



May 27, 2009

MRO Stakeholder Comments

NERC's Three-Year Performance Assessment & Joint Regional Entity Self-Assessment

The Midwest Reliability Organization (MRO) has developed a process that clearly defines the various roles of those involved in developing comments. The MRO Standards Committee has established a subcommittee, the North American Electric Reliability Corporation (NERC) Standards Review Subcommittee (MRO NSRS), and charged it with the role of carrying out this process for all NERC Standard Authorization Requests, Standards, and related policies that are posted for public comment.

The MRO NSRS members:

Joe DePoorter, Madison Gas and Electric, Chair
Neal Balu, Wisconsin Public Service Corporation
Terry Bilke, Midwest ISO
Ken Goldsmith, Alliant West
Jim Haigh, Western Area Power Administration
Terry Harbour, MidAmerican Energy Company
Joseph Knight, Great River Energy
Scott Nickels, Rochester Public Utilities
Dave Rudolph, Basin Electric Power Cooperative
Eric Ruskamp, Lincoln Electric Services
Michael Brytowski, MRO Staff
Carol Gerou, MRO Staff, Secretary

The MRO NSRS non-members:

Jason Marshall, Midwest ISO
Tom Webb, Wisconsin Public Service Corporation
Charles Lawrence, American Transmission Company

MRO NSRS respectfully submits the following comments on NERC's Three-Year Performance Assessment and Joint Regional Entity Self-Assessment:



1. The MRO NSRS applauds NERC's accomplishments in the first three years concerning the implementation of a self-regulating governance system, the development of a functional model, Version 0 standards, and the registration of many entities.
2. The MRO NSRS has concerns over references to governance of an independent board and the NERC statement that "the time has come for all compliance programs to report to independent directors" (Section D, page 30 of the NERC Draft Three-Year Electric Reliability Organization Performance Assessment). The MRO NSRS would like to request that NERC show evidence that existing hybrid boards are not operating in an effective and independent manner. Existing safeguards exist through the American National Standards Institute process which deters board members from unduly influencing decisions. The MRO NSRS notes that Section 215 of the Federal Power Act allows a hybrid board and believes that a hybrid board provides benefits.
3. The MRO NSRS has concerns over certain aspects of the standards development process. The **first** concern is the expectation above what is clearly identified in the approved standards. Since the NERC standards are law, it is inappropriate to apply comments, expectations, or interpretations whether from the regions, NERC, or FERC to the approved reliability standards (See Attachment 2 ("Stakeholder and Regional Entity Comments and Recommendations, and NERC's Discussion of the Comments and Recommendations and Specific Actions"), Section A ("Reliability Standards Development"), item 4 ("Role of FERC staff comments during the standard development process")). Similarly, interpretations that go beyond the approved written standards should not be grounds for a violation (See the "Joint Regional Entity Self-Assessment Draft for Comment" dated May 14, 2009, item 9f on page 6). The **second** concern is the NERC standard drafting teams and the standard development process should only use technical data, research, and scientific basis for developing or modifying standards. (See Attachment 2 ("Stakeholder and Regional Entity Comments and Recommendations, and NERC's Discussion of the Comments and Recommendations and Specific Actions"), Section E (Reliability Assessment), item 1 (Assessment reports need to avoid taking policy advocacy positions and include more support from well researched information), page 33). All standards should show a real or technical basis for improving electric grid performance metrics.
4. The MRO NSRS supports concepts which streamline compliance, focus on grid reliability, and reduce administrative burden. The MRO NSRS supports the concept of reducing requirements, especially administrative requirements that do not contribute to improving electric grid performance metrics (See the "Joint Regional Entity Self-Assessment Draft for Comment" dated May 14, 2009, on page 24). The MRO NSRS supports the concept of warnings for low risk, administrative, or low priority violations which provide little benefit towards improving electric grid performance metrics. The MRO NSRS notes that this process, with a reasonable tracking and a reasonable dispute resolution process, could significantly reduce administrative burdens of regional, NERC, and FERC staff, freeing resources to address issues with a better return on





grid reliability (See the “Joint Regional Entity Self-Assessment Draft for Comment” dated May 14, 2009, on page 34).

5. The MRO NSRS has concerns over the use of the standards interpretation process. Some requests for interpretations appear to be an inappropriate use of the standards process. For example, the interpretation for the NERC standards MOD-001-1 and MOD-029-1 (Project 2009-15) should be a regional variance not a continental wide standard interpretation.
6. The MRO NSRS believes that there should be more flexibility to measure whether an interpretation is appropriate for the industry and possibly more flexibility to reject a request for interpretation, if necessary.
7. The MRO NSRS observes that several interpretations seem to lack a technical basis. For example, the project 2007-28 passed with at 93.18% industry approval then FERC order 724 remanded the interpretation back to the NERC.

