

Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
July 27, 2020
Web Conference Call

• M I N U T E S •

Executive Session (OC Members and RTO Staff Only)

Agenda Item 1 – Call to Order/Administrative Items

Josh Martin called meeting to order at 9:30 AM CDT. Members in attendance included: Graham Edwards (Director); Darcy Ortiz (Director); Julian Brix (Director); and, Susan Certoma (Director and Chair of the Finance Committee). Staff participating on the call included Emily Pennel, Lauren Krigbaum, Sam Ellis, Erin Cullum-Marcussen, and Carl Stelly.

Agenda Item 2 – Action Items Report

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

Agenda Item 3 – Quarterly Activity Reports

Internal Audit – Lauren Krigbaum provided a 2020 Audit Plan status update noting in particular three process reviews that are delayed due to the pandemic. She noted that collaboration with employees engaged with these processes is a key component for completing these audits and that expectations are year-end completion.

Lauren then provided highlights on completed audits during the quarter. Following a discussion on the findings/recommendations of one particular review and its dependency on an Information Technology Department (IT) process improvement effort underway, IT staff was tasked to provide a status report to the Committee and to Susan Certoma on the implementation of Internal Audit's (IA) interim recommendations and also whether IA's recommendations are included in the scoping underway for an automated system anticipated to facilitate that process improvement.

She apprised the Committee on the status of audits currently in process as well as the status of KPMG's SOC1 Type II audit underway. Lauren noted that IA reviewed draft control objectives and associated control activities for the 2021 Western Energy Imbalance Service (WEIS) that will require a SOC 1 Type II Audit.

Lauren reported that IA, in conjunction with SPP's purchasing department, had completed a Request for Proposal process to select and recommend a SOC 1 Type II auditor. The recommendation (one contract with two audit reports – Integrated Marketplace SOC 1 and WEIS SOC 1) was presented to Finance Committee on July 13, 2020. In response to questions from the Committee, it was clarified for the record that the SOC 1 auditor's report is reviewed/accepted annually by the Oversight Committee with the Finance Committee members in attendance.

Lauren apprised the Committee on other advice and consultations IA has provided to various business units. She previewed the draft 2021 audit plan and sought feedback prior to its approval in December. Lauren provided a mid-year budget forecast and preliminary 2021 budget. Following a discussion regarding a recent vacancy in the Department, the Committee provided specific direction.

Security – Sam Ellis discussed SPP's 2020 cyber-maturity assessment results. He additionally reviewed the quarterly cyber metrics.

Agenda Item 4 – Industry Expert Panel Extension Update

Josh Martin reminded the Committee of recent e-mail actions taken to extend the IEP review period.

Agenda Item 5 – Oversight Committee Scope Review

Following up on an action item from the previous meeting, Josh expressed the Committee's concern that the language in the OC scope, item (I) (OC Scope – Attachment 1) could infer that the OC has the risk management responsibility instead of full Board owning that responsibility. Accordingly the Committee asked for a modification to that part of their scope document. The revised language would now be:

I) Discuss with management and the independent auditors the company's guidelines and policies with respect to corporate risk assessment and risk management recognizing that corporate risk assessment and risk management are a responsibility of the full Board.

Additionally, it was noted that to be consistent with the SPP Bylaws, the scope should be modified to reflect that representation on the Committee shall be comprised of up to five members. The revised language would now be:

Representation

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

Agenda Item 6 – Action Items

Action items are:

- IT staff follow-up to OC and FC Chair;
- Staff to make OC scope modifications; and,
- Staff to include regular physical security agenda briefings;

Agenda Item 7 – Future Meetings

The Committee discussed the meeting schedule.

Adjournment

Josh Martin adjourned at 11:30 AM.

Respectfully Submitted,

Michael Desselle



Southwest Power Pool, Inc.
OVERSIGHT COMMITTEE MEETING
July 27, 2020
Web Conference

• A G E N D A •

7:00 a.m. – 1:00 p.m. CDT

Executive Session 1 (OC Members & MMU only)... Oversight Committee & MMU Secretary (7:00 – 9:15)

Executive Session 2 (Visitors Excluded) Oversight Committee, RTO Staff (9:30 – 1:00)

1. Call to Order/Administrative Items Josh Martin (9:30 – 9:35)
2. Action Items Report..... Michael Desselle (9:35- 9:40)
3. Quarterly Activity Reports
 - a. Internal Audit Lauren Krigbaum (9:40 – 10:15)
 - Activity Report
 - Draft 2021 Annual Audit Plan
 - Mid-year budget forecast and 2021 proposed budget
 - b. Security Sam Ellis (10:15 – 11:00)
4. Industry Expert Panel Extension Update Josh Martin (11:10 – 11:20)
5. Oversight Committee Scope Review Josh Martin (11:20 – 11:30)
6. Action Items.....Michael Desselle (11:30 – 11:35)
7. Future Meetings Josh Martin (11:35 – 11:40)

2020

Monday, October 26, 2020 – Virtual

Monday, December 7, 2020 – Virtual

Written Reports

8. Compliance

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
April 20, 2020
Web Conference Call

• M I N U T E S •

Executive Session (OC Members, RTO Staff and MMU Only)

Agenda Item 1 – Call to Order/Administrative Items

Josh Martin called meeting to order at 8:00 AM CDT. Members in attendance included: Graham Edwards (Director); Darcy Ortiz (Director), and; Julian Brix (Director). Staff participating on the call included Emily Pennel, Keith Collins, Jodi Woods, John Luallen, Greg Sorensen, Scott Smith, Lauren Krigbaum, Erin Cullum-Marcussen, Carl Stelly, Sam Ellis, and Chris Evans. Graham moved and Darcy Ortiz seconded adoption of the January 27, 2020 Oversight Committee minutes which were unanimously accepted (Minutes, 1/27/2020 – Attachment 1).

Agenda Item 2 – Action Items Report

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

Agenda Item 3 – Business Continuity/Disaster Recovery Update

Scott Smith presented SPP's Emergency Management & Business Continuity vision. He noted that the vision is a commitment to maintain a continual state of readiness that minimizes potential adverse impact to human life, physical resources and cyber assets so that SPP may always successfully keep the lights on. He described that our selection of methodology (Continuity of Operations, or COOP) is consistent with U.S. Homeland Security and International Standards. Scott discussed example COOP content and current company-wide completion statistics. Finally, Scott discussed staff's next steps. Following this discussion, Scott described SPP's pandemic response plan and the current level of COVID-19 related activities.

Agenda Item 4 – Corporate Risk Management Update

Scott Smith presented SPP's investment in Risk Management leading to a discussion of SPP's current corporate risk matrix. He described ongoing internal efforts with staff directors to update the matrix and the gradual integration of the matrix into SPP's Governance Risk Compliance (GRC) tool. Julian encouraged the use of the matrix in SPP's upcoming strategic plan revision efforts. Josh and Graham noted that the Committee's review and engagement on this matter at this meeting constituted due diligence on behalf of the Board.

Agenda Item 5 – Update on Current Activities

MMU – Jodi Woods provided a status report of recent MMU activities not previously discussed in the MMU's recent executive session conference call (4/13/2020) with the OC. Specifically, she apprised the Committee members of recent discussions with the FERC staff on COVID-19, engagement in MWG market design deliberations as well as MMU engagement in revision discussions on SPP credit policy matters. Keith Collins also apprised the Committee that the MMU is about to complete its WEIS market power analyses.

Security – Chris Evans reported on security items in the recent news. Sam Ellis reviewed the quarterly cyber metrics. In response to a question from the Committee, Sam described what concerns him most at this time. He mentioned providing more outreach and security training for staff working at home.

Internal Audit - Lauren Krigbaum reported on completed audits noted in her written report. She also discussed: audits currently in process; audits currently in planning; and, upcoming audits. The Committee directed that the Officers address the concern about office building security matters identified in the security awareness audit.

Compliance– Carl Stelly presented to the Committee his departmental goals and milestones for the 2020 year. He discussed the transition to MRO and the desire to improve SPP’s inherent risk assessment. He discussed program goals to be deemed by MRO as a HERO (Highly Effective Reliability Organization) and the status of where SPP measures today. He then shared metrics on SPP’s compliance history under NERC as the Compliance Enforcement Agent (CEA), and subsequently MRO as the CEA.

Agenda Item 6 – Action Items

Action items are:

- Include SPP’s Corporate Risk Matrix in SPC strategic planning update underway;
- Staff to check OC scope regarding oversight for corporate risk management;
- Officers to address enforcement of security concern in Chenal office building; and,
- OC members Julian and Graham to attend upcoming MRO Board meeting to reinforce “tone from the top”.

Agenda Item 7 – Future Meetings

The Committee discussed the meeting schedule.

Adjournment

Josh Martin adjourned at 11:59 PM.

Respectfully Submitted,

Michael Desselle