and Jason Atwood seconded the motion. The motion passed unanimously.

Organizational Group Chairs

Nine organizational group chairs were recommended for consideration to fill expiring terms. All of the chairs are incumbents and were unanimously approved by their respective group (Chair Recommendations – Attachment 7).

Jim Eckelberger made a motion to approve the nine recommended organizational group chairs as nominees to serve a two-year term on their respective working group, and Jason Atwood seconded the motion. The motion passed unanimously.

MOPC Vice Chair

Nick Brown discussed that there will be a vacancy in the MOPC vice chair position at the end of 2018. The committee sought nominations to fill the vice chair position to make an easier transition into the chair position. The committee is looking for someone that is willing to make a three-year commitment. The Bylaws are silent on the process of selecting the vice chair; it has typically been done in discussion with staff by individuals that have shown an interest. Five candidates have expressed an interest (MOPC Vice Chair Nominations – Attachment 8). The vice chair is to fill in for the chair if the chair cannot participate. It is a position for training to move into the chair position. Each candidate was given an opportunity to speak and then the committee went into executive session to deliberate. During the executive session, Jason Atwood gave Mike Wise (Golden Spread) his proxy, and Denise Buffington gave Richard Ross, AEP (SWEPCO) her proxy.

When the committee resumed the meeting in open session, Nick announced Jason Atwood, NTEC as the MOPC vice chair nominee.

Agenda Item 3 – FERC 206 Complaints of Non-Jurisdictional Refunds

Mike Riley provided background and an update on FERC Dockets No. EL16-91 and EL18-19 (FERC 206 Presentation – Attachment 9, FERC 206 Recommendation – Attachment 10, FERC 206 Recommendation Memo – Attachment 11.) During the February 2017 CGC meeting, SPP staff recommended to initiate a stakeholder process to develop proposed changes to the governing documents. The CGC directed staff to coordinate with all SPP transmission owners on drafting a straw proposal to comply with FERC's direction and to bring a proposal back to the CGC. SPP must submit a compliance filing with a proposal to address non-jurisdictional refund commitment by February 28, 2018, regardless of the outcome of the stakeholder process, or show cause as to why revisions are unnecessary. FERC rejected claims that it has no authority to require SPP to revise governing documents to include a refund commitment from non-jurisdictional utilities. FERC clarified that the refund commitment described in the July 2016 Order must be a contractual commitment that is enforceable by a court, not the Commission. FERC's exclusive objective is to include new refund commitments related to non-jurisdictional services. The lack of refund commitments for non-public utilities that have collected or will collect unjust and unreasonable rates affects FERC's jurisdictional services. Non-public utilities would only be subjected to refund commitments to the extent that they wish to remain or become SPP transmission owners. The refund commitment would serve as a condition precedent for non-public utility Transmission Owning members to recover revenues through the SPP Tariff and based on a choice they made to become members. SPP must file a status report on December 15, 2017, updating FERC on the stakeholder review process. SPP staff provided the following recommendations: incorporate new provisions into the SPP Membership Agreement and the SPP Tariff; present the tariff addition to the Regional Tariff Working Group (RTWG) on December 13, 2017; request an effective date of April 30, 2018 for these new provisions; seek affirmative acknowledgement of the refund commitment from each non-jurisdictional utility member, and if a non-jurisdictional utility member does not acknowledge the refund commitment, initiate the process on the effective date of the new provisions, to remove transmission facilities from SPP's functional control.

Bill Dowling, Midwest Energy, Inc. provided a counter proposal (Midwest Energy, Inc. Presentation – Attachment 12).

ACTION ITEM: The CGC decided that the CGC will own this process. Mike Riley will go back to the transmission owners to work on some language to send to FERC and return to one of the special meetings with an update. The language from the results of the WAPA decision will be included.

Agenda Item 4 – Organizational Effectiveness (Self-Assessments)

Paul Suskie provided information on the annual self-assessments from the past year (Self-Assessments 2016-17 – Attachment 13). Some concerns were raised as to the processes followed when a committee participant misses too many meetings. There are processes in place to deal with individuals that miss too many consecutive meetings. It is up to the chair of the group to have that discussion with the committee member.

ACTION ITEM: Rob Janssen will provide a list of committee members that have missed a number of meetings from the various committees to be reviewed for continued participation. Carl Monroe will have a discussion with the chairs of the committees in which individuals have missed a large number of meetings. He will report his findings back to the CGC.

ACTION ITEM: Going forward, the staff secretaries and group chairs will communicate the importance of consistent attendance and the consequences of not attending meetings.

ACTION ITEM: For the annual assessment review next year, the staff secretaries will work with the group chairs and submit a report on the individuals that are not attending meetings, and what is being done to determine why the member is missing meetings.

ACTION ITEM: The importance of attending meetings will be communicated to the committee members and attendance will be reviewed.

Agenda Item 5 – Approval of Organizational Rosters

Paul Suskie provided the organizational roster information for review and approval (Organizational Rosters – Attachment 14). Approval of the rosters was conditioned on Carl Monroe communicating with the group chairs and staff secretaries to obtain participation information. Carl will report his findings to the committee at a later date.

Rob Janssen made a motion to approve the rosters on the condition that they be reviewed by the chairs and staff secretaries, and Jim Eckelberger seconded the motion. The motion passed unanimously.

Agenda Item 6 – Approval of Charters/Scopes

The Critical Infrastructure Protection Working Group charter (CIPWG Background - Attachment 15), Finance Committee scope (FC Background – Attachment 16), and Human Resources Committee scope (HRC Background – Attachment 17) have been updated. There was no discussion on the changes.

Rob Janssen made a motion to approve the changes to the CIPWG Charter, Finance Committee scope and Human Resources Committee scope, and Jim Eckelberger seconded the motion. The motion passed unanimously.

Agenda Item 7 – Membership Governance Topics

Withdrawal Obligations

Nick Brown began the discussion by mentioning the withdrawal obligations (Member Withdrawal Obligation and Estimated Withdrawal Obligations – Attachment 18). This topic has been carried over from previous meetings due to a lack of time. This will affect Schedule 1-A and how SPP collects its revenue requirements among members and customers. Nick introduced Steve Gaw to discuss the barriers to SPP membership (Barrier to Membership in SPP Presentation – Attachment 19).

Steve began by introducing Betsy Beck, American Wind Energy Association and Caitlin Liotiris, Energy Strategies. Steve discussed that the membership exit fee structure may present a barrier to participation in the stakeholder process. He stated that this has resulted in a distinct lack of members in the independent power producer, power marketing, energy storage, demand response, competitive transmission, and public interest sectors. Steve did discuss the importance of membership and the limitations when a company is not a member.

Nick commented that changing the withdrawal obligation would change the governance structure of SPP. SPP has grown in the last ten years, the reason being SPP's governance structure.

Finance Committee Discussions on Schedule 1-A Cost Allocation

Paul Suskie provided an update of the cost recovery timeline (Cost Recovery Timeline and Rate Structure Memo – Attachment 20).

Affiliate Voting and Definitions

The information on affiliate voting was reviewed (Affiliate Relationships and Votes – Attachment 21). Rob Janssen would like to see a return to this topic at a later date when there is more time. He would like to take a closer look at how SPP counts the cooperatives' generation and transmission and distribution entities as affiliates. Paul Suskie discussed that SPP does not ask for agency agreements between companies, marketing alliances, or if the company turns the majority of its transmission system to another member. SPP staff would have to reach out to the members and ask these questions; this is information that affects who has the right to vote for Members Committee and Corporate Governance Committee representatives, as well as the Regional Entity Trustees and the Board of Directors.

ACTION ITEM: Revisit the affiliate relationships and voting in a year. Staff is to ensure that any affiliates in the aforementioned categories are identified for the CGC's consideration, particularly for voting purposes.

Agenda Item 9 – Future Meetings

The CGC will have an executive session conference call on Friday, December 4, 2017, and the committee will meet in executive session in Dallas on December 19, 2017. Additional information as to the December 19 meeting will be provided during the December 4 conference call. There will be other meetings as necessary to discuss the Mountain West items.

February 22, 2018	Dallas, TX
August 16, 2018	Kansas City, MO
November 13, 2018	Dallas, TX

Agenda Item 8 – Executive Session

The open portion of the meeting concluded at 4:45 p.m., and the committee went into executive session.

Adjournment

Nick Brown thanked everyone for participating and adjourned the executive session at 5:55 p.m.

Respectfully Submitted,

Paul Suskie, Secretary

**Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
January 5, 2018
Net Conference**

• M I N U T E S •

Agenda Item 1 – Call to Order and Administrative Items

Corporate Governance Committee (CGC) Chair Nick Brown called the meeting to order at 9:02 a.m. Members who participated were: Nick Brown (SPP), Jim Eckelberger (Director), Jason Atwood (NTEC), Denise Buffington (KCPL), Jason Fortik (LES) Rob Janssen (Dogwood), Brett Leopold (ITC), John McClure (NPPD), and Jody Sundsted (WAPA - UGP).

There were a total of 31 participants in person and on the phone (Attendance and Proxy – Attachment 1).

Agenda Item 2 – FERC Docket EL 16-91 and EL 18-19

Mike Riley provided an update on the FERC Dockets 16-91 and EL 18-19 and a review of the stakeholder efforts that occurred since the November 28, 2017, CGC meeting. SPP must submit a compliance filing with a proposal to address non-jurisdictional refund commitment by February 28, 2018. FERC expects to issue a final order on April 30, 2018. There was discussion about the proposal drafted by NPPD. Denise Buffington (IOU Rep) was supportive of addressing the legal concerns identified by Kansas and Nebraska entities but raised specific concerns regarding SPP's ability to demonstrate the proposed solution does not harm other members – e.g., impact on multi-owner zonal rates, impact on point-to-point charges, impact on through and out rates, etc.

Jason Fortik made a motion to approve the Nebraska Public Power District and Western Area Power Administration proposals (NPPD Proposal – Attachment 3 and WAPA Proposal – Attachment 4), and Brett Leopold seconded the motion. The motion passed unanimously.

Nick Brown provided the timeline for the Board of Directors vote. The Membership must be provided 30 days' notice prior to the board's consideration of the amendments to the Membership Agreement.

Agenda Item 3 – Future Meetings

February 22, 2018	Dallas, TX
August 16, 2018	Kansas City, MO
November 13, 2018	Dallas, TX

Adjournment

Nick Brown thanked everyone for participating and adjourned the meeting at 9:53 a.m.

Respectfully Submitted,

Paul Suskie, Secretary

Southwest Power Pool, Inc.
CORPORATE GOVERNANCE COMMITTEE
Pending Action Items Status Report

February 22, 2018

No.	Action Item	Date Originated	Status	Comments
1.	a. Rob Janssen will provide a list of committee members that have missed a number of meetings from the various committees to be reviewed.	11/28/17	Complete	
	b. Carl will have a discussion with the chairs of the committees in which individuals have missed a large number of meetings.	11/28/17	In process	Carl addressed the Staff Secretaries at the last educational session on 2/1/18.
	c. Going forward, the staff secretaries and group chairs will communicate the importance of consistent attendance and the consequences of not attending meetings.	11/28/17	In process	Carl addressed the Staff Secretaries at the last educational session on 2/1/18.
	d. For the annual assessment review next year, the staff secretaries will work with group chairs and submit a report on the individuals that are not attending meetings, and what is being done to determine why the member is missing meetings.	11/28/17	In Process	Carl addressed the Staff Secretaries at the last educational session on 2/1/18.
	e. The importance of attending meetings will be communicated to the committee members and attendance will be reviewed.	11/28/17	In process	Carl addressed the Staff Secretaries at the last educational session on 2/1/18.
2.	a. Review the SPC governance structure and consider adding a co-chair to the group or changing how long the chair can serve.	8/22/17	Complete	Survey results suggested this is not what the members want.
	b. Review placing a Board member as chair of the SPC.	8/22/17	Complete	
	c. Review the possibility of placing Member representatives on the SPC who are currently Member Committee Members.	8/22/17	Complete	
	d. Review the SPC representation – sector representations versus transmission user (TU) and transmission owner (TO) geographic split.	8/22/17	Complete	
3.	Add two additional questions to the Organizational Effectiveness Survey: 1. Would you like to see the Board assume more leadership on the SPC? 2. Should a Board member chair the SPC?	8/22/17	Complete	

4.	Complete an “apples to apples” comparison to see what other RTOs are doing.	8/22/17	Complete	On 2/22/18 CGC agenda.
5.	Complete some analysis and review the affiliate voting from the last MOPC meeting. Look at what companies SPP now considers affiliates. Review the definition of an affiliate.	11/28/17	Complete	Reviewed at the 11/28/17 meeting.
6.	Ask SPP organizational groups to review the working groups to review the working groups that have a technical need and request those changes be added to the charters. In particular, the Transmission Working Group (TWG) will be asked to review its charter and make a recommendation to that group.	8/22/17	Complete	The TWG has been asked to review its charter with the technical need as the focus when adding group members. SPP Staff will follow up.



Southwest Power Pool, Inc.
Oversight Committee
Recommendation to the Corporate Governance Committee
February 22, 2018
Approval of Oversight Committee Scope

Organizational Roster

The following persons are members of the Oversight Committee:

Joshua Martin, Chair	Director	Phyllis Bernard	Director
Graham Edwards	Director	Bruce Scherr	Director
Harry Skilton	Director		

Background

Per Bylaws Section 6.6, the Corporate Governance Committee is charged with responsibility for SPP’s “overall governance structure” in accordance with its Board of Directors-approved scope. This scope requires, among other things, that the Corporate Governance Committee conduct, together with Organizational Group Chairs, an annual review of each Organizational Group scope, with changes to be recommended to the Board of Directors, as appropriate.

The Board of Directors is expressly charged with approving the scopes of Organizational Groups that report to the Board of Directors (Bylaws Sections 6.1 – 6.6), and, pursuant to Bylaws Section 4.1(a) and (g), is otherwise responsible for directing activities of all SPP Organizational Groups and reviewing, approving, disapproving, or recommending revision to the actions of any Organizational Group.

The charter/scope changes were approved by the Oversight Committee.

Analysis

In sections (e) and (g) the title of “Director” was changed to “Executive Director”. Section (m) was added “Accept/review annually (with the Finance Committee Board members in attendance) SPP’s Independent Auditor’s Service Organization Controls (SOC1) report”.

Recommendation	Approval of the Oversight Committee Charter	
Approved:	Oversight Committee	December 8, 2017
Action Requested:	Approve the OC Scope	
Attachments:	Oversight Committee Scope (Clean and Redline)	

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
Organizational Group Scope Statement
February 22, 2018

Purpose

The Oversight Committee (OC) is responsible for monitoring compliance with SPP and regulatory policies for the company in accordance with its scope as approved by the Board of Directors.

Scope of Activities

- a) Oversee the process of monitoring compliance to SPP and NERC policies other than that assigned to the Regional Entity Trustees under the Bylaws;
- b) Oversee the Internal Audit function and receive regular reports, except for work associated with controls audits and other financial requirements;
- c) Oversee the market monitoring function and receive regular reports;
- d) Review and approve the MMU budget, subject only to approval by the Board of Directors as part of the overall SPP budget;
- e) Make decisions regarding the market monitoring unit (MMU) Executive Director's compensation and performance review, disciplinary actions, and other related proceedings;
- f) Review and approve MMU staffing decisions (hiring, retention, and termination), salary, and disciplinary decisions;
- g) Determine the MMU performance compensation and approve the MMU Executive Director's distribution of these funds to MMU staff;
- h) Review the overall assessment of the SPP MMU's effectiveness on an annual basis;
- i) Oversee the Compliance function and receive regular reports;
- j) Independently review activities of the staff;
- k) Oversee the process for, and approve, Independent Expert Panels associated with the Order 1000 implementation process;

- l) Discuss with management and the independent auditors the company's guidelines and policies with respect to corporate risk assessment and risk management;
- m) ~~Accept/review~~Review/accept annually (with the Finance Committee Board members in attendance) SPP's Independent Auditor's Service Organization Controls (SOC1) report;
- n) Hear and rule on appeals from Members regarding penalty assessment or fine distribution, other than those resulting from the Compliance Monitoring and Enforcement Program, prior to dispute resolution proceedings;
- o) Recommend Criteria changes necessary for enforcement of mandatory compliance and in response to unclear enforcement provisions of Criteria;
- p) Grant specific additional authority to the staff responsible for the compliance monitoring function when needed to perform challenging investigations;
- q) Oversee and receive reports on business continuity plans and assessments;
- r) Oversee and receive reports on physical and cyber security matters;
- s) Complete a self-assessment annually to determine how effectively the OC is meeting its responsibilities; and
- t) Perform such other functions as the Board of Directors may delegate or direct.

Representation

The OC shall be comprised of five members from the Board of Directors.

Reporting

The Oversight Committee reports directly to the Board of Directors.

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
Organizational Group Scope Statement
December 8, 2017

Purpose

The Oversight Committee (OC) is responsible for monitoring compliance with SPP and regulatory policies for the company in accordance with its scope as approved by the Board of Directors.

Scope of Activities

- a) Oversee the process of monitoring compliance to SPP and NERC policies other than that assigned to the Regional Entity Trustees under the Bylaws;
- b) Oversee the Internal Audit function and receive regular reports, except for work associated with controls audits and other financial requirements;
- c) Oversee the market monitoring function and receive regular reports;
- d) Review and approve the MMU budget, subject only to approval by the Board of Directors as part of the overall SPP budget;
- e) Make decisions regarding the market monitoring unit (MMU) Executive Director's compensation and performance review, disciplinary actions, and other related proceedings;
- f) Review and approve MMU staffing decisions (hiring, retention, and termination), salary, and disciplinary decisions;
- g) Determine the MMU performance compensation and approve the MMU Executive Director's distribution of these funds to MMU staff;
- h) Review the overall assessment of the SPP MMU's effectiveness on an annual basis;
- i) Oversee the Compliance function and receive regular reports;
- j) Independently review activities of the staff;
- k) Oversee the process for, and approve, Independent Expert Panels associated with the Order 1000 implementation process;
- l) Discuss with management and the independent auditors the company's guidelines and policies with respect to corporate risk

assessment and risk management;

- m) Accept/review annually (with the Finance Committee Board members in attendance) SPP's Independent Auditor's Service Organization Controls (SOC1) report;
- n) Hear and rule on appeals from Members regarding penalty assessment or fine distribution, other than those resulting from the Compliance Monitoring and Enforcement Program, prior to dispute resolution proceedings;
- o) Recommend Criteria changes necessary for enforcement of mandatory compliance and in response to unclear enforcement provisions of Criteria;
- p) Grant specific additional authority to the staff responsible for the compliance monitoring function when needed to perform challenging investigations;
- q) Oversee and receive reports on business continuity plans and assessments;
- r) Oversee and receive reports on physical and cyber security matters;
- s) Complete a self-assessment annually to determine how effectively the OC is meeting its responsibilities; and
- t) Perform such other functions as the Board of Directors may delegate or direct.

Representation

The OC shall be comprised of five members from the Board of Directors.

Reporting

The Oversight Committee reports directly to the Board of Directors.

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE
Organizational Group Scope Statement
~~April 25~~December 8, 2017

Purpose

The Oversight Committee (OC) is responsible for monitoring compliance with SPP and regulatory policies for the company in accordance with its scope as approved by the Board of Directors.

Scope of Activities

- a) Oversee the process of monitoring compliance to SPP and NERC policies other than that assigned to the Regional Entity Trustees under the Bylaws;
- b) Oversee the Internal Audit function and receive regular reports, except for work associated with controls audits and other financial requirements;
- c) Oversee the market monitoring function and receive regular reports;
- d) Review and approve the MMU budget, subject only to approval by the Board of Directors as part of the overall SPP budget;
- e) Make decisions regarding the market monitoring unit (MMU) Executive Director's compensation and performance review, disciplinary actions, and other related proceedings;
- f) Review and approve MMU staffing decisions (hiring, retention, and termination), salary, and disciplinary decisions;
- g) Determine the MMU performance compensation and approve the MMU Executive Director's distribution of these funds to MMU staff;
- h) Review the overall assessment of the SPP MMU's effectiveness on an annual basis;
- i) Oversee the Compliance function and receive regular reports;
- j) Independently review activities of the staff;
- k) Oversee the process for, and approve, Independent Expert Panels associated with the Order 1000 implementation process;
- l) Discuss with management and the independent auditors the company's guidelines and policies with respect to corporate risk

assessment and risk management;

- h)m) Accept/review annually (with the Finance Committee Board members in attendance) SPP's Independent Auditor's Service Organization Controls (SOC1) report;
- m)n) Hear and rule on appeals from Members regarding penalty assessment or fine distribution, other than those resulting from the Compliance Monitoring and Enforcement Program, prior to dispute resolution proceedings;
- n)o) Recommend Criteria changes necessary for enforcement of mandatory compliance and in response to unclear enforcement provisions of Criteria;
- o)p) Grant specific additional authority to the staff responsible for the compliance monitoring function when needed to perform challenging investigations;
- p)q) Oversee and receive reports on business continuity plans and assessments;
- q)r) Oversee and receive reports on physical and cyber security matters;
- r)s) Complete a self-assessment annually to determine how effectively the OC is meeting its responsibilities; and
- s)t) Perform such other functions as the Board of Directors may delegate or direct.

Representation

The OC shall be comprised of five members from the Board of Directors.

Reporting

The Oversight Committee reports directly to the Board of Directors.

MEMBERSHIP REPRESENTATION ON SPP COMMITTEES

Member Company	MC	CGC	FC	HRC	SPC
Arkansas Electric Coop Company (Cooperative) (TU)	1 Duane Highley			1 Duane Highley	
AEP/PSO/SWEPCO (Investor-Owned) (TO)	1 Stuart Solomon		1 Sandra Bennett		1 Richard Ross
Basin Electric Power Cooperative (Cooperative)(TO)	1 Mike Risan				1 Mike Risan
City Utilities of Springfield (Municipal) (TU)	1 Jeff Knottek				
Dogwood (IPP) (TU)	1 Rob Janssen	1 Rob Janssen			1 Rob Janssen
Empire District (Investor-Owned) (TO)	1 Brent Baker				
Golden Spread (Cooperative) (TU)	1 Mike Wise		1 Mike Wise		1 Mike Wise
ITC Holdings (Independent Transmission Company) (TU)	1 Brett Leopold	1 Brett Leopold			
Kansas City Power & Light (Investor-Owned) (TO)	1 Kevin Noblet	1 Denise Buffington			
Kansas Electric Power Cooperative (Cooperative) (TU)					1 Les Evans
Lincoln Electric System (Municipal) (TU)		1 Jason Fortik	1 Laura Kapustka		1 Dennis Florom
Missouri River Energy Services (Municipal) (TU)					1 Ray Wahle
Nebraska Public Power District (State Agency) (TO)	1 Tom Kent	1 John McClure		1 Tom Kent	1 Traci Bender
NextEra Energy Resources (IPP/Marketer) (TU)					
Northeast Texas Electrical Cooperative (Cooperative) (TU)	1 Jason Atwood	1 Jason Atwood			
Oklahoma Gas & Electric Company (Investor-Owned) (TO)	1 Greg McAuley			1 John Rhea	
Oklahoma Municipal Power Authority (Municipal) (TU)	1 David Osburn				
Omaha Public Power District (State Agency) (TO)	1 Joe Lang				
SouthCentral MCN (ITC) (TU)				1 Noman Williams	
Sunflower Electric Power Corporation (Cooperative) (TO)	1 Stuart Lowry				
Tenaska (IPP) (TU)	1 Kevin Smith				
Westar (Investor-Owned) (TO)	1 Kelly Harrison		1 Kelly Harrison		1 John Olsen
Western Area Power Administration (Federal Power Marketing Agency) (TO)	1 Jody Sundsted	1 Jody Sundsted			
SPS/Xcel Energy (Investor-Owned) (TO)	1 David Hudson				1 Bill Grant

6.2 Strategic Planning Committee

The Strategic Planning Committee (SPC) is responsible for the development and recommendation of strategic direction for the company in accordance with its scope as approved by the Board of Directors.

The SPC shall be comprised of up to fourteen members. Up to four representatives, but no less than three representatives, shall be from the Board of Directors; five representatives from the Transmission Owning Member sector as nominated by the Corporate Governance Committee; and five representatives from the Transmission Using Member sector as nominated by the Corporate Governance Committee.

The Board of Directors shall appoint the representatives of the SPC. Each representative of the SPC shall continue to be a representative thereof until the Board of Directors appoints his/her successor. Where a vacancy occurs, the Corporate Governance Committee will fill the vacancy on an interim basis until the next meeting of the Board of Directors.

The SPC shall meet at least twice per calendar year, and additionally as needed, provided that a quorum, as defined in these Bylaws, is present. The SPC shall report to the Board of Directors following each SPC meeting with respect to its activities and with such recommendations, as the SPC deems necessary.

5.1 Members Committee

5.1.1 Composition and Qualifications

5.1.1.1 Composition

Provided that Membership is sufficient to accommodate these provisions, the Members Committee shall consist of up to 24 persons. Six representatives shall be investor owned utilities Members; five representatives shall be cooperatives Members; two representatives shall be municipals Members (including municipal joint action agencies); three representatives shall be independent power producers/marketers Members; two representatives shall be state power agencies Members; one representative shall be from a Federal Power Marketing Agency; two representatives shall be alternative power/public interest Members; one representative shall be from an independent transmission company Member, defined as having assets under the OATT and no Affiliate Relationships in other categories of Membership; one representative shall be a large retail customer Member, defined as non-residential end-use customers with individual or aggregated loads of 1-MW or more; and one representative shall be a small retail customer Member, defined as residential customers and other customers with individual or aggregated loads of less than 1-MW. Representatives will be elected in accordance with Section 5.1.2 of these Bylaws.

Strategic Planning Committee (14 Members)		
Vacancies (None)		
Board of Director Representatives (4 Seats)		
	Member	Company
BOD	Jim Eckelberger	SPP Board
BOD	Larry Altenbaumer	SPP Board
BOD	Graham Edwards	SPP Board
BOD	Mark Crisson	SPP Board
Transmission Owning Members (5 seats)		
	Representative	Company
TO	Traci Bender	Nebraska Public Power District
TO	Bill Grant	Southwestern Public Service/Xcel Energy
TO	John Olsen	Westar Energy, Inc.
TO	Mike Risan	Basin Electric Power Cooperative
TO	Richard Ross	Swepco
Transmission Using Members (5 Seats)		
	Representative	Company
TU	Les Evans	Kansas Electric Power Cooperative
TU	Dennis Florom	Lincoln Electric System
TU	Rob Janssen	Dogwood Energy
TU	Ray Wahle	Missouri River Energy Services
TU	Mike Wise	Golden Spread

2016 Integration of the IS - Increase the SPC by one TO and TU
Ray Wahle and Mike Risan

2017 Increase the number of board members to the SPC

Members Committee (24 Members)			
Vacancies (In Red)			
Investor Owned Utility Sector (6 Seats)			
Sector	Representative	Company	Term Expires
IOU	Brent Baker	Empire District	2018
IOU	Kevin Noblet	Kansas City Power & Light	2018
IOU	Kelly Harrison	Westar	2019
IOU	Stuart Solomon	Public Service Co. Oklahoma	2019
IOU	David Hudson	SPS/Xcel Energy	2020
IOU	Greg McAuley	Oklahoma Gas & Electric Company	2020
Cooperative Sector (5 Seats)			
Sector	Representative	Company	Term Expires
Cooperative	Jason Atwood	NTEC	2018
Cooperative	Mike Wise	Golden Spread	2018
Cooperative	Stuart Lowry	Sunflower	2019
Cooperative	Mike Risan	Basin Electric	2019
Cooperative	Duane Highley	AECC	2020
Municipal Sector (2 Seats)			
Sector	Representative	Company	Term Expires
Municipal	Jeff Knottek	City Utilities Springfield	2019
Municipal	Dave Osburn	Oklahoma Municipal Power Authority	2020
IPP/Marketers Sector (3 Seats)			
Sector	Representative	Company	Term Expires
IPP/Marketers	Kevin Smith	Tenaska	2018
IPP/Marketers	Rob Janssen	Dogwood	2019
IPP/Marketers	VACANT		2020
State Agencies Sector (2 Seats)			

Sector	Representative	Company	Term Expires
State Agencies	Tom Kent	Nebraska Public Power District	2018
State Agencies	Joe Lang	Omaha Public Power District	2020
Federal Power Marketing Agency Sector (1 Seat)			
Sector	Representative	Company	Term Expires
FPMA	Jody Sundsted	WAPA	2018
Independent Transmission Company Sector (1 Seat)			
Sector	Representative	Company	Term Expires
Transco	Brett Leopold	ITC Great Plains	2019
Public Interest/Alternative Power Sector (2 Seats)			
Sector	Representative	Company	Term Expires
PI/Alternative	VACANT		2018
PI/Alternative	VACANT		2020
Large Retail Customer Sector (1 Seat)			
Sector	Representative	Company	Term Expires
Industrial	VACANT		2020
Small Retail Customer Sector (1 Seat)			
Sector	Representative	Company	Term Expires
Retail	VACANT		2019

4.28.15 David Hudson (IOU) – Term ending 2017 (2 Years)
 Kelly Walters (IOU) – Term ending 2015 (8 Months)
 Mike Risan (Cooperative) – Term ending 2016 (2 Years)
 Stuart Lowry (Cooperative) – Term ending 2016 (2 Years)
 Bob Harris (FPMA) – Term ending 2015 (8 Months)
 Kristine Schmidt (ITC) – Term ending 2016 (2 Years)

10.28.14 Members Committee (sector):
 Phil Crissup (IOU)
 Duane Highley (Cooperative)
 Dave Osburn (Municipal)
 Jon Hansen (State/Federal Power Agency)
 Kristy Ashley (IPP/Marketer)

Term to begin on
 January 2015

10.27.15 Members Committee (sector):
 Kelly Walters (investor owned utility)
 Scott Heidtbrink (investor owned utility)
 Jason Atwood (cooperative)
 Mike Wise (cooperative)
 Kevin Smith (independent power producer/marketer)
 Tom Kent (state power agency)
 Bob Harris (Federal Power Marketing Agency)
 Brett Leopold (independent transmission company)

Term to begin on
 January 2016

10.25.16 Members Committee (sector):
 Harrison (IOU) Kelly
 Stuart Solomon (IOU)
 Stuart Lowry (Cooperative) Mike Risan
 (Cooperative) Jeff Knottek
 (Municipal) Rob Janssen
 (IPP/Marketer) Brett Leopold (ITC)

Term to begin on
 January 2017

Mark Tourangeau elected on 2.25.16 - filled Kristy Ashley's spot 2017 Term expiration

Information on RTO/ISO Governance/Membership Issues
SPP Corporate Governance Committee

Annual Fees	
CAISO	<ul style="list-style-type: none"> • Participating Transmission Owner (“Participating TO”): No specific application or annual fee is established under the Transmission Control Agreement (“TCA”), although the TCA allows CAISO to establish a fee “[i]f the burden of processing applications . . . becomes significant.” [TCA § 2.2.6] • Scheduling Coordinator – must pay a non-refundable application fee of \$5,000. [CAISO Tariff §§ 4.5.1.1.4 & 4.5.1.1.6.1] • Candidate CRR Holders¹ - must pay a non-refundable application fee established by the CAISO Board. That fee is currently set at \$1,000. [CAISO Tariff § 4.10.1.3; CRR Registration Overview at 1 (posted at http://www.caiso.com/Documents/CRRRegistrationOverview.pdf)]
ISO-NE	Each Participant is required to pay to NEPOOL each January an Annual Fee. The Annual Fees are as follows: (1) \$500 for Small End Users; (2) \$500 for Large End Users, plus an additional amount based on the hour of its highest hourly load during the preceding year, plus an additional amount based on its highest Energy use during an hour in the preceding year; (3) \$1,500 for Data-Only Participants; (4) \$1,500 for Provisional Members; ² (5) \$5,000 for Publicly Owned Entities, minus a specified amount if the Publicly Owned Entity is engaged in electricity distribution and has annual Energy Sales of less than 30,000 MWh in the preceding year. [NEPOOL Agreement § 14.1]
MISO	All entities eligible for membership in MISO pay an initial membership fee of \$15,000 in order to become Members. Each year thereafter, each Member pays an additional fee of \$1,000 to MISO to retain membership. [Transmission Owners Agreement, Art. 6]
NYISO	Generally, there is a \$5,000 annual fee for each Party to the NYISO ISO Agreement. However Small Consumers pay a lower fee that is established by the NYISO Board of Directors. Environmental Parties and not-for-profit organizations that represent Small Consumers pay a \$100 annual fee. [NYISO ISO Agreement § 2.02]
PJM	PJM charges full Members that are Market Buyers an application fee of \$1,500, along with annual membership fee of \$5,000, which is prorated for the first year depending on when the entity joins PJM. Other entities may be subject to a lesser or zero cost application fee or annual membership fee. A new Member must execute the standard form to become a Member set forth in Schedule 4 of the Operation Agreement. Information on the application and membership fees is also posted on the PJM web site at http://pjm.com/about-pjm/member-services/become-a-member/membership-enrollment.aspx . [Operating Agreement, Schedule 1 § 1.4.3 & Schedule 3]

¹ A candidate Congestion Revenue Rights (“CRR”) Holder is an entity that is registered and qualified to participate in the CRR Allocation, the CRR Auction, or the Secondary Registration System to become a CRR Holder and is a party to a fully executed CRR Entity Agreement. CAISO Tariff, Definitions.

² A Data-Only Participant is a participant that does not participate directly in the New England Energy markets, seeks read-only access to the data in ISO-NE’s eMarket system, and has executed a Market Participant Service Agreement. A Provisional Member is an entity that has a verifiable interest in becoming a Participant but that has not yet satisfied all of the requirements. See NEPOOL Agreement Section 1.13A.

Membership Requirements	
CAISO	<p>Unlike other RTOs, CAISO does not have “Members” as that term is defined by other RTOs.</p> <ul style="list-style-type: none"> • A Participating TO is defined as a Party to the TCA whose application under the TCA has been accepted and who has placed its transmission assets and Entitlements³ under the CAISO’s Operational Control. [CAISO Tariff, Definitions] • To participate in the CAISO markets, a company must be a certified Scheduling Coordinator or retain the services of a certified Scheduling Coordinator to act on its behalf. A Scheduling Coordinator is defined as the entity certified by CAISO for the purposes of undertaking the functions including paying CAISO, submitting bids into CAISO’s energy markets, and providing ancillary services, or any entity certified by the CAISO as an Energy Imbalance Market (“EIM”) Entity Scheduling Coordinator or an EIM Participating Resource Scheduling Coordinator. [CAISO Tariff, Definitions]
ISO-NE	<p>An entity may become a member of NEPOOL by executing the NEPOOL Agreement and paying the applicable Application Fee. The Application Fees are as follows: (1) \$500 for an applicant that qualifies for membership only as an End User Participant; (2) \$1,000 for an applicant that owns or controls less than 5 MW of Alternative Resources (“AR”) and qualifies for membership as an AR Provider; (3) \$1,500 for an applicant which qualifies for membership as a Data-Only Participant or as a Provisional Member; and (4) \$5,000 for all other applicants, or such other amount as may be fixed by the Participants Committee. [NEPOOL Agreement § 3.1(c)]</p>
MISO	<p>Any person that (i) is an Eligible Customer or a Transmission Owner and (ii) pays to MISO the non-refundable membership fees shall be eligible to become a Member of MISO. [MISO Bylaws, Article III § 3.1(a)]</p> <ul style="list-style-type: none"> • An Eligible Customer is any electric utility (including a Transmission Owner, ITC Participant, or power marketer), Market Participant, Federal Power Marketing Agency, or any person generating electric Energy for sale or for resale. • A Transmission Owner is a utility or other entity that owns, operates, or controls facilities for the transmission of electricity in interstate commerce (as determined by MISO by applying the seven-factor test set forth by FERC in Order No. 888) and is a signatory to the MISO Transmission Owners Agreement.
NYISO	<p>Any person or entity that meets the requirements for participation in any sector or subsector may become a Party to the NYISO ISO Agreement by (i) certifying that the person or entity satisfies the requirements for participation in the sector in which the person or entity wishes to participate and (2) signing the NYISO ISO Agreement. [NYISO ISO Agreement § 2.02]</p>
PJM	<p>A Member is any entity that satisfies the requirements of Operating Agreement Section 11.6 and that (i) is a member of PJM immediately prior to the Effective Date, or (ii) has executed an Additional Member Agreement. [Operating Agreement, Definitions]</p> <ul style="list-style-type: none"> • A Member must be a Transmission Owner, Generation Owner, Other Supplier,⁴ Electric Distributor, or End-Use Customer, and accept the obligations set forth in the Operating Agreement. A party that does not meet the requirements of Section 11.6 and is not a member of the End-Use Customer sector, has not been a Market Participant over the past six months, and has no verifiable plans to become a Market Participant over the next six months, can become an “Associate Member.” [Operating Agreement §§ 11.6 & 11.7] <p>Information on the application and membership fees is also posted on the PJM web site at http://pjm.com/about-pjm/member-services/become-a-member/membership-enrollment.aspx</p>

³ An Entitlement is a Participating TO’s right obtained through contract or other means to use another entity’s transmission facilities.

⁴ An Other Supplier is a member who is engaged in buying, selling or transmitting electric energy, capacity, ancillary services, financial transmission rights or other services in PJM or has a good faith intent to do so, and) does not qualify for the Generation Owner, Electric Distributor, Transmission Owner or End-Use Customer sectors. Operating Agreement, Definitions O-P.

Voting for Major Stakeholder Groups

CAISO	<p>Governing Board – CAISO’s Governing Board consists of five members appointed by the Governor of California and subject to confirmation by the California Senate. [CAISO Bylaws, Article III §§ 2 & 4.1]</p> <p>EIM Governing Board – CAISO also has a five-member EIM Governing Body will be nominated by stakeholders subject to approval by the EIM Governing Body or, for the nominees that will become the initial members of the EIM Governing Body, by the CAISO Governing Board. [CAISO Bylaws, Article IV § 2]</p> <p>Primary committees</p> <ul style="list-style-type: none"> • CAISO Audit Committee: assists in the oversight of ISO financial statements, compliance with legal and regulatory requirements, and independent and internal audits, and reviews the financial reporting process and the internal controls and codes of conduct of the Board and CAISO employees. Consists of two or more members elected by the CAISO Governing Board. [CAISO Tariff, Definitions] • Department of Marketing Monitoring Oversight Committee: oversees market monitoring services for the participation of EIM Market Participants in the Real-Time Market for actual or potential ineffective market rules, market abuses, market power, violations of FERC or CAISO rules, and reporting matters to FERC. Consists of two or more members elected by the CAISO Governing Board. [CAISO Tariff § 29.38] • EIM Governing Body: this is a five member board nominated by regional stakeholders to give entities throughout the west a voice in decision-making on EIM matters. Selected by a nominating committee consisting of one representative from the following groups: EIM Entities; Participating Transmission Owners; Publicly-Owned Utilities; Suppliers and Marketers of Generation and Energy Service Providers; State Regulators; the EIM Governing Body; the ISO Board of Governors; and Interest or Consumer Advocate Groups. [Charter for Energy Imbalance Market Governance § 1; Selection Policy for the EIM Governing Body § 3.1] • Market Surveillance Committee: an independent body of industry experts that provides comments, critiques and recommendations about the ISO market monitoring process and a variety of market issues to the CAISO Chief Executive Officer and the CAISO Governing Board. Consists of three or more members nominated the CAISO CEO and appointed by the Board. [CAISO Tariff, Appendix O] • Additional information posted at http://www.caiso.com/informed/Pages/BoardCommittees/Default.aspx.
ISO-NE	<p>Board of Directors</p> <ul style="list-style-type: none"> • Consists of ten members, with the President/CEO serving in a non-voting capacity. [ISO-NE Certificate of Incorporation §§ 7(b) & 7(c)] <p>NEPOOL Participants Committee (“PC”)</p> <ul style="list-style-type: none"> • The PC is the main governing committee on NEPOOL matters. • Uses weighted sector voting. <ul style="list-style-type: none"> ○ Stakeholders are organized into six sectors, with the following seats and weightings: (1) Transmission (17.30%); Supplier (17.30%); End User (17.30%); Alternative Resources (13.50%); Publicly Owned Entity (17.30%); and Generation (17.30%). <p>Other Committees (also use weighted sector voting as described above).</p> <ul style="list-style-type: none"> • Markets Committee – the primary focus is market administration and revisions to Market Rules. • Reliability Committee – primary concern is the reliable operation of the New England control area. • Transmission Committee – primary concern is the New England transmission system.

Voting for Major Stakeholder Groups

MISO	<p>Board of Directors</p> <ul style="list-style-type: none"> Consists of nine members, plus the CEO/President. Of the nine Directors, six are to have experience in corporate leadership at the senior management or Board of Directors level. Of the remaining three, one is to have experience in the operations of electric transmission systems, one is to have experience in the planning of electric transmission systems, and one is to have experience in commercial markets and trading and risk management. [Transmission Owners Agreement §§ III.A.1, III.A.2] <p>Advisory Committee (“AC”)</p> <ul style="list-style-type: none"> The AC is the forum for MISO members to keep apprised of MISO’s activities and to provide information and advice to the Board of Directors on policy matters of concern. The AC used weighted sector voting. Stakeholders are organized into ten sectors, with the following seats and weightings: (1) IPP/EWG (12%); (2) Transmission Owners (12%); (3) TDU (12%); (4) Power Marketers (12%); (5) Public Consumer Advocates (8%); (6) State Regulatory Authorities (16%); (7) Environmental/Other Stakeholder Groups (8%); (8) Eligible End-Use Customers (12%); (9) Coordinating Members (4%);⁵ and (10) Transmission Developers (4%). [MISO Stakeholder Governance Guide at 9] All votes within a sector are tabulated by weighted percent for, weighted percent against, and number of abstentions. Percent for and percent against are normalized (for abstentions) for reporting purposes. [MISO Stakeholder Governance Guide at 9] <p>Other Committees</p> <ul style="list-style-type: none"> Each other committee has the discretion to determine its voting eligibility and process as either (1) straight voting (one vote per eligible Voting Member) or (2) weighted sector voting. The method of voting shall be documented in the committee’s charter. [MISO Stakeholder Governance Guide at 10]
NYISO	<p>Board of Directors</p> <ul style="list-style-type: none"> Consists of 10 members. The Board votes to select a Chairperson. The NYISO Board is required to always have three members with previous experience in the electric industry. [NYISO ISO Agreement §§ 5.01, 5.04, 5.06] <p>Management Committee (“MC”)</p> <ul style="list-style-type: none"> The MC is the main committee that, among other things, supervises and reviews the work of the other committees. [NYISO ISO Agreement § 7.02(a)] Uses weighted sector voting. [NYISO ISO Agreement § 7.04] Stakeholders are organized into five sectors, with the followings seats and weightings: (1) Generator Owners (21.5%); (2) Other Suppliers (21.5%); (3) Transmission Owners (20%); (4) End-Use Consumer Sector (20%); and the Public Power/Environmental Parties (17%). [NYISO ISO Agreement § 7.06(a)] In order for there to be Committee Action, the sum of affirmative votes necessary must be at least 58% of the total votes cast. [NYISO ISO Agreement § 7.10(b)] <p>Other Committees (use same weighted sector voting as Management Committee)</p> <ul style="list-style-type: none"> Operating Committee: responsibilities include, among other things, reliability of the New York power system and determination of minimum system Operating Reserves [NYISO ISO Agreement § 8.03]

⁵ A Coordinating Member is a member that is not subject to FERC’s jurisdiction, but participates in MISO through the execution of a coordination agreement that includes provisions for the elimination of rate pancaking. MISO Tariff § 1.C.

Voting for Major Stakeholder Groups

	<ul style="list-style-type: none"> • Business Issues Committee: responsibilities include, among other things, establishment of procedures related to the efficient and non-discriminatory operation of the NYISO electricity markets [NYISO ISO Agreement § 9.02]
PJM	<ul style="list-style-type: none"> • Board of Directors: nine voting members, with PJM President as a 10th, non-voting member; elected by the Members Committee. [Operating Agreement § 7.1] • Finance Committee: two member elected from each sector of the Members Committee. [Operation Agreement § 7.5.1] • Members Committee: the Members Committee consists of a Senior Standing Committee,⁶ composed of the following five sectors: Generation Owners; Other Suppliers; Transmission Owners; Electric Distributors; and End-Use Customers, provided that there are at least five Members in each Sector. Each Voting Member shall have one vote, except that Members in a group of Related Parties shall each be entitled to a vote, provided that all the Members in a group of Related Parties that chooses to exercise such rights shall be assigned to the Electric Distributor sector. [Operating Agreement §§ 8.1.1 & 8.1.2]⁷ • Each Member may appoint one representative and three alternatives to the Standing Committees in PJM. FERC, any other federal agency with regulatory authority over a Member and State electric utility regulatory commission with regulatory jurisdiction within PJM, may nominate one representative to serve as an ex officio non-voting member on each of the standing committees. Each State Consumer Advocate may nominate one representative to serve as an ex officio member on each of the Standing Committees, with one representative being able to vote. [Operating Agreement §§ 8.2.1 - 8.2.3] • In a Senior Standing Committee, each Sector shall be entitled to cast one (1.00) Sector Vote, which each Voting Member entitled to cast one non-divisible vote in its sector. [Operating Agreement § 8.4] • Markets and Reliability Committee: voting on the Markets and Reliability Committee shall be by sectors. [Operating Agreement § 8.6.1]

⁶ The Senior Standing Committees consist of the Members Committee, and the Markets and Reliability Committee. Operating Agreement, Definitions S-T.

⁷ A Voting Member is a Member as to which no other Member is an Affiliate or Related Party, or a Member together with any other Members as to which it is an Affiliate or Related Party. Operating Agreement, Definitions U-Z. Related Parties are generation and transmission cooperatives and their members, or joint municipal agencies and their members. Operating Agreement, Definitions Q-R.

Collection of Operating Costs

CAISO	<ul style="list-style-type: none"> • Grid Management Charge. The Grid Management Charge will consist of the following separate service charges: (1) the Market Services Charge; (2) the System Operations Charge; and (3) the CRR Services Charge. CAISO recovers its annual revenue requirement for the following costs through the Grid Management Charge: operating costs; other costs and revenues; financing costs; operating cost reserve adjustment; cash-funded capital and project costs. [CAISO Tariff § 11.22 & Appendix F, Schedule 1] <ul style="list-style-type: none"> ○ CAISO bills all Scheduling Coordinators on a monthly basis the three formula rate charges that comprise the Grid Management Charge in the noted percentages: Market Services charge (32%); System Operations charge (66%); and congestion revenue rights (“CRR”) Services charge (2%). Starting in 2017 and every three years thereafter, CAISO will conduct an updated cost of service study, in consultation with stakeholders and using costs from the previous year, and submit any resulting Tariff changes to FERC for approval. ○ Rates are adjusted annually for any surplus revenues from the previous year as deposited in the CAISO Operating Reserve Account, or deficiency of revenues, as recorded in a memorandum account, and divided by forecasted annual billing determinant volumes. It also may be adjusted quarterly for: a change in the volume estimate used to calculate the individual Grid Management components, if, on an annual basis, the change is two percent or \$1 million, whichever is greater, from the estimated revenue collections provided in the annual informational filing. • EIM Administrative Charge - assessed to all EIM Market Participants consisting of the real-portions of the Market Services Charge and the System Operations Charge. [CAISO Tariff § 29.11(i)]
ISO-NE	<ul style="list-style-type: none"> • Recovery of ISO Administrative Expenses [ISO-NE Tariff § IV.A] • ISO-NE annually files with FERC a stated rate (i.e. a specific dollar-value, not a formula rate) to collect its budgeted total expense for each upcoming year. • The stated rate is the means by which ISO-NE collects the revenues necessary to carry out its administrative functions in each calendar year for providing each of the following services: scheduling, system control and dispatch service (Schedule 1 Service); energy administration service (Schedule 2 Service); and reliability administration service (Schedule 3 Service). <ul style="list-style-type: none"> ○ <u>Schedule 1</u> Service, an ancillary service provided only by ISO-NE, is the service required to schedule at the regional level the movement of power through, out of, within, or into the New England Control Area; all transmission customers must purchase Schedule 1 Service from ISO-NE at the rates contained in the stated rate. ○ <u>Schedule 2</u> Service is the service provided by ISO-NE to administer its energy market and, among other things, includes: operation of the energy market, generation and demand dispatch, energy accounting, billing preparation, market power monitoring and mitigation, and financial transmission rights (“FTR”) auctions; each market participant in the energy market must pay each month an amount based on energy transaction units, increment offers, decrement bids, volumetric measures, submitted FTR auction bids, and cleared FTR auction bids, at the rates contained in the stated rate. ○ <u>Schedule 3</u> Service is the service provided by ISO-NE to administer its reliability markets, to facilitate reliability-associated transactions and arrangements, and to provide other reliability and informational services; transmission customers pay for Schedule 3 Service depending on the type of transmission service taken and whether they are market participants, at the rates contained in the stated rate. • <u>Schedule 4</u>: ISO-NE bills on an annual basis the FERC annual charges to each jurisdictional transmission owner. • <u>Schedule 5</u>: ISO-NE also acts as billing and collecting agent for the New England States Committee on Electricity, and charges their rates to its Customers in the six New England states a monthly basis.

Collection of Operating Costs

MISO	<ul style="list-style-type: none"> • ISO Cost Recovery Adder. [MISO Tariff, Schedule 10] • MISO charges all transmission customers, transmission owners, and independent transmission companies on a monthly basis the ISO Cost Recovery Adder to collect costs associated with building and operating the Security Center, including capital costs and operating expenses; and costs associated with administering the MISO Tariff. • The ISO Cost Recovery Adder does not include the recovery of costs associated with the following services: <ul style="list-style-type: none"> ○ Schedule 1: Scheduling, system control and dispatch service is required to schedule the movement of power through, out of, within or into the MISO balancing authority area; all transmission customers must purchase Schedule 1 Service. ○ Schedule 16: FTR administrative service is provided by MISO to all market participants that are the primary holders of FTRs issued by MISO, and includes, among other things, the administration of FTRs through allocation, assignment, auction or other processes accepted by FERC; the FTR holders pay the cost recovery adder associated with Schedule 16 Service. ○ Schedule 17: Energy and operating reserve markets support administrative service is provided by MISO to all market participants that participate in transactions using the transmission system or energy and operating reserve markets, and includes, among other things, market modeling and scheduling functions, market bidding support, locational marginal pricing support, market settlements and billing; market participants utilizing these services pay the cost recovery adder associated with Schedule 17 Service. ○ The Schedules 10, 16, and 17 applicable to certain former transmission owners that have withdrawn from MISO but are still obligated under the Transmission Owners Agreement to pay costs incurred prior to their withdrawal. <ul style="list-style-type: none"> ▪ MISO applies a monthly credit to the total costs recovered under Schedule 10 reflecting the amounts recovered from withdrawn transmission owners. • The ISO Cost Recovery Adder is a formula rate consisting of two rates for recovery: a Reserved Capacity Rate applied to units of reserved capacity and an Energy Rate applied to MWh of scheduled energy.
NYISO	<ul style="list-style-type: none"> • Rate Schedule 1. [NYISO OATT § 6.1] • NYISO recovers its annually budgeted costs through a formula rate charged to transmission customers that physically withdraw energy or physically inject energy (“physical market activity”); those that withdraw energy (“Loads”) pay 72% and those that inject energy (“Generators”) pay 28% of the rate charged. • NYISO separately recovers annual operating cost contributions from transmission customers that engage in virtual transactions, purchase transmission congestion contracts, or engage in other certain programs (“non-physical market activity”). • The annual budgeted costs recoverable through the charge include, among other things, costs related to the following: processing and implementing transmission service requests; coordinating transmission system operations and implementing necessary control actions; performing centralized security constrained dispatch and providing balancing services; administration and operation of its markets. • It does not include, and NYISO bills separately for, recovery of NERC/NPCC charges, FERC charges, and a number of other charges associated with the following: bad debt loss; working capital fund; non-NYISO facilities payments; payments made to suppliers; residual costs; payments made to special case resources and curtailment service providers called to meet reliability needs; day-ahead margin assurance payment costs; import curtailment guarantee payment costs; bid production cost guarantee payment costs; settlements of disputes; and financial penalties (these other charges are addressed in Sections 6.1.3 through 6.1.15 in Rate Schedule 1). • NYISO bills transmission customers annual budgeted costs on a monthly basis.

Collection of Operating Costs

PJM

PJM recovers its administrative costs under Schedules 9-1 through 9-5 in the PJM Tariff. The rates set forth in Schedules 9-1 through 9-5 are stated rates that adjust each year effective January 1, 2019 through January 1, 2024, and are designed to recover the following:

- Schedule 9-1 (Control Area Administration Service): includes activities associated with preserving the reliability of the PJM Region and administering Point-to-Point Transmission Service and Network Integration Transmission Service, paid by transmission customers using Point-to-Point or Network Integration Transmission Service.
- Schedule 9-2 Service (Financial Transmission Rights Administration Service): includes activities associated with administering FTR, paid by entities that hold FTRs or that submit offers to sell or bids to buy FTRs.
- Schedule 9-3 (Market Support Service): includes activities associated with supporting the operation of the PJM Interchange Energy Market and related functions, paid by transmission customers using Point-to-Point or Network Integration Transmission Service, generation providers, and entities that submit offers to sell or bids to buy energy in the PJM Interchange Energy Market.
- Schedule 9-4 (Regulation and Frequency Response Administration Service Regulation and Frequency Response Administration Service): includes activities associated with administering the provision of Regulation and Frequency Response, paid by load serving entities and generators that provide regulation.
- Schedule 9-5 (Capacity Resource and Obligation Management Service) - includes activities associated with assuring sufficient generating capacity to meet capacity obligations, processing Network Integration Transmission Service, administering the capacity market auctions for the PJM Region, and administering or providing technical support related to capacity obligations, paid by load serving entities and owners of capacity resources.

In addition to the stated rates in set forth in Schedules 9-1 through 9-5, PJM uses formulaic rates to recover the following:

- Schedule 9-FERC: payments to FERC for the FERC annual charge, assessed on all MWh of transmission in the PJM Region to transmission customers using Point-to-Point or Network Integration Transmission Service.
- Schedule 9-OPSI: payments the Organization of PJM States, Inc. assessed on all MWh of transmission in the PJM Region to transmission customers using Point-to-Point or Network Integration Transmission Service.
- Schedule 9-CAPS: payments to the Consumer Advocates of PJM States, assessed on all MWh of energy to load in the PJM Region.
- Schedule 9-FINCON: payments of approved Finance Committee consulting fees and expenses, assessed on all MWh of transmission in the PJM Region to transmission customers using Point-to-Point or Network Integration Transmission Service.
- Schedule 9-MMU: recovers from all transmission customers using Point-to-Point or Network Integration Transmission Service, generation providers, and entities that submit offers to sell or bids to buy energy in the PJM Interchange Energy Market costs of providing market monitoring functions to the PJM Region.
- Schedule 9-PJMSettlement: intended to allow for the recovery of PJM Settlement’s operating costs. PJM Settlement handles all settlement activities of PJM members. The charges set forth in Schedule 9-PJMSettlement are paid by transmission customers using Point-to-Point or Network Integration Transmission Service, generation providers, and entities that submit offers to sell or bids to buy energy in the PJM Interchange Energy Market.
- Schedule 10-NERC and Schedule 10-RFC: establish formula rates for recovery a share of NERC and ReliabilityFirst Corporation operating costs.
- Schedule 11A: Additional Secure Control Center Data Communication Links and Formula Rate is intended to allow PJM to recover the costs of providing secure control center data communication (“PJMnet”) from Members who request additional PJMnet connections.

Withdrawal

CAISO	<ul style="list-style-type: none"> • Notice & Obligations: Any Participating TO may withdraw from the TCA upon two year’s written notice. Any Participating TO withdrawal shall be contingent upon the withdrawing party obtaining any necessary regulatory approvals for such withdrawal. The withdrawing Participating TO shall make a good faith effort to ensure that its withdrawal does not unduly impair the CAISO’s ability to meet its Operational Control responsibilities as to the facilities remaining within the CAISO Controlled Grid. [TCA § 3.3] <ul style="list-style-type: none"> ○ A Participating TO may withdraw from CAISO if it sells or otherwise disposes of all of its transmission facilities and Entitlements subject to the CAISO’s Operational Control, provided that the entity acquiring such assets assumes in writing all of the Participating TO’s obligations under the TCA. [TCA §§ 3.3.2 & 4.4.1.2] ○ Upon withdrawal, the CAISO will no longer collect the transmission revenue requirement for the withdrawn transmission facilities effective upon the date the transmission facility is no longer under the Operational Control of the CAISO. The withdrawing Participating TO shall provide CAISO will all necessary information to implement the withdrawal of its transmission facilities and to make any necessary filings at FERC to revise its transmission revenue requirement. [CAISO Tariff, Appendix F §§ 8.3 and 13.2] ○ If WAPA issues or revises any federal regulation or order with the intent or effect of limiting, impairing, or excusing its obligations under the TCA, then (unless its action was expressly directed by Congress) any Party, by giving thirty days’ advance written notice, may require WAPA to withdraw. [TCA § 26.14.2] ○ Certain Participating TOs are restricted from withdrawing from CAISO except in connection with the sale, transfer or disposition of its Entitlements,⁸ transmission rights or other specified conditions. [TCA §§ 4.4.4.2 (TransBay Cable), 4.4.5.2 (Startrans IO), 4.4.6.2 (Citizens Sunrise Transmission), 4.4.7.2 (GridLiance West)] ○ Parties can withdraw due to adverse tax action, with such withdraw not being subject to approval by FERC, CAISO, or any other party. Different notice requirements apply depending on the amount of time between the date of the adverse tax action determination and the actual adverse tax action. [TCA §§ 3.4 and 3.4.3] • If an EIM Entity notifies CAISO of its intent to terminate participation in the EIM and requests suspension of the EIM in its Balancing Authority Area, CAISO will charge the EIM entity the minimum EIM Administrative Charge during the notice period.
ISO-NE	<ul style="list-style-type: none"> • Notice: A Participating TO must provide no less than 180 days’ notice of withdrawal to other parties. The withdrawal then becomes effective at the end of a two-year term. [ISO NE TOA, Article X §10.01(a)(i)] • Actions Prior to Withdrawal: Upon a party’s providing notice of withdrawal, the party is required to develop a plan under which operating authority shall be transferred from ISO-NE to another entity. The withdrawal will not become effective until: (1) ISO-NE and all affected Participating TOs have agreed upon a plan addressing the technical, operational, and market issues associated with the transfer of operational authority and such plan has been implemented; and (2) all required regulatory approvals have been obtained for the withdrawal. [ISO NE TOA, Article X, §10.01(e)] • Approvals: The Participating TO requesting withdrawal must file at FERC, pursuant to FPA section 205, the tariffs and rate schedule applicable to transmission service over the Participating TO’s transmission facilities that will become effective upon withdrawal. [ISO NE TOA, Article X §10.01(f)] • Continuing Obligations: The withdrawing party must continue meeting all financial obligations incurred prior to the termination

⁸ An entitlement is a Participating TO’s right obtained through contract or other means to use another entity’s transmission facilities.

Withdrawal

	<p>date. The withdrawing party will remain liable for all obligations under the TOA prior to the termination date. [ISO NE TOA, Article X §10.01(g)]</p>
MISO	<ul style="list-style-type: none"> • Notice <ul style="list-style-type: none"> ○ A Member that is not a Transmission Owner is required to provide notice thirty days in advance of the Member’s withdrawal from MISO. [Transmission Owners Agreement, Art. V § I] ○ A Member that is a Transmission Owner is required to provide notice of its intent to withdraw its transmission facilities from MISO. The notice does not become effective until December 31 of the calendar year following the calendar year in which notice is given. A Transmission Owner’s notice of withdrawal will not become effective any earlier than five years following the date that the Transmission Owner executed the Transmission Owners Agreement. [Transmission Owners Agreement, Art. V § I] ○ Hold Harmless: Users taking service that involves the withdrawing Transmission Owner and involves transmission contracts executed before the Transmission Owner provided notice of its withdrawal are required to receive the same level of service for the remaining term of the contract, as if there was no withdrawal. The withdrawing Transmission Owner does not receive any additional revenues for such service. [Transmission Owners Agreement, Art. V § II.A] • Financial Obligations: All financial obligations incurred and payments applicable to time periods prior to the effective date of a withdrawal shall be honored by MISO and the withdrawing Transmission Owner. FERC has interpreted this requirement as applying to MISO’s administration-related financial obligations and costs associated with transmission facilities that were allocated to the Transmission Owner’s pricing zone (including Multi-Value Project regional costs) prior to the Owner’s withdrawal. [Transmission Owners Agreement, Art. 5 § II.B; see also Tariff, Attachment FF § III.A.2.1 & Schedules 37-39.] • Ongoing Construction Obligations: Obligations relating to the construction of new facilities pursuant to an approved plan of MISO shall be renegotiated as between MISO and the withdrawing Owner. [Transmission Owners Agreement, Art. 5 § II.C]
NYISO	<ul style="list-style-type: none"> • Notice <ul style="list-style-type: none"> ○ Any party may withdraw from the NYISO ISO Agreement upon 90 days prior written notice to the NYISO Board of Directors. In the case of an IOU, no further FERC approval is needed for the withdrawal if the IOU has on file with FERC its own open access transmission tariff. [NYISO ISO Agreement § 3.02] • Financial Obligations After Withdrawal <ul style="list-style-type: none"> ○ Any financial obligations incurred by a party to the NYISO ISO Agreement prior to withdrawal remain due and owing subsequent to such withdrawal. [NYISO ISO Agreement § 17.03]

Withdrawal

PJM⁹

Consolidated Transmission Owners Agreement (“CTOA”):

- **Withdrawal requirements:** Withdrawal requires ninety days advance written notice to PJM and the other CTOA Parties; such withdrawal shall not be effective until the withdrawing Party has: (i) if its Transmission Facilities do not comprise an entire Control Area, satisfied all applicable standards of NERC and the applicable Regional Entity for operating a Control Area or being included within an existing Control Area; (ii) put in place alternative arrangements for satisfaction of FERC’s requirements for comparable transmission services; and (iii) made a filing with FERC to withdraw from the CTOA Agreement, and such filing has been approved, accepted without suspension, or if suspended, the suspension period has expired before the FERC has issued an order on the merits of the filing.
 - A “Zero Revenue Requirement Party”¹⁰ may withdraw in the particular circumstance of permanent removal of its owned Transmission Facilities from service, provided that such Party has: (a) provided written notice at least twelve months in advance of the intended date of retirement of its owned Transmission Facilities, and (b) complied with all reasonable requirements of PJM for restoration, to the maximum extent reasonably attainable, of the PJM Transmission System to the same configuration and operational capability that existed prior to such Party’s installation of its owned Transmission Facilities. [CTOA § 3.2]
- **Obligations After Withdrawal, Transfer, or Assignment:** Any Party that withdraws from, transfers, or assigns the CTOA shall remain liable for any and all obligations under the CTOA that such Party incurred, that were incurred on behalf such Party, or that arose hereunder prior to the date upon which such Party’s withdrawal, transfer, or assignment became effective. Withdrawal from, transfer, or assignment shall not relieve such Party of any of its indemnification or liability obligations pursuant to the CTOA for any events occurring prior to the time that its withdrawal became effective. [CTOA § 3.4]

Operating Agreement:

- Withdrawal of any Member from the Operating Agreement shall be filed with the FERC pursuant to FPA section 205 and shall become effective only upon the FERC’s approval, acceptance without suspension, or, if suspended, the expiration of the suspension period before the FERC has issued an order on the merits of the filing. [Operating Agreement § 4.1(c)]
- Subject to Section 4.1(c) and Schedule 1, Section 1.4.6 of the Operating Agreement, any Member may withdraw from the Agreement upon 90 days’ notice to PJM. [Operating Agreement § 18.18.2]
- **Market Buyer**
 - Internal Market Buyer that is a Load Serving Entity may withdraw by giving written notice to PJM specifying an effective date of withdrawal not earlier than the effective date of (i) its withdrawal from the Reliability Assurance Agreement, or (ii) the assumption

⁹ None of the PJM Agreements expressly set forth obligations relating to transmission facility costs and/or obligations for construction of new facilities. However, FERC has interpreted the PJM Tariff and various PJM agreements to impose on withdrawing Transmission Owners an obligation to pay costs for any facilities allocated to the Transmission Owner’s pricing zone prior to its withdrawal, as well as any costs incurred in PJM’s forward capacity market. *See Duquesne Light Co.*, 122 FERC ¶ 61,039, at PP 92, 99, 142 (2008); *Duquesne Light Co.*, 124 FERC ¶ 61,219, at PP 162-64, 168 (2008). Because PJM’s high voltage facilities at the time were reallocated annually, Duquesne was not found to be liable for any future costs for high-voltage upon withdrawal; however, Duquesne remained liable for the costs of lower voltage facilities because costs were allocated zonally upon facility approval.

¹⁰ A Zero Revenue Requirements Party is a Transmission Owner solely by virtue of Transmission Facilities used to provide transmission services within the PJM Region under the PJM Tariff for which it does not have a cost-of-service rate. CTOA Definitions section 1.32.

Withdrawal

of its obligations under the Reliability Assurance Agreement by an agent that is a Market Buyer. [Operating Agreement, Schedule 1 § 1.4.6(a)]

- An External Market Buyer or an Internal Market Buyer that is not a Load Serving Entity may withdraw by giving written notice to PJM specifying an effective date of withdrawal at least one day after the date of the notice. [Operating Agreement, Schedule 1 § 1.4.6(b)]
- Withdrawal does not relieve a Market Buyer of any obligation to pay for electric energy or related services purchased from the PJM Interchange Energy Market prior to such withdrawal, to pay its share of any fees and charges incurred or assessed by PJM prior to the date of such withdrawal, or to fulfill any obligation to provide indemnification for the consequences of acts, omissions or events occurring prior to such withdrawal; and provided, further, that withdrawal shall not relieve any Market Buyer of any obligations it may have under, or constitute withdrawal from, any other Related PJM Agreement. [Operating Agreement, Schedule 1 § 1.4.6(c)]
- **Market Seller**
 - A Market Seller may withdraw by giving written notice to PJM specifying an effective date of withdrawal at least one day after the date of the notice; provided, however, that withdrawal shall not relieve a Market Seller of any obligation to deliver electric energy or related services to the PJM Interchange Energy Market pursuant to an offer made prior to such withdrawal, to pay its share of any fees and charges incurred or assessed by PJM Settlement, on behalf of itself or PJM prior to the date of such withdrawal, or to fulfill any obligation to provide indemnification for the consequences of acts, omissions, or events occurring prior to such withdrawal; and provided, further, that withdrawal shall not relieve any entity that is a Market Seller and is also a Market Buyer of any obligations it may have as a Market Buyer under, or constitute withdrawal as a Market Buyer from the Operating Agreement or any other related PJM Agreement. [Operating Agreement, Schedule 1, § 1.5.2(a)]
- Reliability Assurance Agreement (“RAA”)
 - Any Party may withdraw from the RAA, effective upon the completion of its obligations under the agreement and the documentation by such Party, to PJM’s satisfaction, that such Party is no longer a Load Serving Entity. Withdrawal shall be filed with FERC and shall become effective only upon FERC’s approval. [RAA §§ 5.1.1 & 5.1.3]
 - **Determination of Obligations:** A Party’s obligations shall be completed as of the end of the last month for which such Party’s obligations have been set at the time notice of withdrawal is received, except as provided in Article 13, or unless the Members Committee determines that the remaining Parties will be able to adjust their obligations and commitments related to the performance of the RAA consistent with such earlier withdrawal date as may be requested by the withdrawing Party. [RAA § 5.1.2]
 - **Survival of Obligations upon Withdrawal:** A Party’s obligations upon withdrawal shall survive the Party’s withdrawal from the RAA. Any Party that withdraws shall also pay all costs and expenses associated with additions, deletions, and modifications to communication, computer, and other affected facilities and procedures, including any filing fees, to effect the party’s withdrawal. Prior to withdrawal, a withdrawing party desiring to remain interconnected with the PJM Region shall enter into a control area to control area interconnection agreement with PJM and the transmission owner or electric distributor within the PJM Region with which its facilities are interconnected. [RAA § 5.1.2]

Member Withdrawal Obligations
Corporate Governance Committee
August 22, 2017

SPP BYLAWS & MEMBERSHIP AGREEMENT

The financial obligations of withdrawing Members are set forth in SPP’s Bylaws and Membership Agreement, which are on file with FERC. An introductory overview and update on the Trans-Elect judgment are provided below, with the governing document provisions referenced in the tables below and updated withdrawal obligation examples attached.

Section 8.7.1 of the SPP Bylaws defines a Member’s “Existing Obligations”, with the computation of a Member’s Existing Obligations specified in section 8.7.2. A Member’s liability for (i) financial obligations incurred and costs allocated to a Member’s load for transmission facilities approved prior to the Termination Date and (ii) penalty costs that SPP incurs as a result of events that occurred prior to a Member’s Termination Date but that SPP is unable to recover under the SPP Tariff are addressed in sections 8.7.3 and 8.7.4, respectively. The Bylaws provisions on withdrawal conclude in section 8.7.5 by identifying a finite set of circumstances in which financial and penalty obligations may be limited as applied to a Federal Power Marketing Agency.

Financial Obligation of Withdrawing Members	
Existing Obligations	Bylaws § 8.7.1
Computation of a Member’s Existing Obligations	Bylaws § 8.7.2
Financial Obligations for Transmission Facilities	Bylaws § 8.7.3
Penalty Costs	Bylaws § 8.7.4
Limitation on Financial and Penalty Obligations (Federal Power Marketing Agency)	Bylaws § 8.7.5

The SPP Membership Agreement addresses “withdrawal obligations” in the context of obligations on termination, with “Termination” defined in section 4.1 as “any cessation of Membership, voluntary or involuntary, or termination of the Membership Agreement for any reason” Sections 4.3.2 and 4.3.3A of the Membership Agreement specify a Member’s obligations upon termination, including a Transmission Owner’s financial responsibilities for all financial obligations and costs allocated to its load for transmission facilities approved prior to the Termination Date.

Obligations upon Termination	
Obligation to Pay Current and Existing Obligations	MA § 4.3.2
Financial Obligations for Transmission Facilities (Transmission Owner)	MA § 4.3.3A

TRANS-ELECT JUDGMENT UPDATE

In November 2016, the Circuit Court of Pulaski County, Arkansas 12th Division awarded SPP a default judgment against former non-transmission owner Member Trans-Elect Development Company, LLC in the amount of \$822,008, plus interest, attorneys' fees, and costs. SPP registered this judgment in Trans-Elect's home state of Maryland in March of this year.

The SPP Board of Directors involuntarily terminated Trans-Elect's membership for cause effective October 27, 2015.

2017 BOARD OF DIRECTORS EVALUATION RESULTS

Published on November 14, 2017

By the SPP Communications Department

EXECUTIVE SUMMARY

The SPP Communications Department launched the 2017 Board of Directors Evaluation on October 30, 2017, distributing survey invitations to the 30 members of the Board of Directors and Members Committee. The response rate for this year's survey was 80 percent – a three percent increase in response rate from 2016. Twenty-four individuals submitted responses.

The average score from all respondents went down in 2017 in response to nine of the questions asked and rose in response to three questions. A comparison of the last two years' data is presented in Table 1 below.

Table 1: Two-year comparison of respondent ratings

QUESTION	2016	2017	CHANGE
The board has a full and common understanding of the roles and responsibilities of a board.	4.61	4.54	-0.07
Board members understand the organization's mission and services.	4.70	4.67	-0.03
The organization structure is clear (board, officers, committees, executive, and staff).	4.57	4.50	-0.07
The board has clear goals and actions resulting from relevant and realistic strategic planning.	3.83	3.79	-0.04
The board attends to policy-related decisions that effectively guide operational activities of staff.	4.44	3.96	-0.48
The board receives regular reports on finances/budgets, performance, and other important matters.	4.61	4.58	-0.03
The board effectively represents the organization to the stakeholder community.	4.44	4.42	-0.02
Board meetings facilitate focus and progress on important organizational matters.	4.48	4.21	-0.27
The board regularly monitors and evaluates progress toward strategic goals and objectives.	3.87	4.17	0.30
The board regularly evaluates and provides development plans for the chief executive officer.	4.00	4.23	0.23
Each member of the board is involved and interested in the board's work.	4.44	4.50	0.06
The board considers the diverse positions of the membership in a non-discriminatory manner.	4.65	4.46	-0.19

Scores given by Members and Directors were, on average, roughly the same, differing by more than 0.5 points in only three instances. Table 2 shows the two respondent groups’ average response to each question.

Table 2: Average scores by respondent group

QUESTION	MEMBERS	DIRECTORS	DIFFERENCE
The board has a full and common understanding of the roles and responsibilities of a board.	4.43	4.70	0.27
Board members understand the organization's mission and services.	4.57	4.80	0.23
The organization structure is clear (board, officers, committees, executive, and staff).	4.36	4.70	0.34
The board has clear goals and actions resulting from relevant and realistic strategic planning.	3.86	3.70	0.16
The board attends to policy-related decisions that effectively guide operational activities of staff.	3.79	4.20	0.41
The board receives regular reports on finances/budgets, performance, and other important matters.	4.43	4.80	0.37
The board effectively represents the organization to the stakeholder community.	4.29	4.60	0.31
Board meetings facilitate focus and progress on important organizational matters.	4.21	4.20	0.01
The board regularly monitors and evaluates progress toward strategic goals and objectives.	4.21	4.11	0.1
The board regularly evaluates and provides development plans for the chief executive officer.	3.83	4.70	0.87
Each member of the board is involved and interested in the board's work.	4.21	4.90	0.69
The board considers the diverse positions of the membership in a non-discriminatory manner.	4.21	4.80	0.59
OVERALL AVERAGE	4.20	4.52	0.32

Southwest Power Pool, Inc.

Table 3 shows a detailed breakdown of each group’s average response to each question and a historical comparison of the average responses to every question.

#	QUESTION	1 STRONGLY DISAGREE	2	3	4	5 STRONGLY AGREE	2017 RESULTS	'17	'16	'15	'14	'13	'12	'11	'10
1	The board has a full and common understanding of the roles and responsibilities of a board.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 1	D - 3 M - 6	D - 7 M - 7	D - 4.7 M - 4.4	4.5	4.6	4.4	4.4	4.5	4.3	4.4	4.1
2	Board members understand the organization’s mission and services.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 0	D - 2 M - 6	D - 8 M - 8	D - 4.8 M - 4.6	4.7	4.7	4.7	4.5	4.6	4.5	4.5	4.3
3	The organization structure is clear (board, officers, committees, executive, and staff).	D - 0 M - 0	D - 0 M - 0	D - 0 M - 2	D - 3 M - 5	D - 7 M - 7	D - 4.7 M - 4.4	4.5	4.6	4.3	4.2	4.6	4.4	4.2	4.1
4	The board has clear goals and actions resulting from relevant and realistic strategic planning.	D - 0 M - 0	D - 0 M - 1	D - 4 M - 3	D - 5 M - 7	D - 1 M - 3	D - 3.7 M - 3.9	3.8	3.8	3.8	3.8	3.8	3.5	3.9	3.8
5	The board attends to policy-related decisions that effectively guide operational activities of staff.	D - 0 M - 0	D - 0 M - 2	D - 1 M - 2	D - 6 M - 7	D - 3 M - 3	D - 4.2 M - 3.8	4.0	4.4	4.1	3.9	4.0	4.1	3.9	3.8
6	The board receives regular reports on finances/budgets, performance, and other important matters.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 1	D - 2 M - 6	D - 8 M - 7	D - 4.8 M - 4.4	4.6	4.6	4.7	4.5	4.6	4.6	4.3	4.4
7	The board effectively represents the organization to the stakeholder community.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 2	D - 4 M - 6	D - 6 M - 6	D - 4.6 M - 4.3	4.4	4.4	4.5	4.0	4.1	4.2	4.2	3.9
8	Board meetings facilitate focus and progress on important organizational matters.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 2	D - 8 M - 7	D - 2 M - 5	D - 4.2 M - 4.2	4.2	4.5	4.2	4.0	4.2	4.0	4.3	4.0

Southwest Power Pool, Inc.

#	QUESTION	1 STRONGLY DISAGREE	2	3	4	5 STRONGLY AGREE	2017 RESULTS	'17	'16	'15	'14	'13	'12	'11	'10
9	The board regularly monitors and evaluates progress toward strategic goals and objectives.	D - 0 M - 0	D - 0 M - 1	D - 1 M - 1	D - 7 M - 6	D - 2 M - 6	D - 4.1 M - 4.2	4.2	3.9	4.2	4.1	4.3	4.0	4.1	4.0
10	The board regularly evaluates and provides development plans for the chief executive officer.	D - 0 M - 0	D - 0 M - 0	D - 1 M - 4	D - 1 M - 6	D - 8 M - 2	D - 4.7 M - 3.8	4.2	4.0	4.4	4.2	4.1	4.1	4.2	4.1
11	Each member of the board is involved and interested in the board's work.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 1	D - 1 M - 9	D - 9 M - 4	D - 4.9 M - 4.2	4.5	4.4	4.2	4.6	4.6	4.5	4.1	4.2
12	The board considers the diverse positions of the membership in a non-discriminatory manner.	D - 0 M - 0	D - 0 M - 0	D - 0 M - 1	D - 2 M - 9	D - 8 M - 4	D - 4.8 M - 4.2	4.5	4.7	4.5	4.4	4.6	4.4	4.3	4.2

Responses to open-ended comments are included in the following section.

COMMENTS

1. Transparency in processes at SPP for Members
Mindful of cost shifts/cost allocation importance to members
Member perspectives about MWTG joining and optics/perceptions about equity resulting from MWTG joining, concerns from members about MWTG joining. View all opinions about MWTG joining, not just the "positive" outcomes for SPP

2. Integration of MWTG.
Costs impacts/shifts from MWTG integration.
Cost allocation fairness for wind-driven transmission projects.
Improvements to and cost assignment for generation interconnection process for wind farms.

3.
 1. Strategic planning. The Board defers many things to the "stakeholder process", but the organization needs strategic focus and guidance, which is a fundamental Board function.
 2. Creating additional diversity in the Board.
 3. Optimizing the system/processes. Existing congestion and the inability to award congestion hedges to those that secured firm T service is an egregious example of not delivering benefits to those who pay for them, ultimately penalizing customers.
 4. The MWTG negotiation. Make sure that benefits and costs/risks are symmetrical for both SPP legacy entities and the new MWTG entities.

4.
 1. Board meetings should deal with key policy and strategic issues.
 2. MWTG - While expansion of the RTO footprint can bring value, it cannot be at the sacrifice of our core values. The Board needs to make sure our governance model can be maintained.
 3. The industry is rapidly changing. The Board needs to focus on the future and what the SPP of 10-20 years will look like. Should we re-evaluate transmission planning and build-out in a DER world?

5.
 1. Transmission zonal placement and transmission rules for new TOs, looping radials, local planning criteria - the zonal placement issue should be dead but with the KCPL(and TO coalition) filing, it will most likely be a topic of discussion.
 2. Z2 - hopefully, we can put Z2 behind us in 2018 and stop talking about it.
 3. Wind generation - several issues. Who pays for transmission when wind is exported...I don't think the export pricing task force came up with an answer to address this. Energy Resource Service - wind farms connect as an energy resource and do not make any transmission upgrades but they do contribute to congestion depending on the study being performed. We need to find a mechanism that stops load from paying for transmission congestion caused by wind that simply connects to the grid - wind needs to pay their share for upgrades.
 4. Seams projects - an oldie but a goodie. However, the focus needs to be on putting

pressure on MISO to work with their stakeholders and BOD to begin applying additional metrics to seams projects instead of looking only at adjusted production costs - this topic could also dovetail with the export pricing issue.

5. Grid Resiliency Pricing Rule - this is not going to go away and we need to stay ahead of it. Coal and nuclear units must remain part of the grid to maintain stability...wind and solar will not provide stability to the system. However, we simply can't give coal and nuclear a blank check.

6. Potential MWTG integration

Strategic oversight of major planning issues

Board and staff succession planning

Impacts of governmental and regulatory initiatives

7. Need a focused strategic planning effort:

1. Expansion of footprint

2. Integration of renewable resources

3. Seams resolution

4. Organizational development and succession planning

5. Rate (cost) / benefit equity

6. Effective engagement of the right level people on the Members' Committee

8. MWTG

Rate Structure Change

Board Succession

9. 1. the elephant in the room, wind integration;

2. pressure on load growth due to user efficiencies;

3. integration of MTW and other western entities;

4. CEO, officer and board succession and continuity;

5. more focused and less broad-based strategic planning.

10. The board needs to ensure the SPP Staff is not falling behind on critical tasks like Z2 and GI queue studies.

11. - Decision on integration of MWTG.

- Addressing zonal placement such that cost shifts will be minimized in the future when bringing new members into the organization.

- Ensure that SAWG work with respect to coincidental peak vs. non-coincidental peak approach is fairly and fully vetted through the stakeholder process.

12.
 1. Ensuring SPP is overseeing a consistent reporting of Network Load for transmission billing purposes.
 2. Ensuring a fair Admin fee recovery plan.
 3. Integrating the MWTG into SPP.
 4. Protect the SPP stakeholder process from "legalization". Keep it made up of business people from each organization, not lawyers.

13. Expansion including beyond Mountain West
Seams projects
Cyber security and physical security
Outreach to stakeholders, particularly regulators
Monitoring and reducing admin fee, if possible

14. Successful integration of Mountain West
Transmission planning policy for energy resources
Admin Fee stability

15. –[REDACTED], ensure the SPP RTO/staff are NERC compliant.
-Implement transmission cost allocation changes that require wind developers/customers to fund associated transmission upgrades needed to resolve the congestion they create.
-Change Generator Interconnection requirements so that the transmission impact thresholds are the same for both NRIS and ERIS types of service.
-Resolve congestion management for ARR/TCR process to provide more value for transmission customers.
-Resolve zonal placement cost shift issue.

16. MWTG membership in SPP
CEO Succession
Integrate Committee activities, e.g. FC & SPC
Wind Integration Challenges
Meet New FERC Commissioners

17. Preserving the culture at Mountain West proceeds.
How to handle a green overabundance.
Driving toward a postage stamp transmission rate.

18.
 1. Encourage more transparency between staff and the members. You may think that is not an issue but several members believe it is.
 2. Require the staff to bring in an outside Industrial Organizational consultant to evaluate potential benefits of organizational changes.
 3. Require staff to perform benchmarking on various back office functions to determine

potential process improvements and efficiencies.

4. Keep the pressure on moving forward with changes to how we recover the administrative costs, including unbundling between, transmission planning, market, etc.

19. Wind Export and related cost allocation.

Fair cost allocation for projects in rural zones to support regional wind deliverability.

Mountain West terms that bring benefits without sacrificing culture.

20. 1) The board should develop a robust strategic plan -- a 5 and/or 10 year outlook. A vision of the future for the organization.

2) The board should take an active role in making policy decisions when the stakeholder community is divided. Stakeholders need more certainty.

3) The board should oversee efforts by Staff focused on reducing operating costs and finding organizational efficiencies.

4) The organization should be focused on evaluating and, if necessary, modify the TCR markets or other factors that are impacting the TCR markets.

21. The terms for MWTG membership must not disadvantage already existing members.

22. MWTG expansion

Wind integration

Management accountability

Financial results and budget development

23. 1. Succession planning at the CEO and Officer level

2. Integration and organization of the Western operation consistent with SPP culture

3. Minimize the adverse impacts to the SPP culture of the Western integration

4. Develop or reinforce programs to address Spp operational costs and maximize the efficiency of the organization

5. Better align SPP's strategic imperatives with those of our members.