

NERC

NORTH AMERICAN ELECTRIC
RELIABILITY CORPORATION

NERC Compliance Monitoring and Enforcement Program



MIDWEST RELIABILITY
ORGANIZATION

MIDWEST
RELIABILITY
ORGANIZATION

2010 Implementation Plan

February 2010

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Bulletin #2010-002 dated February 12, 2010**

NERC Approved: June 10, 2010

Applicable Regulator: MRO used the NERC Compliance Monitoring and Enforcement Program 2010 Implementation Plan as a baseline document for development of the 2010 MRO Implementation Plan. The MRO plan is used across the U.S., Manitoba, and Saskatchewan, Canada. Any references to FERC as found in the NERC implementation plan do not apply in Manitoba and Saskatchewan, Canada.

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1. Introduction

The Midwest Reliability Organization (MRO) Compliance Monitoring and Enforcement Program Implementation Plan (Implementation Plan) is a description of the annual compliance monitoring and enforcement activities to ensure MRO, as a Cross Border Regional Entity, fulfills its responsibilities under the NERC Delegation Agreement and other applicable obligations. The compliance monitoring and enforcement activities are carried out by MRO staff. This plan outlines the implementation of the MRO Compliance Monitoring and Enforcement Program (CMEP). MRO expects that Registered Entities comply with applicable reliability standards at all times, regardless of whether the standard is included in the implementation plan or not.

The objective of the Implementation Plan is to:

- Promote the reliability of the bulk power system through rigorous compliance monitoring and enforcement activities,
- Facilitate uniformity of NERC compliance activities throughout the MRO footprint and between Regional Entities, and
- Improve the compliance program by analyzing compliance monitoring experiences across the MRO footprint and between Regional Entities and implementing necessary improvements.

The Regional Implementation Plan and other MRO relevant Compliance Program documents are posted on MRO's [Compliance](#) page.

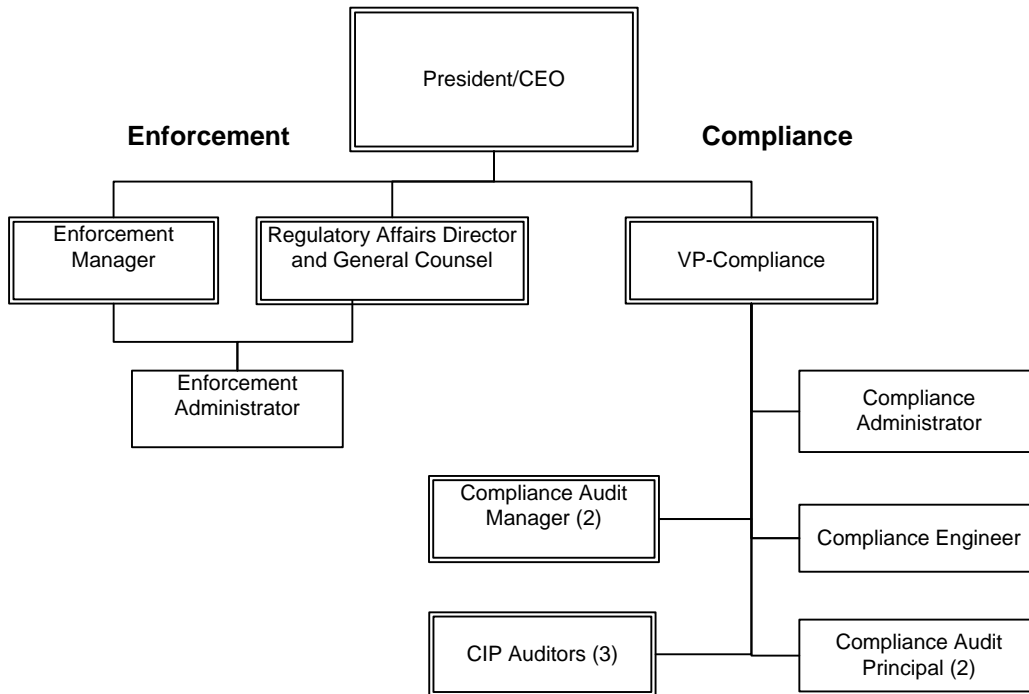
This document was revised to incorporate changes as described in the NERC Compliance Process Bulletin #2010-002 dated February 12, 2010.

The purpose of the NERC Compliance Process Bulletin is to announce updates to the 2010 CMEP Implementation Plan and the 2010 Actively Monitored List. The changes reflect the implementation of Version 2 of the CIP-002 through CIP-009 Reliability Standards, the implementation of Version 2 of the NUC-001 Reliability Standard, and to correct certain items specifically identified in the bulletin.

2. Midwest Reliability Organization Compliance Monitoring and Enforcement Program Organization

In the United States, NERC has delegated its compliance and enforcement authority to Regional Entities. MRO is the Cross Border Regional Entity assigned to monitor, assess, and enforce compliance of Registered Entities located within MRO's corporate footprint in accordance with the approved delegation agreement. MRO has a Regional Delegation Agreement with NERC, an Interim Agreement with the province of Manitoba, Canada, and a Memorandum of Understanding with the province of Saskatchewan, Canada. In addition, MRO will rely on its membership agreement and bylaws to enforce Reliability Standards in all jurisdictions.

The MRO Compliance and Enforcement staff follows the structure illustrated below:



3. 2010 Program Implementation - Discovery

The NERC 2010 Compliance Monitoring and Enforcement Program as implemented by MRO includes all regulatory authority approved Reliability Standards being subject to spot checks, compliance violation investigations, and complaints. Similar to the 2009 Implementation Plan, NERC and the Regional Entities developed a risk based criteria for determining the scope of 2010 compliance audits and self certifications. The risk based criteria will help compliance auditors focus on the Reliability Standards, which, if violated, pose the highest risk to the reliability of the bulk power system.

3.1 Application of Discovery Methods under the CMEP

The MRO Compliance Monitoring and Enforcement Program implementation plan includes the following eight discovery methods:

- Compliance Audit and Self-Certification
- Spot Check
- Periodic Data Submittals
- Exception Reporting
- Compliance Violation Investigation
- Self Report
- Complaint

MRO will follow the compliance monitoring methods as defined in the 2010 Reliability Standards spreadsheet as determined by NERC and the Regional Entities.

MRO will serve as the single point of contact for Registered Entities and coordinate as needed with NERC and the regulatory authorities.

The designated Primary Compliance Contact shall serve as the single point of contact between MRO and the Registered Entity for compliance matters.

3.1.1 Compliance Audit and Self Certification

Requirements have been selected for inclusion in the 2010 compliance audits and self certifications based on risk to the reliability of the bulk power system. Regional Entities recommended maintaining the same risk-based approach used in 2009 with some standard/requirement additions and deletions. The risk-based criteria include Reliability Standard requirements that have been identified:

- with a high Violation Risk Factor;
- in the NERC top 10 list of most frequently violated Reliability Standards;
- in past events and major reliability issues;

- through input from Regional Entities;
- as cyber security Reliability Standards (all requirements in Critical Infrastructure Protection (CIP) Reliability Standards as specified by the CIP-002 through CIP-009 implementation plan schedule);
- a Registered Entity's past performance (this will be an entity-specific part of the audit or spot-check); and
- increasing its compliance responsibility of a Registered Entity due to mergers or acquisitions (this will be an entity-specific part of the audit or spot-check)

Based on recommendations from the Regional Entities, Event Analysis and Tracking, Reliability Performance, NERC's management, and the risk analysis described above, NERC has identified 55 Reliability Standards including 554 requirements for 2010 compliance audits; this is an increase from 49 standards and 418 requirements as compared to the 2009 compliance audits. It is NERC's expectation that compliance audits for 2010 will cover these requirements for the applicable audit period, and all registered entities (whether they are scheduled for an audit in 2010 or not) would be subject to the self-certifications on these requirements for the past year. For MRO, the annual self-certification process will be performed at a different time in the year for any Registered Entity receiving an audit during the 30-day annual self-certification submittal period.

Appendix 1 of the NERC 2010 Implementation Plan identifies the differences between the 2009 and 2010 audit scope, and provides details on the justification for the revisions to the 2010 plan. The details of the [2010 NERC CMEP Reliability Monitored Standards](#) are posted on the NERC website. In addition, the compliance monitoring methods as defined in the NERC 2010 Reliability Standards spreadsheet can be found in Attachment A of this document.

In addition to the revisions for the CIP Reliability Standards as described in the CIP section of this annual plan, the NERC Compliance Process Bulletin #2010-002 identifies the following changes / revisions:

VERSION 2 OF THE NUC-001 RELIABILTY STANDARD

In light of the January 21, 2010 NUC Version 2 Order, NERC and the Regional Entities have concluded that it would be appropriate to include reliability standard NUC-001-2 in the 2010 Implementation Plan and the 2010 Actively Monitored List in place of reliability standard NUC-001-1. The revisions in the requirements from Version 1 to Version 2 of NUC-001 include clarifications of footnote 1 to R2, the text of R9.3.5, addition of "Nuclear GO" to applicability for R1, R5, and R7, and the VRF's revisions (R2 and R9 changed from lower to Medium, and R4, R5, R7 and R8 changed from medium to high). The 2010 Actively Monitored List has been amended accordingly.

OTHER CHANGES TO THE 2010 CMEP IMPLEMENTATION PLAN AND THE 2010 ACTIVELY MONITORED LIST

In reviewing the posted 2010 CMEP Implementation Plan and the 2010 Actively Monitored List that were posted on October 1, 2009, NERC and the Regional Entities observed certain discrepancies that require correction. The 2010 Actively Monitored List that is being posted concurrently with this bulletin reflects these corrections. The revised 2010 Actively Monitored List and the revisions described in this bulletin should supersede any statements to the contrary in the posted 2010 CMEP Implementation Plan.

- On the Standards Summary tab, added TOP-003 to Compliance Audits, and various totals have been updated for Compliance Audit (56 Standards); Self-Certification (60 Standards); Spot Checks (19 Standards); Periodic Submittals (13 Standards). The totals in the revised 2010 Actively Monitored List should supersede the 2010 CMEP Implementation Plan write up totals.

- On corresponding tabs, references to:
 - COM-001-1 was replaced with COM-001-1.1
 - EOP-002-2 was replaced with EOP-002-2.1
 - BAL-006-1 was replaced with BAL-006-1.1
 - IRO-006-4 was replaced with IRO-006-4.1
 - PER-001-0 was replaced with PER-001-0.1
 - TOP-002-2 was replaced with TOP-002-2a

- On the Requirements Detail tab:
 - BA was deleted from the functions subject to EOP-005-1, R1
 - The mark for exception reporting under EOP-006-1, R6 was deleted, and a mark for exception reporting was added under EOP-006-1, R5
 - TOP was added to the functions subject to IRO-005-2, R12
 - GOP was added to and GO was deleted from the functions subject to IRO-005-2, R13
 - BA was deleted from the functions subject to TOP-001-1, R7

- Periodic Data Submittal “A” was removed from FAC-003-1, R2
- In the 2010 CMEP Implementation Plan, the listing of requirements that provided for periodic data submittals erroneously included PRC-004-1, R3, and the listing of requirements for exception reporting omitted EOP-002-2.1, EOP-005-1 and IRO-006-4. The designation of requirements for periodic data submittals and exception reporting in the revised 2010 Actively Monitored List should supersede the lists in the 2010 CMEP Implementation Plan.
- Regardless of the versions of reliability standards specifically identified in the 2010 Actively Monitored List, compliance audits will encompass prior versions of the reliability standards that were in effect during the audit period.

Compliance audits should also incorporate the following:

- Identify all “unmitigated” or “open” Mitigation Plans to be reviewed during the audit. The auditors are to review the mitigation status with the Registered Entity during the audit to ensure they are on schedule. Reviewing the status of Mitigation Plans goes beyond the minimum scope of the audit, however MRO believes this “status verification” is needed to ensure the Regional and Registered Entities have a clear understanding of the work being performed to mitigate an alleged violation, and to ensure the entity is on track with its mitigation. For MRO, the enforcement team performs a compliance validation assessment for every Mitigation Plan that is declared to be completed by the Registered Entity, and retains the evidence of compliance.
- Regional Entities have the authority to expand the audit based on regulatory authority approved Regional Reliability Standards, the Registered Entity’s past performance and other factors that impact the risk to reliability of the bulk power system.

All Registered Entities are subject to compliance audit with the applicable Reliability Standards and for the functions in which the entity is registered. All compliance audits are conducted in accordance with the NERC established audit guidelines.

Compliance audits are normally conducted on a three-year or a six-year cycle depending upon the function(s) performed by the Registered Entity. However, audits may also be event-driven. MRO staff shall perform comprehensive compliance audits to determine compliance with the CMEP. Each MRO Audit Team member will have completed NERC training applicable to the compliance audit.

Registered Entities scheduled to receive a compliance audit during the 30-day submittal period of the 2010 annual self-certification will participate in the annual self-

certification process at a different time in the year. All other Registered Entities are required to participate in the annual self-certification process.

MRO's self-certification process is performed via the CDMS. In addition, a Corporate Signature Form must be signed by the Authorized Officer as designated on the MRO Registry at the conclusion of the self-certification data submittal. The Authorized Officer completes and submits the MRO Attestation letter at the time of the audit. MRO staff will review, assess, and determine the final status of compliance. For the annual self-certification process, MRO staff may require documentation and other evidence of compliance be made available upon request, but does not require the data to be submitted until requested.

3.1.2 2010 Compliance Audit Schedule

The 2010 Compliance Audit Schedule has been determined and is updated as necessary on the MRO and NERC website. Based upon the current schedule, MRO is scheduled to perform twenty compliance audits in the 2010 Program Year. Ten audits will involve Registered Entities who are on a minimum three-year audit cycle, and ten audits will involve Registered Entities who are registered for functions which have been designated by the NERC CMEP to be on a minimum six-year audit schedule. The audit schedule can be found on MRO's [Compliance](#) page and includes the dates in which the auditors are scheduled to conduct the off-site and on-site portions of the audit.

Both on-site and off-site compliance audits are conducted using the same NERC Reliability Standards Questionnaire Audit Worksheets (QRSAs) and other audit tools and processes.

3.1.3 Semi-Annual Self Certifications for CIP-002-1 through CIP-009-1 Reliability Standards and CIP Reliability Standard Update

The CIP-002-1 through CIP-009-1 Reliability Standards are regulatory authority approved Reliability Standards and are subject to enforcement in accordance with the NERC Guidance for Enforcement of CIP Standards and the Implementation Plan for Cyber Security Standards CIP-002-1 through CIP-009-1, which includes tables that specify the compliance schedule for entities.

On September 30, 2009, FERC issued an Order approving Version 2 of the CIP-002 through CIP-009 Reliability Standards, and establishing an effective date for those standards of April 1, 2010. Therefore, Version 1 of the CIP-002 through CIP-009 will be superseded with the effective date of the Version 2 CIP-002 through CIP-009 Reliability Standards.

Version 1 of the CIP-002 through CIP-009 Reliability Standards included an implementation plan that specified groups of entities ("Table 1 entities," "Table 2 entities," and "Table 3 entities") and when entities in those groups needed to be "compliant" and "auditably compliant" with the CIP-002 through CIP-009 Reliability

Standards, as reflected in the “Guidance for Enforcement of CIP Standards” posted on NERC’s Web site. While the Version 1 implementation plan will be superseded with the effective date of the Version 2 CIP-002 through CIP-009 Reliability standards, NERC and the Regional Entities believe that it remains appropriate to follow the schedule outlined in the Guidance for Enforcement of CIP Standards for purposes of identifying when Table 1 entities, Table 2 entities, and Table 3 entities should be audited to specific requirements under the then-current versions of the CIP-002 through CIP-009 Reliability Standards. That is, while the April 1, 2010 effective date will establish which version of the CIP-002 through CIP-009 Reliability Standards will govern an audit or other compliance monitoring method, the schedule outlined in the “Guidance for Enforcement of CIP Standards” will continue to govern when Table 1 entities, Table 2 entities, and Table 3 entities will be subject to compliance monitoring under the then-effective CIP-002 through CIP-009 Reliability Standards.

By way of example, under “Guidance for Enforcement of CIP Standards”, Table 1 entities have until the end of June 2010 to become “auditably compliant” with CIP-004-1, Requirement 1, and Regional Entities would not typically audit a Registered Entity to that requirement until that time. With the implementation of Version 2, Regional Entities would still be expected to commence auditing Table 1 entities on July 1, 2010, but the applicable requirements governing the substance of the audit would be CIP-004-2, Requirement 1 for the period of time after April 1, 2010 and would be CIP-004-1, Requirement 1 for the portion of the audit period prior to April 1, 2010.

Note that the requirements in CIP-006-2 do not match directly the requirements of CIP-006-1. The following provides a mapping of the CIP-006-1 requirements against the analogous CIP-006-2 requirements for purposes of determining “auditably compliant” dates: CIP-006-1:

CIP-006-1	CIP-006-2
R1	R1
R1.1	R1.1
R1.2	R1.2
R1.3	R1.3
CIP-006-1 CIP-006-2 R1.4	R1.4
R1.5	R1.5
R1.6	R1.6
R1.7	R1.7
R1.8	R2 / R3
R1.9	R1.8
R2	R4
R2.1	bulleted list in R4
R2.2	bulleted list in R4
R2.3	bulleted list in R4
R2.4	bulleted list in R4

R3	R5
R3.1	bulleted list in R5
R3.2	bulleted list in R5
R4	R6
R4.1	bulleted list in R6
R4.2	bulleted list in R6
R4.3	bulleted list in R6
R5	R7
R6	R8
R6.1	R8.1
R6.2	R8.2
R6.2	R8.3

Similarly, CIP-003-2 incorporates a new subrequirement, R2.4, which was not previously incorporated in CIP-003-1. Since CIP-003-2, R2.4, relates to documentation of exceptions from the requirements of a Registered Entity’s cyber security policy, which is a topic that was addressed in CIP-003-1, the “auditably compliant” dates for CIP-003-2, R2.4 will be consistent with the “auditably compliant” dates for CIP-003-1, R.3.

With respect to the biannual self-certifications required for the CIP-002 through CIP-009 Reliability Standards, the April 1, 2010 effective date of the Version 2 standards require special consideration. Typically, these biannual self-certifications would require Registered Entities to certify their compliance with the reliability standards for the six months proceeding the self-certification period. However, to avoid having Registered Entities self-certify to both Version 1 and Version 2 within a single self-certification, NERC and the Regional Entities have agreed that the self-certification due in July 2010 will cover compliance with Version 1 for the period from January 1, 2010 to March 31, 2010. The self-certification due in January 2011 will cover compliance with Version 2 for the period April 1, 2010 through December 31, 2010.

FERC Order No. 706 (Page 96) states the ERO will conduct self certifications twice per year prior to the date in which full compliance is required. For the purpose of evaluating the progress of the industry in coming into compliance with these standards, NERC and the Regional Entities began conducting the self certifications for all applicable Registered Entities identified in all Tables of the Implementation Plan on July 1, 2008.

MRO will continue to conduct CIP self-certifications in 2010 as directed by NERC. The January 2010 CIP self-certification will include all entities that are subject to the compliance schedule as identified and described in Tables 1 - 4 of the CIP Implementation Plan. The July 1, 2010 CIP self-certification will include all entities that are subject to the compliance schedule as identified and described in Tables 2 - 4 of the

CIP Implementation Plan. NERC expects the Regional Entities to collect self certifications from all applicable Registered Entities regardless of the enforcement status of those requirements. Entities that are required to be “auditably compliant” with the requirements of Reliability Standards CIP-002-1 through CIP-009-1 (and Version 2 standards) would no longer be subject to the CIP self-certifications starting July 2010, however the CIP requirements will be included in the regular annual self-certification.

3.1.4 Spot Check

The Implementation Plan for Reliability Standards CIP-002-1 through CIP-009-1 includes tables that list the effective dates for the requirements of each standard. In general, the implementation dates for the CIP Standards occur in two phases: an initial 13 requirements, then the remaining 28 requirements.

As implementation dates become effective, NERC is requiring the Regional Entities to perform spot checks on the specific functions identified in Table 1 of the Implementation Plan (i.e., those Balancing Authorities and Transmission Operators that self-certified under Urgent Action 1200 and Reliability Coordinators). These spot checks are part of an assessment process that began July 1, 2009 and will continue until December 31, 2010, when all Table 1 entities have received a CIP spot check. With appropriate notice, CIP spot checks can occur during a regularly scheduled compliance audit or as a separate activity.

Due to the phased implementation of requirements within Reliability Standards CIP-002-1 through CIP-009-1, effective dates and affected functions vary. Compliance audits and spot checks are based on the requirements for which a Registered Entity must be auditably compliant at the time of the audit or spot check. Refer to the Implementation Plan for specific details regarding the status and effective date for each requirement. By way of an overview, however, it is expected that from January 1, 2010 to June 30, 2010, the spot checks performed for the Table 1 entities will include the thirteen requirements in which entities must be auditably compliant, and thereafter the spot checks performed will include all forty-one requirements under CIP-002 through CIP-009. Similarly, on July 1, 2010, Table 2 entities will be required to be auditably compliant with the initial thirteen requirements, and while no mandatory spot checks are imposed on Table 2 entities, it is expected that the thirteen requirements will be included in the scope of any regularly scheduled audit performed after July 1, 2010.

For Registered Entities scheduled to receive a compliance audit in 2010, MRO will conduct the CIP spot check at the same time. MRO will issue a separate CIP spot check notice for each spot check to be conducted even if the audit occurs at the same time.

MRO Plans for Validation (Spot Check / Audit Plan): July 2009 – December 2010

The MRO has a total of twenty-six Table 1 and Table 2 Registered Entities. The MRO began performing CIP spot checks in August 2009 and is scheduled to perform a total of twenty-six CIP compliance spot checks between July 2009 and December 2010. When completing this initiative the MRO will have conducted a CIP spot check with all Table 1 and Table 2 Registered Entities in the MRO region. The scope of the assessments will include the 13 CIP requirements up to July 2009, and all forty-one requirements starting July 2010. The MRO plans to review the methodology and assessment documents for the Registered Entities that claim to have zero critical cyber assets by utilizing the ongoing compliance audit schedule. In regard to activities associated with Technical Feasibility Exceptions the MRO will utilize and is prepared to implement steps as outlined in the “NERC Procedure for Requesting and Receiving Technical Feasibility Exceptions”. Starting January 2011 the MRO will utilize the ongoing three and six-year audit schedule on a going forward basis for conducting compliance audits with all applicable Reliability Standards.

In addition to the spot checks described above, NERC is directing the Regional Entities to conduct an additional set of spot checks in 2010 for Reliability Standard BAL-003-0.1b, R.1, R.2, and R.5, which is applicable to Balancing Authorities. The NERC program states that this spot check implementation is due to violations with these requirements which have raised significant reliability concerns in 2009. It was determined that a concerted effort to spot check Balancing Authorities is needed in order to assess the overall frequency response for the bulk power system.

All regulatory authority-approved Reliability Standards are subject to spot checks at the Regional Entity’s option. Suggested spot-checks for additional Reliability Standards have been identified by NERC as detailed in the 2010 CMEP Reliability Standards spreadsheet (see Attachment A). Regional Entities may conduct additional spot checks. MRO will follow the spot-check process steps as defined in the CMEP for BAL-003-0.1b and may conduct additional spot-checks at its discretion. NERC is currently updating the QRS AW for BAL-003, which is to be completed in early 2010. The MRO will conduct the BAL-003 spot-checks after the updated NERC QRS AW is finalized.

3.1.5 Periodic Data Submittals

NERC has identified specific Reliability Standards and requirements for Periodic Data Submittal in the 2010 program. The table below includes a list of the Reliability Standards designated to be monitored through Periodic Data Submittal and describes the process to be performed by MRO. Each data submittal described below has its own specific procedure and reporting process.

Reliability Standard	Title	Rqt.	Applicable Function	Data Collection and Submittal	Data Collection Process

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				Frequency	
BAL-001-01.a	Real Power Balancing Control Performance	R1, R2	BA	Monthly	CPS1 and CPS2 data is collected from the applicable Registered Entities by the 10 th of each month and MRO submits the summary report to NERC by the 15 th of each month.
BAL-002-0	Disturbance Control Performance	R1 – R6	BA, RSG	Quarterly	DCS data is collected and assessed by the Midwest Contingency Reserve Sharing Group. MRO receives a summary report from the Reserve Group and submits the report to NERC. For the applicable Registered Entities located in Nebraska the DCS data is collected and assessed by the SPP Reserve Sharing Group. The SPP RE submits the summary report to NERC and provides a copy of the report to MRO. Saskatchewan Power Corporation submits its DCS data directly to MRO and MRO submits the summary report to NERC. The applicable Registered Entities are to submit their data by the 10 th of each month and MRO is required to submit the DCS summary report to NERC by the 15 th of the month following the end of the quarter.
BAL-003-01.b	Frequency Response and Bias	R1.2	BA	Annual	Data is collected annually by MRO Reliability Assessment department and submitted to NERC. The compliance department receives a copy of the report.
BAL-006-1	Inadvertent Interchange	R3, R4, R4.1, R4.2	BA	Monthly	The BA's located in MRO submit this information directly to NERC via the NERC Inadvertent Interchange Web Tool. MRO compliance does not receive this information.

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EOP-009-0	Documentation of Blackstart Generating Unit Test Results	R1 *see note below, R2	GO or GOP	Annual	MRO will conduct a spot check (via the CDMS) for all applicable entities for monitoring this standard.
FAC-003-1	Transmission Vegetation Management Program	R2, R3, R4	TO	Continuous and Quarterly	Category 1 and 2 outages, as described in requirement 3.4, are self-reported (via CDMS) at the time of occurrence. Category 3 outage information shall be reported upon receiving the reminder notice from the MRO. MRO reports Category 1 and 2 outages to NERC as soon as they are discovered, and in addition submits a quarterly report to NERC.
MOD-010-0	Steady-State Data for Transmission System Modeling & Simulation	R1, R2	TO, TP, GO, RP	Annual	Data is collected by MRO Reliability Assessment department. MRO compliance department is notified of any non-submittal issue.
MOD-012-0	Dynamics Data for Transmission System Modeling & Simulation	R1, R2		Annual	Data is collected by MRO Reliability Assessment department. MRO compliance department is notified of any non-submittal issue.
PRC-004-1	Analysis and Mitigation of Transmission and Generation Protection System Misoperations	R3		Quarterly	Data is collected by MRO Reliability Assessment department. A copy of the quarterly report is provided to the compliance staff.
PRC-021-1	Under-Voltage Load Shedding Program Data	R1		N/A	MRO does not have a requirement for a region-wide UVLS program. This is N/A for MRO Region.
TPL-001-0.1	System Performance Under Normal Conditions	R3		Annual	The MISO and MAPP Transmission Planner and Planning Authority performs the data collections and assessments, and provides the study results and reports to MRO Reliability Assessment department.

					MRO compliance department receives a copy of this information from the Assessment department.
TPL-002-0	System Performance Following Loss of a Single BES Element	R3		Annual	See TPL-001 response above.
TPL-003-0	System Performance Following Loss of Two or More BES Elements	R3		Annual	See TPL-001 response above.
TPL-004-0	System Performance Following Extreme BES Events	R2		Annual	See TPL-001 response above.

Note: The NERC annual program requires compliance monitoring for requirement 2 of the EOP-009 Reliability Standard, however MRO will also include requirement 1.

3.1.6 Exception Reporting

NERC has identified specific Reliability Standards and requirements to be monitored by the “Exception Report” method in the 2010 program. The table below includes a list of the Reliability Standards and requirements and identifies the process for Registered Entities to submit information. For certain items entities are directed to submit a self-report rather than the exception report. Depending upon the circumstances, MRO may issue a spot check following the receipt of an exception report. The [MRO Exception Reporting Form](#) is available on the MRO website.

Reliability Standard	Title	Rqt.	Applicable Function	Data Collection and Submittal Frequency	Data Collection Process
BAL-003-01.b	Frequency Response and Bias	R1.2	BA	By exception	A change to a BA’s frequency bias setting that occurs after the annual submittal (see periodic data submittal section of this document) is reported to the MRO Reliability Assessment department, who will then submit the information to NERC. The compliance

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					department receives a copy of the report sent to NERC.
BAL-004-0	Time Error Correction	R4.1	BA	By exception	<p>R4.1 Balancing Authorities that have reliability concerns with the execution of a Time Error Correction shall notify their Reliability Coordinator and request the termination of a Time Error Correction in progress.</p> <p>Balancing Authorities requesting the termination of a Time Error Correction shall notify the MRO compliance department by accessing the MRO Exception Report form via the MRO compliance web site and submit to: mco@midwestreliability.org</p>
BAL-006-1	Inadvertent Interchange	R5	BA	By exception	The BA's located in the MRO submit this information directly to NERC via the NERC Inadvertent Interchange Web Tool. MRO compliance does not receive this information.
EOP-004-1	Disturbance Reporting	R3, R4, R5	RC, BA, TOP, GOP, LSE	Event Driven	Entities are to provide a copy of the reportable incident (DOE or NERC IROL & Preliminary Disturbance Report Form) to: mco@midwestreliability.org
EOP-006-1	Reliability Coordination – System Restoration	R5	RC	Event Driven	The RC is to submit a report describing how the re-synchronizing of major system islands or synchronizing points were approved, communicated, and coordinated. The report is to be submitted to: mco@midwestreliability.org
INT-001-3	Interchange Information	R1, R1.1, R1.2, R2, R2.1, R2.2	BA, PSE	Upon Request	Each Sink Balancing Authority shall have and provide upon request evidence that could include but is not limited to, Interchange Transaction tags operator

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					logs, voice recordings or transcripts of voice recordings, electronic communications, computer printouts, or other equivalent evidence that will be used to confirm that Arranged Interchange was submitted to the Interchange Authority as specified in Requirements 2.1 and 2.2.
INT-003-2	Interchange Transaction Implementation	See M2	BA, PSE	As requested	Each Receiving and Sending Balancing Authority shall have and provide upon request evidence that could include, but is not limited to, interchange transaction tags, operator logs, voice recordings or transcripts of voice recordings, electronic communications, computer printouts, or other equivalent evidence that will be used to confirm that it coordinated the Interchange Schedule with the Transmission Operator of the HVDC tie as specified in Requirement 1.2.
IRO-004-1	Reliability Coordination – Operating Planning	R4, R5	TOP, BA, TO, GO, GOP, LSE, RC	By exception	<p>The RC shall submit an exception report for any time a TOP, BA, TO, GO, GOP, or LSE did not provide information as required and per the defined schedule.</p> <p>Applicable entities shall submit an exception report for any time the RC did not share the results of the system studies within the defined schedule.</p> <p>The MRO Exception Report form can be accessed via the MRO compliance web site and submit to: mco@midwestreliability.org</p>
IRO-015-1.1	Notifications and Information	R1, R1.1,	RC	By exception	The RC shall submit an exception report for any time

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	Exchange between Reliability Coordinators	R2, R2.1, R3			coordinated RC notifications and information exchanges are not being followed as agreed upon. The MRO Exception Report form can be accessed via the MRO compliance web site and submit to: mco@midwestreliability.org
IRO-016-1	Coordination of Real-time Activities between Reliability Coordinators	R1, R2	RC	By exception	The RC shall submit an exception report for any time the RC encountered a real-time activity that had an adverse impact on another RC that was not coordinated, and or was not agreed upon. The MRO Exception Report form can be accessed via the MRO compliance web site and submit to: mco@midwestreliability.org
PER-003-0	Operating Personnel Credentials	See D.1	BA, TOP	Monthly reminder notice issued by MRO and reviewed during audit	MRO sends a monthly reminder notice to all applicable entities regarding the need to self-report any item of non-compliance.
PRC-016-0	Special Protection System Misoperations	R3	TO, or GO, or DP that owns an SPS	Quarterly	Data is collected by MRO Reliability Assessment department. A copy of the quarterly report is provided to the compliance staff.
PRC-021-1	Under-Voltage Load Shedding Program Data	R2	To or DP that owns an UVLS	N/A	MRO does not have a requirement for a region-wide UVLS program. This is N/A for MRO.
TOP-005-1	Operational Reliability Information	R1, R1.1, R2, R3, R4	TOP, BA, RC, PSE	By exception	Applicable entities shall submit an exception report for any time operating reliability information is not being shared as agreed upon. The MRO Exception Report form can be accessed via the MRO compliance web site and submit to: mco@midwestreliability.org

TOP-007-0	Reporting SOL & IROL Violations Evaluation	R1, R4 (also see D1.1)	TOP, RC	By exception	<p>The RC shall submit an exception report for any time an IROL violation exceeded 30-minutes, and any SOL violation that became an IROL violation because of changed system conditions that was not mitigated in 30-minutes.</p> <p>The MRO Exception Report form can be accessed via the MRO compliance web site and submit to: mco@midwestreliability.org</p>
VAR-002-1.1a	Generator Operation for Maintaining Network Voltage Schedules	R3, R4, R5.1	GO, GOP	By exception	<p>Applicable entities shall submit an exception report for any time requirements R3, R4, and R5.1 were not followed.</p> <p>The MRO Exception Report form can be accessed via the MRO compliance web site and submit to: mco@midwestreliability.org</p>

3.1.7 Compliance Violation Investigation

All regulatory authority approved Reliability Standards are subject to a compliance violation investigation. The CMEP Section 3.4 states: “A Compliance Violation Investigation may be initiated at any time by the Compliance Enforcement Authority, NERC, FERC or another Applicable Governmental Authority in response to a system disturbance, Complaint, or possible violation of a Reliability Standard identified by any other means.”

The Compliance Enforcement Authority (NERC or MRO) must notify the Registered Entity(s) and NERC within two (2) business days of the decision to initiate a CVI and provide the initial scope of the investigation as required in CMEP 3.4.1. When warranted, MRO will utilize the Compliance Inquiry (CIQ), Compliance Spot Check, and Compliance Violation Investigation (CVI) processes. Depending upon the facts and circumstances, and scope or size of an event, MRO may request NERC to lead the CVI.

3.1.8 Self Report

MRO strongly encourages Registered Entities to report violations of Reliability Standards as soon as possible to ensure that the entity receives appropriate credit for self-reporting and to minimize any ongoing risk to the bulk power system.

Registered Entities can self-report compliance violations with any regulatory authority approved Reliability Standard. Self-reports of compliance violations are submitted to MRO through CDMS and must include a description and cause of the alleged violation and potential impact to the Bulk Power System. Related comments and documents may also be submitted at the time of the self-report. All self-reports will be validated by MRO.

3.1.9 Complaint

MRO may receive complaints regarding alleged violations of regulatory approved Reliability Standards or requirements. MRO will conduct a review of each complaint it receives to determine if the complaint provides sufficient evidence for the issuance of a CIQ, Compliance Spot Check, or CVI.

NERC maintains a Compliance Hotline to receive complaints. Any person may submit a complaint to report a possible violation of a Reliability Standard by completing the [Compliance Hotline Form](#) available on the NERC website. Unless specifically authorized by the complainant, NERC and MRO staff will withhold the name of the complainant in any communications with the violating entity. All information provided will be held as confidential in accordance with the NERC Rules of Procedure. The compliance or enforcement staff will informally seek additional information from the submitter and others, as appropriate. The compliance or enforcement staff may refer the matter for further investigation by NERC or the appropriate Regional Entity.

Complaints may also be made via phone by calling NERC at 609-524-7029 or by sending an e-mail directly to hotline@nerc.net.

Note: The NERC Compliance Hotline is for reporting possible compliance violations of Reliability Standards by an entity. For other questions regarding the NERC Compliance Monitoring and Enforcement Program or Reliability Standards, please send an email to compliancefeedback@nerc.net.

3.2 Reliability Standards Subject to 2010 CMEP Implementation

Under the 2010 Implementation Plan, all regulatory authority approved and effective Reliability Standards and requirements are identified.

All regulatory authority approved and effective Reliability Standards and requirements are subject to: a compliance audit, spot check, self report, self certification, compliance violation investigation, periodic data submittal, exception reporting, and complaint. As mentioned in Section 4.1.1 of this 2010 Implementation Plan, NERC and the Regional Entities developed a risk based criteria for determining the scope of 2010 compliance audits and self certifications. The risk based criteria will help compliance auditors focus on the Reliability Standards that, if violated, pose the highest risk to the reliability of the bulk power system. Because of this, NERC will again implement a list of actively

monitored requirements setting forth the minimum scope of compliance audits and self certifications in 2010.

All reliability standards identified in the 2010 program are listed in the [2010 CMEP Reliability Standard](#) spreadsheet posted on the NERC website. This spreadsheet includes the following Tabs:

- **Summary Tabs:** A quick reference listing of the Reliability Standards and requirements identified for compliance audits, self certifications and spot checks required by NERC in 2010. This tab is designed to give the user a quick reference of the lists. There are also comparisons of the number of Reliability Standards and requirements monitored in the 2007, 2008, 2009 programs.
- **Requirements Detail Tab:** Provides a detailed list of the requirements included in the 2010 CMEP. Also provides the risk based criteria for identifying requirements determined in the minimum scope of compliance audits and self certifications.
- **Top 10 Standards AV Tab:** This tab lists the top 10 Reliability Standards and associated requirements allegedly violated from June 2008 through June 2009. This information was used in the risk based criteria for identifying Reliability Standards and requirements for compliance audits and self certifications in 2010.
- **Revision History:** The revision history will allow the owners, operators, and users of the bulk power system to see all of the changes to the spreadsheets.

Also see the NERC Compliance Process Bulletin #2010-002 “update to 2010 Implementation Plan dated February 12, 2010 for revisions.

It should be noted that the scope of the 2010 program is based on Reliability Standards that are anticipated to be in effect in 2010 as of the date of this plan. To the extent new Requirements are adopted during the course of 2010, the 2010 plan would not be adjusted absent significant concerns about the reliability of the bulk power system. As new Requirements are developed, NERC will work with the Regional Entities to determine whether the 2010 program must be amended to preserve reliability of the bulk power system.

The compliance audit scope (using the risk-based criteria) in the 2010 CMEP Implementation Plan will remain very similar to the audit scope outlined in the 2009 CMEP Implementation Plan; the number has changed to 55 Reliability Standards (from 49). The differences in the 2010 vs. 2009 compliance audit scopes are addressed in the NERC 2010 Implementation Plan “Appendix 1 - Differences Between 2009 and 2010 CMEP Audit Scopes”.

4. 2010 Program Implementation - Enforcement

4.1 Overall Process

MRO shall determine (i) whether there have been alleged violations of Reliability Standards by Registered Entities within the MRO area of responsibility, and (ii) if so, MRO will follow and implement the enforcement process steps as defined in the NERC *Uniform Compliance Monitoring and Enforcement Program (CMEP)*.

Possible violations (PAVs) are identified through one of the eight discovery methods outlined in the Compliance Monitoring and Enforcement Program (CMEP). Once a possible violation has been validated, it becomes an Alleged Violation and the MRO Enforcement staff prepares a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS). Upon acceptance by a Registered Entity of an Alleged Violation or the expiration of time for responding to the NAVAPS, a violation becomes a Confirmed Violation and the MRO Enforcement staff prepares a Notice of Confirmed Violation (NOCV).

At any point in the process, a Registered Entity may request to enter into Settlement discussions. Upon receipt of a request for settlement, MRO Enforcement Staff prepares an Acknowledgement of Request for Settlement. Upon reaching an agreement with a Registered Entity, MRO Enforcement staff presents the Settlement Agreement to the MRO Hearing Body for approval.

Once a NOCV or Settlement Agreement is finalized, it is submitted to NERC. NERC staff finalizes a Notice of Penalty (NOP) for presentation to the NERC Board of Trustees Compliance Committee (BOTCC). Upon approval of the BOTCC, the NOP is filed with the Commission and becomes publicly available. These [NOPs](#) are posted on the NERC website with links to the accompanying Orders approving the actions.

This process is different in the Canadian provinces. In Saskatchewan, the Saskatchewan Oversight Authority has the legislative authority to enforce compliance for the bulk electric system in the Province. Upon issuance by MRO of a Notice of Alleged Violation, the Saskatchewan Oversight Authority may make a finding that an Alleged Violation is a Confirmed Violation and seek and enforce a Mitigation Plan from the non-compliant entity. Financial penalties are not authorized and the violation information is only publicly disclosed with express written permission of Saskatchewan Oversight Authority.

In Manitoba, an Alleged Violation becomes a Confirmed Violation, and the Confirmed Violation and any applicable penalty, sanction and Mitigation Plan becomes effective in Manitoba, upon (i) issuance of an Order by the Public Utilities Board confirming these violations; and (ii) confirmation of the Order of the Public Utilities Board by The Manitoba Court of Appeal, or the earlier expiration of the deadline for filing an appeal

to the Court of Appeal. NERC may make public a Confirmed Violation and the penalty or sanction for a confirmed violation.

MRO and NERC collaborate on enforcement and mitigation processes. NERC also performs substantive independent review for approval of the final enforcement actions (i.e. Notices of Confirmed Violation or Settlement Agreements) issued by MRO. Achieving appropriate penalties and sanctions in a uniform manner at all eight Regional Entities is essential in implementing the CMEP.

4.2 Settlement

Pursuant to CMEP 5.4, settlement negotiations may occur at any time, including prior to the issuance of a Notice of Alleged Violation and Proposed Penalty or Sanction (NAVAPS). All settlement discussions will be confidential until such time as NERC has approved a settlement agreement. The CMEP also provides that MRO shall require a Registered Entity to designate an individual responsible for negotiating on its behalf.

Settlements are viewed as an expedient and efficient method to address alleged violations. The MRO Hearing Body will consider each Settlement Agreement negotiated by MRO staff. Upon approval of the MRO Hearing Body, Settlement Agreements will be executed and filed with NERC.

4.3 Mitigation Plans

Aggressive and thorough mitigation of any possible alleged violation is strongly encouraged. Mitigation Plans must be submitted using the compliance information system called "CDMS." Submission of a Mitigation Plan is NOT an admission by a Registered Entity that a violation has occurred.

MRO Enforcement staff reviews all submitted Mitigation Plan and provides a Registered Entity feedback on modifications required to support approval. A Mitigation Plan must specifically address the alleged violation in question and describe specific actions to remedy the alleged violation and prevent recurrence. Upon acceptance by MRO, Mitigation Plans are forwarded to NERC and to the Applicable Governmental Authority.

Upon completion of an approved Mitigation Plan, a Registered Entity is required to certify completion of mitigation and provide supporting evidence. MRO Enforcement staff will review the certification and supporting evidence and verify that each Mitigation Plan has been completed according to its specifications.

In the event that a Registered Entity fails to complete an approved Mitigation Plan, a new enforcement action may be initiated.

4.4 Hearings

A Registered Entity may choose to contest an alleged violation, proposed penalty, rejection of a Mitigation Plan, or remedial action directive and request a hearing. MRO has adopted the CMEP Hearing Procedures. The MRO Hearing Body has been established to hear any contested enforcement actions and will provide a final written decision to the Registered Entity and NERC consistent with the CMEP.

5. Key CMEP Activities and Initiatives

MRO believes education is the foundation for compliance activities. As Registered Entities develop a stronger understanding of regulatory authority approved Reliability Standards and the Compliance Monitoring and Enforcement Program, compliance and enforcement efforts become more effective for the industry. MRO will conduct a minimum of two workshops in 2010 to promote the development and implementation of comprehensive compliance programs.

MRO compliance and enforcement staff will participate in NERC and Regional Entity working groups in support of promoting consistency and transparency in the conduct of Regional activities across NERC. This is especially essential for Registered Entities that operate in multiple Regions and Interconnections. Further, MRO will continue to participate on a NERC project called Multi-Regional Registered Entity (MRRE) whereby the objective is to coordinate the CMEP implementation for Registered Entities having an operation that crosses Regional Entity boundaries, and Registered Entities that perform the same function (such as PSE) in multiple regions.

The compliance and enforcement audit staff will complete NERC and internal required training courses to stay abreast of auditing guidelines and processes utilized by the Regional Entities. MRO staff will attend future courses as they are made available to the Regions.

Currently, the industry is strongly dependent on self-reporting. While self-reporting is essential, the MRO staff will increase the use of spot checks and random audits in 2010. This effort will align with the shift to all regulatory authority approved Reliability Standards and requirements identified as being “monitored” in the 2010 CMEP.

The MRO Compliance Committee will continue to monitor the implementation of the CMEP as performed by the MRO compliance and enforcement staff. In addition, the committee members will provide assistance in education and training, such as participating in meetings held by the Mid-Continent Compliance Forum (MCCF). The MRO compliance and enforcement staff will present information at the MCCF and other meetings as requested. The MCCF provides the ability for Registered Entities to share compliance related information. All Registered Entities are encouraged to participate in any future surveys, workshops, seminars, and MCCF meetings that result from this effort.