

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
December 9, 2019
Net Conference

• M I N U T E S •

Executive Session 1 (OC Members and MMU Only)

Call to Order/Administrative Items

Josh Martin called executive session 1 to order at 8:00 AM. Members attending included: Graham Edwards (Director), Darcy Ortiz (Director) and, Phyllis Bernard (Director). Bruce Scherr (Director) and Susan Certoma (Director) also attended. MMU staff in attendance included: Keith Collins, Jodi Woods, John Luallen and Greg Sorensen.

Agenda Item 2 – Action Items Report

Agenda Item 3 – Other MMU Matters

MMU staff provided status reports and discussed other matters with the OC.

Executive Session 2 (RTO Staff)

Agenda Item 4 – Call to Order/Administrative Items

Josh Martin called meeting to order at 10:10 AM. Members attending included: Graham Edwards (Director); Darcy Ortiz (Director); and, Phyllis Bernard (Director). Bruce Scherr (Director) and Susan Certoma (Director) also attended on behalf of the Finance Committee. SPP staff in attendance included Barbara Sugg, Sam Ellis, Lauren Krigbaum, Carl Stelly, Erin Cullum Marcussen, Derek Wingfield, Dustin Smith, Aaron Shipley, Chris Cranford and Paul Suskie (Attendance – Attachment 1). Phyllis Bernard moved and Darcy Ortiz seconded adoption of the October 28, 2019 Oversight Committee minutes which were unanimously accepted (Minutes 10/28/2019 – Attachment 2).

Agenda Item 5 – Action Items Report

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

Agenda Item 6 – SOC1 Independent Auditors Report

Schoen Hertell (KPMG's Audit Partner) presented to the OC its opinion and findings regarding their audit of SPP's 2019 System and Organizational Controls (KPMG SOC1 Engagement Presentation – Attachment 3). Shaun informed the Committee that no control deficiencies were noted during the examination period. Further Shaun told the Committee that their report, issued on December 4, notes issuance of an unqualified opinion. Looking forward, Schoen informed the Committee that the implementation of the new Settlement System in February will modify the SOC1 audit period thereby necessitating from management a three month "gap" letter.

Agenda Item 7 – Update on Current Activities

Internal Audit- Lauren Krigbaum reported on completed audits noted in her written report. She also noted changes to the existing audit plan: specifically, noting a shift of the software licensing audit to 2020 and the security awareness audit to first quarter of 2020. Noting that there is nothing to review and that all employees are required to be recertified as a component of SPP's annual training program Lauren explained the removal of the standards of conduct audit from the annual plan. Finally, Lauren presented the process used to derive its annual audit plan: noting the input drivers, the draft plan shared with the OC in seeking comment and lastly presentation for approval of the final plan. For 2020, Lauren cited the following audit plan items IA will focus on: Network and Commercial Model Updates; SOC1 Gap Period Review (noted above); Generator Interconnection Processes; BMC Remedy Change/Incident Management; and the Compliance Hotline. Following her report and presentations, Graham Edwards moved adoption of the 2020 Internal Audit annual plan. Darcy Ortiz seconded the motion which passed unanimously.

Compliance– Carl Stelly provided a written status report on departmental staffing, quarterly activities, upcoming 2020 activities and open enforcement actions status. Specifically, Carl noted the development of the 2020 Compliance annual plan and a compliance department 2020 focus on improving Internal Controls and Event Analyses. Carl informed the Committee that the MRO has confirmed the audit schedule for 2020 to be conducted by MRO with participation by the WECC RE. Carl and Erin Cullum Marcussen explained the process used in developing the 2020 Compliance Annual Plan. After describing that process Graham Edwards moved adoption, seconded by Darcy Ortiz, and the motion to approve the 2020 Compliance Annual Plan was approved unanimously.

Security - Sam Ellis provided the quarterly cyber-security update. As a follow-up from a previously deferred item, Sam explained the types of incidents, and associated timeframes, in which control room operators are required to notify FERC and NERC regarding physical and cyber-attacks. Sam also informed the Committee on the new CIP Cyber Incident reporting standards (CIP-008-6 to supersede CIP-008-5) pending FERC approval. Sam reviewed the quarterly cyber metrics. Barbara Sugg shared with the Committee SPP's engagement in GridEx V, recently completed. Lastly, Sam followed-up on two action items from the previous meeting. First, Sam reported that IT has been looking at options (including Diligent) for secure messaging and document portal for Board materials. Darcy offered to provide additional tools (with pros and cons) for consideration. Second, Sam reported that later in December a new list-serve system will be operational to address the malware on exploder lists.

Agenda Item 8 – Independent Expert Panel Discussion/Recommendations

Josh Martin opened the discussion and described the recent IEP training held at SPP and the Order 1000 requirement associated with competitive transmission projects. Aaron Shipley noted that Attachment Y in the SPP Tariff requires the OC to identify a pool of candidates to serve as industry experts which would evaluate competitive transmission projects and noted that the OC had completed that responsibility in the 4th quarter of 2018. Aaron further described that the Tariff requires that the OC create panels to evaluate Competitive transmission proposals and noted that the 2019 ITP produced two projects deemed to be competitive. Aaron described the next steps for each project and noted that staff is recommending only to seat a panel for the Sonner Wekiwa project at this time. Graham Edwards moved adoption of staff's recommended panel composition which was seconded by Phyllis Bernard. The Motion passed unanimously.

Agenda Item 9 – Action Items

Action items are:

- Move December 3, 2020 meeting date to December 7 and arrange for net-conference.

Adjournment

Josh Martin adjourned Executive Session 2 at 12:00 PM.

Respectfully Submitted,

Michael Desselle



**SOUTHWEST POWER POOL, INC.
OVERSIGHT COMMITTEE MEETING**

**December 9, 2019
Net Conference**

AGENDA

Executive Session 1 (OC Members & MMU only)¹...Oversight Committee and MMU (8:00 – 10:00)

- 1. Call to Order/Administrative Items Josh Martin (8:00 – 8:05)
- 2. Action Items Report..... Jodi Woods (8:05 – 8:10)
- 3. Other MMU Matters..... Keith Collins (8:10 – 10:00)

Executive Session 2 (Visitors Excluded)..... Oversight Committee and RTO Staff (10:10 – 1:00)

- 4. Call to Order/Administrative Items.....Josh Martin (10:10 – 10:13)
- 5. Action Items Report..... Michael Desselle (10:13 – 10:15)
- 6. SOC1 Independent Auditors report.....Schoen Hertell (KPMG) (10:15 – 10:30)
- 7. Update on Current Activities
 - Internal Audit Lauren Krigbaum (10:30 – 10:50)
 - Compliance Carl Stelly (10:50 – 11:15)
 - Security Update Sam Ellis (11:15 – 11:45)
- 8. Independent Expert Panel Discussion/Recommendations..... Josh Martin (11:45 – 12:15)
- 9. Action Items..... Michael Desselle (12:15 – 12:20)
- 10. OC 2020 Future MeetingsJosh Martin (12:20 – 12:30)

2020

Monday, January 27, 2020	7AM – 1PM	Santa Fe, NM
Monday, April 13, 2020	8AM – 3PM	SPP, Little Rock
Monday, July 27, 2020	7AM – 1PM	Rapid City, SD
Monday, October 26, 2020	7AM – 1PM	SPP, Little Rock
December 2020	TBD	

¹ Separate agenda provided by MMU

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.



***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.*

Michael Dasselte	SPP
Deeck Winfull	SPP
Dustin Smith	SPP
Barbara Sugg	SPP
Jan Ellis	SPP
Lauren Krigbaum	SPP
Erin Cullum Marcussen	SPP
Carl Stelly	SPP
Aaron Skipley	SPP
Chris Cranford	SPP
Eddie Holt	
Schoen Hertell	KPMG

FC Bruce Scherr
 Graham Edwards
 FC Susan Certona
 Josh Martin
 Darcy Ortiz
 Phyllis Bernard

Paul Sushie SPP

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
October 28, 2019
SPP Corporate Campus

• M I N U T E S •

Executive Session 1

Agenda Item 1 – Call to Order/Administrative Items

Josh Martin called meeting to order at 8:00 AM. Members in attendance included: Graham Edwards (Director); Darcy Ortiz (Director); and, Phyllis Bernard (Director). Bruce Scherr (Director) also attended in person. SPP staff in attendance included Barbara Sugg, Sam Ellis, Carl Stelly, and Erin Cullum Marcussen (Attendance – Attachment 1). Graham Edwards moved and Darcy Ortiz seconded adoption of the July 29, 2019 Oversight Committee minutes, the August 21 conference call minutes and the October 9 conference call minutes, which were unanimously accepted (Minutes 7/29/2019, Minutes 8/21/2019, Minutes 10/9/2019 – Attachment 2, 3 & 4).

Agenda Item 2 – Action Items Report

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

Agenda Item 3 – Update on Current Activities

Compliance– Carl Stelly provided a written status report on departmental staffing, quarterly activities and open enforcement actions status. He further presented to the Committee a timeline graphic depicting the history of SPP self-reports and audit findings adjudication and resolutions to date. The Committee reviewed and discussed these statistics. Further, Carl apprised the Committee of the impending transition to MRO.

The Committee also discussed the Compliance metric recommendation to the Human Resources Committee (HRC). Josh noted that OC had developed a holistic view of SPP overall staff compliance to be measured in a given year that includes NERC standards and audits (both internal and external, financial and controls). This approach would yield a qualitative metric to be used by the HRC in assessing staff as part of its annual performance compensation assessment.

Security - Sam Ellis provided the quarterly cyber-security update. He briefed the Committee on recent cyber-related emerging threats and trends (both cyber and physical). Sam reviewed the quarterly cyber metrics.

Agenda Item 4 – OC 2018 Self-Assessment

The OC asked that staff draft for endorsement later 2018-2019 major accomplishments and pending issues before the group (Org Group Self-Assessment – Attachment 5).

Agenda Item 5 – Action Items

Action items are:

- Staff to inquire and determine if any compliance-related calls were made to Employee Hotline during the year;
- Reschedule final OC meeting for the year;
- Reschedule security update on NERC CIP reporting changes;
- Inquire about necessary resources to improve controls environment at SPP;
- Security update on resolution of email exploder matter;
- Security staff to evaluate secure messaging and document portal for Board materials; and
- Staff to draft OC Org Group self-assessment accomplishments and pending matters.

Agenda Item 6 – OC 2020 Draft Annual Work Plan and Future Meetings

The Committee reviewed the 2020 work plan and discussed rescheduling the remaining 2019 meeting to a web-conference enabled call.

Executive Session 2 (OC Members and MMU Only)

Call to Order/Administrative Items

Josh Martin called executive session 2 to order at 10:10 AM. Members in attendance included: Graham Edwards (Director), Darcy Ortiz (Director) and, Phyllis Bernard (Director). Bruce Scherr (Director) also attended in person. MMU staff in attendance included: Keith Collins, Jodi Woods, John Luallen and Greg Sorensen (Attendance – Attachment 1).

Agenda Item 7 – Action Items Report

Jodi Woods provided an action items report.

Agenda Item 8 – Other MMU Matters

The Committee discussed other MMU matters.

Adjournment

Josh Martin adjourned Executive Session 2 at 1:00 PM.

Respectfully Submitted,

Michael Desselle