

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
April 15, 2019
Doubletree Warren Place, Tulsa, OK

• M I N U T E S •

Executive Session 1

Josh Martin called Executive Session 1 to order at 8:00 AM. Members in attendance included: Graham Edwards (Director) by phone, Darcy Ortiz (Director) and, Phyllis Bernard (Director). Jim Eckelberger (Director Emeritus) also attended in person. MMU staff in attendance included: Jodi Woods, and Keith Collins. The Committee met in Executive Session with MMU staff only and were apprised of recent MMU activities and the draft Annual State of the Market report.

Executive Session 2

Agenda Item 3 – Administrative Items

Josh Martin called executive session 2 to order at 12:15 PM. SPP staff in attendance included Barbara Sugg, Sam Ellis, Paul Suskie, Scott Smith, Carl Stelly, Erin Cullum and Lauren Krigbaum (Attendance – Attachment 1). Phyllis Bernard moved and Darcy Ortiz seconded adoption of the January 28, 2019 Oversight Committee minutes, which were unanimously accepted (Minutes 1/28/2019 – Attachment 2).

Agenda Item 4 – Action Items Report

Michael Desselle provided a status report on the follow-up action items.

Agenda Item 5 – PJM Credit Default Implications

Scott Smith presented the SPP Risk Management and Credit Department's analysis and implications for SPP associated with the recent credit default by a market participant in the PJM market (Recent RTO Credit Default – Attachment 3). He informed the Committee about the default and described differences in SPP's credit policies that help to limit the exposure to SPP of similar instances. Scott described PJM's engagement of an independent assessment. That assessment identified 10 complications of PJM's credit policy resulting in 7 recommendations. Scott described SPP's assessment of the 10 complications, as well as the 7 recommendations, and their applicability to SPP's current credit policy. Regarding the applicability to SPP, Scott identified areas that could be improved and recommendations that could effective for SPP. He noted that the Credit Practices Working Group was targeting completion of revised policies within 12 months. Apprehension regarding that timeline was expressed. Additional considerations were expressed and staff was asked if there any liability lessons learned. Finally, Keith Collins was tasked to update the OC on the MMU's role in credit practices oversight.

Agenda Item 6 – Quarterly Activity Reports

Internal Audit Department – Lauren Krigbaum reported on Internal Audit's: completed assessments since the last OC meeting; audits in process; audits currently in either planning or upcoming; and, other activities. Regarding the completed tariff compliance process audit, Lauren noted that the audit assessed nine different departments and described IA's recommendations. Staff was asked to review the IA recommendations with the Officers. Lauren also reported on two other audits completed: 1. The RRR Automation Readiness Review; and 2. The Customer Additions/Terminations Control Self-Assessment.

Compliance – Carl Stelly apprised the Committee on recent compliance department activity. Specifically he described GRC Tool activity, NERC's and WECC's Compliance Oversight Plans (COP), RC Certification activity for WECC and the eventual transfer of Compliance Enforcement Authority (CEA) from NERC to MRO in 2020. Erin Cullum-Marcussen briefed the Committee on Open Enforcement Actions (OEA)s. Finally, Carl briefed the Committee on other compliance-related and NERC standards activities.

Security - Sam Ellis reviewed the revised key cyber metrics (comprised of people, cyber activity, processes and technology measures). Sam also provided a status report on Cyber Strategic Plan milestones.

Agenda Item 7 – Business Continuity Plan Update

Scott Smith updated the Committee on SPP's Continuity of Operations (COOP). He described efforts underway and the COOP life-cycle starting with the Business Impact Analyses (BIA)s driving continuity of operations, and finally, updated and revised BIAs. Lastly, he described the benefits and timeline of the current effort.

Agenda Item 8 – Cyber Insurance Follow-up

Paul Suskie advised the Committee that SPP Legal and Scott Smith developed a memo as a follow-up to previous committee discussions on cyber-insurance. The focus of the memo addresses litigation risks associated with cybersecurity incidents, SPP's current cyber-incident insurance coverage and indemnification associated with such coverage. Staff was advised to monitor current cyber-claim related court cases as they evolve. Following a suggestion from the Chairman, a motion by Phyllis Bernard and seconded by Darcy Ortiz that staff perform an annual review of associated coverage, prior to policy renewal, was unanimously adopted.

Agenda Item 9 – Action Items

Action items are:

- Liability lessons learned regarding PJM Credit default matter;
- MMU update on SPP credit policy oversight role; and,
- Discuss with Officers IA's SPP Tariff Compliance process audit recommendation.

Agenda Item 10 – Future Meetings

The Committee reviewed the remainder of the 2019 meeting schedule.

Adjournment

Josh Martin adjourned Executive Session 2 at 3:00 PM.

Respectfully Submitted,

Michael Desselle



Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING

April 15, 2019

Doubletree Warren Place, Tulsa, Oklahoma
Aspen Room

• A G E N D A •

8:00 a.m. – 3:00 p.m. CDT

Executive Session 1 (OC Members & MMU only)... Oversight Committee & MMU Secretary (8:00 – 11:30)

- 1. Draft MMU Annual State of the Market ReportKeith Collins (8:00 – 10:00)
- 2. Other MMU Matters.....Keith Collins (10:00 – 11:30)

Executive Session 2 (Visitors Excluded)Oversight Committee, RTO Staff (12:15 – 3:00)

- 3. Call to Order/Administrative Items Josh Martin (12:15 - 12:17)
- 4. Action Items Report..... Michael Desselle (12:17- 12:20)
- 5. PJM Credit Default Implications Scott Smith (12:20 – 12:55)
- 6. Quarterly Activity Reports
 - a. Internal Audit Lauren Krigbaum (12:55 – 1:15)
 - b. ComplianceCarl Stelly (1:15 – 1:45)
 - c. Security Sam Ellis/Barbara Sugg (by phone) (1:45 – 2:15)
- 7. Business Continuity Plan Update..... Scott Smith (2:15 – 2:35)
- 8. Cyber Insurance Follow-up Paul Suskie/Scott Smith (2:35 – 2:55)
- 9. Action Items.....Michael Desselle (2:55 – 2:57)
- 10. Future Meetings Josh Martin (2:57 - 3:00)

- 2019
- Monday, July 29, 2019 – Des Moines, IA
- Monday, October 28, 2019 – SPP Little Rock
- Tuesday, December 3, 2019 – DFW AAdmirals Club

Antitrust: SPP strictly prohibits use of participation in SPP activities as a forum for engaging in practices or communications that violate the antitrust laws. Please avoid discussion of topics or behavior that would result in anti-competitive behavior, including but not limited to, agreements between or among competitors regarding prices, bid and offer practices, availability of service, product design, terms of sale, division of markets, allocation of customers or any other activity that might unreasonably restrain competition.

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
January 28, 2019
Nottoway B, Doubletree New Orleans, New Orleans, LA

• M I N U T E S •

Executive Session 1

Josh Martin called Executive Session 1 to order at 7:00 AM. Members in attendance included: Graham Edwards (Director), Phyllis Bernard (Director), and Darcy Ortiz (Director). MMU staff in attendance included: Jodi Woods, and Keith Collins. The Committee met in Executive Session with MMU staff only and were apprised of recent MMU activities including: market initiatives; engagement in the RTO planning process; and, MMU filings at the FERC. The Committee discussed the MMU's 2018 assessment for performance, metrics and initiatives. Finally, the Committee approved the MMU's 2019 performance goals.

Executive Session 2

Agenda Item 1 – Administrative Items

Josh Martin called session 2 to order in executive session at 10:35 AM. SPP staff in attendance included Barbara Sugg, Sam Ellis, and Paul Suskie. Scott Smith attended for a brief time during the discussion regarding cyber insurance (Attendance – Attachment 1). Keith Collins also attended for a brief period. Josh introduced the new Board member serving on the Committee and noted other changes to Committee representation. Further, Josh noted that he would now serve as the liaison for Internal Audit.

Graham Edwards moved and Phyllis Bernard seconded adoption of the December 3, 2018 Oversight Committee minutes, which were unanimously accepted (Minutes 12/3/2018 – Attachment 2).

Agenda Item 2 – Action Items Report

Michael Desselle provided a status report on the follow-up action items. Specifically, he noted the agenda items deferred in December were on the agenda for this meeting. Additionally, Michael noted that two items (Value of Internal Audit and Concur Expense Reporting Tips) were circulated to the OC members following the December meeting (Value of Internal Audit – Attachment 3).

Agenda Item 3 – Deferred Agenda Items from December

Following the OC's request in December, Paul Suskie apprised the Committee regarding the MMU's outside counsel's limited representation of the SPP RTO.

Also at the OC's request in late 2018, Paul apprised the committee regarding the cyber insurance coverage SPP has in place. Noting that the OC was not consulted regarding the coverage amounts in place, the Committee discussed their concerns and expressed a view that the coverage amount may be insufficient. Scott Smith informed the Committee members the direction the Finance Committee had provided and explained staff's recommendation endorsed by the Finance Committee. Staff was directed to reevaluate coverage limits based upon more recent history and evidence. Paul was asked to provide clarification regarding the assumptions, and Josh was going to coordinate with the Chair of the Finance Committee.

On the two remaining deferred matters, Paul noted the RCWG matter was resolved at the Corporate Governance Committee. Finally, the OC concurred unanimously with Staff's opinion that the OC did not need to adjudicate on Transmission recommendations that are needed within 3 years for reliability purposes since they are deemed as not competitive.

Agenda Item 4 – Update on Current Activities

Security - Sam Ellis reported on the current cyber metrics, noting that the next version will include changes previously discussed with the Committee.

Barbara Sugg briefed the Committee on recent outreach and collaboration efforts. She also apprised the Committee on 2019 internal cyber awareness efforts.

Agenda Item 5 – Oversight Committee Annual Survey Results

The Committee discussed the results and noted that one question (regarding ...diversity of the SPP organization) was not applicable since only Board members serve on this Committee. Following the meeting, staff has subsequently removed this question in future surveys for the OC.

Agenda Item 6 – Action Items

Action items are:

- Paul Suskie to work with staff to clarify cyber insurance coverage assumptions.

Agenda Item 7 – Future Meetings

The Committee discussed the 2019 meeting schedule.

Respectfully Submitted,

Michael Desselle

