

1

2 SGIP 2.0 Business Sustainment Plan (v2.0)

3 Roadmap to the Future of Smart Grid Interoperability

4

5

6

7

8

9

10 *The SGIP Governing Board formed the Business Sustainment Plan Working*
11 *Group (“Plan”) to initially develop a proposal for moving the SGIP forward with*
12 *significantly reduced government financial support. We refer to the new*
13 *organization as SGIP 2.0. This Plan describes the new organization, the scope*
14 *of its activity (including continued support of NIST to carry out its EISA*
15 *mandate), and the potential sources of revenue to support the new organization.*

16 *This working draft of the Plan is being provided to the SGIP stakeholder*
17 *community for two purposes:*

- 18 *a) Provide a “preview” of the Plan that is under development and is being*
19 *considered as the path forward*
- 20
- 21 *b) Solicit feedback and comments on the working draft Plan.*
- 22
- 23
- 24
- 25
- 26

27 By: SGIP Governing Board - Business Sustainment Plan Working Group
28 6/8/2012

29

30

31

1 **This WORKING DRAFT document was prepared by the Business**
2 **Sustainment Plan Work Group (“BSPWG”).**

3
4 **I. BSPWG Project Sponsors:**

- 5 a) *John McDonald*
6 b) *George Arnold*
7

8 **II. BSPWG Chairperson: *Scott Ungerer***
9

10 **III. BSPWG Membership:**

- 11 a) *John McDonald*
12 b) *John Caskey*
13 c) *George Bjelovuk*
14 d) *Don Von Dollen*
15 e) *Matt Theall*
16 f) *Bill Lawrence*
17 g) *Chuck Shih*
18 h) *Mike Coop*
19 i) *Brian Markwalter*
20 j) *Steve Widergren*
21

22 **IV. BSPWG Special Advisor: Andrew Updegrave**
23

24 **V. How this plan will be used:** this Business Sustainment Plan (“BSP”) is expected to
25 evolve over the course of the next 6 months based on ongoing feedback that will be
26 collected during the SGIP 2.0 membership campaign. The BSP will also be
27 periodically updated as greater clarity is achieved on forecast 2013 revenue and
28 expense levels during the implementation phase of the transition. The BSPWG will
29 recommend the next version of this BSP to the SGIP Governing Board as the Plan on
30 which to launch implementation, including the SGIP 2.0 membership recruitment
31 campaign, the solicitation of grants and sponsorships, and the conduct of work (by an
32 independent third party) to construct a prioritized expense budget. While the amount
33 of change is expected to decline over time, the SGIP 2.0 leadership will be committed
34 to both define and deliver ongoing value to its members while matching its level of
35 effort with available resources (i.e. a balanced budget) As choices or tradeoffs need
36 to be made as more information is obtained, SGIP 2.0 leadership should consider the
37 following as key priorities in decision making:

- 38 a) maintain continued support of NIST
39 b) create and deliver a compelling value proposition for
40 i. membership to join and pay annual dues
41 ii. grants from foundations & endowments
42 iii. secure sponsorships
43 c) maintain most of the values, culture and overall feel of SGIP 1.0
44
45
46

1 Interoperability. In May 2009, U.S. Secretary of Commerce Gary Locke and U.S.
2 Secretary of Energy Steven Chu chaired a meeting of nearly 70 executives from
3 the power, information technology, and other industries at which these executives
4 expressed their organizations' commitment to support the plan established by
5 NIST to meet its EISA responsibility. The effort culminated in the *NIST Framework
6 and Roadmap for Smart Grid Interoperability Standards, Release 1.0*. It describes a
7 high-level conceptual reference model for the Smart Grid, identifies 75 existing
8 standards that are applicable (or likely to be applicable) to the ongoing
9 development of the Smart Grid, specifies 16 high-priority gaps and harmonization
10 issues (in addition to cyber security) for which new or revised standards and
11 requirements are needed, documents action plans with aggressive timelines by
12 which designated standards-setting organizations (SSOs) will address these gaps,
13 and describes the strategy to establish requirements and standards to help ensure
14 Smart Grid cyber security.

15 The **second phase** of the NIST plan was formally launched in November 2009. It
16 involved an ongoing organization and consensus process that was formalized
17 under the Smart Grid Interoperability Panel (SGIP). The SGIP is a public-private
18 partnership that provides an organizational structure to support the continuing
19 evolution of the framework. By mid-December 2009, one month after it was
20 established, the SGIP membership exceeded 400 organizations divided among 22
21 stakeholder categories, and today more than 700 organizations are members of
22 the SGIP, which we will refer to as SGIP 1.0. The **third, and final, phase** of the NIST
23 plan was to develop a plan for testing and certification to ensure that Smart Grid
24 equipment and systems conform to standards for security and interoperability.

25 NIST realizes this is a long-term effort and envisions the transition of the SGIP from
26 a public-private partnership to a self-financed, legal entity that retains a working
27 partnership with government. The SGIP Governing Board formed the Business
28 Sustainment Plan Working Group to develop a proposal for moving the SGIP
29 forward as a self-sustaining organization, which we will refer to as SGIP 2.0. This
30 proposal describes the new organization, how it will continue to assist NIST to
31 carry out its EISA mandate, and how it will advance interoperability to enable
32 Smart Grid deployments worldwide.

33 **2) SGIP 1.0 (2009-2012)**

34 **a) Examples of accomplishments**

35
36
37
38 After being formed at the Grid-Interop meeting in December, 2009, the SGIP
39 matured into a fully functional organization with many activities moving forward in
40 parallel, supported by operational processes and a management structure. Some
41 of the highlights of the past 3 years are included below.

- 42
43 i) The SGIP continues to identify and address standards gaps through a priority
44 action plan (PAP) process that speeds the pace of standards development.
45 Since its creation, the SGIP has supported 20 PAPs. One priority issue, SEP
46 1.x to SEP 2.0 Transition and Coexistence, was identified as a critical problem
47 that the SGIP Governing Board determined should be addressed through the

1 PAP process. The resulting work guides implementers with a migration or
2 coexistence path between SEP 1.x and SEP 2.0. The work was completed in
3 just 6 months.

- 4
- 5 ii) The establishment of the Catalog of Standards (CoS) was a major
6 accomplishment for the SGIP. The CoS will provide a compendium of
7 standards and guides that are relevant to advancing interoperability in Smart
8 Grid deployments. The CoS is being populated by the results of the PAP
9 activities as well as material from the reviews of existing relevant Smart Grid
10 standards that characterize the entries for practitioners, integrators, and
11 other interested parties.
12
- 13 iii) The SGIP's PMO created and refined the Priority Action Plan (PAP) lifecycle
14 process which streamlines the work of the PAP Working Groups into a
15 common methodology and set of deliverables. Common reporting from
16 PAPs allows problems to be caught early and resources to be assigned to
17 manage them. The PMO oversees all SGIP project activities and provides the
18 project discipline and commonality that keep project members focused on
19 the work that needs to be done, and the process to bring entries into the CoS.
20
- 21 iv) In July, 2011, the Federal Energy Regulatory Commission (FERC) endorsed
22 NIST and the SGIP process stating:
23 "We believe that the best vehicle for developing smart grid
24 interoperability standards is the NIST interoperability framework
25 process, including the work of the SGIP and its committees and
26 working groups. This work includes harmonization and extensions of
27 existing smart grid interoperability standards as well as the
28 development of new standards. The SGIP brings together smart grid
29 stakeholders from numerous industries and areas of expertise to guide
30 the development of smart grid interoperability standards within the
31 context of the NIST interoperability framework process."
32
- 33 v) The SGIP standing committees have set the groundwork for the coordination
34 of issues that cross-cut the PAPs and the smart grid stakeholder domains. The
35 Architecture Committee (SGAC) has refined a reference architecture, and
36 developed a conceptual model for organizing smart grid interoperability
37 issues. The Testing and Certification Committee (SGTCC) has set the
38 foundation for interoperability testing. This includes an Interoperability
39 Process Reference Manual that brings together the best practices for
40 achieving standards-based, interoperable and conformant Smart Grid
41 technologies. The Cyber Security Working Group (CSWG) developed
42 NISTIR 7628, which presents an analytical framework that organizations can
43 use to develop effective cyber security strategies tailored to their particular
44 combinations of Smart Grid-related characteristics, risks, and vulnerabilities.
45
- 46 vi) As part of the SGIP's flexible architecture and evolutionary philosophy, we
47 have established several working groups to address specific Smart Grid
48 interoperability challenges.

1 (1) The SGIP started with six domain expert working groups (DEWGs):
2 Home to Grid, Building to Grid, Industrial to Grid, Transmission and
3 Distribution, Vehicle to Grid, and Business and Policy. Over the last two
4 years, a Distributed Renewables, Generators, and Storage group was
5 formed in addition to the Electromagnetic Interoperability Issues
6 working group. These groups have developed whitepapers and
7 spawned PAPs, on such topics as wind integration, an energy services
8 interface, and the integration of home appliances.
9

10 (2) Green Button – introduced as a challenge by former United States CTO,
11 Aneesh Chopra, and the SGIP took the concept to reality in 5 months.
12 The idea leverages work originally performed in PAP 10, allowing the
13 challenge to be met through implementation of the NAESB Energy
14 Usage Information and ESPI Standard. The idea is already being
15 embraced and utilized by numerous utilities nation-wide and
16 developers are continuing to explore innovative products and services
17 around it, creating jobs and new markets and also enabling consumers
18 to better understand their energy usage and subsequently manage it in
19 a more efficient way. All this was enabled by the platform of
20 interoperability constructed by the SGIP.
21

22 vii) Since inception the following have been achieved:

23 (1) 28 standards to better facilitate interoperability due to SGIP activity
24 have been added to Catalog of Standards in 12 months from 9 different
25 SSOs
26

27 (2) 72 standards reviewed completed by the Cyber Security Working
28 Group
29

30 (3) 41 standards reviewed completed by the Smart Grid Architecture
31 Committee
32

33 (4) 20 PAPs initiated; 7 PAPs completed
34

35 (5) 7 international Letters of Intent of Cooperation (completed or in process)

36 (a) European Union

37 (b) Korea

38 (c) Japan

39 (d) Ecuador (in process)

40 (e) Columbia (in process)

41 (f) Turkey (in process)

42 (g) South Africa (in process)
43

44 **b) Organizational Structure**
45

46 i) The SGIP 1.0 is managed by NIST with day-to-day technical and operational
47 support provided by both a contract Program Administrator and the
48 voluntary Plenary Officers.
49

50 (1) list of NIST responsibilities

- 1 (a) NIST is responsible for monitoring the SGIP Administrator contract
- 2 resources and contractor performance
- 3 (b) NIST has an ex-officio position on the Governing Board, as stated in
- 4 the bylaws
- 5 (c) The chair of the CSWG and the vice-chair of the SGTCC are NIST
- 6 staff, as stated in the Bylaws
- 7 (d) NIST has a representative on the SGIP Plenary Leadership team and
- 8 on the SGIP PMO, and on the CMEWG.
- 9 (e) In most cases, NIST provides lead facilitators for PAP working
- 10 groups and DEWGs.
- 11 (f) NIST reviews all LOIs with other organizations
- 12 (g) NIST reviews all marketing and public affairs documents prior to
- 13 their release
- 14 (h) NIST provides the NIST Smart Grid Collaboration Wiki for use by
- 15 the SGIP and the public.
- 16
- 17 (2) list of Program Administrator responsibilities
- 18 (a) Planning, logistics and support of SGIP Face-to-Face (“F2F”)
- 19 meetings
- 20 (b) Planning, logistics and support of SGIP Governing Board Face-to-
- 21 Face (“F2F”) meetings including identification and development of
- 22 the GB review package
- 23 (c) Planning, logistics and support of SGIP Voting
- 24 (d) Planning, logistics and support of SGIP membership services
- 25 (e) Enforce Bylaws and Operating procedures
- 26 (f) Develop, support and maintain web sites, including the
- 27 collaborative Twiki and list servers for SGIP membership
- 28 (g) Establishes and maintains email list serves for the various groups
- 29 within the SGIP
- 30 (h) Provide administrative support to NIST as required
- 31 (i) Facilitate committee and working group operations
- 32 (j) Identifies, coordinates and manages technical expert resources
- 33 (Technical Champions) to support out PAPs and other directed
- 34 activities.
- 35 (k) Supports communications and marketing (booths, training material,
- 36 announcements, handouts, coordination with CME WG).
- 37 (l) Provides program management and coordinates monthly reporting
- 38 of all SGIP working groups and activities.
- 39
- 40 (3) Plenary officers operational oversight
- 41 (a) Plans for plenary events and communications
- 42 (b) Reviews PAP and WG requests
- 43 (c) Helps package material for GB review and approval
- 44 (d) Coordinates leadership of committees and working groups
- 45 (e) Resolves membership issues
- 46 (f) Proposes and enacts operational changes (e.g., CoS, document
- 47 branding, new WG and committees)
- 48
- 49 (4) SGIP 1.0 receives the full benefits of being federally sponsored while
- 50 being subject to federal regulations and guidelines

- 1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
- ii) A Governing Board has been established with certain responsibilities and authority
 - (1) The SGIP is guided by a Governing Board that approves and prioritizes work programs. The Governing Board's responsibilities include facilitating a dialogue with standards development organizations to ensure that the action plans can be implemented. The SGIPGB provides guidance to the SGIP. This guidance includes a broad perspective of the NIST Interoperability Framework and Roadmap vision. The Administrator-led Program Management Office reports on progress through monthly SGIP reports. The Administrator ensures all SGIP documents are openly available in an online Interoperability Knowledge Base.
 - (2) Composition:
 - (a) 22 seats elected by each of the membership categories
 - (b) 3 'at large' seats elected by entire membership
 - (c) 6 ex officio seats
 - (i) 1 – NIST
 - (ii) 1 – Plenary Chairperson
 - (iii) 4 - Membership Committee Chairpersons
 - (iv) 1 – Program Administrator
 - (3) Created four working groups
 - (a) Business and Operating Procedures Work Group
 - (b) Communication, Marketing and Education Working Group
 - (c) Intellectual Property Rights Working Group
 - (d) Vision, Mission and Road Map Working Group
 - iii) Plenary Leadership
 - (1) Chairperson – elected by the Governing Board,
 - (2) Vice-Chairperson – elected by the membership
 - (3) Secretary - elected by membership
 - iv) Membership activity organized by:
 - (1) Four standing committees/working groups
 - (a) Smart Grid Architecture Committee
 - (b) Smart Grid Testing and Certification Committee
 - (c) Cyber Security Working Group
 - (d) Smart Grid Implementation Methods Committee
 - (2) Seven Domain Expert Working Groups
 - (a) Building to Grid (B2G)
 - (b) Business and Policy (BnP)
 - (c) Distributed Renewable, Generators and Storage (DRGs)
 - (d) Home to Grid (H2G)
 - (e) Transmission and Distribution (TnD)
 - (f) Vehicle to Grid (V2G)
 - (3) Priority Action Plans
 - c) Charter and Bylaws – version 1.4 available on SGIP Twiki

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48

3) SGIP 2.0 (2013 and beyond)

a) **Preamble:** why is the transition necessary?

Since the formation of the SGIP in 2009, the activity of the SGIP by NIST personnel and member volunteers has been supported and enabled by the work of a Program Administrator that has been fully funded by NIST in the approximate amount of \$5 to 7 million per year; a significant portion of those funds came from the ARRA program. However, NIST always intended that the SGIP would transition from a federally funded organization to a public-private partnership that relies on non-governmental funding.

At the December 2011 SGIP Governing Board meeting, George Arnold, National Coordinator for Smart Grid Interoperability at NIST, requested the SGIP Governing Board to begin planning for the SGIP’s transition into a legal entity funded primarily by the private sector and with a continuing, but reduced level of federal funding beginning January 2013. He emphasized that NIST will continue to be actively engaged as a partner with the private sector in the work of SGIP. To assist the SGIP in the transition, NIST tasked the Program Administrator with preparation of a document that shares thoughts and options for the transition. The current form of the SGIP 1.0 is a *society of members* which really has no formal legal structure, and thus lacks the ability to enter into contracts or raise revenue from any source. While this form is sufficient for SGIP 1.0 due to the sponsorship by and relationship with NIST, it is not an adequate form for SGIP 2.0.

SGIP 2.0 builds upon the foundation established by SGIP 1.0. The transition of the organization shall be sensitive to the principles and style of operations nurtured in SGIP 1.0 so that the membership will feel and experience a high degree of continuity in work processes.

b) **SGIP 2.0 Relationship with NIST** – NIST will continue to use and support the SGIP in the same manner as it has since inception except for the following:

- i) NIST expects it will not be able to provide the same level of funding to support SGIP in the future as it has in the past; however it does expect to provide some level of financial support. However, it will not be able to determine the amount for 2013 until the federal budget process is completed.
- ii) NIST will no longer contract and manage the SGIP Program Administrator (see “Management” section below)

1 **iii) ITEMS THAT REQUIRE FURTHER DEVELOPMENT & CONSIDERATION**

- 2 (1) It is anticipated that the relationship between NIST and SGIP 2.0 will be
3 documented in a Letter of Intent or a Memorandum of Understanding,
4 and MAY include such items as:
5 (a) An affirmative statement that NIST will continue to rely upon the
6 SGIP 2.0 for continued support in fulfilling its EISA requirements
7 (b) That NIST will continue to provide a similar level of human
8 resources to support SGIP 2.0 as experienced in SGIP 1.0 to enable,
9 support and/or lead the activity within SGIP 2.0
10 (c) That NIST will acknowledge and support that SGIP 2.0 will be self-
11 managed as outlined in this BSP, or as modified by the SGIP 2.0
12 membership.
13 (d) The SGIP 2.0 feels that NIST's continued involvement in SGIP 2.0
14 will add credibility, validity and an unbiased independent
15 perspective. As such SGIP 2.0 will maintain NIST's leadership in
16 certain areas:
17 (i) An <Ex officio> seat on the SGIP 2.0 Board of Directors
18 (ii) The Chairperson role on the SG Cyber Security Committee
19 (iii) The Vice-Chairperson role on the SG Testing and Certification
20 Committee
21 (iv) An <Ex officio> seat on the Board Technical Committee
22 (v) An <Ex officio> member of the PMO
23

24 **c) Mission**

- 25
26 i) **RECOMMENDATION BY BSPWG** - keep basically the same as SGIP 1.0 but
27 recognize that Smart Grid has evolved from a concept to something with
28 increased definition, purpose and actual deployments have commenced.
29

30 The mission of the SGIP is to provide a strong framework for coordination of
31 all stakeholders of the Smart Grid to accelerate standards harmonization and
32 development and advance the interoperability of Smart Grid devices and
33 systems. The SGIP does not write standards, but instead develops and reviews
34 use cases, identifies requirements, identifies gaps and overlaps on existing
35 standards affecting the Smart Grid and proposes action plans for achieving
36 coordination.
37

38 As Smart Grid deployments are implemented both domestically and globally,
39 and as new products and services emerge that connect to and extend the
40 Smart Grid in ways designed to benefit one or more of the many domains of
41 the Smart Grid industry, new opportunities and challenges concerning
42 interoperability will emerge.
43

44 The SGIP has five principal responsibilities:

- 45
46 (1) To provide the technical guidance and coordination necessary to
47 facilitate standards development for the Smart Grid

- 1 (2) To identify and specify the necessary testing and certification
2 requirements, including providing the underlying rationale, to assess
3 the achievement of interoperability using Smart Grid Standards
4
- 5 (3) To oversee the performance of these activities to maintain momentum
6 and achievement
7
- 8 (4) To proactively inform and educate smart grid industry stakeholders on
9 the definition of and the benefits attributable to interoperability
10
- 11 (5) To conduct an outreach to similar organizations in other countries to help
12 establish global interoperability alignment
13
14

15 **ii) ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED**
16

- 17 (1) Slightly reduced scope in some areas
- 18 (2) Slightly expanded scope in some areas
- 19 (3) Combinations of the above two
20

21 **d) Principles**
22

- 23 i) **RECOMMENDATION BY BSPWG** – very similar to SGIP 1.0 but recognizes
24 that SGIP 2.0 is not a fully federally funded organization that provides free
25 access and participation to anyone.
26

27 (1) Openness
28

29 The work of the SGIP 2.0, including the Board of Directors and all Board
30 and Membership working groups and committees, will be open for
31 review by the SGIP 2.0 Membership as follows:

- 32 (a) All minutes of all meetings will be posted on the Membership
33 portal.
- 34 (b) All documents and drafts under discussion will be posted on the
35 Membership portal.
- 36 (c) All meetings are open to Membership attendance.
37

38 (2) Balance
39

40 The SGIP 2.0 will be organized on the principle of balancing
41 representation across multiple industry segments related to electric
42 energy and the technology necessary to effectively manage it. The
43 design of the organization will enable it to:

- 44 (a) Carry out its mission effectively,
- 45 (b) Provide leadership throughout the Smart Grid Stakeholder
46 community.
- 47 (c) In an attempt to encourage continued broad participation, any fee
48 assessments/dues of the Membership will attempt to properly

1 recognize the differences in the ability of various organizations to
2 pay for membership

3
4 (3) Consensus

5
6 Consensus is a core value of the SGIP 2.0. For purposes of the SGIP 2.0,
7 consensus means the general agreement by most of the Members. The
8 process of the SGIP 2.0, including the SGIP 2.0 Board of Directors and all
9 Board and Membership Working Groups and Committees, requires the
10 respective Chairs to ensure consideration of all views, proposals and
11 objections, and to endeavor to reconcile them. Where consensus is not
12 possible, the SGIP 2.0 will strive to make decisions that are supported
13 by the available information and to document opposing views or
14 abstentions.

15
16 The achievement of consensus will be based on thorough examination of
17 issues, including the discussion of dissenting opinions and the
18 attempted resolution of disagreements. Consensus will be preferred to
19 resolve all issues brought before the SGIP 2.0.

20
21 However, achieving the goals of SGIP 2.0 in a timely fashion will not
22 always allow consensus to be achieved. Accordingly, when a
23 disagreement exists that cannot be resolved; a vote will be taken to
24 reach a timely decision. {NOTE: Please see Section iii below for the open
25 item pertaining to SGIP 2.0 “ voting” procedures.}

26
27
28 (4) Harmonization

29 The SGIP process encourages harmonization among standards.
30 Decisions are relevant and effectively respond to regulatory and market
31 needs, as well as technological developments to achieve essential
32 interoperability characteristics.

33
34 For any standard gap, interested SDOs will prepare a justification to
35 present to the SGIP relative to how the standard fits into their
36 organization, and how they will position their work to support
37 interoperability and integrate with other NIST-identified standards for
38 Smart Grid. The SGIP, or working group thereof, can then select from
39 these offerings to identify a work project.

40
41 ii) **ALTERNATIVES CONSIDERED BUT ARE NOT RECOMMENDED:** the main
42 theme of discussions was a range of keeping everything completely open to
43 the public (as in SGIP 1.0) versus more limited access and participation for
44 various levels of membership.

45
46 iii) **ITEMS THAT REQUIRE FURTHER DEVELOPMENT & CONSIDERATION:**
47 consensus based balanced voting is an important value to the culture of the
48 SGIP 1.0 that should continue on in SGIP 2.0 in a manner that enables timely
49 resolution of matters. There are two “on point” bodies of work that need to be
50 examined for adaption to the new SGIP 2.0 organizational structure.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

(1) There is currently a Governing Board “Tiger Team” looking at the issue of how to implement “balanced voting” which is intended to help ensure decisions are reached with support from the vast majority if not all membership categories. The BSPWG believes once this Tiger Team report is presented and if or when approved by the existing Governing Board, the report should be adopted for use in SGIP 2.0.

(2) There is an approved approach to voting in the absence of consensus contained in the document entitled “PMO Requirements Consensus Process Operating Procedure for PAP Working Groups”. The BSPWG believes this approach to voting should be examined for adoption in SGIP 2.0 more broadly than just the PMO.

e) Newly Defined “SGIP 2.0 Positioning Statement & Value Proposition”

i) *Recommendation from the BSPWG* – the following is based on material prepared by the CMEWG sub-committee lead by David Milenthal, and edited by BSPWG based on membership feedback

A vital SGIP role is to successfully transition from public sector funding to private sector revenue support, in order to do so the BSPWG believes that it will be necessary to rely on membership fees for the majority of that support, at least initially. Accordingly, it will be essential to design a membership structure that clearly provides value to those that will be asked to join and pay annual fees to the SGIP 2.0, while at the same time protecting the principles listed above. The following describes the proposed value proposition that the BSPWG suggests SGIP 2.0 should present to the marketplace.

Our electric industry is now investing \$400 billion to revamp and modernize our electric system and develop a digital security blanket to protect our nation from cyber terrorism. Federal and state governments and industry are looking to the Smart Grid Interoperability Panel (SGIP) to identify key standards by which components of the system can work together - from generation, to transmission, to distribution, to the electric end user. To truly develop a seamlessly interoperating Smart Grid, the Members of the SGIP assume the ultimate responsibility to resolve standards issues and gaps between different organizations. By focusing on standard identification and their interoperability, the SGIP accelerates the digital modernization of the grid and expands dependent markets. As a Member organization, you have an equal seat and valued voice in shaping the standards that directly impact your organization’s ultimate success and your career.

Though there are many informal gatherings and alliances involved in modernizing America’s new energy infrastructure efforts, the SGIP is the central organization that the government and industry are looking to ensure there is a robust interoperable foundation. In addition, advancing the

1 integration of the smart grid technologies for the betterment of the electric
2 systems is a global issue. All stakeholders who wish to play a role in building,
3 operating or using smart grid technologies will find it important to participate.

- 4 • SGIP is the central organization that Federal and state governments and
5 industry look to in order to identify, shape and close the gaps in
6 standards so that a seamless interoperable Grid can be put in place.
7
- 8 • SGIP is cited by the Federal Energy Regulatory Commission (FERC) as
9 the venue that all stakeholders should look to for guidance on the
10 standards to be used in developing the modern grid. It is the place with
11 the ultimate information across all segments of the power system and
12 will provide members the knowledge to compete effectively in the
13 marketplace.
14
- 15 • SGIP is the only organization with the full spectrum of industry group
16 members that meet together to build an official consensus around
17 interoperable standards. All seven integrated domains of the power
18 system---customers, markets, service providers, operations, bulk
19 generation, transmission and distribution are represented by a total of
20 22 different industry segments that must work together to build a
21 modern, efficient grid.
22
- 23 • SGIP works toward identifying standards for the Smart Grid through its
24 Catalogue of Standards; the definitive guide to the standards that are
25 embraced by the overall SGIP industry in order to achieve
26 interoperability.
27
- 28 • SGIP is an organization with the member capacity to build a credible
29 peer-to-peer certification process that assures the effectiveness and
30 capability of products and services to be truly interoperable.
31
- 32 • SGIP provides a major source of information which NIST may use as
33 input for fulfilling its EISA role including input to congress, evolution of
34 its Smart Grid framework ,etc.
35

36
37 ii) **ALTERNATIVE CONSIDERED BUT NOT RECOMMENDED** – earlier
38 versions contained bolder statements that some stakeholders felt were
39 inappropriate
40

41 iii) **ITEMS THAT REQUIRE FURTHER DEVELOPMENT AND CONSIDERATION**

- 42 (1) Extensive work is underway by a CMEWG sub-committee lead by David
43 Milenthal to refine the overall SGIP 2.0 value proposition and define a
44 compelling value proposed for each of the 22 membership categories.
45 Not only does each value proposition need to be defined/stated, the
46 SGIP 2.0 activities need to be organized and managed in such a manner
47 that the identified value is delivered to each of the membership
48 categories. This work will continue throughout the membership

1 recruitment campaign with value propositions being routinely updated
2 based on stakeholder feedback.
3

- 4 (2) Independent management of SGIP 2.0 will enable it to proactively
5 engage the stakeholder community on an ongoing basis to determine
6 how it can best continuously meet its mission and deliver value to its
7 members as the state of the industry evolves.
8

9 **f) Legal Structure**

10
11 i) **-RECOMMENDATION BY THE BSPWG-**
12

13 SGIP 2.0 will be formed as a not-for-profit membership organization under
14 Delaware law that will apply for tax exemption under IRS Code Section
15 501(c)(3). A 501(c)(3) organization is organized and operated for eligible
16 tax-exempt purposes, in educational and scientific purposes. Furthermore, it
17 may not be an *action organization* (as defined by the IRS). SGIP 2.0 intends to
18 limit its role in the formation of any relevant legislation or regulation to
19 informational or educational. .
20

21 The key elements of an entity of the type recommended, annotated to reflect
22 the current situation, are as follows:

- 23 (a) A short Membership Application, which serves as a data collection
24 tool, and as a legal contract binding the applicant to pay dues and
25 abide by the Bylaws and policies of the organization.
26 (b) The Certificate of Incorporation, which is a document of several
27 pages length that includes those governance and other terms that
28 must be contained in this (publicly available) document.
29 (c) The Bylaws, which in this case would represent a melding of the
30 existing SGIP Bylaws, various statutory-compliance sections (e.g.,
31 designation of fiscal year, principal office and registered agent in
32 the state of incorporation) and additional, beneficial terms made
33 possible by incorporation (e.g., indemnification of officers and
34 directors). The Bylaws would also contain the text establishing the
35 member classes, and the privileges and obligations of each class.
36

37 Additional documentation necessary to govern and guide the
38 organization would traditionally be included in a variety of policies and
39 other documents that are not legally required to exist at the time that an
40 entity of the kind contemplated is launched. However, it would be
41 advisable, if possible, to have these documents in place at the time that
42 memberships are solicited. Each would be adopted, and could be
43 amended, by the Governing Board, unless decided otherwise:

- 44 (a) Intellectual Property Rights Policy
45 (b) Antitrust Policy
46 (c) Various policies that the IRS now expects tax-exempt entities to
47 adopt (Conflict of Interest, Whistleblower, Document Retention,

1 Financial Oversight, Compensation Policy and Joint Venture
2 Participation)
3 (d) Rules of Procedure for the Committee process

4
5 ii) **ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED**

6
7 (1) The BSPWG retained the services of an attorney with many years of
8 experience with over a hundred standards setting organizations and
9 industry trade groups to assist in evaluating available legal structures
10 and selecting the one that appears to be most suited for achieving
11 success. The BSPWG feel it is not constructive to take the space here to
12 list every alternative, other than what follows.

13
14 (2) The BSPWG originally proposed a 501(c)(6) organization due to its
15 compliance and filing obligations resulting in a lower administrative
16 cost. However, some stakeholders, including NIST, felt that structure
17 inappropriately leaves the door open for the SGIP 2.0 to lobby. Since
18 lobbying was not part of the intention for SGIP 2.0, the change was
19 accepted.

20
21 (3) Given the current expected scope of activity within the SGIP 2.0, a “for
22 profit” subsidiary was deemed not necessary at this time but may be
23 necessary in the future if conditions arise that warrant its creation. A
24 wholly owned “for profit” taxable subsidiary may be appropriate to sell
25 products and services created by SGIP 2.0, or enter into joint ventures
26 with other companies for the ultimate economic benefit of the SGIP
27 members.

28
29 The reason for creating such an additional entity would be that under IRS
30 rules, the new activities either could not be undertaken without
31 jeopardizing SGIP's tax exempt status (because they would be activities
32 ordinarily undertaken for profit) and/or because they would generate
33 too much taxable income relative to the membership-fee derived
34 income (which needs to be over 50%). Such an organization is not
35 expected to be needed in the initial phase of SGIP 2.0's existence, but
36 may be easily put in place when and if the need later arises.

37
38
39 iii) **ITEMS THAT REQUIRE FURTHER DEVELOPMENT AND CONSIDERATION**

40 (1) A detailed review of the current SGIP 1.0 charter and bylaws will be
41 undertaken to determine what modifications are necessary to align
42 those documents with SGIP 2.0 as it is defined in this Business
43 Sustainment Plan. This work shall be completed prior to year-end 2012.

44 (2) IPR issues are notoriously contentious. The existing dialogue within SGIP
45 1.0 should continue and be carried forward into SGIP 2.0

46
47 g) **Management Structure**

48
49 i) **RECOMMENDATION BY THE BSPWG –**

- 1
2 (1) The day-to-day leadership provided by the plenary officers, NIST and its
3 contractor, the SGIP 1.0 Program Administrator, will be transferred in
4 SGIP 2.0 to a full time dedicated Executive Director under the
5 supervision and guidance of the SGIP 2.0 Board of Directors.
6

7 This person will ideally be a recognized and well respected executive
8 with relevant experience in the Smart Grid industry. An additional value
9 would be someone that is currently involved with the SGIP 1.0.

10
11 The SGIP 2.0 needs a senior spokesperson to educate and inform
12 stakeholders of the merits of interoperability across the industry, to
13 create a compelling and complementary position (and role) for SGIP 2.0
14 within the industry and thus provide, and deliver, a compelling value
15 proposition to the SGIP 2.0 membership. This spokesperson will most
16 likely be the Executive Director. If it is the Executive Director, then
17 additional program management is needed to help manage the day-to-
18 day operational aspects of the SGIP 2.0.

19
20 To conduct the day-to-day activities of the SGIP 2.0, it is contemplated
21 that the Executive Director will select and manage both a small full time
22 staff and a larger set of outsourced resources. The decision between the
23 amount of staff and the amount of outsourced resources will be based on
24 several factors:

- 25
26 (a) the amount of revenue ,
27 (b) the certainty/predictability of revenue ,
28 (c) the base level of effort required and the variable level of effort
29 required,
30 (d) a cost comparison of alternatives including the more subjective
31 assessment of pros/cons of alternatives.
32

33 The following is a list of functional areas that must be resourced,
34 managed and coordinated (including both employees and outsourced
35 resources) are:

- 36
37 (a) technical champions (see Section 2.h).(4) for a detailed
38 explanation), and/or technical experts and/or other suitable
39 liaisons with organizations;
40 (b) administrative support for Board and Membership Committees,
41 Work Groups, Task Forces and related activities
42 (c) accounting/finance/legal/contracts
43 (d) document/artifact management
44 (e) membership recruitment, retention, engagement
45 (f) public relations, communications and education
46 (g) meetings/conferences logistical planning, support and execution
47
48

- 49 (2) Because SGIP 2.0 will be pursuing ambitious goals on an ambitious
50 schedule, it will need a small but top-quality staff. Because it will not be

1 able to provide equity incentives (as in for-profit companies), it will
2 need to offer very competitive salary, bonus and benefits to senior staff
3 hires in order to ensure that it can access the talent that it will need.
4

- 5 (3) One advantage to using an out-sourced management company will be
6 the ability to utilize their own back office staff to service many functions,
7 and also their benefit packages, which staff dedicated to SGIP 2.0, will
8 have access to.
9

10 **ii) *ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED :***

- 11
12 (1) Total outsourcing: while this remains a viable option, the Board of
13 Directors would need to be convinced that substantial cost savings were
14 immediately achievable to offset:
15 (a) the enhanced performance that may be achieved by a
16 focused/dedicated effort of a small staff selected with skills directly
17 aligned with SGIP 2.0 activities, and
18 (b) any conflicts, perceived or real, that may accompany an
19 outsourced option and jeopardize the 'feel' of independence or
20 neutrality of the operations management function.
21
22 (2) Full time staff only: this may be a viable option for the future, once a
23 stable level of both funding and resource requirements are known, but
24 is believed to not be a practical solution at this phase of the transition.
25

26 **iii) *ITEMS THAT REQUIRE FURTHER DEVELOPMENT AND CONSIDERATION***

- 27 (1) A key element of the implementation plan must be a detailed
28 assessment of having dedicated staff versus hiring of outsourced
29 capability. It is currently suspected that a very small staff is appropriate
30 with a significant portion of the functions being outsourced. It is likely
31 that assessment will include a "request for quote" process to provide
32 appropriate information for the assessment. It is currently expected that
33 there will likely be more than one outsourced service provider (but
34 probably no more than one provider per functional area that is
35 outsourced). This work, including decisions for 2013 must be completed
36 by early 4th quarter 2012.
37

38 **g) Governance Structure**

39
40 **i) *RECOMMENDATION BY THE BSPWG –***

- 41
42 (1) Board of Directors - Although day-to-day activities will be conducted
43 and managed by the Executive Director, the new legal structure
44 requires a Board of Directors that needs to perform all of the roles
45 traditionally associated with such an organization; these roles are
46 essentially being covered by a combination by NIST and/or the SGIP 1.0
47 Program Administrator. At the same time, the current roles of the SGIP
48 1.0 Governing Board will also need to be performed.
49

1 Normally, a large board is not considered an asset. In order to most
2 efficiently manage the new responsibilities that must be assumed, while
3 preserving the broad representation of stakeholders that is an important
4 virtue of the SGIP, a variety of Board Committees will be formed. In
5 addition, the SGIP 1.0 Plenary Officer positions will be assumed by the
6 officers selected by the Board.
7

8 (a) The number of board seats will, at least initially, remain the same to
9 help support/maintain the desired broad representation of
10 membership
11

12 (i) Nominations are submitted from the Membership to the
13 Nominating & Governance Committee

14 (ii) There is a Board seat for each of 22 membership categories:
15 members from each category elect their Board representative,
16 including replacements. For continuity, the existing SGIP 1.0
17 Governing Board members will fill the 22 seats of the SGIP 2.0
18 Board of Directors.

19 (iii) 3 at-large: elected by full Membership. For continuity, the
20 existing SGIP 1.0 “at large” members will fill the 3 “at large”
21 seats of the SGIP 2.0 Board of Directors.
22

23 (iv) 1 Executive Director

24 (v) Ex officio

25 1. Chairpersons of the following:

26 a. Smart Grid Architecture Committee

27 b. Smart Grid Testing and Certification Committee

28 c. Smart Grid Cyber Security Committee {NOTE name
29 change}

30 d. Smart Grid Implementation Methods Committee

31 2. 2 government:

32 a. NIST

33 b. DOE
34

35 (b) Responsibilities of the Board of Directors:
36

37 (i) Guide the SGIP in executing its mission of developing
38 standards-based interoperability technology and best
39 practices by integrating the needs, ideas and priorities
40 expressed by a broad Stakeholder base;

41 (ii) Approve work program for the SGIP, including formation of
42 Priority Action Plans (PAPs);

43 (iii) Ensure SGIP effectively maintains and evolves the NIST/SGIP
44 Smart Grid Conceptual Model to provide more detail and
45 depth so it can serve as a reference model for implementation
46 architectures
47

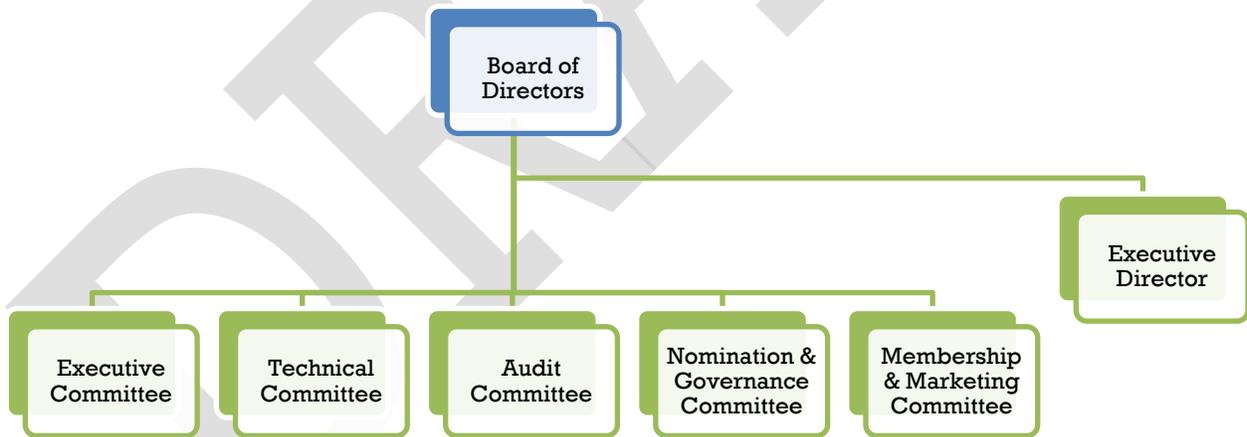
- 1 (iv) Engage and encourage Stakeholders to agree on a common
2 path toward achieving standards-based interoperability using
3 the conceptual and reference models;
- 4 (v) Engage Stakeholders to encourage growth in the use of
5 standards-based architectures and implementation designs;
- 6 (vi) Provide oversight, guidance and direction to the standing
7 Membership Committees (with the day-to-day work
8 performed by the Committees themselves along with
9 resources available under the management of the Executive
10 Director):
11 1. Smart Grid Architecture Committee
12 2. Smart Grid Cyber Security Committee {NOTE name
13 change}
14 3. Smart Grid Implementation Methods Committee
15 4. Smart Grid Testing and Certification Committee Monitor
16 and ensure adequate participation by the various
17 stakeholder categories to maintain balance
18
- 19 (vii) Elects from the Board members:
20 1. Chairperson,
21 2. Vice-Chairperson & President Vice-Chairperson
22 3. Secretary
23 4. Treasurer
24
- 25 (viii) Approves annual SGIP 2.0 business plan (including the annual
26 budget)
27
- 28 (ix) Review, modify if needed and approve recommendations
29 from Board Committees as defined below
30
- 31 (x) Board of Director members should sit on at least one Board
32 Committee but not more than two.
33
- 34
35 (2) Executive Committee of the Board
36
- 37 (a) Members are elected by the majority of the Board
38
- 39 (b) [5] voting seats plus Executive Director
40 (i) Must include the Chairperson
41 (ii) Eligibility:
42 1. Board members only
43 2. Other qualifications: <TBD>
44
- 45 (c) list of responsibilities
46 (i) Oversees development of the detailed annual SGIP 2.0
47 Business Plan, including:

- 1
 - 2
 - 3
 - 4
 - 5
 - 6
 - 7
 - 8
 - 9
 - 10
 - 11
 - 12
 - 13
 - 14
 - 15
 - 16
 - 17
 - 18
 - 19
 - 20
 - 21
 - 22
 - 23
 - 24
 - 25
 - 26
 - 27
 - 28
 - 29
 - 30
 - 31
 - 32
 - 33
 - 34
 - 35
 - 36
 - 37
 - 38
 - 39
 - 40
 - 41
 - 42
 - 43
 - 44
 - 45
 - 46
 - 47
 - 48
 - 49
- 1. Long range strategic plan,
 - 2. [5] year financial forecast
 - 3. 1 year detailed operating budget, and
 - (ii) Oversees the overall operations of SGIP 2.0
 - (iii) Hosts an annual face-to-face meeting with the following to present the Business Plan and receive feedback:
 - a. NIST (and the NIST Smart Grid Federal Advisory Committee that will provide NIST with its perspective)
 - b. An open meeting for each stakeholder category (or some combination thereof) led by the Executive Director and the Board Member representing that stakeholder category.
 - c. Other organizations as deemed appropriate by the committee
 - (iv) Monitor SGIP 2.0 financial performance
 - (v) Executive Director performance review and compensation
 - (vi) Review proposals for new revenue sources
 - (vii) Review and approve the annual report to members
 - (viii) Responsible for international smart grid affiliations {formerly the International TF}
- (3) Technical Committee of the Board
- (a) Members are elected by the majority of the Board
 - (b) [10] voting seats
 - (i) one must be the Vice Chairperson & President
 - (ii) one must be the category 5 Board member- Electric Utilities, both IOU and publicly owned
 - (iii) one must be the category 6 (MUNI) Board member
 - (iv) one must be the category 7 (REA) Board member
 - (v) one must be the Category 1 Board Member – Appliance and Consumer Electronic Providers
 - (vi) one must be the Category 2 Board Member – Commercial and Industrial Equipment Manufacturers and Automation Vendors
 - one must be the Category 12 Board Member – Power Equipment Manufacturers and Vendors
 - (vii) Eligibility:
 - 1. Participating Members only
 - 2. <TBD>
 - (c) Ex officio:
 - (i) NIST representative
 - (ii) DOE representative
 - (d) List of responsibilities:

- 1 (i) Routinely, and in a timely manner, prioritize and allocate the
2 use of the technical expertise funded in the annual budget
3 based on requests from PAPs, DEWGs, etc.
4 (ii) Oversight of the entire PAP process
5 (iii) Oversight of the PMO function
6 (iv) Oversee the operation of the Membership Committees and
7 subcommittees:
8 1. Smart Grid Architecture Committee
9 2. Smart Grid Testing and Certification Committee
10 3. Smart Grid Implementation Methods Committee
11 4. Smart Grid Cyber Security Committee {NOTE name
12 change}
13 5. Electromagnetic Interoperability Issues Work Group
14 6. DEWGs
15
16 (4) Audit Committee of the Board
17
18 (a) Members are elected by the majority of the Board
19
20 (b) [5] voting seats – Board members only
21 (i) Must include the Treasurer
22 (ii) Eligibility: <TBD>
23
24 (c) List of responsibilities:
25 (i) select external auditor review and
26 (ii) approve quarterly financial statements
27 (iii) review/approve annual financial report
28 (iv) selection of D&O insurance
29
30 (5) Nominating & Governance Committee of the Board
31
32 (a) Members are elected by the majority of the Board
33
34 (b) [5] voting seats – Board Members only
35 (i) Eligibility: <TBD>
36
37 (c) [5] non-voting seats
38 (i) Participating Members only
39 (ii) Eligibility: <TBD>
40
41 (d) List of responsibilities:
42 (i) Assumes the work performed by the SGIP 1.0 Bylaws and
43 Operating Plan Work Group
44 (ii) Reviews slate of nominees for various positions and develops
45 slate of candidates to fill open positions
46 (iii) Assumes the work performed by the SGIP 1.0 Intellectual
47 Property Rights Work Group
48
49 (6) Membership & Marketing Committee of the Board
50

- 1 (a) Members are elected by the majority of the Board
- 2
- 3 (b) [5] voting seats – Board Members
- 4 (i) Eligibility: <TBD>
- 5
- 6 (c) [5] non-voting seats
- 7 (i) Participating Members only
- 8 (ii) Eligibility: <TBD>
- 9
- 10 (d) List of responsibilities (assumes expanded roles of CMEWG):
- 11 (i) Oversees the membership recruitment, retention and
- 12 engagement function
- 13 (ii) Oversees the marketing, communication and education
- 14 function
- 15 (iii) Oversees the F2F meeting plan and execution
- 16

17 In summary, the Board of Directors and the Board Committees provide
18 oversight and guidance to the organization managed by the Executive
19 Director, and for clarity, they do NOT have day-to-day operational
20 responsibility. Day-to-day operations are managed by the Executive Director
21 using a combination of hired staff, outsourced resources and/or member
22 volunteers.
23



- 24
- 25
- 26 ii) **ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED –**
- 27 (1) utilize the existing structure of SGIP 1.0
- 28

- 1 (2) not all supported the identified “required” members of the Technical
2 Committee, alternatively supported the “required” membership of
3 manufacturing firms or IT companies.
4

5 **iii) ITEMS THAT REQUIRE FURTHER DEVELOPMENT & CONSIDERATION**

- 6 (1) There is currently a “Tiger Team” looking at the issue of how to
7 implement “balanced voting” which is intended to help ensure
8 decisions are reached with support from a broad and balanced set of the
9 voting members for each decision. The BSPWG believes once this Tiger
10 Team report is presented, and if or when approved by the existing
11 Governing Board, the report should be s assessed for use in SGIP 2.0.
12

13
14 **h) Membership Activity**

15
16 **i) RECOMMENDATION BY THE BSPWG –**

- 17
18 (1) Same as SGIP 1.0 (except for any impacts of item (4) below):
19 (a) Smart Grid Architecture Committee
20 (b) Smart Grid Testing and Certification Committee; the vice-
21 chairperson shall be a NIST representative
22
23 (c) Smart Grid Implementation Methods Committee
24 (d) Smart Grid Cyber Security Committee {NOTE new name}; the
25 chairperson shall be a NIST representative
26
27 (e) The Project Management Office (“PMO”) will remain essentially
28 unchanged but the roles need to be adjusted to align with the new
29 organization structure of SGIP 2.0. The PMO provides day-to-day
30 management of the PAP process and the proposals for
31 consideration of entry into the Catalogue of Standards.
32
33 (i) The PMO will manage the following:
34 1. PAP processes and progress
35 2. CoS process and documentation
36 3. CoS standards review prioritization and assignments
37 4. Staffing recommendations to Executive Committee
38 5. SGIP Monthly Report
39
40 (ii) Membership composition
41 1. Executive Director [or his designee(s)]
42 2. Representative from the Board Technical Committee
43 3. Representative from each standing Membership
44 Committee
45 4. NIST representative
46
47 (2) Domain Expert Working Groups (DEWGs) will transition to the ‘industry
48 norm’ of being self-led and self-managed multi-stakeholder networking
49 communities on specific topics – H2G, B2G, etc. The common

1 community aspect could lead to separate meetings/events, special topic
2 sponsorships, etc. Outputs from these communities could be position
3 papers, standards gaps for the PMO and the Technical Committee of the
4 Board to consider..

5 (a) SGIP 1.0 had either NIST or the Program Administrator providing a
6 technical expert to lead and/ or facilitate each DEWG

7 (b) In SGIP 2.0, each DEWG will elect a Chairperson, vice-chairperson
8 and Secretary from its Membership; these positions will lead the
9 activities of each DEWG. The selection of well-qualified chairmen,
10 whose employers have committed to allow them to dedicate the time
11 these positions will demand will ensure that the DEWGs will continue
12 to function efficiently. NIST expects it will continue to be able to
13 provide a similar level of direct support from NIST personnel for
14 leadership and facilitation roles as it does in SGIP 1.0.

15
16 (3) Priority Action Plans (PAPs)

17 (a) PAP Proposal Process remains the same except:

18 (i) Board of Directors replaces the Governing Board

19 (ii) Technical Committee of the Board replaces the Plenary
20 Officers

21 (iii) **[NOTE TO DRAFT: what is the role of the Executive
22 Director (or his designee)?]**

23
24 (b) PAP Lifecycle Process remains the same except:

25 (i) Board of Directors replaces the Governing Board

26 (ii) Technical Committee of the Board replaces the Plenary
27 Officers

28 (iii) **[NOTE TO DRAFT: what is the role of the Executive
29 Director (or his designee)?]**

30
31
32 (4) Technical Champions:

33 (a) in SGIP 1.0, NIST has provided, either directly with its own staff or
34 through its Program Administrator, numerous Technical Champions at
35 any single point in time to accelerate SGIP activities. These individuals
36 together with other experts who volunteered their time provided the
37 following levels of support to SGIP activities:

38 (i) Subject Matter Experts – technical writing, specification
39 development, etc.

40 (ii) Responsible for all the day-to-day activities of the PAPs and other
41 subprojects

42 1. Follow Project Management Office processes developed for
43 managing SGIP projects

44 2. Provide current status of SGIP projects on TWiki pages

45 3. Manage/chair technical working groups, tiger teams, task
46 teams, and ad-hoc teams

- 1 4. Develop plans and presentation materials for meetings
- 2 5. Execute the project objectives
- 3 6. Identify, communicate, and escalate issues and concerns
- 4 when necessary
- 5 7. Coordinate with chairs and NIST leads regularly
- 6 (iii) Provide technical expertise and specialized, targeted skills to
- 7 support specific activities within the SGIP
- 8 (iv) Coordination and embedded resources for SSOs/SDOs on
- 9 standards development efforts
- 10 (v) Develop technical reports, white papers, and reviews for
- 11 standards-related efforts
- 12 (b) In SGIP 2.0,
- 13 (i) NIST expects it will continue to be able to provide a similar level
- 14 of direct support from NIST personnel for leadership and
- 15 facilitation roles as it does in SGIP 1.0
- 16 (ii) SGIP 2.0 will encourage its Members to provide “volunteer”
- 17 Technical Champions as needed
- 18 (iii) The Board of Directors will determine the level of funding
- 19 available to hire (directly or through contract) Technical
- 20 Champions
- 21 (iv) Based on recommendations from the Executive Director (or the
- 22 Executive Director’s staff), the Technical Committee of the Board
- 23 will prioritize the use of the funds available for Technical
- 24 Champions based on requests from the various SGIP activities
- 25 (v) Supplemental funding for specific areas/topics -
- 26 If the Technical Committee of the Board has not provided funding
- 27 for use of a Technical Champion on a specific project, a single
- 28 Member (or Group of Members) may provide supplemental
- 29 funding earmarked for a specific area/topic provided that ALL
- 30 OTHER ASPECTS OF THE SGIP PAP PROPOSAL AND LIFECYCLE
- 31 PROCESSES ARE FOLLOWED (AND NO ADVANTAGE IS GIVEN
- 32 TO THOSE FUNDING THE CHAMPION).
- 33
- 34 **ii) ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED –**
- 35
- 36 (1) A level of Technical Champion support similar to SGIP 1.0 was discussed
- 37 and deemed too costly, at least until further clarity of the level of
- 38 revenue is achieved.
- 39
- 40 (2) The “supplemental funding” concept is still a very open topic. The
- 41 concern centered on the ability for specific members to have undue
- 42 advantage in promoting activity specific to themselves. However, the
- 43 requirement to adhere to the existing proposal and lifecycle processes
- 44 is deemed as an adequate counterbalance.

- 1
2 (3) Some believe that work products from the DEWGs should be available
3 to all members without charge.
4

5
6 **iii) ITEMS THAT REQUIRE FURTHER DEVELOPMENT & CONSIDERATION**

- 7 (1) It is strongly believed that even successful technology and standards
8 development is enhanced by increased awareness by the technical
9 professionals of financial and market factors that affect adoption and
10 deployment of the eventually resultant products and services. SGIP 2.0
11 leadership will embark on a mission to explore various methods of
12 increasing the level and frequency of bringing those factors into the
13 SGIP 2.0 eco-system and make them available for use by the
14 membership; this work shall include methods to increase the level of
15 engagement in SGIP 2.0 by those industry professionals most
16 knowledgeable of financial and market factors to help them better
17 understand the definition of and merits of interoperability. A
18 recommendation should be prepared and considered by September
19 2012 for implementation in 2013.
- 20 (2) Details for the process to accept and allocate supplemental funding needs
21 further definition; examples are: OpenSG acceleration projects funding
22 (like ASAP-SG) or EPRI's supplemental funding concept.

23
24 **i) SGIP & the Standards Organizations**

25
26 **i) RECOMMENDATION BY THE BSPWG -**

- 27
28 (1) SGIP does not set standards; the work of the SGIP results in the
29 "shaping" of standards that are created, or need to be created, by many
30 other existing organizations.
31
- 32 (2) SGIP identifies important applications or activities within the Smart Grid
33 (e.g. Electric Vehicle car charging) then conducts a detailed assessment
34 of how that application/activity is performed, including: identifying what
35 existing standards, whether there are technological gaps that need to be
36 filled by a new standard or an extension to an existing standard (or are
37 there complementary standards involved that handle requirements
38 differently)., In either situation new requirements and all relevant
39 stakeholders are identified with the sole purpose of collaborating to
40 ensure interoperability of all of the devices being used,;
41
- 42 (3) In SGIP 1.0, the network of Technical Champions serves as a primary
43 conduit of information to the standards organizations by virtue of their
44 pre-existing relationships with those organizations. This informal, but
45 effective, communication method has served SGIP well and is credited
46 by NIST as being a true catalyst in getting the SGIP message across to
47 the impacted standard setting organizations;
48

- 1 (4) If SGIP 2.0 does not retain the services of the same Technical Champions
2 as in SGIP 1.0, then SGIP 2.0 will need to develop a method for
3 effectively working with the affected standards organizations to ensure
4 that the requirements developed by the SGIP are adequately addressed
5 and implemented...
6

7 **ii) *ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED-***
8

- 9 (1) SGIP 2.0 should continue the SGIP 1.0 process to proactively identify
10 personnel within its membership organizations who have a strong pre-
11 existing relationship with one or more of the relevant standards
12 organizations; and determine a mutually beneficial arrangement for the
13 use of those personnel to provide the needed “linkage” between that
14 organization and SGIP 2.0 on an “as needed” basis.
15
16 (2) Creation of formal relationships, including official Memorandums of
17 Understanding, between SGIP and each standards organization was
18 discussed but considered as likely to not be effective by many.
19 However, if Technical Champions are not or cannot be funded, entering
20 into liaison MOUs with selected SDOs may help address the
21 coordination issue.
22

23 **j) SGIP and other Smart Grid related organizations/associations**
24

25 ***ITEMS THAT REQUIRE FURTHER DEVELOPMENT & CONSIDERATION***

- 26 (1) The BSPWG believes an effort needs to be undertaken to “map” the
27 primary smart grid-related organizations in an effort to understand gaps
28 and overlaps amongst the missions of the organizations
29 (2) SGIP 2.0 should strive to enter into “cooperation agreements” between
30 itself and the other organizations to try and bring clarity to how the
31 organizations work together
32

33 **k) 2013 Budget**
34

35 **i) *RECOMMENDATION BY THE BSPWG –***
36

37 The 2013 SGIP 2.0 operating budget is very difficult to estimate at this
38 time. Work will continue on this throughout the balance of 2012.
39

- 40 (1) The following table was prepared using information from the SGIP 1.0
41 Program Administrator. The BSPWG discussed whether tasks were:
42 (a) High , medium or low priority
43 (b) Whether the expected level of effort should be more, less or the
44 same as compared to 2011
45 (c) Recommended primary provider of that support
46 (i) SGIP –either staff of contractors
47 (ii) NIST personnel
48 (iii) Member volunteers
49

1
2
3
4
5
6
7

(2) The BSPWG will continue to assess the draft budget. It should be realized that forecast expense will continue to evolve until the implementation phase of the transition is underway; however, major elements will begin to gel in the very early stages of implementation.

| Major SGIP Activities Areas | 2013 Priority (High, Medium, Low) | 2013 Estimated level of effort relative to 2012 | Recommended Support Resources (SGIP-funded, volunteer, NIST) | Estimated 2013 \$\$ | Comments |
|---|-----------------------------------|---|--|---------------------|--|
| Governing Board Activities | | | | \$ 105,000 | |
| GB Meetings | high | same | SGIP | | important |
| GB Working Group Support | medium | less | SGIP | | CMEWG funded in line 8 |
| GB Planning & officers' support | high | same | SGIP | | need to fund leadership |
| Operations Activities | | | | \$ 510,500 | |
| Executive Management - Officers | | | | \$ 350,000 | |
| SGIP Executive Leadership: CEO type, VPs, Secretary, Treasurer | high | more | SGIP/Volunteer | | need to fund leadership |
| Legal: contracts management, agreements | high | more | SGIP | | important |
| Financial: funds management | high | more | SGIP | | important |
| Travel management | low | same | Volunteer | | may be source of savings at some point |
| Membership Services | | | | \$ 500,000 | Includes \$250k from CMEWG recommendation |
| Promotion/PR/Marketing to expand SGIP | high | more | SGIP | | drives funding |
| Information Services: member portal, voting services, document management | high | more | SGIP | | basic level of integrated service |
| Dues collection | high | more | SGIP | | important |
| Event Management | | | | \$ 75,000 | |
| Event planning and logistics | high | same | SGIP | | minimum of two F2F/annually |
| SGIP Plenary meetings support | high | less | SGIP | | minimum of two F2F/annually |
| Program Management | | | | \$ 3,690,000 | |
| Program Coordination | High | Less | SGIP | | |
| CSWG technical support | high | same | NIST/Volunteers | | important functions |
| SGAC technical support | high | same | NIST/SGIP/Volunteers | | |
| IMC Support | high | same | NIST/SGIP/Volunteers | | |
| Testing & Certification Services (IPRM etc.) | high | same | NIST/SGIP/Volunteers | | important for future (funding, value proposition likely) |
| PAPs Lifecycle support | high | less | NIST/SGIP/Volunteers | | scott |
| Working Group Support (DEWGs etc.) | low | less | NIST/SGIP/Volunteers | | reset number with SGIP 2.0, regulate the number of WGs supported going forward, consider them as "forum" - dialogue among like-minded stakeholders |
| International presence and coordination | high | more | NIST/Volunteers | | needs attention, but not dire |
| AUDIT | | | | \$ 25,000 | |
| D&O Insurance | | | | \$ 20,000 | |
| Legal | | | | \$ 100,000 | |
| Total | | | | \$ 5,375,500 | |

8
9
10
11
12
13
14
15

ii) **ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED** – although it is acknowledged that the initial base level budget will evolve over time, some recommend that the initial target budget that is supported solely by the membership fees be in the \$2-3 million range.

iii) **ITEMS REQUIRING FURTHER DEVELOPMENT AND CONSIDERATION**

- 1 (1) The SGIP 2.0 2013 expense budget needs further detailed “bottom-up”
2 development. The budget also needs to be prioritized so that the SGIP
3 2.0 leadership can easily match revenue levels with expense levels.
4

5
6 **1) Revenue Opportunities**

7
8 **i) *RECOMMENDATION BY THE BSPWG –***

- 9
10 (1) General thinking:

11 Several sources of revenue have been considered. Many revenue
12 options are still under evaluation. In part due to the SGIP mission and
13 principals identified earlier in this document, there is a strong desire by
14 some to minimize the amount of dues charged to all members. However,
15 dues are a common practice across the industry for organizations such
16 as SGIP 2.0, and it is believed that membership dues are a likely source
17 of substantial revenue in the near term.
18

19 The concept is to initially set dues at a level sufficient to cover a base
20 level of work output by SGIP 2.0. As additional sources of revenue
21 materialize, then
22

- 23 (a) first allow for an increased level of work product until it reaches a
24 level determined acceptable by the Board;
25
26 (b) additional revenue is next applied to build a capital reserve equal
27 to [6] months of operating expenses at an “acceptable level of
28 operation”, or some other level as determined by the Board;
29
30 (c) additional revenue can next be applied to reducing membership
31 dues if this would be deemed to result in increased participation
32 without financial consequence to the organization;
33
34 (d) additional revenue is next applied to an increased level of work
35 output by SGIP; and
36
37 (e) additional revenue is next applied to reducing membership
38 meeting fees until fees are zero (or at a level deemed satisfactory
39 by the Board).
40

41 The following are the initial 2013 target levels for the likely major
42 revenue sources:

- 43 (a) Membership dues: \$2,000,000 to \$3,000,000
44 (b) Government Funding: \$500,000 to \$1,500,000
45 (c) Sponsorships: \$1,000,000 to \$2,000,000
46 (d) Grants (Endowments/Foundations): \$750,000 to \$1,500,000
47

- 1 (2) A variety of funding sources are shown in the following a table. The
 2 sources have variety of different characteristics.
 3
 4 (a) Desirability: how attractive is this source of revenue? WIN:WIN is
 5 rated high, the more a revenue source compromises the mission &
 6 culture the lower the rating.
 7 (i) ● - WIN:WIN – best case
 8 (ii) ● - high interest
 9 (iii) ● - medium interest
 10 (iv) ○ - low interest
 11
 12 (b) Predictability:
 13 (i) Near term – how well can a revenue level be forecasted for
 14 commencing Jan 2013?
 15 (ii) Long term – how well can annual revenue be forecasted once
 16 the source has been developed and is in “maintenance
 17 mode”?
 18 (iii) ● - best predictability
 19 (iv) ● - high predictability
 20 (v) ● - medium predictability
 21 (vi) ○ - no predictability
 22
 23 (c) Time Frame: this represents how long it will take to commence
 24 meaningful revenue from the respective source. A high rating is
 25 soon, a low rating is measured in years
 26 (i) ● - almost immediate
 27 (ii) ● - 3 to 6 months
 28 (iii) ● - 6 to 12 months
 29 (iv) ○ - > 12 months (maybe years)
 30
 31 (v)
 32 (d) Potential level: what is the potential funding level from this source:
 33 (i) ● - \$5,000,000+ per year
 34 (ii) ● - measured in millions of dollars
 35 (iii) ● - measured in hundreds of thousands of dollars
 36 (iv) ○ - unknown
 37

| Revenue Type | Desirability | Predictability Near term | Predictability Long term | Time Frame | Potential Level |
|--------------------------|--------------|-----------------------------|-----------------------------|---------------|--------------------|
| Membership dues | ○ | ● | ● | ● | ● |
| Advertising/Sponsorships | ● | ● | ● | ● | ● |
| Grants | ● | ● | ● | ○ | ○ |
| Document Access | ● | ○ | ● | ○ | ○ |
| Electricity Surcharge | ○ | ○ | ● | ○ | ● |
| Testing & Certification | ● | ○ | ● | ○ | ○ |
| Fee per device | ○ | ○ | ● | ○ | ● |
| SGIP Services | ● | ○ | ● | ○ | ○ |

1
2
3
4
5
6
7
8
9
10
11

(3) Membership Dues

(a) It is felt that to support the culture that has been established in SGIP 1.0, namely to enable and facilitate broad participation across the entire Smart Grid Eco-system, that a tiered annual dues structure based on type and size organization, is appropriate. Furthermore, it is believed that two membership categories, with various levels of privileges is both appropriate and supported by industry practices of other similarly situated organizations

| Member Category | Global Revenue | Participating | Observing |
|------------------------|-----------------------|----------------------|------------------|
| For profit | >\$1 billion | \$22,500 | \$7,500 |
| For profit | \$500M to \$1B | \$15,000 | \$5,000 |
| For profit | \$100M to \$500M | \$12,500 | \$2,750 |
| For profit | \$ 50M to \$100M | \$ 7,500 | \$2,500 |
| For profit | \$ 10M to \$ 50M | \$ 3,000 | \$1,000 |
| For profit | \$ 500K to \$ 10M | \$ 1,500 | \$ 500 |
| For profit | <\$500,000 | \$ 750 | \$ 250 |
| Non-Profit | >\$10 million | \$ 3,000 | \$1,000 |
| Non-Profit | \$500K to \$10M | \$ 1,500 | \$ 500 |
| Non-Profit | <\$500K | \$ 750 | \$ 250 |
| Universities | ALL | \$ 3,000 | \$1,000 |
| Foreign Gov't | n/a | \$ 3,000 | \$1,000 |
| Federal Gov't | n/a | \$ 3,000 | \$1,000 |
| State Gov't | n/a | \$ 1,500 | \$ 500 |
| Municipal Gov't | n/a | \$ 750 | \$ 250 |

12
13
14
15
16
17
18
19
20
21
22

(b) Membership Levels – the following table shows the different levels of features and benefits in three categories:

- (i) Voting & Governance
- (ii) Participation
- (iii) Marketing & Materials

A= Participating
B= Observing

| Category | Privileges | A | B |
|--------------------------------|---------------------------------------|----------|----------|
| Voting & Governance | | | |
| | Right to stand for Board of Directors | X | |
| | Vote for Board of Directors | X | |
| | Nominate Board of Directors | X | |
| | Observe Board of Directors Meetings | X | |

| | | | |
|----------------------------------|---|----|---|
| | Access to Board materials | X | X |
| | Number of representatives per corporate membership (but only one vote per corporate membership) | 10 | 2 |
| | Vote on technical issues in committees, work groups and the general membership | X | |
| | Vote on general issues presented to the membership | X | X |
| | | | |
| Participation | | | |
| | Right to stand for MEMBERSHIP committee chair election | X | |
| | Right to stand for MEMBERSHIP committee vice chair election | X | |
| | Right to stand for MEMBERSHIP committee secretary election | X | X |
| | Right to participate in MEMBERSHIP committee meetings | X | X |
| | Right to propose creation of subcommittees (e.g., DEWGs/PAPs) | X | X |
| | Right to stand for membership of Board Committees: Technical and Marketing & Membership, and Nominating & Governance Board Committees | X | |
| | Eligible for invitation to participate in Technical, Marketing & Membership, and Nominating & Governance Board Committees | X | X |
| | Eligible to be a full member in Board Committee working groups or task forces | X | |
| | Right to serve as liaison to SDOs/alliances | X | X |
| | SGIPortal Online Account | X | X |
| | | | |
| Marketing & Materials | | | |
| | Complimentary Membership meeting registration | X | |
| | Discounted Membership meeting registration | X | |
| | | | |
| | Discounted booth space at Membership meetings | X | X |
| | Complimentary publications | X | |
| | Discounted publications | | X |
| | Receive regulatory updates | X | |
| | Participation in monthly analyst briefing | X | |
| | Relevant press release inclusion on SGIPortal | X | |
| | Logo inclusion on SGIPortal | X | |
| | Membership recognition on SGIPortal | X | X |
| | Use of SGIP member logo (within guidelines) | X | X |
| | | | |
| | | | |
| | Free inclusion in SGIPortal online solutions source (product/service listings) | X | |
| | Right to be billed as "Founding Member" (if joining at inception) | X | X |
| | Receive twice monthly SGIP newsletter | X | X |

1

2

(c) Implementation: (initial thoughts)

- (i) the existing Governing Board member in each category should serve as a "campaign chairperson" to help each existing member in their category build a case for their respective company and seek approval of participation in SGIP 2.0. Resources from BSPWG and CME should be available to help with the "pitch" development.
- (ii) A more general and broad membership campaign also needs to be design and launched.

(4) Sponsorships/Advertising Revenue –

- (a) General Thinking: this is a common and readily available source of revenue. Suppliers, vendors and professional service providers routinely pay to enhance the visibility of their firm to industry professionals such as those that make up the SGIP.

There are several different approaches an organization such as SGIP 2.0 can take: web site advertising (both on the public and "member only" portion of the site; conference "sponsorships", either a general event sponsorship (which would include a listing on all media used and/or for particular aspects or services for the event: "reception sponsored by: ABC company"; "internet access provided by: ABC company"; "dial-in & GoToMeeting services provide by: ABC company".

Until we have better visibility on everything pertaining to SGIP 2.0, the initial thought is to sell simple "quarterly" sponsorships

- (b) use of proceeds: general purpose funds, not dedicated to any specific purpose
- (c) suggested sponsorship categories:
 - (i) Level A: 2@\$50 k/qtr = \$400k/yr
 - (ii) Level B: 4@\$25k/qtr = \$400k/yr
 - (iii) Level C: 6@\$15k/qtr = \$360k/yr
 - (iv) Level D: 8@\$10K/qtr = \$320k/yr
- (v) benefits in each sponsorship category
 - 1. web site placement
 - 2. placement on written materials
 - 3. placement on correspondence to members
 - 4. conference advertising
- (d) implementation: TBD

- (5) Grants – the SGIP's work will lead to societal benefit. Many foundations and endowments provide funding to programs that result in one or more of the following: environmental benefit; energy independence; improved energy efficiency; education of consumer or regulators; etc.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

- (a) Sources;
 - (i) Primary target: endowments & foundations
 - (ii) Secondary target: federal government
 - (b) use of proceeds: proceeds will likely need to be directed toward specific activities, such as:
 - (i) educational material,
 - (ii) funds to enable discounts for specific membership categories, such as:
 - 1. municipal utilities or cooperatives
 - 2. universities
 - (iii) support the involvement of the regulators
 - (iv) international expansion
 - (c) it is believed there are numerous potential sources of this funding; success in this category requires use of expertise with demonstrated experience:
 - (i) identification of sources that match the SGIP mission or activities,
 - (ii) proposal writing, and
 - (iii) ability to close.
 - (d) Implementation:
 - (i) Find a professional that has connections to the grant process of many large endowments and foundations
 - (ii) <TBD>
- (6) Document Access fees –many industry and professional organizations require additional fees to obtain access to various work products and/or documents. Because SGIP 1.0 was Federally funded, SGIP 1.0 provides free public access to all of the work product and documentation.

An assessment should be undertaken to determine the scope of the work product and documentation generated by SGIP 2.0 to determine the revenue stream potential from this source.

(7) Testing & Certification:

(a) General thinking:

The SGIP has developed Testing and Certification program recommendations that provide guidance and best practices for the operation of testing/verification programs. The SGIP's Interoperability Process Reference Manual (IPRM) provides this guidance. These recommendations are based on best practices as well as identified gaps in current industry programs supporting Smart Grid standards, as well as practices used in other high technology industries. The SGIP believes that implementation of these recommendations in industry test programs will result in higher quality and more robust testing programs that provide end user confidence through rigorously tested products and

1 accelerated availability of products that have demonstrated
2 interoperability.
3

4 A proliferation of IPRM-based programs will lead to efficiency in
5 product testing, and resultant cost savings via the use of 3rd party
6 independent test labs and certification bodies that have achieved
7 accreditation through commercially available industry services as
8 is common in many other industries. The SGIP is not planning to
9 perform product conformance and interoperability testing itself,
10 but will rely on a network of qualified Interoperability Testing and
11 Certification Authorities (ITCAs). The SGIP has the opportunity to
12 take a leadership and coordination role in oversight and direction
13 of this network of ITCAs to help assure that their programs are
14 meeting the expectations of utilities and end users deploying Smart
15 Grid technologies.
16

17 A SGIP Approved ITCA Program business model is based on the
18 fact that with broad acceptance and demand by utilities and end
19 users for IPRM-based programs, the supporting ITCAs, labs,
20 certifiers and others in the testing and certification ecosystem stand
21 to derive a strong revenue stream as a result of the SGIP's efforts.
22 The SGIP can provide a "watchdog" or oversight role in assuring
23 that these benefiting organizations are indeed providing the
24 expected services and maintaining the required qualifications to
25 carry the designation as an "SGIP Approved Program". A defined
26 set of criteria, documented assessment process, and a schedule of
27 participation fees can be developed by the SGIP. These should be
28 developed in close consultation with the end customers that will
29 benefit from such a program. Depending on the ITCA/lab/certifier
30 scope of services, participation fees can range from \$5,000 to
31 \$50,000 annually. A fee schedule should be graduated so that those
32 ITCA programs that benefit most incur a higher participation fee,
33 while smaller, low-cost programs incur fees scaled to their
34 programs.
35

36 SGIP SGTCC is currently working with approximately six ITCAs.
37 Over the long term, it is likely that SGIP SGTCC may work with 20-
38 25 ITCAs with a likely maximum number of ITCAs around 50.
39

- 40 (b) Use of proceeds: general purpose funds
- 41 (c) A fee of \$10,000 per year could produce \$60k to \$500k per year.
- 42 (d) Implementation: this is a longer term potential revenue generating
43 opportunity that should be considered by SGIP 2.0 leadership in
44 2013 for 2014 or beyond.

45
46 (8) Fee per device

- 47
- 48 (a) General thinking – set a fee for every device that is SGIP
49 "Interoperability Certified" ("IC").
50

1 The concept is that devices that Smart grid devices that are IC
2 should be more attractive to the market place, and if more
3 attractive then these devices can attract an improved price (than
4 without the label). The increased market attractiveness may be
5 derived from:

- 6 (i) The label indicates the device complies with SGIP approved
7 standards; thus reducing the need for testing and compliance
8 by the purchaser
- 9 (ii) SGIP approved standards deliver the benefits of
10 interoperability.

11
12 (b) Use of proceeds: general purpose funds

13 (c) Suggested level of fee per device: <TBD>

14 (d) Implementation: this is a longer term potential revenue generating
15 opportunity that should be considered by SGIP 2.0 leadership in
16 2013 for 2014 or beyond.

17
18 (10) SGIP Services

19
20 (a) General thinking – the SGIP brings together a substantial amount of
21 skilled talent within the Smart Grid industry. That talent and
22 knowledge could possibly be harnessed into a variety of
23 professional services (ranging from professional education to
24 consulting services) and product offerings (subscriptions for newly
25 formed “hot topic” reports from industry insiders to ??).

26 (b) Use of proceeds: general purpose funds

27 (c) Suggested revenue levels:

28 (i) Member contributors could receive credits toward purchases
29 and/or conference attendance

30 (ii) <TBD>

31 (d) Implementation: this is a longer term potential revenue generating
32 opportunity that should be considered by SGIP 2.0 leadership in
33 2013 for 2014 or beyond.

34
35 **ii) ALTERNATIVES CONSIDERED BUT NOT RECOMMENDED:**

36 (1) A three tier membership structure was originally proposed. Significant
37 feedback was received that it was too complicated, and there was too
38 much differentiation amongst the membership categories. This is a
39 concept that SGIP 2.0 leadership may revisit in late 2013 for 2014.

40
41 (2) Some believe that membership dues should be substantial and not
42 reduced in any scenario (i.e. not be reduced by additional revenue
43 sources) and that SGIP 2.0 should strive to be a truly valuable
44 organization that is worthy of a meaningful annual fee from its members.

45
46 (3) Some believe there is a revenue opportunity associated with SGIP 2.0
47 “logo items” made available thru an on-line store, such as: caps, golf
48 shirts, coffee mugs, ties, button down shirts, etc.

49

1 (4) Some believe that attempting to create revenue streams from testing &
2 certification activities and/or devices may have a negative effect on the
3 pace of deployment by the industry, and may not realistically produce
4 any meaningful revenue in the near term.

5
6 (4) Some believe that all work product from SGIP 2.0 should be free to all
7

8 (5) A surcharge on electricity, either at the retail or whole level was
9 originally considered as a potential long term revenue source. There are
10 examples of surcharges being used to fund technology research.
11 However, this option was deemed unacceptable by many stakeholders;
12 plus it is too speculative and too long term to include in the BSP.
13

14 ***iii) ITEMS REQUIRING FURTHER DEVELOPMENT AND CONSIDERATION***

15
16 (1) Thought should be given to the creation of a membership category for
17 individuals (as compared to entities).

18
19 (2) Thought should be given to the annual dues required for additional
20 representatives from corporate members
21

22 **6) SGIP 2.0 Business Sustainment Plan Implementation –**

23 A plan for implementing the directions set out in the BSP is being developed and will
24 evolve consistent with SGIPGB decisions and the progress made over the course of the
25 next few months. The main initial elements of the plan are listed below with major
26 milestones to provide perspective to how the transition is anticipated to unfold. This is
27 preliminary information and is expected to change.

28 a) Form SGIP 2.0 legal entity [501(c)(3)]

29 An interim “plain vanilla” organization is needed so that non-governmental funds can
30 be collected and interim staff retained to assist with the transition. Due ASAP (15 Jun
31 2012).

32 b) Build the interim business infrastructure with start-up funding

33 Secure start-up funding to support the 2012 transition efforts and identify/retain
34 interim staff to manage the transition under the guidance of the BSPWG. Ongoing
35 thru 31 Jul 2012.

36 c) Launch Membership recruitment campaign

37 Target the SGIP Portland meeting for a launch of the membership campaign. Begins
38 with an “Ambassador’s program” to formalize peer-to-peer membership recruitment
39 outreach. Due 10 Jul 2012.

40 d) Initiate fund raising for 2013 with foundations/endowments and
41 sponsorships/advertising.
42

1 Once interim staff is secured, begin non-membership funding campaign. Commence
2 on or before 1 Aug 2012.

3
4 e) Develop material for membership recruitment and fund raising campaign,
5 including a finalized value proposition for SGIP overall and for each of the
6 industry categories—intensifies with sessions in Portland and completed and
7 institutionalized by July 25.

8 Once resources are secured, create and update a portfolio of membership and fund
9 raising communication material. On-going activity beginning with Ambassador
10 training in Portland.

11 f) Establish initial SGIP 2.0 digital connectivity hub to simplify membership
12 recruitment and sign-up. ASAP after Portland meeting, July 10-14.

13 Plan and execute transfer of SGIP 1.0 information to SGIP 2.0 information technology
14 resources. Due 30 Nov 2012.

15 g) Review and revise charter and bylaws

16 Revise current SGIP bylaws to reflect the new organization. Due 30 Nov 2012.

17 h) Undertake and complete the various “**ITEMS REQUIRING FURTHER**
18 **DEVELOPMENT AND CONSIDERATION**” that are contained in the BSP v2.0.

19
20